

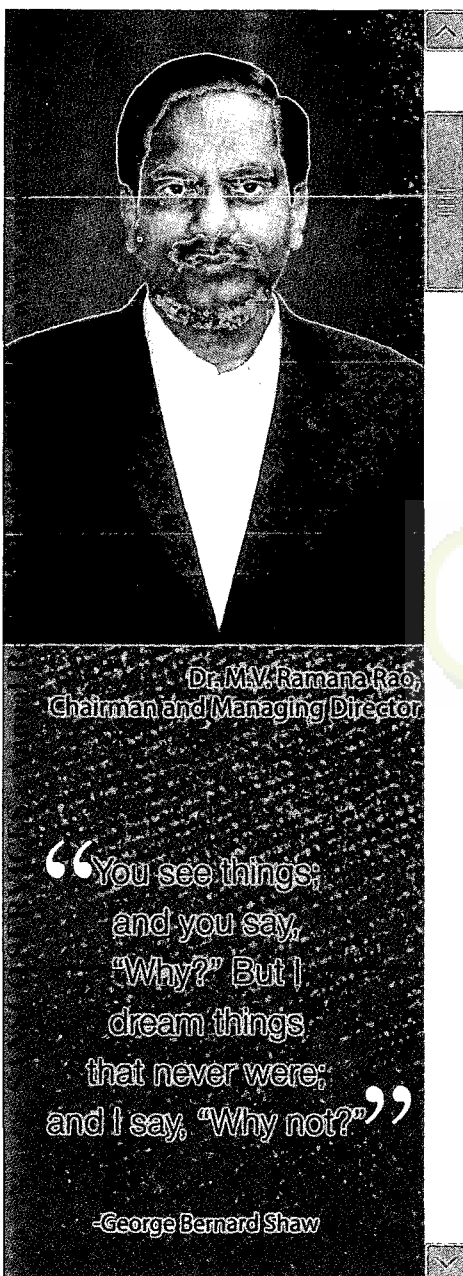
Unleashing the power of LED



21st ANNUAL REPORT 2008-09

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Open your eyes
to an eco-friendly planet



Dear members

I wish to thank you all for the confidence reposed in your board of directors.

We closed the fiscal year 2008-09 with annual revenues of Rs. 297.64 Crore and Profit after Tax at Rs. 63.95 Crore. The board of directors has recommended a final dividend of 20% per share on face value of Rs. 2/- each.

The global economic recession with its inevitable ramifications on the Indian economy, certainly affected the business prospects - especially in the display segment - Nationally and Internationally. Your company was not immune to this phenomenon above. The expected sales in the display segment could not be achieved due to the economic meltdown, especially in digital Bill Board segment in USA. Sales related to perimeter displays and other sports related displays could not take place as anticipated in the South American market. Drastic reduction in the spending on advertisements has taken a toll on the commercial display sales.

However, the year under review has been very fulfilling in terms of concept proving, product

development and test marketing in LED lighting segment and advanced LED Displays.

On the product development front, in the area of Displays, your company has successfully completed the development of Passenger Information Display System based on the Satellite Imaging for Rail Navigation (SIMRAN) technology. MIC is the only company in the country to have received the approval from Research Design and Standards Organisation (RDSO) of Indian Railways. Supplies of these displays have already commenced.

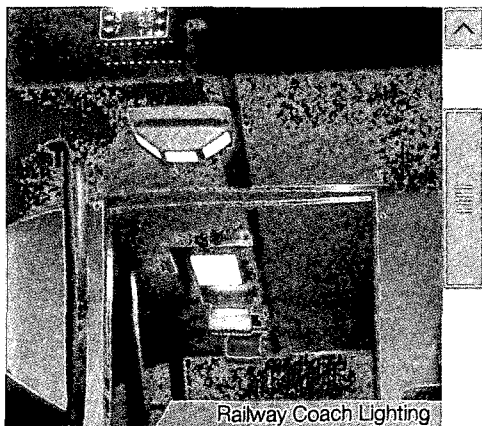
The Indian Railways has announced an ambitious plan to modernize 599 stations and is replacing the existing Single colour Passenger Information displays with True Color LED Passenger Information displays. MIC being the only Indian company approved by the RDSO, we are looking at a business opportunity of more than Rs. 700 Crore over the next four to five years from this segment. These Railway displays are expected to cover up, to some degree, the short fall being experienced currently in the commercial displays.

In the Indian sports and IPL segments, your company is enjoying maximum share through the deployment of 16mm and 20mm screens.

Recent supplies of Outdoor Displays to the Municipal Corporation of Delhi (MCD) incorporating 12mm and 14mm pitches and 16 bit processing developed by your company are proving very successful because of the vastly improved picture quality, enhanced brightness and attractive pricing. The demand for outdoor applications is catching up fast.

The Variable Message Sign (VMS) is another important display product developed by your company. These signs are expected to be required in large numbers for the Highways being built by the National Highway Authority of India (NHAI). They are expected to be of vital use to the commuters in terms of safety and information dissemination.

The 4mm display board developed by your Company during the year is truly the pride of MIC. This 'Real' LED pixel TV of 110" size will more than favourably compare with a plasma TV of 103" in terms of price and performance. It is expected to find applications in Airports, Shopping malls, Prestigious Clubs, VIP Households and so on. In addition, the high resolution and portrait-like image quality of the product is expected to help promote the same for high end display applications like control room



Railway Coach Lighting

Trial of Real Time Train Running Information System

Train No	Train Name	Schedule Arrival Dep	Running Status
2304	New Delhi-RJR Poorva Express नई दिल्ली राजीव प्रसाद एक्सप्रेस	07:55 08:05	01:03 Lt.
2310	New Delhi-RJR T Rajdhani Exp नई दिल्ली राजधानी राजधानी एक्सप्रेस	05:35 05:45	12 min Lt.
2392	New Delhi-Rajgir Shramjeevi Exp नई दिल्ली राजगीर श्रमजीवी एक्सप्रेस	07:20 07:30	01:02 Lt.

ing 01H:02M Lt. 2393 RJNR-N Delhi Sampurna Kranti

SIMRAN enabled Passenger Information Display



Platform Display

applications. Applications, where Digital Light Processors (DLP), are deployed can be catered to by the 4mm LED 'Real' pixel TV/Monitor.

MIC's experience in the application of embedded technology has empowered us to develop and re-engineer the display products, which translate into a significant 30% cost advantage. The interplay of technology-16-bit colour processing, networking and advanced 'normalization'-has converged into the manufacture of display screens that can provide around 281 trillion colour shades and portrait-like image sharpness. MIC's experience in varying pitch lengths has resulted in excellent resolution and visual effects which will be very pleasing to the eye, leading to enhanced demand in the entertainment and house hold markets.

Your company's Display products can be maintained and serviced from remote locations. MIC's presence across the globe makes it possible to address client issues through timely attention. The development team is further working to address operational issues with GLOBIX, a global digital billboard exchange solution, to help billboard owners optimise advertisement space utilisation. This networking is gaining global importance and will strengthen our competitive edge.

The development efforts on the lighting front have been equally spectacular.

In the grid based segment, street lights of 9W, 18W, 36W, 60W, 90W, 120W and 200W have been developed and are ready for production. Bill Board lighting and high mast lighting fixtures of 250W capacity, which can replace 500W traditional luminaries, are also ready for supplies.

Garden Lights and Contour Lights are other outdoor lights developed that merit a mention in the grid based category.

In the indoor lighting category, your company has successfully completed the development of 2'x2' Area lights, 3W, 5W, 9W down lights and 18W (4') LED tube lights. Pilot scale supplies have already commenced.

Your company is also addressing retrofit markets for replacement of CFL / Incandescent bulbs / Tube lights of different lengths with LED luminaires.

In the off-grid category, significant success is achieved in the Railway Coach lighting domain. MIC is the only company to have supplied the full spectrum of coach lights, fitted in a running coach and also the only company to obtain RDSO clearance. This

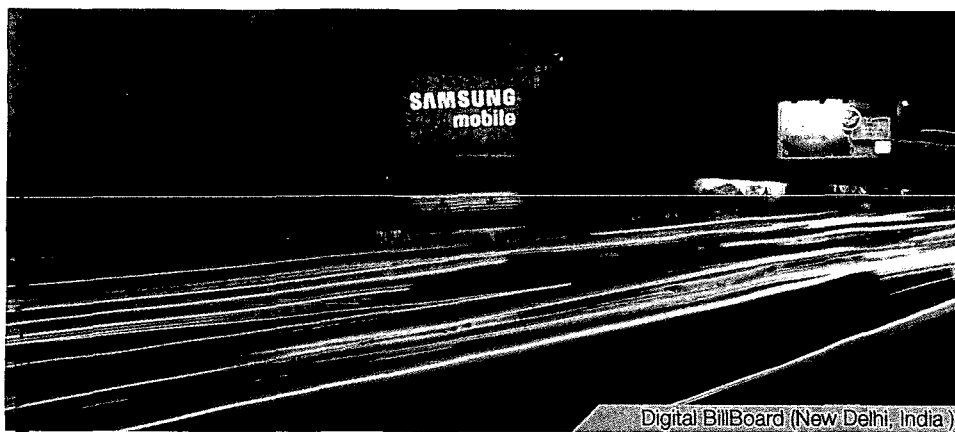
segment alone can provide more than Rs. 1000 crore market in the coming years. The on-going trials have been successful. In respect of the emergency lights, MIC is the major supplier enjoying around 50% share of the Railway market.

In the solar powered light category, your company has completed development of 2W, 3W, 5W lanterns, 5W Home Lights, 12-24W Petromax equivalent lights (LEDmax), and street lights in the full range from 9W to 120W.

Your Company's street lights match the best in the world both in construction and performance. All of you will be gratified to note that the city of Pittsburgh in USA has selected MIC's street lights for evaluation prior to usage. The lights are undergoing trials. Your company has dispatched sample LED lights to USA for vinyl display back light applications.

The Australian City of Campbell town has also selected your company's street lights and the evaluation process is on. The trial run is reported to be very successful and a bulk order is expected soon.

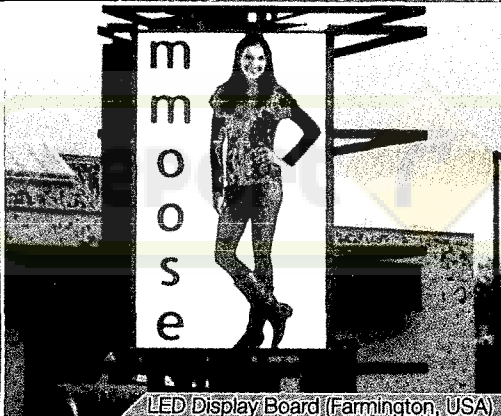
The lights are also benchmarked against International lighting measurement



Digital Billboard (New Delhi, India)



LED Street Lighting (Campbell, Australia)



LED Display Board (Farmington, USA)



LED Street Lighting (Cantonment, Secbad)



LED Street Lighting (Pittsburgh, USA)

standards like LM-79 in the US Dept of Energy accredited laboratory Lighting Sciences Inc., USA and the results are very encouraging. The performance figures exceed the specifications.

The portable Solar Rechargeable LED Lantern has been well received by The Energy Resources Institute (TERI) and they have spontaneously announced the adoption of MIC lanterns for their prestigious 'Light a Billion Lives' (LaBL) programme during the product launch in May 2009. The demand for LED lanterns is picking up very fast. The supplies through the Indian Oil Corporation (IOC) channel may touch large quantities soon.

Your company has received an order for transforming the city of Rajahmundry of Andhra Pradesh as 'total LED street lights city'. Existing 10000 street lights of various kinds are going to be converted into LED street lights in the coming 3-4 months. This makes Rajahmundry the first 'LED city' in the country. A few other towns and cities in the state of Andhra Pradesh are expected to follow suit very soon.

The Commercial and Industrial lighting is also taking off very fast. Leading industrial and automotive companies have already placed trial orders for our Area lights.

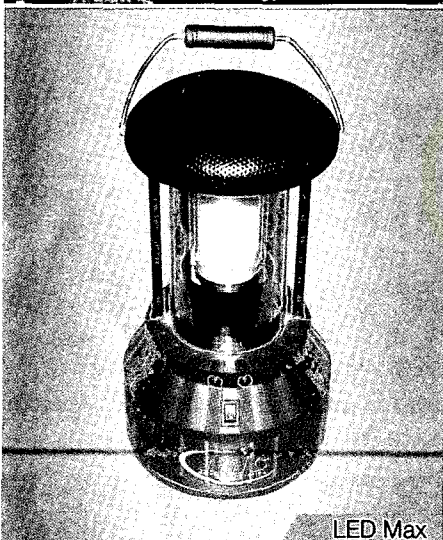
Build, Own, Operate and Transfer (BOOT) models implemented by Energy Services Companies (ESCO) will be in position in the country for all major street lighting applications. LED lights will result in 'Virtual Power Generation' due to their ability to conserve electrical energy on a substantial scale. One unit of electrical energy saved is said to be equivalent to 2.5 units produced. It is expected that these economies will induce Government to extend greater incentives to this segment of lighting.

Many developed economies namely the EU, China, Australia and the US are opting for energy-saving and environment-friendly devices over conventional lighting. This trend is riding on robust regulatory reform and has led to an unprecedented demand for LED-based lighting solutions the world over. What is more relevant is that MIC is ready with all the variants of Lights which the market will need currently. The Development team at MIC is working continuously to get the products ready as required by the market and our lighting solutions are expected to stay relevant over the long term.

Many cities and organisations in the world have made plans to shift towards energy efficient LED lighting solutions. To benefit from these exciting opportunities all over



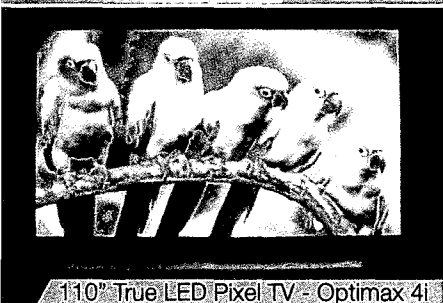
Indo-US Energy Partners Summit 2009 at Washington DC, USA



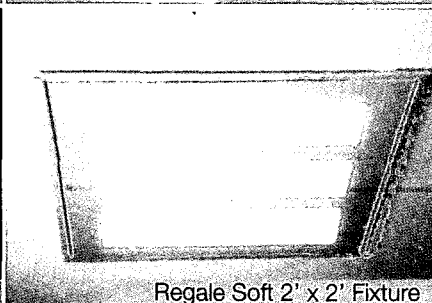
LED Max



Solar Lantern



110" True LED Pixel TV - Optimax 4i



Regale Soft 2' x 2' Fixture

the World, we have identified people to act as our agents to sell LED lighting products in Australia, USA, South Africa and other African countries.

MIC is paying utmost attention to the protection of intellectual property rights in the LED lighting and LED display areas. IPRs are being safeguarded by promptly registering the Trade Names, Trade Marks, Copyrights, Designs and Patents. Your company has till date applied for registration of 50 Trademarks, 5 Copyrights, 9 Designs and 9 Patents in India and 8 Trademarks in USA. Till date 12 Trademarks (6 in India and 6 in US) have been registered and others are pending.

It is a matter of pride that Mr. Rich Templeton, the President of Texas Instruments, the US based multinational Giant has visited the company on 10th of November, 2009. The company's Design & Development (D&D) capabilities came in for wholehearted appreciation.

It is my considered opinion that the market for true colour Billboard displays will now take off because of their inherent advantages. MIC's strengths in IT and communications will throw open avenues for several related application areas for the

Digital Display Screens in Corporate, Educational and Government domains.

Having created a fairly large bouquet of products both in the display and lighting segments, it will be the endeavour of your company, in the years to come, to fully exploit the commercial and business potential of the products developed in and outside the country. Very leading players in the lighting field are expressing interest to work with MIC. Co-branding and OEM supplies will be important marketing options for your company.

Superior product quality and very challenging end user prices will be the differentiators that the company will continuously create as its chief competitive advantages. The world-class development capabilities of your company provide the confidence for the same.

Warm regards,

Dr. M.V. Ramana Rao

Notice

NOTICE is hereby given that the 21st Annual General Meeting of the Members of the Company will be held on Wednesday the 30th December 2009 at 10:00 AM at the registered office of the Company situated at A-4/II, Electronic Complex, Kushaiguda, Hyderabad - 500062 to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the audited Balance Sheet as at 30th June, 2009, the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend on equity shares for the financial year ended 30th June 2009.
3. To appoint a Director in place of Shri Anil Goyal who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Vidya Sagar Anisingaraju who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution :
 "RESOLVED THAT M/s. Pinnamaneni & Co., Chartered Accountants, be and are hereby appointed as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors."

By Order of the Board
For MIC Electronics Limited

Sd/-

Dr. MV Ramana Rao
(Chairman and Managing Director)

Place: Hyderabad

Date: 5th December 2009

NOTES:

- a) A member entitled to attend and vote at the annual general meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself/herself and the proxy need not be a member of the company. The enclosed instrument of proxy in order to be effective, must be deposited at the registered office of the company, duly completed and signed not less than 48 hours before the meeting.
- b) Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of Board Resolution authorizing their representatives to attend and vote on their behalf in the meeting.
- c) Members attending the meeting are requested to complete and bring the attendance slip enclosed with the Annual Report and hand over the same at the entrance of the meeting hall, duly signed.

- d) The Register of Members and Share Transfer Books of the company will remain closed from 25th December 2009 to 30th December 2009 (both days inclusive) for the Annual General Meeting and determining the name of members eligible for dividend, if approved, at the Annual General Meeting.
- e) Dividend at the rate of 40 paise per equity share (20%) for the year ended 30th June 2009 as recommended by the Board of Directors, if declared by the shareholders at the meeting, will be paid to those shareholders whose names appear on the Register of Members of the company as at the close of business hours on 24th December 2009 and also to the beneficial owners of equity shares held in electronic form on the said date as per the details furnished by the depositories for this purpose.
- f) Members may address their correspondence to Registrar and Share Transfer Agents of the company M/s. Venture Capital and Corporate Investments

Private Limited Unit: MIC Electronics Limited H.No:12-10-167, Bharatnagar, Hyderabad - 500018 or to the registered office of the company.

- g) Members are requested to utilize the Electronic Clearing System (ECS) for receiving dividend and may accordingly advise their Depository Participants in case shares are held in the electronic form and the registrar and share transfer agent in case of shares in physical form.
- h) The shareholders who have not en-cashed the dividend warrant(s) so far for the financial years 2006-07 & 2007-08, are requested to make their claim to the Company.
- i) Pursuant to provisions of Sec 205C of the Companies (Amendment) Act, 1956, the amount of dividend remaining unclaimed for the period of 7 years from the date that becomes due for payment are required to be transferred by the company to the Investor Education and Protection fund.

BRIEF PROFILE OF DIRECTORS SEEKING RE-ELECTION**Item No.3:****SHRI ANIL GOYAL, DIRECTOR**

Shri Anil Goyal, 46 years, is a Chartered Accountant and practicing since 1990. His main areas of practice are project finance, Audit and taxation. He joined MIC in the year 2005 and he is a member on various boards and he is Chairman of Audit committee and member of Remuneration committee in your company.

Item No.4:**VIDYA SAGAR ANISINGARAJU**

Shri Vidya Sagar Anisingaraju has over 23 years of experience in the software industry in various divisions including finance, legal, IT, marketing, sales and engineering. He is currently, President and CEO of InfoSTEP Inc. He was a winner of 'Applications Development Trends Innovator Awards' for designing web-based Reporting

Warehouse System. His current passion includes development of a Value Innovation strategy framework that enables companies to provide highest value to their customers at lowest cost.

He holds a Masters degree from IIT, Kanpur, He is also a Certified Information Systems Auditor (CISA).

Directors' Report

Dear members

Your Directors have pleasure in presenting the Company's twenty first annual report on its business and operations together with the audited statement of accounts for the year ended 30th June 2009.

Financial results

The financial results for the year ended 30th June 2008 are as under:

(Rs. in crores)		
Particulars	2008-09	2007-08
Total income (including other income)	242.57	314.01
Profit before interest, depreciation & tax	71.58	84.21
Interest	6.82	2.58
Depreciation	2.26	1.88
Provision for taxation (net of all referred taxes)	(1.91)	13.93
Profit after interest, depreciation & tax	64.41	65.82
Dividend	4.03	4.03
Provision for dividend tax	0.68	0.68
Transferred to general reserve	5.00	5.00
Deferred tax asset adjustment for earlier years	2.35	-
Balance brought forward	102.70	46.59
Balance carried forward to Balance Sheet	159.75	102.70

Dividend

Your Directors have recommended a dividend of Rs. 0.40 paise per share (20%) on par value of Rs. 2/- per equity share for your approval.

Transfer to Reserves

The company proposes to transfer Rs. 5.00 crores to the general reserve out of the amount available for appropriations. After the appropriations, it is proposed to retain Rs. 57.05 crores from the current year's profits.

Review of operations

During the year 2008-09, your company achieved a turnover level (including other income) of Rs.242.57 crore as against Rs.314.01 crore in 2007-08. The company sold 6865 LED display modules and

7141 units of LED Lighting Products in 2008-09. The fall in turnover is due to conscious shift from communications segment to media segment for reasons of profitability. Despite this fall in overall turnover, the company earned a post tax profit of Rs.64.41 crore in 2008-09 as against Rs.65.82 crore in 2007-08. The Profit After Tax (PAT), expressed as a percentage of turnover, has significantly improved from 20.96% in 2007-08 to 26.55% in 2008-09.

Corporate Governance

The Company has been following the principles and practices of good Corporate Governance and has ensured due compliance of the requirements stipulated under Clause 49 of the Listing Agreement with the stock exchanges. A separate report on Management Discussion and Analysis, Auditors Certificate on Compliance Conditions on Corporate Governance are annexed to the annual report.

Listing Agreement Compliance

The Company's equity shares are listed on the Bombay Stock Exchange Limited, Phiroz Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 and the National Stock Exchange of India Limited, Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051.

The Company has paid the listing fees for the Financial Year 2009-10 to each of the said stock exchanges and had currently complied with the conditions of the Listing Agreement.

Fixed Deposits

The Company has not accepted any deposits from the public or shareholder during the year.

Directors

Shri Vidyasagar Anisingaraju and Shri Anil Goyal, Directors, retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

Changes in Directorate after balance sheet date:

Shri Srikant P Joshi resigned as CEO of the company due to his preoccupations and he will continue to be on the board as Independent Director.

Shri Harsh Mariwala and Shri U Ramakrishna Directors resigned due to their preoccupations.

Your Directors place on record their sincere appreciation for the significant contribution made by the above director's during the tenure.

Directors' Responsibility Statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, your Directors confirm to the best of their knowledge and belief that:

- I. In the preparation of annual accounts, the applicable accounting standards have been followed and there were no material departures;
- II. The accounting policies selected have been applied consistently, and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 30th June 2009 and of the profit of the Company for the period ended 30th June 2009;
- III. Proper and sufficient care is taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- iv. The annual accounts have been prepared for the year ended 30th June 2009 on a going concern basis;

Subsidiary Companies

We have four subsidiaries; InfoSTEP Inc, USA and MIC Technologies (Australia) Pty. Ltd. Australia, MIC Electronics Inc. USA, and Maave Electronics Pvt. Ltd. India, financial statements, directors and auditors report of these are enclosed as required under Section 212 of the Companies Act, 1956.

Consolidated Financial Statements

As prescribed by the Accounting Standards-21 issued by the Institute of Chartered Accountants of India, the audited consolidated financial statements are annexed.

Auditors

M/s. Pinnamaneni & Co., Chartered Accountants, statutory auditors of the Company retires at the conclusion of the ensuing Annual General Meeting, and has expressed their willingness and eligibility to accept re-appointment.