RATING RATIONALE

10 Sep 2026

MIC Electronics Limited

Brickwork Ratings reaffirms the ratings for the bank loan facilities of Rs. 116.53 Crs. of MIC Electronics Limited.

Particulars:

<table>
<tr><th rowspan="2">Facilities**</th><th colspan="2">Amount (Rs. Crs)</th><th rowspan="2">Tenure</th><th colspan="2">Rating*</th><th rowspan="2">Regulator</th></tr>
<tr><th>Previous</th><th>Present</th><th>Previous (13-Aug-2026)</th><th>Present</th></tr>
<tr><td>Fund Based</td><td colspan="6"></td></tr>
<tr><td>Cash Credit-Sanctioned</td><td>31.00</td><td>31</td><td rowspan="4">Long-Term</td><td rowspan="3">BWR BBB- /Stable Upgrade</td><td rowspan="3">BWR BBB- /Stable Reaffirmation</td><td rowspan="3">RBI</td></tr>
<tr><td>Term Loan-Outstanding</td><td>10.35</td><td>10.35</td></tr>
<tr><td>Cash Credit-Proposed</td><td>29</td><td>29.00</td></tr>
<tr><td>WCTL(ECLGS)-Sanctioned</td><td>6.18</td><td>6.18</td><td>BWR BBB- /Stable Assignment</td><td>BWR BBB- /Stable Reaffirmation</td><td>RBI</td></tr>
<tr><td>Subtotal (Fund based)</td><td>76.53</td><td>76.53</td><td colspan="3"></td><td></td></tr>
<tr><td>Non Fund Based</td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Bank Guarantee-Sanctioned</td><td>8.00</td><td>13.71</td><td rowspan="2">Short-Term</td><td>BWR A3 Upgrade</td><td>BWR A3 Reaffirmation</td><td>RBI</td></tr>
<tr><td>Bank Guarantee-Proposed</td><td>26.29</td><td>26.29</td><td>BWR A3 Assignment</td><td>BWR A3 Reaffirmation</td><td>RBI</td></tr>
<tr><td>Subtotal (Non-fund-based)</td><td>34.29</td><td>40.00</td><td colspan="3"></td><td></td></tr>
<tr><td>Grand Total</td><td>110.82</td><td>116.53</td><td colspan="3">One Hundred Sixteen Crore and Fifty-Three Lakhs Only</td><td></td></tr>
</table>

*Please refer to BWR website www.brickworkratings.com for definition of the ratings
**Bank Loan facility details are furnished in Annexure-I

RATING ACTION / OUTLOOK

Brickwork Ratings has reaffirmed the long-term and short-term ratings at “BWR BBB-/Stable / BWR A3” for the bank loan facilities of Rs.116.53 Cr of MIC Electronics Limited.

The ratings factor in the company’s moderate financial risk profile, low gearing ratios, the extensive industry experience of its directors, and its healthy order book position. However, the ratings are constrained by intense competition, high outstanding trade receivables, and the risk of delayed realization, particularly since a significant portion of receivables is tied to the railways department, which could result in stretched working capital management. Moving forward, the company's ability to enhance its revenue profile and strengthen its overall financial risk profile will be key rating sensitivities.

The rating outlook has been assigned as "Stable" as BWR believes that MIC Electronics Limited's business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenue and profitability margins show sustained improvement. The rating outlook may be revised to 'Negative' if the financial risk profile goes down.

KEY COVENANTS OF THE FACILITY RATED

The terms of sanction include standard covenants normally stipulated for such facilities.

KEY RATING DRIVERS

Credit Strengths-:

1) Moderate financial risk profile: The company's Total Operating Income experienced a substantial surge, doubling from Rs. 94.76 Cr in FY2025 to Rs. 190.52 Cr in FY2026, demonstrating a significant expansion in operational scale with a healthy OPBDIT of Rs. 25.24 Cr. The company maintains a robust capital base, reporting a net worth of Rs. 215.60 Cr in FY2026. A low Total Debt/TNW ratio of 0.20x in FY2026 shows the company's conservative approach to capital structure, resulting in minimal financial leverage and low financial risk. The Total TOL/TNW ratio of 0.64x in FY2026 reflects prudent debt management and a solid buffer against liabilities, pointing to a moderate leverage profile that supports long-term sustainability. In FY 2026, the company reported a robust net cash accrual of Rs. 20.36 Cr, which compares exceptionally well against its CPLTD of Rs. 4.92 Cr. This substantial surplus ensures that the company can comfortably meet its short-term debt repayment obligations. Further supported by a current ratio of 1.91x, ISCR of 4.17x, and DSCR of 2.40x.

2) Current Order Book Position: The company currently holds around Rs. 269.87 Cr in work orders for FY 2027, with a pending execution value of around Rs. 175.67 Cr. Additionally, the company has approximately Rs. 118.25 Cr worth of bids currently in the tendering stage. Backed by this robust order book, the future outlook points toward sustained revenue growth and an expansion in the company's scale of operations.

3) Management Experience: The company is operated by exceptional institutional memory and veteran leadership, led by Chairman P V Ramesh, who brings an impressive 40 years of experience, and Non-Executive Director Siva Lakshmana Rao Kakarala, with 48 years of experience. This deep well of historical insight ensures stable, long-term strategic governance and crisis-tested decision-making. Legal risk is heavily mitigated by the presence of multiple leaders with formal legal training, namely M S Sivanand (Whole Time Director, 32 years of experience), Karuna Gayathri Upadhyayula (Director, 6 years). This ensures strong corporate governance and proactive navigation of regulatory and compliance landscapes. Financial oversight is secured through Srinivasa Rao Kolli, a Chartered Accountant with 15 years of experience, while operational execution is driven by Managing Director Y Kaushik (Mechanical Engineering background) and Non-Executive Director Deepayan Mohanti (IIT MBA background). This combination ensures sound fiscal management, structural risk mitigation, and disciplined risk-adjusted business growth.

Credit Risks-:

1) High Trade receivables: As of March 31, 2026, the company's outstanding trade receivables stood at a high of Rs. 195.89 Cr, exceeding its total operating income and translating to an elongated receivable cycle of 268 days. This highlights severe realization risks, particularly given that a significant portion of these dues are tied to the railway department. Exposure to government counterparties introduces payment delays, which are standard for public sector projects. Furthermore, due to the project-driven nature of its business, the company's revenue is heavily skewed toward the second half of the financial year (specifically Q3 and Q4). Railway projects are milestone-driven, heavily dependent on government budget utilization. This seasonal concentration with delayed collections puts heavy pressure on the company's daily cash flow and working capital.

2) Raw Material Price Volatility: The company's business is exposed to fluctuations in the prices of key inputs such as LED chips, drivers, electronic components, and metals like aluminum. Volatility in global markets or supply-chain disruptions can significantly impact production costs, inventory valuation, and delivery timelines.

3) Fragmented and Competitive Market: The LED industry in India is crowded and highly competitive. It features massive national brands like Havells, Bajaj, and Crompton, alongside global giants like Philips. At the same time, many small and local companies operate in different parts of the market. Because there are so many players fighting for customers, it is hard for any company to charge high prices or protect its profit margins. This intense competition makes it difficult to grow sustainably without offering unique products or keeping operating costs very low.

ANALYTICAL APPROACH - Consolidated

For arriving at its ratings, BWR has considered the Consolidated approach for the company. BWR has applied its rating methodology as detailed in the rating criteria. BWR has principally relied upon the consolidated financials of MIC Electronics Limited and its subsidiaries, SOA Electronics Trading LLC and Cellular Galaxy LLC (100% wholly owned).

RATING SENSITIVITIES

Going forward, the ability of the company to improve its revenue and financial risk profile would remain the key rating moniterables.

Positive:

- Improvement in operating income by 35% and achieving a net profit margin of 5% will be positive for the ratings.
- Efficient working capital management leading to a reduction in receivable days, which will consequently reduce the company's receivables.

Negative:

- A decline of 20% or more in revenue, with EBITDA margin falling below 8.00%.
- A Stretch in the working capital cycle, particularly if receivable days are increasing above the current level (268 days).

LIQUIDITY INDICATORS - Adequate

Adequate liquidity characterised by a sufficient cushion in accruals vis-a-vis repayment obligations and a moderate cash balance of Rs. 10.95 Crore. Its capex requirements are modular and expected to be funded using debt of Rs. 9.32 Crore, for which it has sufficient headroom. Its bank limits are utilised to the extent of 98% and has sought enhancement in bank lines, supported by the above unity current ratio.

The company has reported a net cash accruals of Rs.20.36 as against the CPLTD of Rs.4.92 Cr in FY2026, and it projects a net cash accruals of Rs. 46.79 Cr, with CPLTD of Rs. 4.59 Cr in FY2027. The current ratio of the company stood at 1.91x in FY2026, reflecting the adequate short-term position of the company. The company has Rs.215.60 Cr of networth in FY 2026, reflecting the strong capital base of the company. The company has Rs.215.60 Cr of networth in FY 2026, reflecting the strong capital base of the company. The ISCR and DSCR of the company stand at 4.17x and 2.40x, respectively, in FY2026, reflecting the adequate debt servicing capacity of the company.

ABOUT THE ENTITY

Macro Economic Indicator	Sector	Industry	Basic Industry
Industrials	Capital Goods	Electrical Equipment	Other Electrical Equipment

MIC Electronics Limited was established on May 17, 1988, and has its registered office at 192/B, Phase II, IDA, Cherlapally, Hyderabad - 500051. The company's equity shares are listed on BSE Limited and National Stock Exchange of India Limited. Y Koushik is the managing director of the company.

The company engages in the design, development, and manufacture of Light-Emitting Diode (LED) street lights and video displays and high-end electronic and telecommunication equipment, as well as the development of telecom software. Its main products include indoor and outdoor video displays, mobile displays, and LED lighting systems. These displays are predominantly used by Indian Railways, sports stadiums, transportation hubs, and for public information displays.

ESG Profile

The company exhibits an adequate ESG (Environmental, Social, and Governance) profile based on its practices in these areas.

Environmental: The company faces environmental risks due to high water usage, waste generation, and reliance on energy-intensive processes. Therefore, it is particularly important to disclose information about water consumption, waste management practices, the share of renewable energy used, and emissions levels.

Social: Social factors are influenced by compliance with labor laws, accident prevention frameworks, and the development of human capital. Metrics such as the workforce composition (percentage of male and female employees), safety performance, and training initiatives provide insights into operational resilience.

Governance: The governance assessment focuses on board independence, the effectiveness of committees, and the strength of compliance systems. This assessment is supported by readily available disclosures regarding the board structure, audit mechanisms, and risk management practices.

KEY FINANCIAL INDICATORS (Consolidated)

Key Parameters	Units	FY 23 - 24 (Audited - Annual)	FY 24 - 25 (Audited - Annual)	FY 25 - 26 (Audited - Annual)
Total Operating Income	Rs. Crs	NA	94.76	190.52
EBITDA	Rs. Crs	NA	18.04	25.24
PAT	Rs. Crs	NA	9.83	-12.63
Tangible Net Worth	Rs. Crs.	NA	220.61	215.60
Total Debt / Tangible Net Worth	Times	NA	0.22	0.20
Current Ratio	Times	NA	2.22	1.91

KEY FINANCIAL INDICATORS (Standalone)

Key Parameters	Units	FY 23 - 24 (Audited - Annual)	FY 24 - 25 (Audited - Annual)	FY 25 - 26 (Audited - Annual)
Total Operating Income	Rs. Crs	54.57	61.73	87.28
EBITDA	Rs. Crs	12.30	18.02	24.73
PAT	Rs. Crs	61.84	9.79	-13.11
Tangible Net Worth	Rs. Crs.	121.73	219.63	207.20
Total Debt / Tangible Net Worth	Times	0.10	0.22	0.21
Current Ratio	Times	3.32	1.95	1.61

STATUS OF NON-COOPERATION WITH PREVIOUS CRA IF ANY: NA

ANY OTHER INFORMATION: NA

RATING HISTORY FOR THE LAST THREE YEARS (including withdrawal & suspension)

Facilities	Current Year (2026)			2026		2025		2024		2023	
Type	Tenure	Amount (Rs.Crs.)	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating
BLR (Fund Based)	LT	76.53	BWR BBB-/Stable (Reaffirmation)	13-Aug-2026	BWR BBB-/Stable (Upgrade & Assignment)	31Oct2025	BWR BB /Stable (Assignment)	NA	NA	NA	NA
BLR (Non-Fund Based)	ST	40.00	BWR A3 (Reaffirmation)	13-Aug-2026	BWR A3 (Upgrade & Assignment)	31Oct2025	BWR A4+ (Assignment)				
Grand Total		116.53	One Hundred Sixteen Crore and Fifty-Three Lakhs Only								

Hyperlink/Reference to applicable Criteria

- General Criteria
- Approach to Financial Ratios
- Manufacturing Companies
- Short Term Debt
- Consolidation of Companies

Analytical Contacts	
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MIC Electronics Limited

ANNEXURE-I

Details of Bank Facilities rated by BWR

Sl.No	Name of the Bank	Name of the facility	Long-Term (Rs. Crs)	Short-Term (Rs. Crs)	Total (Rs.Crs.)	Complexity Level
1	Canara Bank	Cash Credit - Sanctioned	20.00	-	20.00	Simple##
2	Canara Bank	Cash Credit - Proposed	29.00	-	29.00	Simple##
3	Canara Bank	Term Loan - Sanctioned	10.35	-	10.35	Simple##
4	Canara Bank	WCTL (ECLGS) - Sanctioned	3.99	-	3.99	Simple##
5	Canara Bank	Bank Guarantee - Sanctioned	-	4.00	4.00	Simple##
6	Canara Bank	Bank Guarantee - Sanctioned	-	5.71	5.71	Simple##
6	Canara Bank	Bank Guarantee - Proposed	-	26.29	26.29	Simple##
7	Bank of Maharashtra	Cash Credit - Sanctioned	11.00	-	11.00	Simple##
8	Bank of Maharashtra	WCTL (ECLGS) - Sanctioned	2.19	-	2.19	Simple##
9	Bank of Maharashtra	Bank Guarantee - Sanctioned	-	4.00	4.00	Simple##
	Total		76.53	40.00	116.53	
TOTAL (Rupees One Hundred Sixteen Crore and Fifty-Three Lakhs Only)						

##BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com /download / ComplexityLevels.pdf. Investors' queries can be sent to info@brickworkratings.com.

ANNEXURE II

INSTRUMENT (NCD/Bonds/CP/FDs) DETAILS

NIL

ANNEXURE III
List of entities consolidated

Name of Entity	% Ownership	Extent of consolidation	Rationale for consolidation
MIC Electronics Limited	100	Full consolidation	The consolidated financial statements of MIC Electronics Limited comprise the financial results of its wholly owned subsidiaries, M/s. SOA Electronics Trading LLC, Dubai, and Cellular Galaxy LLC.
SOA Electronics Trading LLC	100	Full consolidation	The consolidated financial statements of MIC Electronics Limited comprise the financial results of its wholly owned subsidiaries, M/s. SOA Electronics Trading LLC, Dubai, and Cellular Galaxy LLC.
Cellular Galaxy LLC	100	Full consolidation	The consolidated financial statements of MIC Electronics Limited comprise the financial results of its wholly owned subsidiaries, M/s. SOA Electronics Trading LLC, Dubai, and Cellular Galaxy LLC.

List of instruments and regulators

As required by SEBI CRA Circular dated Feb 10, 2026, a list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is being disclosed below:

Instrument/Activity	Regulator
Listed/Proposed to be listed bonds/debentures/preference share (all securities)	SEBI
Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) [1]	SEBI
Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI)-[1]	SEBI
Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI)-[1]	RBI
Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/FIs -[2]	RBI
External Commercial Borrowings and other similar borrowings	RBI
Certificates of Deposit	RBI
Fixed Deposits raised by NBFC's, Banks, HFCs, Fis	RBI
Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, Fis	MCA
Inter Corporate Deposits/Loans extended by Corporates	MCA
Borrowing programme -[3]	-
Issuer Ratings [4]	-
Credit Ratings for Capital Protection Oriented Schemes (by Mutal Funds and AIFs)	SEBI
Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
Listed Security Receipts	SEBI
Unlisted Security Receipts	RBI
Independent Credit Evaluation (ICE)	RBI
Expected Loss Ratings (for Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/Fis)	RBI
Expected Loss Ratings (Listed/Proposed to be listed bonds/debentures/preference share (all securities))	SEBI
Expected Loss Ratings (Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities))	~~MCA~~
Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) -[1]	Investor-side Regulator, such as IRDAI, PFRDA[5]
Monitoring Agency	SEBI
Research activities, incidental to rating, such as research for Economy, Industries and Companies [6]	NA

*** Includes securitisation transactions involving assignee payout, acquirer's payout.**

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In PRs subsequent to issuance(s), Brickwork Ratings India Private Limited shall separately capture the rated quantum details along with names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

 # There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned during regulatory regime prior to introduction of SEBI CRA Circular dated Feb 10, 2026 and the investor side regulators have accordingly been included.

$ By virtue of the instrument being listed, SEBI acts as the regulator for listing and related issues.

Note: Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

B	Other Activities	Regulator of the Instruments
1	Monitoring Agencies	SEBI
2	Research activities incidental to rating, such as research for Economy, Industries and Companies *	NA

***permitted by SEBI vide SEBI Master Circular for CRAs**

Grievance Management: For any grievances relating to the rating of instruments regulated by SEBI, please contact sebigrievance@brickworkratings.com. Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available

For any grievances relating to the rating of instruments regulated by other FSR (Financial Sector Regulators), please contact grievance@brickworkratings.com

DISCLOSURE ON CONFLICT OF INTEREST

BWR Board of Directors have no influence over rating decisions, nor do they sit on the rating committee or review, discuss or evaluate any credit rating during the Board meetings.

About Brickwork Ratings

Brickwork Ratings (BWR), a Securities and Exchange Board of India [SEBI] registered Credit Rating Agency and accredited by Reserve Bank of India [RBI]. BWR is the 5th agency to get a credit rating registration in India in 2009 and its corporate office in Bengaluru. It has a country-wide presence with representatives in 150+ locations. Canara Bank is Brickworkâ€™s strategic partner and promoter. Brickwork offers credit ratings of Bank Loan, Non-convertible / convertible / partially convertible debentures and other capital market instruments and bonds, Commercial Paper, perpetual bonds, asset-backed and mortgage-backed securities, partial guarantees and other structured / credit enhanced debt instruments, Security Receipts, Securitisation Products, Municipal Bonds, etc. BWR has also rated NGOs, Educational Institutions, Hospitals, Urban Local Bodies and Municipal Corporations.

Disclaimer

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