

LED AND LEADING

INNOVATING THE DISPLAY AND LIGHTING REVOLUTION

MIC ELECTRONICS LIMITED | ANNUAL REPORT, 2009-10



Forward-looking statement

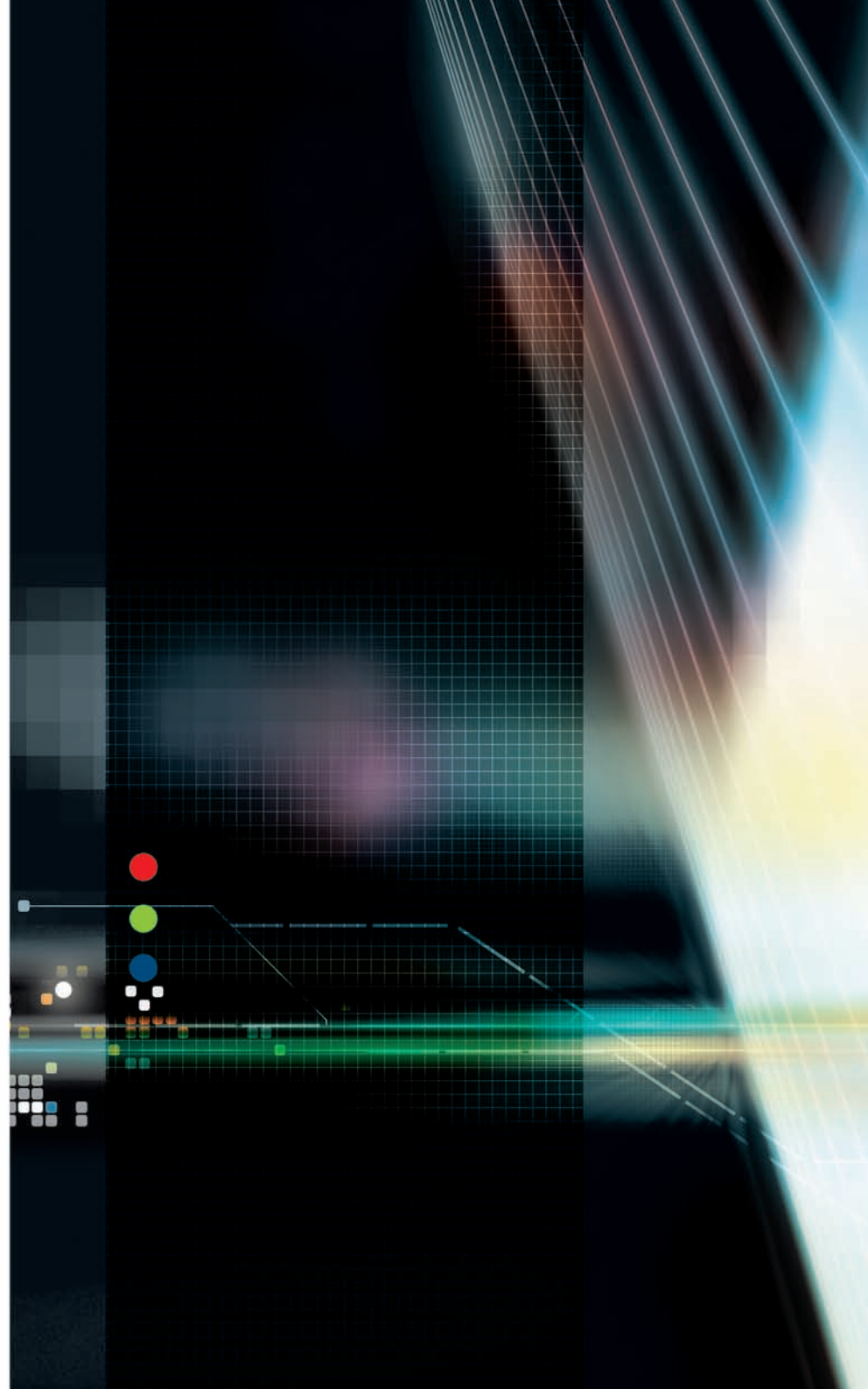
In this annual report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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BIG PICTURE

MIC Electronics is the only organisation approved by RDSO to provide Passenger Information Displays using True Color LED Displays that provide automatic SIMRAN-based real-time train schedules.

MIC Electronics is the only one in India to offer 'design to display' capabilities in True Color LED Video Displays.

MIC Electronics developed mobile display-cum-audio systems that can display satellite 'live' feeds.

MIC Electronics Networked Displays Solution makes it possible for different advertisers to make common out-of-home (OOH) media to display various advertisements as per the desired timing.

MIC Electronics LED-based lighting products save up to 65% energy over conventional lighting systems.

MIC Electronics introduced solar LED lanterns that is progressively replacing kerosene lamps in rural markets.

**MIC ELECTRONICS.
LED DISPLAY TECHNOLOGY
LEADER SINCE 1985.
LEVERAGING THE POWER OF LED
TO CREATE A SUSTAINABLE
BUSINESS.
SUSTAINABLE FOR CUSTOMERS,
COMMUNITY AND
SHAREHOLDERS.**

VISION

- To be among the top five companies in the world by delivering world-class products of True Colour LED Video Display Systems
- To be among the top 10 companies in the world by designing and delivering high-end LED Luminaries

Parentage

- Promoted and headed by Dr. M V Ramana Rao (Chairman and Managing Director)
- Started operations in 1985 through the manufacture of single colour LED displays
- Invested in the Design and Development of LED-based illumination, signage and displays

Products

- Total focus on LED displays and LED lighting
- Developed India's first 3 mm and 4 mm True LED Pixel TV
- Product portfolio comprises over 70 lighting products
- Launched various embedded products leveraging related technologies

SIGNPOSTS

2003

- LED video display products placed in the "Indian Innovator's Forum" – Hall of Fame
- Supply of Digital Loop Carrier Systems to Bharat Electronics Limited, Bangalore and installing and commissioning at MTNL Delhi and Mumbai

2004

- Supply of True Colour Outdoor LED Video Display System to Gujarat Council of Science City, Gandhi Nagar
- Design, implementation and service for 'Inter operator Billing & Accounting System' for MTNL Delhi from 2004 to 2009

2005

- Export of mobile video display to Systec Retails Solutions Pty Ltd, Durban, South Africa

2006

- Acquisition of InfoSTEP Inc, USA

2007

- Successful completion of the IPO with issue oversubscribed 51 times
- Development of 'Emergency Lighting (Railways)' and 'Solar Lighting (MNRE)'

- Emerged as a global leader in the design, development and manufacture of True Colour LED video displays, LED lighting products, high-end electronic and telecommunication equipment and development of telecom software

Presence

- Headquartered in Hyderabad (India); marketing and technical support centres in New Delhi, Mumbai, Kolkata, Chennai and Bangalore
- Manufacturing units in Hyderabad and Roorkee
- Global offices in Sydney (Australia), Santa Clara (California) and Seoul (South Korea)
- Indian Oil Corporation (IOCL) distribution network across Patna, Chennai, Kolkata, Bhubaneswar, Guwahati, Chandigarh and Hyderabad –

used for the distribution of MIC lanterns

- Dealer network across Faridabad, Chandigarh, Delhi, Chennai, Hyderabad and Pune

Pride-enhancing certifications and approvals

- Received ISO 9001:2008 certification for Quality Management System
- Recognised and approved for R&D facilities by DSIR, Government of India
- More than 25 products approved by Telecom Engineering Centre (TEC)
- Patents pending for several displays and lighting products and technologies
- Only company in India cleared for coach lighting and approved for SIMRAN (Satellite IMaging for RAI Navigation) applications by RDSO (Ministry of Railways) using True

Colour LED Displays

- Lighting Sciences Inc. USA certified MIC's street lights for compliance with Energy Star Requirements related to luminaire efficacy and power factor
- MIC Lighting products meet IS 10322 / IEC 60598 standards covering safety, electrical and optical parameters as tested by ERDA, Vadodara and Canara Lighting Laboratories, Mangalore
- Solar products comply with MNRE specifications and are registered with DGS&D
- MIC Quality system covers inward inspection of components, in-process testing and final product clearance as per IS 2500
- Environmental and reliability tests carried out as per IS 9000
- Lighting products tested for

EMI/EMC as per IEC 61547

- Conformity Certificate for Outdoor Display Unit and UL certificate for DigiTile-10V
- Performance of lights reported as excellent by B&D Latham, Electrical Contractors of Australia

Recognition and Awards

- Received Department of Science and Industrial Research (DSIR) Award for MIC's Research and Development efforts in Electronics Industry
- LED Display System placed in Indian Innovator's Forum Hall of Fame
- MIC selected for 'Best under a Billion' by *Forbes Asia* in 2008 as one of 22 Indian companies among 200 shortlisted from 24,155 Asia Pacific-listed companies

2008

- Selected for 'Best under a Billion' by *Forbes Asia* in 2008 as one of 22 Indian companies among 200 Asia Pacific companies short listed from 24,155.
- RDSO approval for True Colour Passenger Information Display System
- OEM agreement with GE for LED street lighting
- Established a 100% subsidiary MIC Electronics Inc. (US)

2009

- MNRE approval for LED solar lighting products
- Inclusion in LaBL Programme
- *Street lights field trials in the US and Australia.

2010

- Tied up with IOCL for marketing solar lanterns through its outlets and for joint development efforts for Solar energy devices.

CLIENTELE

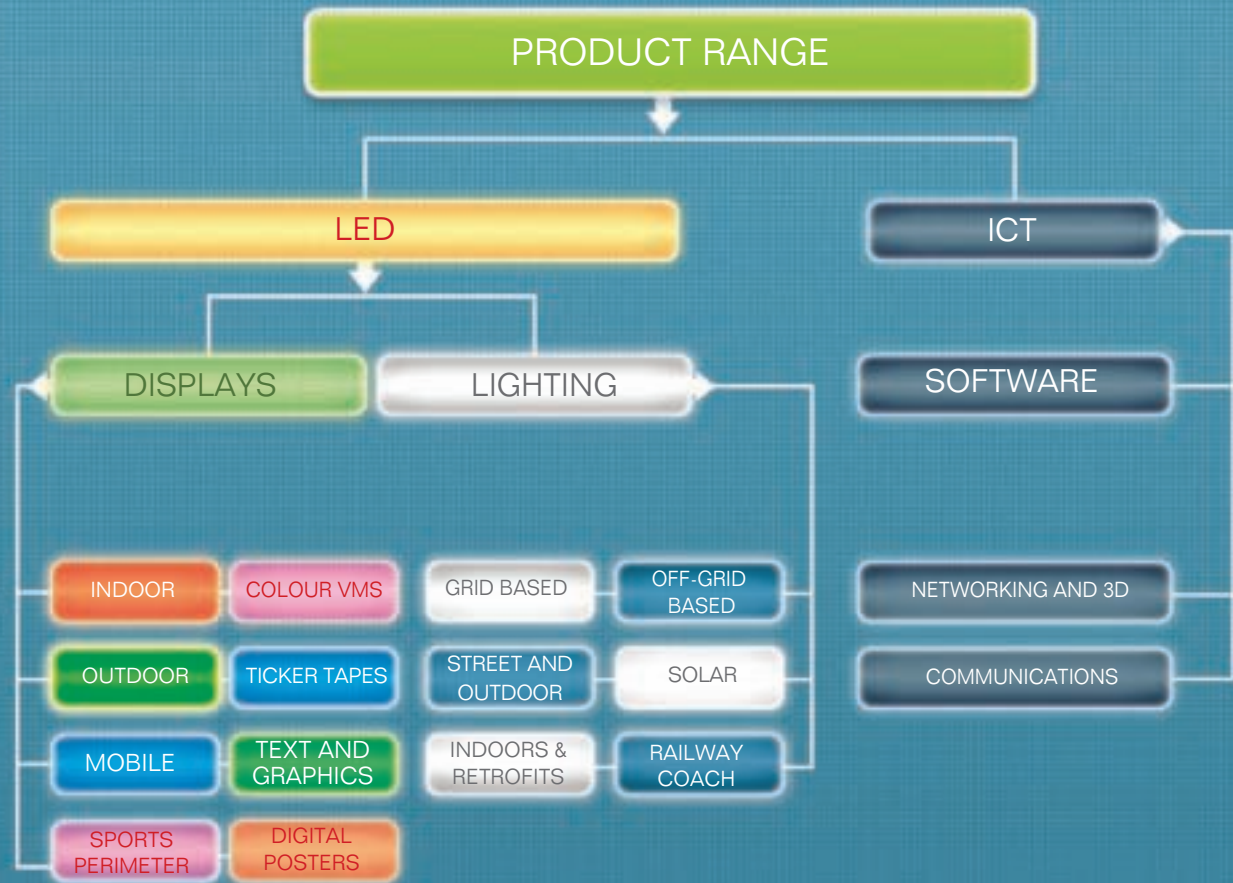
- Air India
- Andhra Pradesh Technology Services
- Andhra Pradesh Tourism Development Corporation
- Bharat Electronics Limited
- BHEL
- Bharat Dynamics Limited
- Bharat Sanchar Nigam Limited
- Bureau of Energy Efficiency
- Coal India
- C.R.I. Pumps
- Electronics Corporation of India Limited
- General Electric (GE)
- Gujarat Science City
- Haryana Renewable Energy Development Agency (HAREDA)
- Heritage Foods (India) Limited

- Hindustan Petroleum
- Hyderabad Race Course
- IDBI Bank
- Idea Cellular Limited
- Indian Institute of Tropical Meteorology
- International Institute of Information Technology
- Indian Oil
- Indian Railways
- ITC
- Karnataka Renewable Energy Development Limited
- Krishna Institute of Medical Sciences
- Larsen & Toubro Limited
- Life Insurance Corporation of India
- Mahindra & Mahindra
- Maruti Udyog Limited

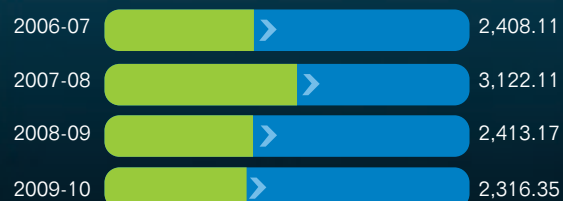
- Mahanagar Telephone Nigam Limited
- Municipal Corporation of Delhi
- National Institute of Rural Development (NIRD)
- Nuclear Power Corporation of India
- Non-conventional Energy Development Corporation of Andhra Pradesh Limited (NEDCAP)
- Oil & Natural Gas Commission
- Paradip Port Trust
- PB Systems Inc.
- Procter & Gamble
- Reserve Bank of India
- Reliance Industries Limited
- Steel Authority of India Limited (SAIL)
- Singareni Collieries Company Limited

- State Bank of India
- Sun TV
- Taj Hotels
- Tata Indicom
- Tirumala Tirupati Devasthanams
- Tripura State Electricity Corporation Limited
- TVS Motor Company
- Vijai Electricals Limited
- Virtusa
- Vishakapatnam Port Trust
- Vizag Steel

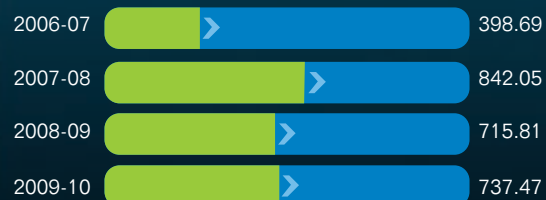
MIC'S PRODUCT RANGE



Net sales (Rs. mn)



EBITDA (Rs. mn)



Net profit (Rs. mn)



HOW WE PERFORMED IN 2009-10

Financial performance

- EBITDA increased 3.03% from Rs. 715.81 million in 2008-09 to Rs. 737.47 million
- EBITDA margin strengthened 140 basis points from 27.06% in 2008-09 to 28.46%
- Revenue decreased 4.01% from Rs. 2,413.17 million in 2008-09 to Rs. 2,316.35 million
- Cash profit declined 1.72% from Rs. 568.28 million in 2008-09 to Rs. 558.51 million
- Post-tax profit decreased 13.08% from Rs. 621.28 million in 2008-09 to Rs. 540.03 million
- Post-tax profit margin reduced 265 basis points from 23.49% in 2008-09 to 20.84%

Products

- Introduced five new products into the market in the lighting segment
- Introduced 4-mm True LED TV in India

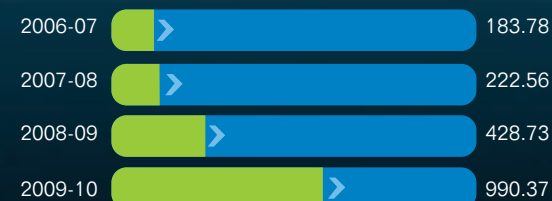
Operating performance

- Added 10 new clients
- Created presence in five new countries
- Tied up with Indian Oil Corporation Limited to initiate a pilot project to market its solar-based LED lanterns on a commercial scale in select states
- Secured orders from the Indian Railways for installing railway Passenger Information Display systems
- Bagged an order from Parramatta League Club, Australia, to install a 120 sq. m screen for three years
- Formed a joint venture with Hyperion Green Energy India Private Limited to secure an energy saving project for municipal street lighting for a town in Andhra Pradesh
- Filed 5 applications for patents, 22 for trademarks, 20 for design registrations and 3 for Copy Rights

Post-balance sheet achievements

- Launched 15 LED lighting products in five categories
- Tied up with Home resources and LED Ray companies of Taiwan, for the design, development, production and marketing of LED lights
- Bagged an order from Uttar Pradesh New and Renewable Energy Development Agency (UPNEDA) for supplying LED solar street lighting systems worth Rs. 66.3 million
- Secured orders worth Rs. 58.7 million from Indian Railways to supply a gamut of true colour LED display systems and emergency LED lighting solutions
- Won orders worth Rs. 41.3 million LED lighting systems and Rs. 72.6 million for True Color LED display system from various corporate houses

Net block (Rs. mn)



Earnings per share (Rs.)



Debt-equity ratio



