279

Resolution Plan

MIC Electronics Limited
(pursuant to the Insolvency and Bankruptcy Code, 2016)

December 2018

By

Cosyn Limited along with RRK Enterprise Private Limited

and Sri Siva Lakshmanarao Kakarala

(Jointly referred to as **Resolution Applicant**)

(280)

TABLE OF CONTENTS

(281)

282

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Resolution Plan:

"**Business Day**" means a day (not being a Saturday or Sunday or a public holiday) when banks in New Delhi, Mumbai, Chennai, Haridwar, Guntur, Jodhpur and Hyderabad are open for general banking business;

"**CIRP Regulations**" means the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process against Corporate Persons) Regulations, 2016, as applicable and existing on the date of this Resolution Plan;

"**CoC**" means the Committee of Creditors that has been constituted pursuant to Section 21 of the Code. The list of financial creditors that constitute the CoC, along with the amount of claims admitted against each such member, is set out in the Information Memorandum (*Members of the CoC*);

"**Code**" means the Insolvency and Bankruptcy Code, 2016;

"**Company**" means **MIC Electronics Limited**, incorporated in India with corporate identity number: L31909TG1988PLC008652;

"**Companies Act**" means the Companies Act, 2013 or the Companies Act, 1956 to the extent applicable, as the case may be;

"**Effective Date**" means the date on which this Resolution Plan is approved by Hon'ble NCLT, Hyderabad and the certified copy of the order, so obtained;

"**Equity Shares**" means equity shares of the Company having a face value of ₹ 2.00 per share;

"**Information Memorandum**" means the Information Memorandum prepared by the Resolution Professional pursuant to Regulation 36 of the CIRP Regulations, and made available to the Resolution Applicant on September 5th 2018

"**Insolvency Commencement Date**" means 13th March 2018;

"**Monitoring Committee**" is defined in Clause11.2;

"**NCLT**" means the National Company Law Tribunal, Hyderabad;

"**Reconstituted Board**" means the board of directors of the Company, reconstituted in accordance with Clause 10.2;

"**Resolution Applicant**" means Cosyn Limited along with RRK Enterprise Private

283

Limited and Sri Siva Lakshmanarao Kakarala;

"**Resolution Plan**" means this resolution plan dated December 5th 2018 submitted to the Resolution Professional and the CoC for the proposed insolvency resolution of the Company in accordance with the Code;

"**Resolution Professional**" means Mr. N. Prabhakar, Insolvency Professional with Registration Number IBBI/IPA-002/IP-N00361/2017-2018/11030 who was appointed as the resolution professional for the Company;

"**Secured CoC Members**" is defined in Clause 6.2.1;

"**Term**" is defined in Clause 12.1(a);

"**Trade Creditors**" is defined in Clause 6.5.1; and

"**Unsecured CoC Members**" is defined in Clause 6.3.1;

1.2 Interpretation

In this Resolution Plan, unless a contrary intention appears:

(a) Expressions defined in the Code or the CIRP Regulations, have the meaning assigned therein.

(b) Any reference to any statute or statutory provision shall include:

(i) all subordinate legislation made from time to time under that provision (whether or not amended, modified, re-enacted or consolidated);

(ii) such provision as from time to time amended, modified, re-enacted or consolidated (whether before or after the date of this Resolution Plan) to the extent such amendment, modification, re-enactment or consolidation applies or is capable of applying to any transactions entered into under this Resolution Plan prior to the Effective Date and (to the extent liability thereunder may exist or can arise) shall include any past statutory provision (as from time to time amended, modified, re-enacted or consolidated) which the provision referred to has directly or indirectly replaced;

(c) Unless the context otherwise requires, words in the singular shall include the plural and the plural shall include the singular.

(d) References to the masculine, the feminine and the neuter shall include each other.

(e) References to a "**company**" shall include a company, corporation or other body corporate, wherever and however incorporated or established.

(f) The background and schedules form part of this Resolution Plan and shall have the same force and effect as if expressly set out in the body of this Resolution Plan, and any reference to this Resolution Plan shall include any

(284)

background and schedules to it. Any references to Clauses and schedules are to Clauses and schedules to this Resolution Plan. Any references to parts or paragraphs are, unless otherwise stated, references to parts or paragraphs of the schedule in which the reference appears.

(g) A reference to **this Resolution Plan** or **any other document** shall be construed as references to this Resolution Plan or that other document as amended, varied, novated, supplemented or replaced from time to time.

(h) A reference to **this Clause** shall, unless followed by reference to a specific provision, be deemed to refer to the whole Clause (not merely the sub-Clause, paragraph or other provision) in which the expression occurs.

(i) A reference to a **person** shall include that party's personal representatives, successors and permitted assigns.

(j) Headings to Clauses, parts and paragraphs of schedules and schedules are for convenience only and do not affect the interpretation of this Agreement.

(k) Unless otherwise specified, any reference to a time of day is to Indian Standard Time.

(l) Any words following the terms **including, include, in particular, for example or any similar expression** shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.

(m) Where the context permits, **other** and **otherwise** are illustrative and shall not limit the sense of the words preceding them.

2. BACKGROUND

2.1 Corporate insolvency resolution process

(a) This Resolution Plan is submitted by the Resolution Applicant pursuant to the Code, for the corporate insolvency resolution of the Company.

(b) The corporate insolvency resolution process involving the Company was initiated pursuant to a petition under Section 7 of the Code, filed by SREI Equipment Finance Limited, as one of the financial creditors for initiation of the Corporate Insolvency Resolution Process (CIRP) against the Company which was admitted by the Hon'ble National Company Law Tribunal (NCLT), Hyderabad Bench vide its Order dated March 13, 2018.

(c) The NCLT appointed Mr. N Prabhakar, Insolvency Professional, Registration Number: IBBI/IPA-002/IP-N00361/2017-2018/11030 as the interim resolution professional, and he was subsequently appointed and confirmed as the Resolution Professional in the 3rd CoC meeting held on 01.06.2018

(d) The Resolution Professional prepared the Information Memorandum that was made available to the Resolution Applicant.

(e) The Resolution Professional published an Expression of Interest in the Financial Express All India edition and Andhra Jyoti Telangana edition on 28th Jul 2018, inviting prospective Resolution Applicants to submit Resolution Plans in the Corporate Insolvency Resolution Process of the Company. The Resolution Applicant is filing this Resolution Plan, pursuant to the EoI published and the Resolution Plan is based on the details and information contained in Information memorandum shared by the Resolution Professional.

2.2 The Resolution Applicant

(a) Cosyn Limited, RRK Enterprise Private Limited and Sri Siva Lakshmanarao Kakarala, jointly are called as Resolution Applicant.

(b) The particulars of the Resolution Applicant are set-out in Clause 5 below.

(c) The Resolution Applicant has prepared this Resolution Plan on the basis of information made available through the Information Memorandum, information as available through public domain and the Resolution Applicant has not independently verified such information, and shall have no liability with respect to correctness of such information.

2.3 The Company

(a) The Company was incorporated on 17th May 1988 under the Companies Act, 1956 and has its registered office at A4/II, Electronic Complex, Kushaiguda, Hyderabad. Telangana- 500062 India.

(b) The authorised share capital of the Company constitutes of equity share capital of INR 54.00 Crores (constituting of 27,00,00,000 equity shares of Rs. 2.00 each) and the issued, subscribed and paid up share capital of the Company constitutes of equity share capital of about INR 44.05 Crores (constituting of 22,02,54,319 equity shares of Rs. 2.00 each).

2.4 Shareholding Pattern of the Company

The shareholding pattern of the company is provided by the Resolution Professional in the Information Memorandum and is set out below (Equity Shares of ₹ 2.00/- each):

Category of shareholder	No. of fully paid up equity shares held	Shareholding as a % of total no. of shares
Promoter & Promoter Group	3,52,37,347	16
Public	18,50,16,972	84
Total	**22,02,54,319**	**100**

Details of shareholders holding more than 1% shares of the company are as provided below:

S. No.	Name of the Shareholder	No. of Shares	Amount of share capital held (Rs.)	% of Share	Capital Category

(286)

1	MALAXMI PROPERTY VENTURES PRIVATE LIMITED	1,31,98,622	2,63,97,244	5.99	Public
2	USHA RANI MAGANTI	92,05,010	1,84,10,020	4.18	Promoter Group
3	ARKAY ENERGY (RAMESWARM)	90,00,000	1,80,00,000	4.09	Public
4	CHAITHANYA PAVAN MAGANTI	82,95,070	1,65,90,140	3.77	Promoter Group
5	CHAITANYA KEERTHI MAGANTI	70,75,000	1,41,50,000	3.21	Promoter Group
6	YARLAGADDA RAGHU VEER	59,50,000	1,19,00,000	2.7	Public
7	CHAITANYA DEEPTHI MAGANTI	55,75,000	1,11,50,000	2.75	Promoter Group
8	L AND T FINANCE LTD	53,84,616	1,07,69,232	2.44	Public
9	SREI EQUIPMENT FINANCE	52,00,000	1,04,00,000	2.36	Public
10	BHAGYANAGAR INVESTMENTS AND TRADING PRIVATE LIMITED	47,33,168	94,66,336	2.15	Public
11	VENKATA RAMANA RAO	46,44,902	92,89,804	2.11	Promoter
12	NAGA MALLESWARA RAO LINGAMANENI	24,24,234	48,48,468	1.10	Director
13	PRABHAKARA RAO MANDAVA	23,22,277	46,44,554	1.05	Public
	Total	**8,30,07,899**	**16,60,15,798**		

2.5 Additional Details about the Company

The Company was promoted by Dr. M. V. Ramana Rao with the main object to carry on the business of manufacturing and supplying different kind of LED Displays, LED Lighting products and allied systems.

Throughout its thirty two + years of existence MIC Electronics has consistently demonstrated a capacity for being able to not only excel at a wide range of difficult technologies but also to be able to react to market, product and technology changes or opportunities rapidly and effectively. From arguably being the first to launch large scale outdoor LED Displays in India, to providing complex software to facilitate interoperability among telecommunications service providers, to creating a full range of indigenously developed LED lighting and luminaire products and to similarly producing innovative off grid solar powered street lights as well as Home

Electrification Kits, MIC Electronics has been an India based pioneering design, development, engineering and manufacturing company.

The company's products, LED Displays in particular, have been exported to all the continents normally thought of in commercial discussion (i.e., except the Arctic and Antarctica) – the Americas, Europe, Africa, Asia, and Oceania (Australia). They have been implemented and to the best of the company's knowledge, are functioning flawlessly in extreme weather and operating conditions. Its LED streetlights have been installed, with and without CCMS units, in jurisdictions throughout the country. A few thousand of its innovative $LiFePO_4$ battery integrated solar powered street lights are also in operation in various locations in India as well as in other Southeast Asian countries. Recently, based on its reputation and the content of its proposal, the Indian Railways awarded proof of concept (PoC) work to a consortium led by MIC Electronics and to three other consortia, selecting from a pool of bidders responding to an international EOI tender for work leading up to the implementation of a nationwide Railway Display Network (RDN).

The RDN scheme is part of the national carrier's plan to boost its non-fare revenue. Under the plan, the Railways aims to use 100,000 digital screens across 2,175 railway stations to showcase passenger information and monetize the opportunity through digital advertising. (The PoC has been declared closed / complete, but the Railways/RailTel path forward is yet to be made clear).

The core strength of MIC has been its Design and Development competence. The Company has been endeavoring to protect its Intellectual property through applying for Patents, Trade Marks, Copy Rights and Design Registrations. MIC has spent decades of man years of R&D efforts in successfully developing its display and lighting products. The quality of the products has been acclaimed by experts in the field including the lighting majors in the country. MIC was approached by some of the leading corporates in the lighting field, from India and abroad for OEM supplies and collaborative work. In outline:

- Patents awarded for "LED TV" and "LEDDigiPoster" in display systems
- Patent awarded for "LED Solar Lantern" in lighting systems
- 23 other patent applications pending
- Received 19 Design Registrations of 30 Design registrations applied for so far.
- Received 25 of 100 Trade Mark registrations applied for to date.
- Received 4 Copy Rights marks of 5 applied for to date.

In addition to native growth stemming from the increasing sales of its Lighting, Display and Railways specific products, MIC Electronics, has also been able to successfully become allied with world leading companies in its fields of endeavor. Within the past few years it has signed such agreements with two companies that are giants in the LED relevant market places. These agreements arose from the target

(288)

companies recognizing MIC's ability to contribute to the advancement of their in house technical and product development efforts in addition to giving them a premier entry into the India market.

The technology mix operated by the Company is as follows:

LED Displays, Telecommunications, LED Lighting, Remote Management of devices – Lighting, Displays and Sensors (IoT), Solar Powered LED Street Lights, Solar Powered Home Electrification Kits, 3D Holographic Displays, Fixed and Mobile Display Boards, Electronic Hardware, Firmware and Software - have all been fertile areas that MIC Electronics contributed to both as a respected Industry peer as well as profitable market participant.

MIC's operations facilities comprise about 1,00,000 Sq. ft of multilevel manufacturing space – segregated to accommodate the needs of the Display, Lighting and Railways Products. Design, Development and Demonstration space is housed separately in the company's headquarters building located within a five kilometer radius of the factory site.

289

2.6 Directors

The particulars of directors of the Company are set-out below. Pursuant to Sections 17 and 23 of the Code, the powers of the board of directors are suspended with effect from the insolvency commencement date i.e. 13th March 2018.

Sr. No	Name of the Director	Designation	E-mail	Contact No.
1	Dr. Maganti Venkata Ramana rao	Managing Director	md@mic.co.in	98495 91234
2	Lingamaneni Naga Malleswara Rao	Executive Director & CFO	lnm@mic.co.in	98662 44772
3	Veera Venkata Satya Surya Chandra Bhima Sekhar Babu Alla	Independent Director	allachandrasekhar@gmail.com	98667 01555
4	Vegiraju Bharatiraju (submitted resignation on 25.08.2018)	Independent Director	vbraju1@yahoo.com	9004855666
5	Atluri Venkata Ram (submitted resignation on 10.05.2018)	Director	atluri@yahoo.com, atluri@mic.co.in	4088296500
6	Venkata Ramani Vedula (submitted resignation on 10.05.2018)	Independent Director	ramanivedula@gmail.com	9849308823

2.7 Subsidiaries and associate companies

As per information memorandum, the company has 2 wholly owned subsidiary companies where it has made investments. Following are the details of such companies:

(a) MIC Electronics Inc,
4392 Miller Ave,
Palo Alto, CA 94306,
USA
Tel: +1-408-980 2500
Fax: +1-509-562 0608

(b) MIC Green Energy Solutions Private Limited
A-4/II, Electronic Complex
Kushaiguda
Hyderabad- 500062

(290)

3. LIQUIDATION VALUE

3.1 In accordance with Regulation 27 of the CIRP Regulations, the Resolution Professional appointed two registered valuers to ascertain the fair value and the value of the corporate debtor if the corporate debtor were to be liquidated on the insolvency commencement date i.e. the **Liquidation Value** in accordance with Regulation 35 of the CIRP Regulations.

3.2 As per Regulation 35(3) of the CIRP Regulations, "*After the receipt of resolution plans in accordance with the Code and these regulations, the resolution professional shall provide the liquidation value to every member of the committee in electronic form, on receiving an undertaking from the member to the effect that such member shall maintain confidentiality of the liquidation value and shall not use such value to cause an undue gain or undue loss to itself or any other person and comply with the requirements under sub-section (2) of section 29.*"

3.3 Further, Section 30(2)(b) of the Code requires the Resolution Plan to provide for the repayment of the debts of operational creditors in such manner as may be specified by the Board which shall not be less than the amount to be paid to the operational creditors in the event of a liquidation of the corporate debtor under Section 53 of the Code.

3.4 Since the resolution applicant didn't get any information on the liquidation value of the corporate debtor, the resolution applicant assumes that the liquidation value of the corporate debtor is not even sufficient to cover the dues of Secured Financial Creditors. Therefore, the liquidation value attributable to Operational Creditors and to workmen and employees and the Statutory Authorities as per the provisions of the Code and applicable regulations; is presumed to be NIL.

(291)

4. COMPLIANCE WITH THE CODE

The Resolution Applicant is recording hereunder aspects pertaining to the compliance or conformity to the requirements to the Code for ease of reference and evaluation.

Table 4

Section/ Regulation	Requirement	Clause of the Resolution Plan	Compliance (Yes/ No)
Section 30(2)(a) of the Code	(2) The resolution professional shall examine each resolution plan received by him to confirm that each resolution plan--/ (a) provides for the payment of insolvency resolution process costs in a manner specified by the Board in priority to the repayment of other debts of the corporate debtor;	6.1	YES
Section 30(2)(b) of the Code	(b) provides for the repayment of the debts of operational creditors in such manner as may be specified by the Board which shall not be less than the amount to be paid to the operational creditors in the event of a liquidation of the corporate debtor under section 53;	3	YES
Section 30(2)(c) of the Code	(c) provides for the management of the affairs of the Corporate debtor after approval of the resolution plan;	10	YES
Section 30(2)(d) of the Code	(d) the implementation and supervision of the resolution plan;	11	YES
Section 30(2)(e) of the Code	(e) does not contravene any of the provisions of the law for the time being in force;	17	YES

(292)

Section 30(2)(f) of the Code	(f) conforms to such other requirements as may be specified by the Board.	17	YES
Regulation 38(1) of the CIRP Regulations	(1) The amount due to the operational creditors under a resolution plan shall be given priority in payment over financial creditors;	6.5	YES
Regulation 38(1A) of the CIRP Regulations	(1A) A resolution plan shall include a statement as to how it has dealt with the interests of all stakeholders, including financial creditors and operational creditors, of the corporate debtor."	21	YES
Regulation 38(2)(a) of the CIRP Regulations	(2) A resolution plan shall provide: (a) the term of the plan and its implementation schedule;	12	YES
Regulation 38(2)(b) of the CIRP Regulations	(b) the management and control of the business of the corporate debtor during its term; and	11	YES
Regulation 38(2)(c) of the CIRP Regulations	(c) adequate means for supervising its implementation.	11	YES
Regulation 38(3) of the CIRP Regulations	"(3) A resolution plan shall demonstrate that	22	YES
	(a) it addresses the cause of default	22.2(a)	YES
	(b) it is feasible and viable;	22.2(b)	YES

(293)

	(c) it has provisions for its effective implementation;	22.2(c)	YES
	(d) it has provisions for approvals required and the timeline for the same; and	22.2(d)	YES
	(e) the resolution applicant has the capability to implement the resolution plan	22.2(e)	YES

294

5. OVERVIEW OF RESOLUTION APPLICANT

5.1 Identity

5.1.1 *Cosyn Limited*

(a) Cosyn Limited ("Cosyn") is an Indian Company, incorporated on 25 April 1994 with CIN L72200TG1994PLC017415 and PAN AABCC3628G

(b) Cosyn is a listed company, has vast experience in electronics industry. Cosyn has been a recognized name in Southern India. Starting from its inception in 1994, Cosyn has achieved various milestones through its performance. Cosyn has implemented first Electricity "meter to cash" project in Andhra Pradesh in 1994 and first e-governance project citizen voter ID Card in 1995 and has been involved in many government projects since then, such as setting up of NetGSC – IT training division, implementation of Electricity 'Meter to Cash' projects in Karnataka and UP, National Social Security Number project of EPFO, Ministry of Labour Civil Supplies under Ration Card Project etc. In 2010, it bagged the UIDAI Aadhaar Project from SBI and has been awarded the 2nd Best Aadhaar Enrolment Agency in India. Cosyn has bagged the National Population Registry – Data Digitization project, Cloud based Audit Automation project from JNTU, Hyderabad, WBSEDCL – West Bengal – Spot Billing Project and First of its kind, Combined Water and Electricity Utility billing Order in PSPCL, Punjab in the years 2012-2015.

(c) In support of the effort to propose a resolution application for MIC Electronics' CIRP, COSYN is partnering with two associates to support its efforts regarding the :

(i) Dues to be paid to the lenders and other creditors as identified in this Resolution Plan for its restructuring and revival, and

(ii) For development of future projects to make the Company a pan India player.

The profiles of these two associates are provided below.

5.1.2 *RRK Enterprise Private Limited*

(a) RRK Enterprise Private Limited ("RRK") is an Indian Company, incorporated on 19 August 1998 with CIN U72200TG1998PTC029974 and PAN AACCR3641K

(b) Over the past two decades RRK has amassed experience in the design, development, manufacture and marketing of enterprise and on line services for domestic and overseas companies. In the course of doing so it has developed a contact network of electronic, electrical equipment and services, including software suppliers. The RA team expects that this will be particularly useful in further enhancing the supply chain requirements of MIC.

5.1.3 *Sri Siva Lakshmanarao Kakarala*

295

(a) Mr. Siva Lakshmanarao Kakarala ("Mr. Kakarala") is an Individual and his details are mentioned below:

PAN: AUWPK5865D

(b) Mr. Kakarala is M.A. (Mathematics), Andhra University, M.S. (Operations Research), USA

(c) Mr. Kakarala has vast experience in Banking and Financial Sectors in India and the USA; been involved in different industries including bulk drugs, software and electrical and electronics industries. He was also founder and Director in Natco Pharma limited and founder and Director in Laan Research Private Limited. He served as the Chairman at Sri Venkateswara Temple at Bridgewater, NJ and also served as a temple trustee for 29 years.

5.2 All these three persons, jointly termed as The Resolution Applicant, have immense experience in the Electronics and Information Technology industries and are determined to revive the Company and contribute to its further growth with new promoters who have extensive experience in the electronics Industry. The resolution applicant has identified a core team with experience across LED Industry (with expertise in design, engineering, construction, strategic planning and marquee engineering/ infrastructure companies) to ensure revival of the Company. Further, to ensure appropriate implementation and smooth functioning of the Company as per the business plan, the resolution applicant plans to reshape the organization appropriately including adding an experienced CEO and a CFO to run the day to day operations of the Company.

5.3 <u>Connected Persons</u>:

With respect to Section 29A of the Code, the resolution applicant confirms that there are no connected persons to it who/which are ineligible to submit resolution plan as per the provisions of the code and relevant regulations. The Resolution Applicant has provided the Affidavit as per the Section 30(1) of the Code, along with the resolution plan, stating that it is not ineligible under section 29A.

6 FINANCIAL PROPOSAL BY THE RESOLUTION APPLICANT

Any and all payments indicated below are to be made without attracting or accumulating any interest or are subject to any accrual of interest to be paid.

6.1 Insolvency resolution process cost

6.1.1 The Insolvency Resolution Process Cost under Section 5(13) read with Regulation 33 and 34 of IBBI (CIRP), 2016 has been estimated at INR 5.80 (Indian Rupees Five Crores Eighty Lakhs Only) as described in **Annexure M** attached with Information Memorandum and subsequently modified through against which an amount up to the estimated Rs.5.80 crores have been provided for in the Resolution Plan.

296

6.1.2 The above mentioned Resolution Process Cost includes INR 58,74,374 (Indian Rupees Fifty Eight Lakhs Seventy Eight Thousand Three Hundred Seventy Four only) which is on account of fees of Resolution Professional and Registered Valuers.

6.1.3 The said provided amount of Rs.5.80 crores is based on estimate provided of the CIRP costs through March 2019. Resolution Applicant will provide for payment of such of these costs as remaining after applying any internal accruals generated due to continuing activity of the company during this period. These payments will be made after NCLT approving the Resolution Plan submitted by the Resolution Applicant.

6.2 Secured Financial Creditors

6.2.1 The amounts; shall be paid to the secured financial creditors who are members of the CoC ("**Secured CoC Members**"); are specified in Clause 6.2.5 below.

6.2.2 The following shall apply to the payments to the Secured CoC Members:

(a) Upon payment as specified in the resolution plan by the Resolution Applicant to the Secured CoC members, the Secured CoC members do not have any right to claim for the balance amount of debt, if any , due from Corporate Debtor from the Resolution Applicant. The Resolution Applicant's commitment to pay as per Resolution Plan stands extinguished upon payment of agreed sum to Secured CoC members as per the plan approved by NCLT.

(b) Upon payment of agreed sum as per the timelines approved by NCLT to the Secured CoC members by Resolution Applicant, all the securities of the Corporate Debtor charged in favour to the secured CoC members for the debts owed by the Corporate Debtor shall stand unconditionally released.

(c) No cost, interest, charges or the like, penal or otherwise, shall be payable in addition to what is specified in Clause 6.2.5.

(d) Any claim from any person claiming to be secured financial creditor of the Company, that has not been filed with the Resolution Professional, or if filed, has not been verified by the Resolution Professional, shall stand extinguished and shall no longer be payable.

6.2.3 The payments to Secured CoC Members shall be made within such time as mentioned in Clause 6.2.5(a) below.

6.2.4 To enable smooth operations of the company, the lenders shall issue a certificate of discharge and no-claims to the Company and also return the security documents lying with them upon final payment to the lenders as specified in clause 6.2.5 of this resolution plan.

6.2.5 The Secured Financial Creditors shall be offered a total amount of Rs. 46.51 Cr out of an admitted amount of Rs. 173.76 Cr (SBI Rs.99.03 Cr; TDB Rs.27.25 Cr; UCO Bank Rs.15.19 Cr and SREI Rs.32.29 Cr) and the Resolution Plan amount (Rs.46.51 Cr) as and when received will be appropriated for the credit of account of individual secured financial creditor

(297)

on the proportion of their admitted claim to the total admitted claims of the four secured financial creditors. The payment to the Secured Financial Creditors is as follows :

i. A payment of Rs. 4.00 Crores in No Lien account opened in the name of MIC Electronics Limited in SBI, SAM Branch, Secunderabad after the approval of the Resolution Plan by the CoC.

ii. A payment of Rs. 25.00 Crores to be paid within 3 months from the date of NCLT order.

iii. The amount payable after servicing the payments as given in the paranthesis (the upfront amount of Rs.4.00 crores and payment of Rs.25.00 crores in 3 months) is to be paid within 6 months from the date of NCLT order but not later than 31st October 2019, on an interest free basis. In addition to this, 100% cash margin will be provided for outstanding bank guarantees within 3 months of the NCLT order. The amounts paid being part of resolution plan shall stand forfeited in the event of failure of fulfillment of the financial commitment by the Resolution Applicant.

(b) The Secured CoC members will not have any recourse against the Resolution Applicant for the balance dues, if any, they have from the Corporate Debtor after payment of the agreed sum to CoC members within timelines by Resolution Applicant as per NCLT order.

(c) The Secured CoC members do not have any recourse against Resolution Applicant for all future claims including contingent, unclaimed and other dues of the Company and Resolution Applicant commitment is only towards payment of agreed sum as per the plan.

6.2.6 *<u>Other provisions in relation to the Secured Financial Creditors:</u>*

a) The Secured CoC members will not have any recourse against the Resolution Applicant for the balance dues, if any, they have from Corporate Debtor after payment of the agreed sum to CoC members within timelines by Resolution Applicant as per NCLT order.

b) Company shall be permitted (without any prepayment penalty) to prepay the deferred amount at any time during the currency of the proposed repayment period of the Resolution Plan.

c) The dissenting financial creditors will be paid in the same proportion as their eligibility in the event that the resolution plan is passed by the CoC with the necessary majority of votes.

298

d) The Creditors do not have any recourse against Resolution Applicant for any liability that may arise in respect of proceedings initiated by them against Corporate Debtor in all the legal forums.

6.3 Unsecured Financial Creditors

6.3.1 The claims from the following unsecured financial creditors ("**Unsecured CoC Members**") has been verified by the Resolution Professional, and accordingly, they are members of the CoC:

(299)

Unsecured Financial Creditors			
Sr No.	Particulars	Amount of Claims submitted	Amount of Claims admitted
		(Amount in INR Crores)	
1	Reliance Commercial Finance Limited	56.01	54.88
2	JBB Infrastructure Pvt ltd	3.23	2.61
3	Andhra Bank (in respect of Corporate Guarantee)	6.27	6.27
4	MIC Electronics Limited Employees Welfare Trust	1.00	1.00
5	Axis Bank Ltd (in respect of Corporate Guarantee)	2.48	2.48
6	Kiran Impex Pvt.Ltd.	4.82	4.82
7	Suhasini Peddada	0.04	0.04
8	Somendra khosla	0.65	0.65
9	CSV Ramachandra Rao	0.04	0.04
10	Spark capital Advisors (India) Pvt. ltd	0.09	0.09
11	Y.Umanadh	0.02	0.02
12	K.Sugunavathi	0.09	0.09
13	C. Ramachandra Naidu	0.79	0.79
14	S.Tirumala Rao	0.02	0.02
15	D.Deepika	0.05	0.05
16	Y.Harishchandra Prasad	4.48	1.76
17	Kiran.M.Medasani	0.45	0.45
18	Siva Lakshmana Rao Kakarala	0.44	0.44
19	Advent Advisory Services Pvt. Ltd.	1.35	0.52
20	Edelweiss Financial Services Limited	3.01	3.01
21	Padmalatha Anisingaraju	0.48	0.48
22	Maneesh Madan	0.04	0.04
23	Sanjana Chowdary	0.31	0.31
24	N.V.Subash	0.02	0.02
25	Think Solar India P Ltd	5.31	5.31
26	B.Usha Rani	0.22	0.22
27	Ramadon International Pte Ltd	0.16	0.16
28	SDV Iron Works	24.84	2.00
29	Sri Kanaka Durga Castings P ltd	11.53	0.88
30	Bandi Krishna Kumari	0.24	0.24

31	Vallabaneni Venkata Appa Rao	0.04	0.04
32	B Rama Rao	0.02	0.02
Total		**128.56**	**89.77**

6.3.2 The Resolution Applicant proposes to settle the dues of the unsecured financial creditors with a total payment of Rs. 3.21 Crores. The payments to Unsecured CoC Members shall be made as follows:

(a) *Upfront Payment-* INR 61 Lakhs (Indian Rupees Sixty One Lakhs Only) upfront payment to be paid within 3 months from the date of NCLT order.

(b) *Deferred Payment-* Balance amount of INR 2,60,00,000 (Indian Rupees Two Crore Sixty Lakhs Only) to be paid in 8 Equal Quarterly Instalments (with a 2-year tenure) on an interest free basis- payable quarterly (first instalment to be paid within six months from the date of NCLT order.

6.3.3 The following shall apply to the payments to the Unsecured CoC Members:

(a) Post payment of the claim amounts as mentioned in this section of the Resolution Plan, the entire claims due to the Unsecured Creditors relating to Corporate Debtor shall stand satisfied, settled and extinguished, and no claims whatsoever shall subsist against the Corporate Debtor.

(b) No cost, interest, charges or the like, penal or otherwise, shall be payable in addition to what is specified in this clause;

(c) Any claim from any person claiming to be unsecured financial creditor of the Company, that has not been filed with the Resolution Professional, or if filed, has not been verified by the Resolution Professional, shall stand extinguished and shall no longer be payable.

6.3.4 All balance dues of admitted claims of Corporate Debtor to be waive off.

6.3.5 All future claims including contingent, unclaimed and other dues by the company to be waived off including but not limited to performance guarantee and other contracted liabilities or otherwise.

6.3.6 With respect to the claims preferred by the creditors who have simultaneously filed civil proceedings against the Corporate Debtor will come to end once the Resolution Plan is approved by the NCLT. No civil proceedings shall be initiated or entertained with respect to old claims /dues against the Corporate Debtor under Resolution Applicant.

6.3.7 The Creditors do not have any recourse against Resolution Applicant for any liability that may arise in respect of proceedings initiated by them against Corporate Debtor in all the legal forums.

(301)

4 **Debt of related parties and not in CoC**

6.4.1 No amount is proposed to be paid to such creditors.

6.4.2 The Information Memorandum has provided a list of debt owed to related parties in Annexure G attached to it. While there is no financial debt per se due to related parties while there are other outstanding balances payable by the company to its managerial personnel.

Outstanding balances payable to Managerial Personnel				
Sr No.	**Name of the personnel**	**Designation**	**Amount payable**	**Payable on account of**
1	M. V. Ramana Rao	Managing Director	1,84,766	Remuneration
2	L. N. Malleswara Rao	Executive Director	26,85,498	Remuneration
3	N. Srinivasa Rao	Independent Director	1,53,600	Sitting Fees
4	Atluri Venkata Ram	Director	54000	Sitting Fees
5	A V S S C B Shekar Babu	Independent Director	270000	Sitting Fees
6	V Venkata Ramani	Independent Director	140400	Sitting Fees
7	Vegiraju Bharatiraju	Independent Director	97200	Sitting Fees

.5 **Operational Creditors**

As per the provisions of the code, the resolution applicant categorizes the operational creditors in to the following categories:

Category I- Trade payable/ Trade Suppliers/Trade Creditors

Category II- Government dues

Category III- Workmen and Employees dues and Ex employees claims (Form D)

6.5.1 Category I Operational Creditors:

(a) As per the Information Memorandum and latest List of admitted claims shared by Resolution Professional, following is the status of the claims of operational creditors (Except Statutory dues and Workmen & Employees dues):

Particulars	Amount of Claims	Amount of Claims

302

	submitted	admitted
	(Amount in Rs. Crores)	
Operational Creditors	83.12	62.59

(b) As stated earlier in clause 3, the resolution applicant understands that the liquidation value attributable to such creditors is likely to be NIL.

(c) The resolution applicant, proposes to pay an amount of Rs. 2.16 Crore to these creditors.

(d) As per Regulation 38 (1) [as amended on 5.10.2018], *"The amount due to the operational creditors under a resolution plan shall be given priority in payment over financial creditors"*. Thus, the Resolution Applicant proposes to pay to these creditors within 3 months from the date of NCLT order and before any payment is made to Financial Creditors.

(e) All balance dues of admitted claims to be waived off.

(f) All future claims including contingent, unclaimed and other dues of the company to be waived off including but not limited to performance guarantee and other contracted liabilities or otherwise.

(g) With respect to the claims preferred by the creditors who have simultaneously filed civil proceedings against the Corporate Debtor or management will come to end once the Resolution Plan is approved by the NCLT. No civil proceedings shall be initiated or entertained with respect to old claims /dues against the Corporate Debtor or management under Resolution Applicant.

(h) The Creditors do not have any recourse against Resolution Applicant for any liability that may arise in respect of proceedings initiated by them against Corporate Debtor in all the legal forums.

6.5.2 Category II Operational Creditors:

(a) The Information Memorandum and latest List of admitted claims provided by the Resolution Professional to the Resolution Applicant states that the aggregate amount claimed by the Government Agencies as on the insolvency commencement date, as verified by the Resolution Professional is Rs. 8.45 Crores.

(b) As stated earlier in clause 3, the resolution applicant understands that the liquidation value attributable to such creditors is likely to be NIL.

(c) In order to revive the company and operate smoothly with the operations of the company, the resolution applicant proposes to pay an amount of Rs. 8 lakhs to these creditors paid in 8 equal quarterly instalments commencing 6 months from the date of NCLT order.

(503)

(d) Apart from the above claims of Statutory Authorities, the Company may have to make payment to certain Statutory Authorities, for the liabilities that are contingent based on the litigations which are pending as on date, but relate to the period prior to the date of the Effective Date. The total amount of the expected liability, as per the details provided in the information memorandum, would be Rs. 1.07 crores and interest as per the decree. If the Company were to be liquidated, the amount that would have been payable for all of these liabilities would have been NIL, as Section 53 of the Code, lists amounts due to Statutory Authorities at fifth position in the order of priority. As detailed in Clause 3, the Liquidation Value that is payable to the Statutory Authorities, is also NIL.

(e) All dues under the provisions of Income Tax Act, 1961, including taxes, duty, penalties, interests, fines, cesses, unpaid Tax Deducted at Source / Tax Collected at Source, whether admitted or not, due or contingent, whether part of above claim of Income Tax Authorities or not, whether part of Tax due diligence finding or not, asserted or unasserted, crystallised or uncrystallised, known or unknown, secured or unsecured, disputed or undisputed, present or future, in relation to any period prior to the acquisition of control by the Resolution Applicant over the Company pursuant to this Plan, shall stand extinguished by virtue of the order of the NCLT approving this Plan and the Company should not be liable to pay any amount against such demand. All, assessments / appellate or other proceedings pending in case of the Company, on the date of the order of NCLT relating to the period prior to that date, shall stand terminated and all consequential liabilities, if any, should be deleted and should be considered to be not payable by the Company by virtue of the order on the NCLT. All notices proposing to initiate any proceedings against the company in relation to the period prior to the date of NCLT order and pending on that date, shall be considered deleted and should not be proceeded against. Post the order of the NCLT, no re-assessment / revision or any other proceedings under the provisions of the Income Tax Act should be initiated on the Company in relation to period prior to acquisition of control by the Resolution Applicant and any consequential demand should be considered non-existing and as not payable by the Company. Any proceedings which were kept in abeyance in view of process under the Code or otherwise should not be revived post the order of NCLT.

(f) All statutory dues, penalties, overdues, fines and other additional fees including but not limited to PF, ESI and other labour welfare activities and unclaimed dues relevant to import export formalities of Export Orient Division of the Corporate Debtor which may be due till the date of NCLT approval should be waived off in full and new promoters and corporate debtor under no obligation to pay such dues.

(g) The Creditors do not have any recourse against Resolution Applicant for any liability that may arise in respect of proceedings initiated by them against Corporate Debtor in all the legal forums.

6.5.3 Category III Operational Creditors:

(304)

(a) The Information Memorandum provided by the Resolution Professional to the Resolution Applicants states that the aggregate amount payable to the employees and workmen as of the insolvency commencement date, as verified by the Resolution Professional is Rs. 8.26 crores.

(b) As per section 53 (1) (b) of the code, it is stated that the debts with respect to the workmen's dues for the period of twenty-four months preceding the liquidation (in this context "insolvency") commencement date (**"Mandatory Workmen Dues"**) shall stand on the same footing as of the secured creditors. However, the Information Memorandum as per the Annexure K attached to it details Mandatory Workmen Dues as Rs. 1.68 crores excluding the PF, ESI, leave encashment, bonus and gratuity while the Mandatory Workmen Dues including PF, ESI, leave encashment, bonus and gratuity comes to Rs. 3.48 Crores. Although; these creditors; as per section 53, stand at the same footing as secured financial creditors.

(c) Apart from Mandatory Workmen Dues, the employees' dues for 12 months from the insolvency commencement date (**Mandatory Employees Dues**) to paid at fifth position under water fall mechanism under section 53 of the Code. As per the Annexure K of the Information Memorandum, the dues payable to Employees are Rs. 4.78 Crores including PF, ESI, Leave encashment, bonus and gratuity.

(d) Apart from the above, ex employees have submitted their claims in Form D for an amount of Rs.2,61,37,810/-

(e) The Resolution Applicant proposes to pay these dues as follows in full and final settlement of these amounts:

   i. Resolution Applicant proposes to pay Rs. 0.81 Crores to be paid to Workers and Employees to be distributed in proportion to the total amounts of dues to workers and dues to employees. These payments will be paid within 3 months from the date of NCLT order.

   ii. For ex employees filing claims under Form D, the Resolution applicant is proposing to pay Rs. 0.24 Crores, to be paid in 4 quarterly instalments with the first payment commencing 6 months from the date of NCLT order.

(f) As per the section 30(2)(b) read with regulation 38(1) of CIRP Regulations, the amount payable towards the liquidation value of operational creditors to be provided by the resolution applicant shall be paid to the operational creditors and the amount due to the operational creditors under a resolution plan shall be given priority in payment over financial creditors. Here Resolution Applicant is proposing similar propositions for priority of payment to these operational creditors.

(303)

(A) The following shall apply to the payments to the Operational Creditors of the company:

(1) Upon the payment as proposed in this clause of the Resolution plan, the entire liability due to the operational creditors of the company including but not limited to the claims filed, admitted or not admitted shall stand satisfied, settled and extinguished, and no claims whatsoever shall subsist.

(2) No cost, interest, charges or the like, penal or otherwise, shall be payable in addition to what is specified in this clause of the Resolution Plan;

(3) Any claim from any person claiming to be an operational creditor of the Company, that has not been filed with the Resolution Professional, or if filed, has not been verified by the Resolution Professional, shall stand extinguished and shall no longer be payable.

(g) The Creditors do not have any recourse against Resolution Applicant for any liability that may arise in respect of proceedings initiated by them against Corporate Debtor in all the legal forums.

6.6 Other Creditors

A. In relation to any other person (including creditors and/or stakeholders (who is entitled to receive any amounts under Section 53 of the IBC)) whose claims have not been covered under Clauses 6 and 7 of the Resolution Plan or who makes any claims in the future, there will be no funds available for payment to them as the Liquidation Value is presumed to be insufficient. Therefore, nil payment has been proposed under the Resolution Plan towards payment to such creditors and/or stakeholders and no source has been identified for such payment under this Resolution Plan.

B. Any and all claims or demands in connection with or against the Company and existing management prior to NCLT approval and all liabilities or obligations of the Company (including any demand for any losses or damages or in connection with any third party claims or any investigations by any governmental bodies or authorities) both present and future by or to any other stakeholder (who is entitled to receive any amounts under Section 53 of the IBC) including those under Section 53(1)(b) of the IBC or any other actual or potential creditor, any counter-party, any subsidiary, joint venture or associate company of the Company or a shareholder of the Company or the holder of any other securities of the Company prior to the Effective Date) whether under law, equity or contract, whether admitted or not, due or contingent, crystallized or uncrystallized, known or unknown, secured or unsecured, disputed or undisputed, present or future, whether or not set out in the Provisional Balance Sheet, the balance sheets of the Company or the profit and loss account statements of the Company or the List of Creditors, and all inquiries, investigations or proceedings in relation to the foregoing, whether civil or criminal, in relation to any period prior to the Effective Date or arising on account of the acquisition of control by Resolution Applicant over the Company pursuant to this Resolution Plan or on account of the measures contemplated under this Resolution Plan, will be written off in full and shall, in accordance with Regulation 37 of the CIRP Regulations, be deemed to be permanently extinguished by virtue of the order of the Adjudicating Authority

(306)

approving this Resolution Plan and all the investigations, inquiries or show-cause, whether civil or criminal in relation to the foregoing shall be disposed of and the Company the Resolution Applicant shall at no point of time be, directly or indirectly, held responsible or liable in relation thereto.

C. All liabilities, claims, obligations or rights in relation to any letters of credit, letters of undertaking, guarantees, counter guarantees, corporate guarantees, bank guarantees, performance guarantees or other contingent or future claims, liabilities and/or commitments of any nature whatsoever, including without limitation, those specifically set out in Annexure J of the Information Memorandum, issued by, or on behalf of, or at the behest of, the Company, or incurred or undertaken by the Company (as the case may be), in relation to any period prior to the Effective Date or arising on account of the acquisition of control by Resolution Applicant over the Company pursuant to this Resolution Plan, whether asserted or unasserted, whether admitted or not, crystallised or uncrystallised, known or unknown, secured or unsecured, disputed or undisputed, whether or not set out in the Provisional Balance Sheet, the balance sheets of the Company or the profit and loss account statements of the Company or List of Creditors, will be written off in full and shall, in accordance with Regulation 37 of the CIRP Regulations, be deemed to be permanently extinguished, by virtue of the order of the Adjudicating Authority approving this Resolution Plan and the Company, the Resolution Applicant shall at no point of time be, directly or indirectly, held responsible or liable in relation thereto.

D. The resolution applicant believes that it has addressed all the claims; as provided in the Information Memorandum; through the clauses of this resolution plan. Although, if any other creditors remain to be addressed for payment, the resolution applicant shall not be liable for such creditors.

E. Accordingly, all the unsecured dues to all other creditors including existing promoters, their relatives, their related entities or to any third party to be waived in full and nothing will be paid since the net liquidation value is much lower than the secured debt (admitted by the Resolution Professional).

7 STRUCTURING OF EQUITY SHARE CAPITAL AND FRESH ISSUE OF EQUITY TO RESOLUTION APPLICANT

Currently, the subscribed and paid up equity share capital of the company stands at Rs. 44.05 crores comprising of 22,02,54,319 shares of face value Rs. 2.00 each.

7.1 The outstanding share capital of the company as on date will be reduced to 5,50,64,000 shares (about 25% of existing shares)

7.2 Remaining 16,51,90,319 shares (about 75% of existing shares) will be issued and allotted to new promoters, strategic investors and associates after the NCLT Approval.

7.3 In addition to the above shares the corporate debtor may further allot additional shares in the form of shares, warrants, or other securities by way of preferential allotments to the

(307)

strategic investors, public, promoters and associates, of additional shares not exceeding fourteen crores at discount (not exceeding seventy five percent) or premium as may be decided by the new management, considering the market dynamics at the time of issue and increasing the authorized capital of the company to maximum rupees eighty crores within a period of eighteen months from NCLT approval.

7.4 No fractional shares shall be issued by the corporate debtor, in respect of the fractional entitlements, if any, to which the shareholders of the corporate debtor are entitled on the issue and allotment of equity shares by the corporate debtor in accordance with the resolution plan. The board of directors/committee of director of the corporate debtor shall instead consolidate all such fractional entitlements to which the shareholders of corporate debtor may be entitled on issue and allotment of the equity shares as aforesaid and shall without any further application, act, instrument or deed, issue and allot such fractional entitlements directly to an individual trustee or a board of trustees or a corporate trustee (the trustee), who shall hold such fractional entitlements with all additions or accretions thereto in trust for the benefit of the respective shareholders to whom they belong and their respective heirs, executors, administrators or successors for the specific purpose of selling such fractional entitlements in the market at such price or prices and at such time or times as the trustee may in its sole discretion decide, the net sale proceeds thereof and any additions and accretions, whereupon the corporate debtor shall, subject to withholding tax, if any, distribute such sale proceeds to the concerned shareholders in proportion to their respective fractional entitlements.

7.5 As per MCA circular, issued on 25.10.2017, the approval of shareholders/ members of the corporate debtor/ company for a particular action required in the resolution plan for its implementation, which would have been required under companies act 2013 or any other law if the resolution plan of the company was not being considered under the code, is deemed to have been given its approval by the adjudicating authority. Thus, there is no requirement of passing the special resolution for the reduction of share capital as per section 66 of companies act 2013. The resolution applicant undertakes to comply with the other requirements of section 66 of companies act 2013 in respect of the reduction as proposed in this clause.

7.6 As per the securities and exchange board of India (substantial acquisition of shares and takeovers) regulations, 2011 (as amended on 18 Apr 2017 and 31 May 2018), the resolution applicant will not have to make the public announcement for open offer to the public in case of acquisition of share capital of the company. Although there is no requirement to maintain the 25% of the public shareholding in the listed companies pursuant to amendment introduced in the securities and exchange board of India (substantial acquisition of shares and takeovers) regulations, 2011 (as amended on 18 Apr 2017 and 31 May 2018), however the resolution applicant proposes to maintain the public shareholding of the company at 25%.

7.7 Resolution Applicant will reconstitute Board of Directors with new directors including independent directors as appointed by the resolution applicant on the date of approval of this plan by the Hon'ble NCLT and all existing directors will resign with immediate effect.

Erstwhile promoters to have no control, veto, rights, directorship in the Company

308

Entire management control of the Company will vest with the Resolution Applicant, for the management of the day to day affairs, for which Resolution Applicant has identified a core operating team. At the same time the Resolution Applicant realises that given the nitty gritties and complexities of the business like this, the Resolution Applicant will evaluate the need of the existing employees and team and accordingly may retain employees and appropriately motivate and incentivize them to ensure smooth functioning and revival of the Company. All existing arrangements / agreements entered into by the Company with any person which require approval of such person for infusing additional capital, change in management / control of the Company or change in capital structure of the Company from time to time shall be deemed to be terminated with immediate effect from the Effective Date.

Post payment as envisaged in above clauses, the shareholders' agreements and other arrangements by any shareholder with the Company
, if any, shall be deemed to be terminated with immediate effect from the Effective Date.

8. REFURBISHING OF THE PLANT AND ADDITIONAL CAPITAL EXPENDITURE

8.1 The Resolution Applicant understands that the manufacturing facilities and technology of the plant of the Company need to be refurbished and a complete overhaul is required to get the Company back on track. Thus, the Resolution Applicant proposes to introduce funds to refurbish the plant and update the technology and also to meet the working capital requirement. As per the due diligence undertaken by the Resolution Applicant, it is assumed that within a period of 3 months of the approval of the resolution plan by the Hon'ble NCLT; an amount of Rs.6 crores may be needed in form of working capital funds to meet the working capital requirements and to refurbish the plant/ manufacturing facilities/ equipments of the Company and for Railway renewals, an amount of Rs. 3 crores may be needed to updated the technology and other capital expenditures.

8.2 The resolution Applicant proposes to introduce funds as necessary to meet working capital as well as capital expenditures needs.

(309)

9.COST OF SCHEME

As described in detail through the clauses of this resolution plan, following is the summary of **the financial proposal** briefly named as **"Cost of Scheme ":**

Sl.No	Category	Amount (Rs in crores)	Remarks	Payment Terms
1	CIRP costs	5.80	1. This is the probable CIRP cost for a period of 12 months from the date of NCLT Order ie 13.03.2018. 2. The entire actual CIRP cost incurred from the date of NCLT order ie 13.03.2018 till the approval by NCLT of the Resolution Plan will be met by the Resolution Applicant, over and above the Internal receipts	Will be paid after the NCLT order
2	Secured Financial Creditors	46.51		Upfront payment - 1.Rs 4.00 crores will be paid in the No Lien A/c opened in the name of M/s MIC Electronics Limited after the approval of Resolution Plan by the CoC. 2.Rs.25.00 crores will be paid within 3 months from the date of NCLT order. 3.The deferred amount will be paid within 6 months from the date of NCLT order but not later than 31st October 2019.

3	Unsecured Financial Creditors	3.21		1.Upfront Rs.0.61 crores will be paid within 3 months from date of NCLT order. 2.The deferred amount of Rs.2.60 crores will be paid in 8 Equal quarterly instalments with 1st quarter commencing 6 months from the date of NCLT order.
4	Workmen & Employees dues	0.81	The amount provided will be distributed in proportion to the total amounts of dues to workers and dues to employees	Upfront amount will be paid within 3 months from date of NCLT order.
5	Ex employees claims (Form D)	0.24		The deferred amount will be paid in 4 Equal quarterly instalments with 1st quarter commencing 6 months from the date of NCLT order.
6	Government dues	0.08		The deferred amount will be paid in 8 Equal quarterly instalments with 1st quarter commencing 6 months from the date of NCLT order.
7	Operational Creditors	2.16		Upfront amount will be paid within 3 months from the date of NCLT order.

(311)

8	Working Capital funds	6.00		infusion by Resolution Applicant within 3 months from the date of NCLT order.
9	Capital Expenditure	3.00		infusion by Resolution Applicant within 3 months from the date of NCLT order
	Total	**67.81**		

10.MANAGEMENT OF THE COMPANY

10.1 Release of Resolution Professional and Dissolution of the COC

(a) The Resolution Professional was appointed by the NCLT and the CoC was formed by the Resolution Professional pursuant to the corporate insolvency resolution process.

(b) The Resolution Professional shall be released of his duties and responsibilities on reconstitution of Board of Directors as envisaged in Clause 10.2 ahead and the CoC shall be dissolved with effect from the Effective Date. The members of the CoC may separately monitor the activities of the Company and the implementation of the Resolution Plan in accordance herewith.

10.2 Reconstituted Board of Directors

10.2.1 With Effect from Effective Date, the Company shall be managed by a Reconstituted Board as formed by the Resolution Applicant.

10.2.2 The erstwhile board of directors shall stand suspended and they shall resign immediately on the Effective Date.

10.2.3 Voting rights of the existing shareholders shall stand suspended, and shall not be exercised till the Effective Date and thereafter, the rights shall be in terms of the recasted Share Capital. If there is any matter that requires shareholders resolution, it shall be approved by the NCLT.

10.2.4 The Directors on the Reconstituted Board shall be appointed on Effective Date, without any additional approval from the Shareholders; and will be accountable for the day to day operations of the Company; and shall be operating under the instructions of the Monitoring Committee as constituted under clause 11.2 till the end of 3 months from the Effective Date; and shall be bound as per applicable law to protect and preserve the value in the Company.

10.2.5 Post successful payment of the upfront amount as per the clauses of the Resolution Plan, the Reconstituted Board of the Company shall assume complete powers of Board of Directors as provided under Companies Act 2013 and will be responsible for the complete management of the Company accordingly.

10.2.6 The Reconstituted Board of Directors shall provide annual/ semi annual/ quarterly report on implementation of the Resolution Plan to the Monitoring Committee till the completion of the term of the Resolution Plan. The frequency of the report shall be decided by the Monitoring committee by more than 51% of the votes.

10.2.7 The Reconstituted Board shall constitute of directors nominated by the Resolution Applicant, from time to time, as may be required.

10.3 Going Concern

The Company shall continue as a going concern and operate in its normal course of business upon implementation of the Resolution Plan. With effect from the Effective Date, the management of affairs of the Company after the Effective Date would be done through the Reconstituted Board.

10.4 Continued Corporate existence

The Company shall continue its operations in the normal course of business.

11 IMPLEMENTATION AND SUPERVISION OF THE RESOLUTION PLAN

11.1 Implementation of the Resolution Plan

(a) The implementation of the resolution plan shall commence from the Effective Date.

(b) The Reconstituted Board of the Directors shall be responsible for the implementation of the resolution plan in accordance with the clauses of the Resolution Plan under the supervision of the Monitoring Committee as constituted under the clause 11.2.

(c) In order to ensure smooth implementation of the Resolution Plan, the Resolution Applicant has already identified a core team with strong experience in Electronics and LED Industries. The Resolution Applicant shall further appoint experienced CEO and CFO to manage day to day affairs of the Company. The details of the core team has been provided in Schedule 1 as attached to this resolution plan.

11.2 Supervision of the Resolution Plan

(313)

(a) With effect from the Effective Date, a **Monitoring Committee** shall be constituted with Resolution Professional Sri. Prabhakar Nandiraju with a professional fee of Rs.3.00 Lakhs per month and one representative from every secured financial creditor along with the Resolution Applicant.

(b) The term of the Monitoring Committee shall commence on the Effective Date on its Constitution as per the clause 11.2 (a) of this resolution plan.

(c) The Monitoring Committee shall supervise the implementation of the resolution plan as per the clauses mentioned herein and provide necessary directions to the Reconstituted Board of the Directors as required.

(d) On successful implementation of the resolution plan, the Monitoring Committee shall issue a certificate of Discharge to the Resolution Applicant and the Company with respect to discharge of the duties of the resolution applicant for the implementation of the Resolution Plan.

(e) Thereafter, the Monitoring Committee shall stand dissolved with immediate effect.

12 TERM OF THE PLAN AND IMPLEMENTATION SCHEDULE

12.1 Term of the Resolution Plan

(a) The term of this Resolution Plan shall commence on the Effective Date and would last till the last payment to be made as per the resolution plan, which comes to 31.03.2022 approximately.

(b) Notwithstanding anything stated herein, the Resolution Plan shall automatically be deemed as terminated once all payments due under this Resolution Plan are paid to the creditors identified above, in the manner stipulated herein. None of the terms of this Resolution Plan shall apply to any fresh financings and / or investments made into the Company post the Effective Date, on terms independent of the facilities covered under this Resolution Plan.

12.2 Implementation Schedule

(a) The Resolution applicant has defined the timelines for the payments to be made to the different creditors in the clauses 6 and 7 of this Resolution Plan.

(b) The timelines of implementation of the other actions proposed in this resolution plan such as appointment of the Directors on Reconstituted Board etc. are mentioned in clauses 9 to 12 of the resolution plan.

13 CURRENCY OF PAYMENT

13.1 All payments proposed to be made pursuant to this Resolution Plan will be in Indian Rupees (INR).

(314)

13.2 Each creditor's notice of claim which is not denominated in INR will be converted into INR based on the official exchange rate specified on RBI's website at the close of business as on the Effective Date.

14 NO PAYMENTS TO CREDITORS SUBMITTING CLAIMS AFTER VOTING ON RESOLUTION PLAN

14.1 The Code and the CIRP Regulations entitle all types of creditors of a corporate debtor to submit their claims to the Resolution Professional on or prior to the date on which the resolution plan gets approved by the CoC.

14.2 In the event any other creditors of the Company submit their claims to the Resolution Professional on or prior to the date of approval of the Resolution Plan by the CoC, since the realizable value of the liquidation assets is unlikely to satisfy the secured creditors, no amount is liable to be paid to such other creditors who had no claims pending on the date of commencement of the corporate insolvency resolution process.

15 NO INTEREST ON DUES

No interest shall be paid on the claims (both financial and operational) subsequent to the insolvency commencement date.

16 ACCOUNTING TREATMENT

16.1 Upon approval of the Plan by the NCLT, the Resolution Applicant be permitted to draw up the financial statements of the Company for a period ending on the Effective Date (or any date closest to that date as may be practicable) in compliance with applicable accounting standards such that it truly reflects the claims verified and the realisable, fair value of the assets as may be determined by the board of directors of the Resolution Applicant.

16.2 For the above purpose, the Resolution Applicant shall be permitted to carry out necessary write off of assets, creation of additional liability or expenses or write back of liability or provision (as the case may be) in the books of accounts of the Company.

16.3 Pursuant to the order of the NCLT approving this Plan, any debit or credit, being the balancing figure, shall be adjusted by the Company in the capital reserve at its sole discretion and the same shall be deemed to be in compliance with the applicable accounting standards.

16.4 Accordingly, the restated balance sheet of the Company certified by a chartered accountant shall be drawn on the Effective Date.

17. RELIEFS AND CONCESSIONS

17.1 The Resolution Applicant requests for the reliefs and concessions set out in **Schedule 2 (Reliefs and Concessions)** in order for the Plan to be successful

(315)

and upon Effective Date, each of these shall be deemed to be a part of the Hon'ble NCLT order approving the Plan.

17.2 The Resolution Applicant will acquire control over the Company pursuant to the order of the NCLT and not pursuant to the usual acquisition process which would ordinarily include a detailed due diligence and representation, warranties and indemnities in relation to the affairs of the Company from its Existing Promoters. The Resolution Applicant may take some time to discover all the non-compliances that may exist in relation to the Company on the date of acquisition of control by the Resolution Applicant over the Company. As such the Resolution Applicant may take some time to identify such non-compliances and to address them. In light of this, the Resolution Applicant prays to the Hon'ble NCLT to grant it immunity from any actions and penalties (of any nature) under any laws for any non-compliance of laws in relation to the Company or by the Company, which was existing as on the date of acquisition of control by the Resolution Applicant over the Company and which continues for a period of upto 6 (six) months after the acquisition of control by the Resolution Applicant over the Company. The Resolution Applicant undertakes to cause the Company to expeditiously identify such non-compliances, evaluate the steps required to address such non-compliances and take steps to remedy such non-compliances to the extent practically possible.

17.3 The Resolution Applicant undertakes and confirms that, on and from the approval of this Resolution Plan by the COC, and subject only to (i) obtaining required approvals from the Hon'ble NCLT or any other Authority (if required) in accordance with Applicable Law, and (ii) applicable directions of the Hon'ble NCLAT and/or Hon'ble High Court and/or Hon'ble Supreme Court, if any, all obligations and commitments, financial or otherwise, undertaken by it under this Resolution Plan towards the Approving Financial Creditors, and any other stakeholders, shall be binding on it, and shall subsist and be in full force and effect irrespective of whether any reliefs, waivers or concessions sought by the Resolution Applicant are granted by the NCLT, the Hon'ble NCLAT, the Hon'ble Supreme Court, or any other judicial, quasi-judicial, regulatory or administrative entity, department or authority.

18. GOVERNMENTAL APPROVALS

The implementation of this Resolution Plan does not require any government approvals except as identified for statutory and mandatory dues in section

19. RIGHT AND NOT OBLIGATION

19.1 The Resolution Applicant and the Company shall be entitled to share certified copy of this Resolution Plan and the order of the NCLT approving this Resolution Plan with third parties, including Governmental authorities.

19.2 Pursuant to Section 238 of the Code, the measures and declarations set-out in this Resolution Plan, and the order of the NCLT approving this Resolution Plan shall take effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force or any instrument having effect by virtue of any such law.

20. AMENDMENT IN CONSTITUTIONAL DOCUMENTS OF THE COMPANY

20.1 The Memorandum of Association of the Company shall stand revised as per the amendment(s) is/are introduced by the resolution Applicant. The amendment to the Memorandum of Association, including the revisions to the capital clause therein, shall be pursuant to the order of the NCLT and shall not require any additional approval from the shareholders.

20.2 The Resolution Applicant may cause amendments to the Articles of Association of the Company, upon their becoming shareholders of the Company.

21. INTERESTS OF STAKEHOLDERS

The resolution applicant has duly provided for the resolution of the company in this resolution plan and interests of all the stakeholders have been taken care of as per the provisions of the code and the CIRP Regulations.

22. COMPLAINCE WITH REGULATION 38(3) OF THE CIRP REGULATIONS

22.1 As per Regulation 38(3) of CIRP Regulations, as amended on 04.07.2018, *"A resolution plan shall demonstrate that –*

a) it addresses the cause of default;

(b) it is feasible and viable;

(c) it has provisions for its effective implementation;

(d) it has provisions for approvals required and the timeline for the same; and

(e) the resolution applicant has the capability to implement the resolution plan."

22.2 The Resolution Applicant has although provided the detailed description of the proposals of the plan in accordance with the Regulation 38(3) of CIRP Regulations. However the Resolution Applicant hereby is providing the details and references to the clauses of the Resolution Plan; as the case may be; in relation to compliance with the said regulation:

(a) Addressing the Cause of Default

The Company is a listed company and is a leading name in LED Industry. The company has been awarded with various awards from Government for its performance. However, the Company started facing stress in 2014 where it was hit by liquidity crunch. The main reason behind the liquidity crunch, was blocking of funds with Government Projects and huge delay in realisation of the proceeds for execution and completion of the projects.

The Resolution Applicant is determined to revive the company with its

(517)

proposal of Operational and Financial Restructuring of the Company. This resolution plan is suggesting to pay the dues of the financial creditors in a structured manner and it proposes to introduce a Core Team which would be planning the business of the Company .

(b) Feasibility and Viability of the Resolution Plan

The Resolution Applicant has detailed the feasibility and viability of the Resolution Plan in following different sections-

(b.1) <u>Sources of Funds-</u> The Resolution Applicant has provided the details of complete sources of funds as required to meet the proposed payments under the resolution plan. The said details are mentioned under clause 10 of this resolution plan.

(b.2) <u>Operational Model-</u> The Resolution Applicant is proposing the overhauling of the manufacturing facilities of the Company for its successful revival. The Resolution Applicant shall provide for the required working capital and other expenses as proposed in the resolution plan to ensure the regular operations of the Company with updated Technology. The Resolution applicant has also identified a Core Team with required Expertise to ensure feasibility and viability of the Resolution Plan. The details regarding the Core team are mentioned in Schedule 1 and the Details of operations of the Company are mentioned in Schedule 3 (Business Plan). As per the business plan, it is rendered that the operations of the Company shall be commercially viable and it shall generate sufficient cash accruals to meet its operational obligations.

(c) Effective Implementation

As stated earlier, the Resolution Applicant is determined to revive the Company and operate it on a going concern basis. The Resolution Applicant has detailed the provisions to ensure effective implementation under clause .. of this Resolution Plan.

(d) Provisions for approvals required and the timeline for the same

The Resolution Applicant understands that the successful revival of the Company requires certain Governmental Approvals and Permits. The Resolution Applicant has listed out these Governmental Approvals in Clause ... where it has also detailed the time lines within which these would be obtained by the Resolution Applicant.

(e) Capability of Resolution Applicant to implement the resolution plan

The Resolution Applicant, as detailed earlier, has vast experience in the Electronics and LED Industry. The Resolution Applicant has sufficient sources of funds (by way of its own net worth and support from other Financial Institutions); necessary industry expertise & experience as well as the manpower and other supplies to implement the Resolution Plan as per the Clauses stated herein. The capability of the resolution applicant to implement

(318)

the resolution plan is detailed in Schedule 1, 2 and 3 where the strengths of the Resolution Applicant are mentioned along with the details of Business Plan and Operational Restructuring of the Company.

23. OTHER TERMS APPLICABLE TO THE RESOLUTION PLAN

23.1 Governing Law

The Company and the new management shall be governed by the laws of India giving effect to NCLT order approving the Resolution Plan and any agreements, documents and instruments executed in connection with the Resolution Plan.

23.2 Binding Effect

This Resolution Plan once approved by Hon'ble NCLT shall be binding on the Company, all holders of claims, Creditors, members, promoter and all other parties in interest and each of their respective successors and assigns in accordance with Sections 31(1) and 238 of the Code.

23.3 Severability and right to modify

23.3.1 In the event it is determined that any provisions of the Resolution Plan is unenforceable either on its face or as applied to any claims or transaction and/or in the event any provision of the Resolution Plan becomes invalid for reasons other than by breach of any party, the new management of the Company may apply to the Hon'ble NCLT for appropriate modification of such provisions of the Resolution Plan, to satisfaction of the Hon'ble NCLT, and such invalidity and/or unenforceability of the provision of the Resolution Plan shall not render the whole Resolution Plan ineffective, unless otherwise directed by the Hon'ble NCLT by order.

23.3.2 In case any such modification is required in the Resolution Plan after the receipt of approval by Hon'ble NCLT, to comply with any laws currently in force or to apply for certain approvals as required under the Resolution Plan or for any other requirements, not jeopardising the rights of the creditors under the current plan, the new management of the Company can do so only after approval of Hon'ble National Company Law Appellate Tribunal (NCLAT).

23.4 Assignment of Interest

Any creditor may assign its rights under this Resolution Plan, subject to the transferee unconditionally agreeing to be bound by the terms of this Resolution Plan.

23.5 Validity

This Resolution Plan is valid until the expiry of the time for the corporate insolvency resolution process, and unless this Resolution Plan is approved by the Hon'ble NCLT, this proposal contained in this Resolution Plan shall expire on expiry of the time for the corporate insolvency resolution process i.e. December 7th 2018.

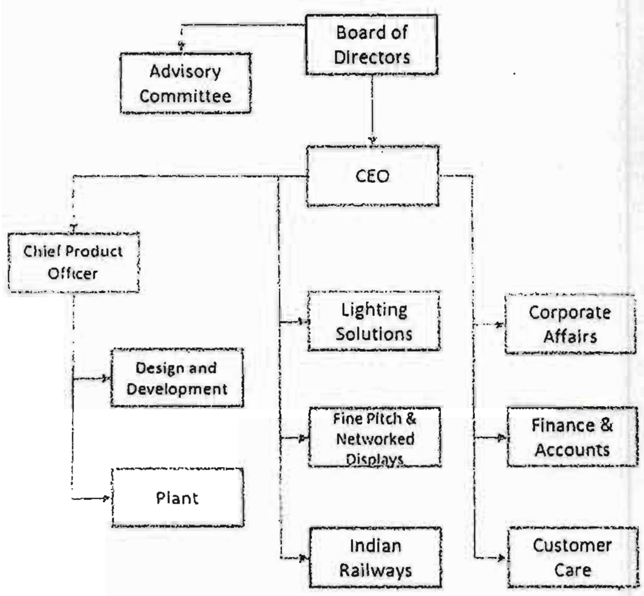
(319)

23.6 Consequences of Revocation

In the event the Resolution Plan is revoked and/or the restructuring of the Company fails, the existing facilities of the creditors, the rights and remedies of the creditors under their respective existing financing documents would continue as if they had not been waived, amended, modified, superseded or replaced by the Resolution Plan and the creditors shall be entitled to enforce such rights and remedies under the existing financing documents, as if the same had not been waived and/or modified pursuant to this Resolution Plan and the other relevant documents executed thereof. Provided however, that the obligations of the Company under the Resolution Plan shall continue to be binding on the Company and its co-obligors; and the creditors shall be entitled to exercise all rights and remedies conferred on them pursuant to this Resolution Plan.

Schedule 1: Core Team and Organization Structure as Identified by the Resolution Applicant for Implementation of the Resolution Plan

Successful implementation of the proposed Resolution Application requires that the RA bring a seasoned team to the company that is familiar with the industry and technology. A key difference from the past is a focus on a reduced set of products and markets for the immediate future. The RA has then to build this team as a transitional team with a view to building it out to support future growth as the company pulls out of the current crisis situation. An outline of the initial transitional organization is shown below.



The organization is designed to emphasize:

- Product /Market Focus Areas – ***Profit and Market Share Driven***
  - *Verticals* reflecting a specific product or market segment focus
  - *Ownership* of Product – features, characteristics, designs, change management
  - Responsible for organizing, planning, directing and managing marketing and sales
  - The Product and Market Focus areas include:
    - **Railways** – Coach Lighting, Coach Guidance and Passenger Information Systems Displays
    - **Lighting** – Street and Exterior Lighting, Grid Based, Solar Powered; Railway Coach Lighting
    - **Displays** – Fine Pitched; Standalone, Networked, Direct Sale

Infrastructural Competencies – ***Policy Setting and Effectiveness Driven***
Functional capabilities that provide the company with the necessary competitive edge:

- Fast turn around/agile production systems to support baseline level of demand

(321)

- Focused Product Development and Active Intellectual Property Management
- Responsive, Timely and Transparent Financial Systems
- Products and Services supporting Client CSR work
- Infrastructural Competencies include:
  - Core Production and Operations
  - Finance
  - Talent Management
  - Intellectual Property management

- Shared Services – ***Cost Management and Efficiency Driven***
  - Like "utility" services (electricity, water...) these are functional capabilities that are taken for granted when they are working well, as something going on in the background. Only noticed when missing or not working well without which smooth/efficient running would be difficult
  - Shared Services Include:
    - Legal/Compliance works
    - Procurement and Logistics
    - Administrative Services

The following are brief details of the core team that is identified by the resolution applicant for successful revival of the Company. These individuals are culled from the Company's operations, technical and marketing functions and who have a demonstrated record of accomplishment in their respective disciplines.

Chief Operations Executive (in Transition) – Mr. G. V. Rao, B.E. (Mech). Mr. Rao has over thirty years of industry, operations and market development experience in both the LED display and lighting segments. In particular he has focussed experience in providing such services to the Indian Railways and expert at navigating the complex process and procedures required to get the necessary approvals and certifications.

Technology & Operations: Mr. B. Sridhar, B.E (...), MBA. Mr. Sridhar has 25 years of increasing functional responsibilities for design, development and delivery of products and services for the Telecom, Railways and LED Lighting and Display sectors, organizing and leading multifunctional teams in geographically diverse locations.

Marketing:

Mr. R. Ranga – Displays: 45 years of Marketing, Sales and Project management, domestic as well as abroad for various electrical and electronic devices, equipment and systems. Was responsible for creating a nationwide marketing. Sales and service network for LED Displays.

Mr. K. Narasimha Rao – Lighting: Over 20 years of experience in positions of increasing responsibility in the renewable energy (Solar) and lighting products and services sector. Experience included development of requisite organization and systems.

Finance:

(322)

Mr. M. S. Murali Krishnan, Chief Finance Officer (in Transition): Mr. M.S.Murali Krishnan is a Chartered Accountant and Company Secretary having professional experience of over 28 years. During his tenure, he has worked in couple of listed companies where he has exposure in public issues, compliances, board meetings and share holder meetings, etc. He also handled the treasury and accounting functions in all the companies he worked earlier involving project financing, contract management, private placements, taxation, etc. He was also exposed to amalgamations in one of the companies he worked.

Technology and Product Development:

Mr. K. Venkateswar Rao – Embedded and Networked Systems: More than 20 years of experience in positions of growing responsibility in the areas of Telecommunications, LED Display and Lighting Product Architecture, Design and Development and Systems Integration among others. Experience spans multiple OS and Processor families

Mr. B.D. Nageswar Rao – Mechanical and Structural Engineering: Over 20 years of experience in Design, Development, Production Systems and Processes to support the mechanical and electro mechanical structural encasement and support systems for devices and systems in telecommunications, LED Displays and Lighting, including setting up and leading teams to facilitate these activities.

(323)

Schedule 2 Reliefs and Concessions

1. The Resolution Applicants also prays to the NCLT to grant an exemption from the obligation to pay taxes and stamp duty in respect of actions undertaken pursuant to the approval of the Resolution Plan by the NCLT, since such taxes and duties, if required to be paid, will render the Resolution Plan unviable for the Resolution Applicants in monetary terms.
2. All cases under litigation whether final or not crystallised or uncrystallised shall stand revoked and extinguished. With effect from Effective Date and no claims of whatsoever nature shall subsist.
3. CBDT and CBEC; and other Governmental Authorities to waive off all demands including fines, penalties or any other charge of whatsoever nature on approval of this resolution plan by Hon'ble NCLT. The claims of all Governmental Authorities shall stand satisfied upon payment as proposed under this resolution plan.
4. The Company and the Resolution Applicant to be permitted for the compounding of penalty or fine of all kinds for non-compliance with applicable RBI guidelines on an application moved by it in this regard.
5. All the assets of the Corporate Debtor shall be handed over to the Resolution Applicant, free from any encumbrances (except that of the secured financial secured creditors, till the currency of their debt), of any sort by any statutory authority or any Government body/agency or by virtue of any direction of any other court of law
6. The Resolution Applicants will acquire control over the Company pursuant to the order of the NCLT and not pursuant to the usual acquisition process which would ordinarily include a detailed due diligence and representation, warranties and indemnities in relation to the affairs of the Company from its existing promoters, the Resolution Applicants may take some time to discover all the non-compliances that may exist in relation to the Company on the date of acquisition of control by the Resolution Applicants over the Company. As such the Resolution Applicants may take some time to identify such non-compliances and to address them. In light of this, the Resolution Applicants and the Company shall immunity from any actions and penalties (of any nature) under any laws for any non-compliance of laws in relation to the Company or by the Company, which was existing as on the Completion Date and which continues for a period of up to 12 (twelve) months after the acquisition of control by the Resolution Applicants over the Company. Without any liability for the non-compliance during the time specified above, the Resolution Applicants undertakes to cause the Company to expeditiously identify such non-compliances, evaluate the steps required to address such non-compliances and take steps to remedy such non-compliances to the extent practically possible.
7. All inquiries, investigations, whether civil or criminal, notices, causes of action, suits, claims, disputes, litigation, arbitration or other judicial, regulatory or administrative proceedings against, or in relation to, or in connection with the Company or affairs of the Company, pending or threatened, present or future which includes the list as provided under Schedule 3 below, (including without limitation, any investigation, action proceeding, prosecution, whether civil or criminal, by the Central Bureau of Investigation, the Enforcement Directorate or any other enforcement agency), in relation to any period prior to the Completion Date or arising on account of the acquisition of control by the Resolution Applicants over the Company pursuant to this Resolution Applicants over the Company pursuant to this Resolution Plan shall be deemed to be withdrawn or dismissed and all liabilities or obligations in relation thereto, whether or not set out in the balance sheets of the Company or the profit and loss account statements of the Company, will be deemed to have

(324)

been written off in full and permanently extinguished by virtue of the order of the NCLT approving this Resolution Plan and the Company or the Resolution Applicants shall at no point of time be, directly or indirectly, held responsible or liable in relation thereto. By virtue of the order of the NCLT approving this Resolution Plan all new inquiries investigations, whether civil or criminal, notices, suits, claims, disputes, litigation, arbitration or other judicial, regulatory or administrative proceedings will be deemed to be barred and will not be initiated or admitted against the Company in relation to any period prior to the acquisition of control by the Resolution Applicants over the Company or on account of the acquisition of control by the Resolution Applicants over the Company pursuant to this Resolution Plan.

8. The Department of Registration and Stamps, Government of Hyderabad, Telangana, ROC and the MCA are to exempt the Resolution Applicant and the Company, from the levy of any stamp duty and fees applicable in relation to this Plan and its implementation.

9. Accordingly, upon the Resolution Plan being approved by the NCLT, the actions undertaken pursuant to the implementation of the Resolution Plan shall be deemed to be exempt from any tax obligation under various taxing statutes, including but not limited to Sections 50B, 50V, 50CA, 56 and 115JB under the Income-tax Act as well as Central Goods and Service Tax Act, 2017 (as amended from time to time) and the provisions of the Indian Stamp Act, 1899 (as amended from time to time) and other laws relating to payment of stamp duty applicable in any state.

10. As the Resolution Applicants will acquire control over the Company pursuant to the order of the NCLT and not pursuant to the usual acquisition process which would ordinarily include a detailed due diligence and representation, warranties and indemnities in relation to the affairs of the Company from its existing promoters, the Resolution applicants, may take some time to discover all the non-compliances that may exist in relation to the Company on the date of acquisition of control by the Consortium over the Company. Further, the Resolution Applicant will acquire control over the Company pursuant to the order of the NCLT and not pursuant to the usual acquisition process which would ordinarily include a detailed due diligence and representation, warranties and indemnities in relation to the affairs of the Company from its Existing Promoters. The Resolution Applicant may take some time to discover all the non-compliances that may exist in relation to the Company on the date of acquisition of control by the Resolution Applicant over the Company. As such the Resolution Applicant may take some time to identify such non-compliances and to address them. In light of this, the Resolution Applicant prays to the NCLT to grant it immunity from any actions and penalties (of any nature) under any laws for any non-compliance of laws in relation to the Company or by the Company, which was existing as on the date of acquisition of control by the Resolution Applicant over the Company and which continues for a period of upto 12 (twelve) months after the acquisition of control by the Resolution Applicant over the Company. The Resolution Applicant undertakes to cause the Company to expeditiously identify such non-compliances, evaluate the steps required to address such non-compliances and take steps to remedy such non-compliances to the extent practically possible.

325

Schedule 3 Business Plan

Operations Plan

Post successful resolution, the RA will first undertake a quick diagnostic review of the company and its operations. The diagnostic assessment will allow it to undertake the necessary streamlining of the organization and facilities, to identify strengths, weaknesses and gaps and then to develop suitable remedial actions. Following this it will develop a staffing plan using the key individuals already identified. Important elements include completion of the various railways certification and qualifications efforts underway to enable the company to rekindle its excellent relationship with the Indian Railways. A similar focus will be extended to the existing lighting and display projects – for example the fine pitch display it is setting up at the GHMC command and control center in Hyderabad.

MIC's current facilities and plant and equipment, as described, can support the intended market and supply capacities required to meet the expected activity during the initial years. They will be supplemented as indicated with some necessary capital expenditures to upgrade or replace some equipment and or information systems. The diagnostic will also allow the RA to review and get a better understanding of the IP in the company and whether or when any enforcement actions or plans should be undertaken. In our review of the company in the process of developing this application, we understand that at least in the recent past the company's products have been and continue to be well received but that the company's delivery or execution of committed orders has been lacking. Our approach to the turn around of this company will be to emphasize not only development of actionable, credible future functional plans for all the functional disciplines, but also to implement metrics and measures to ensure that these plans deliver on the commitments made.

The partners comprising the RA, namely, COSYN, SLK and RRK have a strong history of delivering on committed plans

Marketing Plan

Based on the information provided in the IM and our knowledge and review of the related markets, the three verticals that the RA will focus on, namely, Railways, Smart Lighting and Fine Pitch displays, will all experience substantial growth in the next few years. The RA also accepts the IM assertion that the company enjoys a good technical and product performance reputation. Our Marketing Approach and plans will build on these assumptions. An overview of the market opportunity and product focus is shown here:

Indian Railways – Coach Lighting and Displays	LED Lighting – On and Off Grid Smart Lighting	Fine Pitch and Networked LED Displays

• Technical Entry Barriers Limit Competition
• Large and Growing Market
  • 50,000+ current coaches for retrofit and approximately 5000 new coaches being added annually
  • 2,000+ station facilities being upgraded or retrofitted to incorporate improved Display and communication capabilities; eventually expanding to remainder of IR's nearly 8,000 station facilities
	• Greater than 15% CAGR due to Smart Cities, e-Warehousing, Smart LED Street Lighting, Transportation, Energy Management and Security Markets
	• Greater than INR 12,000 Cr in Currently assessed opportunity in Smart LED Street Lights and Network Components
	• Approximately INR 2,000 Cr in Solar LED Street Light Opportunity
		• Indoor fine pitch display (SP2.5) in 2017 was US$ 1.141 billion (~INR 7,900 Cr) with a CAGR of 12% between 2017-2021
		• Indian Market projections cumulative till 2023 US$ 1.6 billion (~INR 11,200 Cr)
		• Fragmented Industry Supplier Profile with nearly 350 companies serving world market
		  • 85% of manufacturers < US$10 million (~INR 70 Cr)

In each of the business units/lines, the company will address requirements at one of four levels. Worldwide markets for products in our portfolio, the India market in particular; the target market we believe to be within our scope given the competitive (and possibly regulatory) landscape and finally, the immediately accessible market that we can address in the very near future based on our current and immediate history of customer and market presence/knowledge.

We would expect that the Display and Lighting Market will, in the short term (<24 months) remain predominantly India driven with a small but important fraction derived from non domestic sale of products and service.

The Railways business unit/line may be an exception to that – the sales are likely to be nearly all India based.

Our view of the Company's products and the sectors they serve is shown here.

Product Application

Market Sectors	Coach Lighting	CGD, PIS Displays	Fine Pitch & Networked Displays	Smart LED Street Lights	Smart Solar LED Street Lights
Railways	✓	✓	✓		✓
Civic Bodies			✓	✓	✓
PSUs			✓	✓	✓
Process Industries			✓	✓	✓
Transportation – Airports			✓	✓	✓
Entertainment – Cinema			✓		
Defence Sector			✓	✓	✓
Hospitality			✓		✓
Education - Universities			✓		✓
Sports - Stadia			✓		✓
Venues – Convention Centers			✓		✓

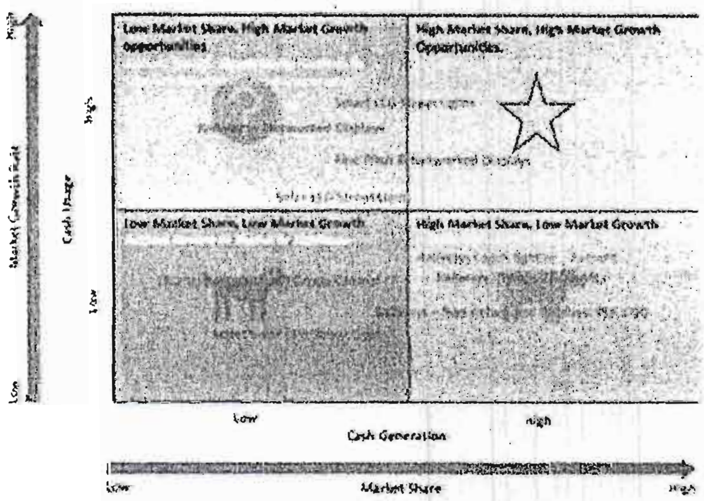
Taking into consideration the state of the company's current financial constraints and our understanding of the loss of recent business or of goodwill among existing clients, the RA will focus on coming back up to par with existing clients and commitments. We will also focus on the immediate strength the company has with respect to its Railways business, particularly in the PIS arena, both for supply and for AMCs to get the company's revenue cycle kickstarted. This will not only allow us stem the financial bleeding, it will also provide us a good basis to begin building up our marketing organization and resources – both from a staffing up point of view as well as from building up the external distributor or word of mouth networks that the company apparently has not been able to maintain or develop adequately in the recent past.

Mindful of the company's experience, the RA will focus on developing the commercial institutional business more and de-emphasize sales to governments/agencies through tenders. It will similarly focus, at least in the short to mid term on product supply ("cash and

(327)

carry") business than on on Supply-Install-Test-Commission (SITC) business. The following is a depiction of the companys' product portfolio and our view of the various products'

Product Portfolio and Indicated Action Focus



contribution and the possible consequent management actions.

Work Plan

Short Term (Within 12 – 24 Months) - Stabilisation

Based on the information provided, the company is in a situation where it is not only unable to meet already booked orders, it is unable to take up new orders that are coming its way in significant quantities because of a catastrophic cash shortage. The immediate focus of actions will then be to focus on mitigating this issue, not only by taking advantage of the cash infusion planned by the RA but by refocusing company actions, plans and priorities:

Focus will be on remobilization of existing products and production operations; reestablishing customer relationships, fulfilling currently available demand for existing products and services; completing display, railway coach lighting and smart LED street light enhancements. Building on the description of Risks in the IM, the company's actions will be to:

- Give preference to Private / Commercial / Corporate Customers as opposed rather than to government tender business.
- Increase product design and specification clarity - Publish / Freeze immediately available portfolio of products for sale (No modifications for 6 to 12 months).
- Undertake no PPP / BOOT projects.
- Reexamine supply chain strengths and preferences to determins possible sources of cost reduction or margin enhancement
- Make no Sales without payment advance.
- Prefer Supply only Sales w. Warranty support (not AMC).
- Emphasize Pull Marketing not Push Marketing (EPC/Local Contractor/Builder/Architect Relationship driven).

(328)

- Re-implement financial planning and reporting processes to enable timely payments as well as to track delays in Receipts
  - Monitor and Report on CIRP creditor payment schedule fulfillment
  - Implement period ahead funding requirement and sourcing plans
  - Emphasize Collection Actions

Long term (within 2-3 years) – Profitable Growth

- Continue Short Term Processes
- Develop and implement Organizational development plans
  - Enhancing structure to include new /additional skills or personnel
- Complete implementation of MIS/ERP systems
  - Including Technical design support/analysis software packages
- Re examine withdrawal/ reduction from Government Sector Participation
  - If choosing to reverse this decision – first create a Government/Public Projects Organizational Division w. Separate Metrics and Resources
- Build up Product Distribution Channels
- Complete Fine Pitch Display product design
  - Launch Product and implement Institutional Marketing Campaign
- Complete Fine Pitch Cinema Product and Certification (DCI)
  - Launch Cinema product domestically
- Complete payment commitments remaining from CIRP
  - Close remaining CIRP processes and elements

राष्ट्रीय कंपनी विधि अधिकरण National Company Law Tribunal

329

Schedule 4 Financial Projections

(Amount INR in crores)

Particulars	FY20	FY21	FY22	FY23	FY24	Total
over	48.86	70.84	89.96	113.35	139.42	**462.43**
DA	7.06	14.62	18.96	24.60	30.89	**96.13**
	2.04	6.19	11.37	16.76	23.74	**60.10**
tal Expenditure	1.00		2.00	5.00	2.00	
R	0.29	0.60	1.44	3.38	4.54	**1.27**
of Secured litors						**45.21**

(330)

भारतीय गैर न्यायिक

एक सौ रुपये Rs. 100

रु. 100 ONE HUNDRED RUPEES

सत्यमेव जयते

भारत INDIA

INDIA NON JUDICIAL

తెలంగాణ तेलंगाना TELANGANA

S 943110

11235 Date 12/10/2018 Rs. 100/-

to Siva Lakshmana Rao Kakarala

K. Koteswara Rao

whom Self

B. SAMPATH KUMAR
Licensed Stamp Vendor
License No. 15-07-061/2018
RL No 15-07-18/2018
2-108/5/118, Plot No. 74, Siddi Vinayaka Chittari Nagar, Bodupal, Medchal Dist. Telangana. Pin.: 500092 Cell: 9246541293

Declaration-cum-Undertaking by Siva Lakshmanarao Kakarala in respect of Section 29A of the Insolvency and Bankruptcy Code, 2016 ("IBC"), inserted *vide* the Insolvency and Bankruptcy Code (Amendment), Act, 2017.

1. **SIVA LAKSHMANARAO KAKARALA** Resident at 19 Villa Greens, Gandipet, Rangareddy District, Hyderabad, Telengana – 500075 hereinafter referred to as the one of Consortium **"(Resolution Applicant")** with **COSYN LIMITED and RRK ENTERPRISE PRIVATE LIMITED** which expression shall, unless repugnant to or inconsistent with the context or meaning thereof mean and include its/his successors), are engaged in acquisition and resolution of the financial assets.

2. Pursuant to the provisions of Section 25(2)(h) of IBC, The Resolution Professional had invited Expression of Interest ("EOI") from potential Resolution Applicants for submission of a resolution Plan for MIC Electronic Ltd (MIC), lenders and other ("Corporate Debtor") during the corporate insolvency resolution process ("CIRP").

Siva Kakarala

331

3. We are aware that, in terms of Section 29A of IBC (as inserted by the Insolvency and Bankruptcy Code (Amendment) Act, 2017), certain persons/category of persons have been specified as ineligible for the purposes of submission of resolution plan.

4. In view of the terms stipulated in Section 29A of IBC and as required by the Resolution Professional, we, the Applicant, agree to execute this Declaration-cum-Undertaking in the form and manner set out hereinafter.

DECLARATION:

SIVA LAKSHMANARAO KAKARALA, the Consortium Partner, hereby, irrevocably and unconditionally declares to the Resolution Professional, that:

Consortium Group referred to as **SIVA LAKSHMANARAO KAKARALA, COSYN LIMITED and RRK ENTERPRISE PRIVATE LIMITED.**

a) Being a natural person and it cannot be an undischarged insolvent;

b) **Consortium Group** or any of its connected persons has not been recognised as wilful defaulter in accordance with the guidelines of the Reserve Bank of India ("RBI") issued under the Banking Regulation Act, 1949 (the "BR Act");

c) **Consortium Group** or any of its connected person account(s) has not been classified as non-performing asset in accordance with the guidelines of the RBI issued under the BR Act such that a period of 1 (one) year or more has lapsed from the date of such classification any of its connected person has not failed in making payment of any overdue amounts with interest thereon and charges relating to non-performing asset as of the date of this Declaration-cum-Undertaking;

d) **Consortium Group** or any of its connected person has not been convicted for any offence punishable with imprisonment for 2 (two) years or more;

e) **Consortium Group** or is not a natural person and it cannot be appointed as a Director under the Companies Act; accordingly the provision regarding disqualification and the ancillary provisions in relation thereto do not apply. Connected person of **Consortium Group** is not disqualified to act a Director under the Companies Act 2013.

f) **Consortium Group** or any of its connected person has not been prohibited by the Securities and Exchange Board of India from trading in securities or accessing the securities markets;

Siva Kakarala

332

g) **Consortium Group** or any of its connected person has not been a promoters or in the management or control of a corporate debtor in which a preferential transaction or undervalued transaction or extortionate credit transaction or fraudulent transaction in respect of which order has been made by the Adjudicating Authority under the IBC;

h) **Consortium Group** or any of its connected person has not executed a guarantee in favour of creditor(s), in respect of a corporate debtor against which an application for insolvency resolution made by such creditors has been admitted under this code and such guarantee has been invoked by the creditors and remains unpaid in full or part.;

i) **Consortium Group** or any of its connected persons has not been subject to any disability, corresponding to abovementioned clauses, under any law in a jurisdiction outside India.

j) **Consortium Group** does not have a connected person not being eligible under clause (a) to (i) above.

UNDERTAKING

SIVA LAKSHMANARAO KAKARALA., hereby, irrevocably and unconditionally undertake that, **Consortium Group** shall, promptly notify the Resolution Professional, as and when any of the declarations set out is violated/ does not hold good, in respect of the Applicant/ connected persons or if the Applicant/ connected person becomes subject to any disability stipulated in terms of Section 29A of the IBC, during the CIRP of GPI.

GOVERNING LAW AND JURISDICTION

In respect to any dispute, action, suit or proceeding relating to this Declaration-cum-Undertaking, the Applicant agrees to submit to the exclusive jurisdiction of the courts at Hyderabad.

SIGNED AND DELIVERED by the said one of the consortium partner **SIVA LAKSHMANARAO KAKARALA**, it's Authorized Representative.

Siva L Kakarala

SIVA LAKSHMANARAO KAKARALA

Place: Hyderabad
Date: 22/10/2018

333

भारतीय गैर न्यायिक

एक सौ रुपये Rs. 100

रु. 100 ONE HUNDRED RUPEES

सत्यमेव जयते

भारत INDIA

INDIA NON JUDICIAL

తెలంగాణ तेलंगाना TELANGANA

R 791318

I.No.: 28864 Dt: 22 OCT- 2018 Rs.100/-

Name : K. Siva lakshman Rao

S/o. : K. Koteshwar Rao

For Whom: self

r/o cyb

C VISWESWARA REDDY
Licence Stamp Vendor
Licence No.**15-26-049/2012**, R.L.No.**15-26-024/2018**
H.No.1-10-215/63, Chakripuram, ECIL Post,
Kapra Mandal, Medchal-Malkajgiri District 500062
Cont No.9705321555

UNDERTAKING

I, Siva Lakshmanarao Kakarala, aged 74 years, residing at 19, Villa Greens, Gandipet, Hyderabad 500075 having PAN AUWPK5865D on behalf of Consortium comprising of M/s Cosyn Limited, RRK Enterprise Private Limited and Sri Siva Lakshmanarao Kakarala do solemnly affirm and undertake that

a) the Consortium will provide for additional funds to the extent required for the purposes under sub-regulation (1) of regulation 38; and

b) every information and records provided in connection with or in the resolution plan is true and correct and discovery of false information and record at any time will render the applicant ineligible to continue in the corporate insolvency resolution process, forfeit any refundable deposit, and attract penal action under the Code.

Siva Kakarala

(Siva Lakshmanarao Kakarala)
On behalf of Consortium of
M/s Cosyn Limited, RRK Enterprise Pvt Ltd
and Sri Siva Lakshmanarao Kakarala

Place : Hyderabad
Date : 22.10.2018

राष्ट्रीय कंपनी विधि अधिकरण National Company Law Tribunal हैदराबाद Hyderabad Bench

(334)

भारतीय गैर न्यायिक

एक सौ रुपये Rs. 100

रु. 100 ONE HUNDRED RUPEES

सत्यमेव जयते

भारत INDIA

INDIA NON JUDICIAL

తెలంగాణ तेलंगाना TELANGANA

R 791317

28863 Dt: 22-OCT-2018 Rs.100/-

: K. Siva lakshman Rao

: K. Koteshwar Rao

om: — self —

R/o cyl.

C VISWESWARA REDDY
Licence Stamp Vendor
Licence No.15-26-049/2012, R.L.No.15-26-024/2018
H.No.1-10-215/63, Chakripuram, ECIL Post,
Kapra Mandal, Medchal-Malkajgiri District 500062
Cont No.9705321555

AFFIDAVIT

I, Siva Lakshmanarao Kakarala, aged 74 years, residing at 19, Villa Greens, Gandipet, Hyderabad 500075 having PAN AUWPK5865D on behalf of Consortium comprising of M/s Cosyn Limited, RRK Enterprise Private Limited and Sri Siva Lakshmanarao Kakarala do solemnly affirm and state that the Consortium is eligible under Section 29A of the IBC to submit resolution plans.

Solemnly, affirmed at Hyderabad on 22nd October, 2018.

Before me,

Notary

Deponent's signature : Siva Kakarala

VERIFICATION :

I, the Deponent hereinabove on behalf of Consortium comprising of M/s Cosyn Limited, RRK Enterprise Private Limited and Sri Siva Lakshmanarao Kakarala do hereby verify and affirm that this affidavit is true and correct to my knowledge and belief .

Verified at Hyderabad on this 22nd October, 2018.

Deponent's signature : Siva Kakarala

ATTESTED

N. NARASIMHA RAO M.A., B.L
Advocate & Notary
Plot No.2170, Saibaba Nagar
'B' Colony, Kapra, ECIL,
HYDERABAD-500 062. INDIA

Evaluation Matrix of three Resolution Plans of M/s MIC Electronics Limited as on 05.12.2018

A) QUANTITATIVE PARAMETERS (WITH MAXIMUM 60% WEIGHTAGE)

(Amounts Rs. in crores)

Sl.No	Parameters		Weightage	Score Range	Cosyn consortium	Alchemist	Corpus Consortium	Score: Cosyn consortium	Score: Alchemist	Score: Corpus Consortium
	Total outlay for Resolution Plan proposed (excluding Working Capital and Capex requirements)	Considered Rs.46.51 crores only for Cosyn Consortium with respect to Secured Financial Creditors Includes Rs.5.80 cr of CIRP costs			58.81	52.18	51.00			
1	Commitment by the bidders for upfront cash payment (uprfront considered 3 months from NCLT order including CIRP costs)		50%	0-100	38.38	11.95	20.00	50	15	25
2	Net Present Value (NPV) of continuing portion of Resolution Plan (discounting rate of 8% per annum)(taken for NPV with lowest closure of the plan period)		20%	0-100	18.73	13.11	4.29	20	14	4
3	Term of Resolution		20%	0-100	30 months	96 months	120 months	20	12	-
4	Fresh fund introducted (Equity or debt) for purpose of Capital expenditure and working capital requirements		10%	0-100	9.00	-	13.50	7	-	10
	Sub-total							97	41	39
	Total Weightage (60%)							58	25	23

335

3) QUALITATIVE PARAMETERS (WITH MAXIMUM 40% WEIGHTAGE)

Sl.No	Parameters		Weightage	Score Range	Cosyn consortium	Alchemist	Corpus Consortium	Cosyn consortium	Alchemist	Corpus Consortium
1	Experience of resolution applicant/ group in electronic industry		25%	0-100	24 years (Listed company)	16 years	19 years	10	5	10
2	Financial Strength of resolution applicant		35%	0-100						
	Group Net Worth (Rs in crores)				40.55	131.85	49.39	11	35	13
3	Availability of turnaround distressed companies, managerial competency and technical abilities		25%	0-100				-	5	-
4	Availability of additional collateral security and personal/corporate guarantee and value		15%	0-100				-	-	-
	Sub total							21	45	23
	Total weightage (40%)							8	18	9
	Grand Total Weightage (100%)							67	43	33

336

24/12/18

337

PRABHAKAR . N
M Com, LLB, CAIIB, ACS(Inter)
Insolvency Professional
(Regd. Under Insolvency & Bankruptcy Code 2016 With IBBI)

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

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

Dated 30th August 2018

To

SREI Equipment Finance Limited

Kolkata

Dear Sir:

Sub: Revision of claim - M/s SREI Equipment Finance Ltd

Referring to the above, we would like to inform you that you have submitted a claim against MIC Electronics Limited (Corporate Debtor) on 29.03.2018 in Form C for an amount of Rs.43,68,84,792/-. In the said Form C you have mentioned that Equity shares of the Corporate Debtor were pledge to you.

We have perused the records of the Corporate Debtor and on verification of the same it was found that on 31.03.2017 the Corporate Debtor has allotted 52,00,000 Equity shares of Rs. 10/- at a price of Rs.20/- per equity share towards part consideration of the total debt due under Section 62 of the Companies Act, 2013 read with Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. The said shares were credited to your Demat Account on 12.05.2017.

PRABHAKAR. N IBBI IPA-002 IP-N00361 2017-18 11030 Insolvency Professional

(338)

We have brought to your notice about the subject matter vide our letters dated 15.06.2018 and 11.08.2018. In response to this, you have sent us a letter dated 29.08.2018 admitting that the Corporate Debtor Indeed has allotted 52,00,000 Equity shares at Rs 20/- each to you.

Since the 52,00,000 Equity shares at Rs.20/- amounting to Rs.10,40,00,000/- were allotted and credited to your Demat Account on 12.05.2017, the value of the same has been considered for reduction from your claim amount of Rs.43,68,84,792/-.

Hence, your claim has been revised for an amount of Rs.32,28,99,577/- (Rupees Thirty two crores twenty eight lakhs ninety nine thousand five hundred and seventy seven only) after deducting the value of equity shares allotted to you by the Corporate Debtor.

You have erroneously claimed the equity shares allotted to you by the Corporate Debtor as shares pledged to you, hence we request you to submit a revised Form C disclosing factual position and also revising your claim against the Corporate Debtor after deducting the value of equity shares received by you.

Regards

PRABHAKAR. N IBBI IPA-002 IP-N00361 2017-18 11030 Insolvency Professional

N Prabhakar

Resolution Professional

for MIC Electronics Limited

Case No. CP (IB) No. 24/Hyd/2018.

Date of Application 18/9/19

No. of Pages 60/-

Copying Fee Rs. 3/-

Registration & Postage Fee -

Total Rs. 2800

Date of Receipt & Record of Copy 18/9/19

Date of Preparation of Copy 26/9/19

Date of Delivery of Copy 26/9/19.

Dy. Regr./Asst. Regr./Court Officer/

National Company Law Tribunal, Hyderabad Bench