

Living with LEDs





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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

2007

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

2008

Selected for 'Best under a Billion' by Forbes Asia in 2008 as one of 22 Indian 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. (USA)

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.

2011

Development of 3D-LED Display.
Development of 3mm Display
Development of Outdoor Displays with SMD Chip LEDs.



Dr. M.V. Ramana Rao
Chairman and Managing Director

Dear Shareholders,

The year 2010-2011 is being observed as the Silver Jubilee Year of MIC. The pioneering work done by your company has been recognised by Governmental and Non-Governmental organisations of the country with several Awards and citations. Frost & Sullivan, the Internationally renowned market research and analysis group have selected your company for their Excellence Award for **“Market share leadership in the India LED Lighting Market”** in the year 2011.

While your company has recorded profitable operations for the 4th year in

succession, after going public in the year 2007-2008, the year 2010-11 has been a particularly difficult year. The unfortunate developments with respect to Commonwealth Games (CWG) and the litigations related to Municipal Corporation of Delhi (MCD) and Delhi Metro Rail Corporation (DMRC) have led to very difficult cash flow situation for the company. In addition, the political uncertainty in the state of Andhra Pradesh and frequent disruptions to the company's operations because of a number of Bandhs, organised in the context of the agitation for the separate state of Telangana have led to loss of several man days of work. MIC had to suffer a dip in the bottom line in the year's results. The audited Turnover and Profit After Tax (PAT) figures for the company for the year stand at 230.15 Cr and 34.02 Cr. These figures compare with 231.63 Cr. and 54.00 Cr. for the year 2009-10.

Further, in tune with the avowed focus on LED Technology and related products, MIC has hived off its subsidiarys MIC Technologies (AUS) Pty Ltd, InfoSTEP INC (USA), InfoSTEP India Pvt. Ltd. and discontinued its telecom operations completely. This focus is beginning to bear fruits.

New Product development:

Notwithstanding the financial stresses, your company has maintained its thrust on Design and Development and Innovation of new products- which are the intrinsic strengths of MIC.

Display Products:

MIC's R&D team reached another milestone towards 3D LED Display, by achieving 'real-time 3D by live capturing'. Presently the MIC's indigenous technology is applicable to meet the resolutions of QVGA, VGA, SVGA & HD modes both in standard / widescreen formats, with 25 fps. Further R&D efforts are in progress to increase the Frame rate and to expand the technology for further higher modes. Further efforts are on towards 3D LED Display viewable with naked eyes and also to have dynamic stereoscope techniques to display 2D content as 3D content. These achievements offer tremendous business opportunities to your company in the years to come.

New video controllers are developed to enable the Railway authorities to make use of the multi line passenger information Display Systems for Video Displays also, thus enhancing the application potential of the displays for the Railways and

Business opportunities for your company.

The Coach guidance system developed again for use by Railways is yet another new product developed by your company.

The Chip LED display products developed by your company for outdoor applications are expected to result in significant price reduction, improvement of reliability and increase of manufacturing productivity thus leading to improved sales.

The 3mm LED display product developed by your company will further improve the resolution and heighten the viewing experience in all Indoor applications including as TV.

Lighting Products:

The integrated Solar Powered Outdoor Luminaires, developed in the year, for Street Lighting applications with varying wattages are expected to be very popular in rural environments.

5watt and 8watt bulbs for use in both AC & DC environments, developed by the company are expected to be used in large numbers across the country because of their energy saving potential as replacements for both incandescent and CFL Luminaires.

CHAIRMAN'S STATEMENT

The tube light range, of 2ft and 4ft lengths with wattages ranging from 8w to 22w, again for use in AC&DC environments, will be in great demand for both urban and rural applications. 2ft DC tube lights will be ideal for home lighting applications in the rural house holds.

Down lights and recess lights of circular and square shapes developed by your company will be required in large numbers for office and commercial applications.

IP Protection:

Your company is taking the necessary steps to protect its intellectual property pertaining to LED Display and Lighting products through applying for Patents, Design Registrations, Trade Marks and Copy Rights both in India and Abroad. In the year 2010-11, fresh applications are made for 7 Patents, 8 Design Registrations, 16 Trade Marks(in India), 1 Trade Mark in USA and 1 Copy Right. Cumulatively the company has received 25 Design registrations, 12 Trade Marks in India, 4 Trade Marks in USA and 2 Copy Rights. As of now, there are applications pending for 25 Patents, 10 Design Registrations, 46 Trade Marks in India, 2 Trade Marks in USA and 5 Copy Rights.

OEM Supplies:

You will be happy to note that your company has been selected, after thorough evaluation, by a leading Japanese Electronic company for the supply of Solar Powered Lanterns on OEM basis for International marketing.

Another Internationally renowned lighting major is working with MIC for forging an OEM relationship for grid based indoor lights.

These relationships are expected to greatly help your company not only in terms of business expansions but also in improving the quality and reliability of your company's products in addition to providing very valuable international exposure.



Customer confidence:

The massive and complex display system supplied for a mission critical and world class theatrical application has been performing for over an year without any problems to the full satisfaction of the customer. You will be happy to note that your company has received repeat orders from the customer for similar applications.

The display systems being supplied for Railway Passenger information applications are proving increasingly popular and repeat orders are being received by your company from several Railway sub-divisions for similar systems. Your company continues to be the only company to have been accorded RDSO approval for these products. Business



potential for these products is expected to be of substantial size in the years to come.

In the domain of Lighting, your company has added about 50 new customers for its off grid and grid based products. The customer confidence in your company is reflected in the fact that about 30 customers have placed repeat orders for several types of lighting products. All these customers are from prestigious Public sector and Private sector companies and renewable energy organisations. Acting on the feed back obtained through trial marketing, your company has been continuously improving its products and thereby is able to increase its customer base. MIC's clientele for its lighting products include Automobile Companies, Defence Laboratories, Oil Refineries, Space



Organisations, Ware Houses, Ordnance Factories, Electricity Corporations, Aeronautical Establishments, Heavy Machinery Manufacturers, Electronic Companies, Educational Institutions, Renewable Energy Establishments, FMCG Companies, Premier Hotels, Infrastructure Companies, Coal Companies, SEZs, Electricity Generation and Transmission Companies, Steel Manufacturing Companies and so on.

MIC continues to enjoy the part one supplier status with respect to emergency lights for Railways. Your company is still the only company in the country in possession of RDSO approval for supply of LED lights for Railway coaches. The coach fitted with MIC's LED lighting products, has successfully completed trials over a two year period. The potential for this business is reflected in the build up of several players competing for the business.

International Opportunities:

The display products supplied to USA for sporting applications are proving popular and your company expects to achieve a preferred vendor status from the buyer to become eligible for the receipt of

continuous order for increased number of display boards. The supplies of Variable Message Sign Boards to Australia for transportation applications are also on the increase.

The LED lighting products of your company are also gaining acceptance in the International markets. MIC is targeting to increase its volume of business in both Display and Lighting domains by laying special and focused emphasis on export of its products especially to USA, Europe and Australia. Your company's endeavour will be on raising the quality and reliability standards of its products to acceptable international levels and obtaining the needed approvals and certifications from the appropriate authorities. This will be the immediate priority of your company. MIC's targeted business will be through high quality premium products rather than low quality inexpensive products.

Expansion of Lighting Operations:

You will be happy to note that considerable progress is achieved in your company's plans to expand the lighting operations. The project on the Outer Ring Road near

International Airport, Hyderabad has moved forward considerably. The land allotment has been made and the financial closure for the project has also been effected by the Financial Institutions. MIC expects to create a world class, integrated, manufacturing, evaluation and testing facility with high degree of automation to turn out a variety of LED Lighting products - concurrent with setting up of the needed infrastructure for marketing, support and servicing activities.

Vast Business Opportunities:

LED technology is the technology of future in the domain of Lighting because of the tremendous scope it offers for energy conservation. India will not lag behind the advanced countries in opting for LED lighting solutions for both Indoor and Outdoor applications. Since solar power and LED luminaires form an excellent technological fit, they will prove to be the ideal solution for creating rural lighting infrastructure in several parts of the country. By dint of the expertise generated and experience built up over a number of years, your company feels confident that it will play a leading role in the country in this domain.

In respect of the LED Display products, your company has distinct differentiators and USPs and can look forward to great business opportunities, not only in India but even in the advanced countries like USA and Australia. The work done so far and the success achieved provide your company the confidence and optimism for aiming at accelerated growth and profitability.

I thank all the shareholders for the confidence reposed in the company. I feel very certain that we will all grow together.

Warm regards,

Sd/-
Dr. M.V. Ramana Rao
Chairman & Managing Director

NOTICE

NOTICE is hereby given that the 23rd Annual General Meeting of the Members of the Company will be held on Tuesday, the 27th December 2011 at 11.00 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 receive, consider and adopt the Audited Balance Sheet as at 30th June 2011 and Profit & Loss Account for the year ended on that date along with the Schedules forming part of it, notes to accounts and the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Shri Yarlagadda Harish Chandra Prasad who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Nimmagadda Srinivasa Rao who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution.

"RESOLVED THAT M/s. Pavuluri & Co, Chartered Accountants, Hyderabad (Registration No. 012194S) be and are here by appointed as Statutory

Auditors of the company, to hold office from the conclusion of this Annual General Meeting until conclusion of next Annual General Meeting of the company on such remuneration as shall be fixed by the Board of Directors."

Special Business:

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Shri Daggubati Venkateswara Rao, who was appointed as an Additional Director of the Company w.e.f. 10th August, 2011 and who is eligible to hold office upto the date of this Annual General Meeting under Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company."

6. Increase in Authorised Share Capital :

To consider and if thought fit, to pass with or without modification, the following resolutions as an Ordinary Resolution.

"RESOLVED THAT pursuant to provisions of sections 94, 97 and other applicable provisions, if any Companies Act, 1956, the Authorised Share Capital of the company be and is hereby increased from Rs. 30,00,00,000 (Rupees Thirty Crores only) divided into 15,00,00,000 (Fifteen Crores) Equity

Shares of Rs. 2/- (Rupees Two Only) to Rs. 40,00,00,000 (Rupees Forty Crores Only) divided into 20,00,00,000 (Twenty Crores) Equity Shares of Rs. 2/- (Rupees Two Only) i.e., Rs. 10,00,00,000 (Rupees Ten Crores Only) by creation of 5,00,00,000 (Five Crores) Equity Shares of Rs. 2/- (Rupees Two only) each, with a power of company to increase, reduce or modify the capital and to divide all or any of the shares in the capital of the company, for the time being, and to classify and reclassify such shares of one class into shares of other class or classes and to attach thereto respectively such pre deferred, qualified or other special rights, privileges, conditions or restrictions as may be determined company in accordance with the Articles of Association of the company and to vary, modify or abrogate such rights, privileges, conditions or restrictions, in such manner and by such persons as may, for the time being may be permitted under the provisions of the Articles of Association of the company or legislative provisions for the time being in force in that behalf."

7. Alteration in the Clause No. V of the Memorandum of Association:

To consider and if thought fit, to pass with or without modification, the following resolutions as an Ordinary Resolution.

"RESOLVED THAT the existing Clause V of the Memorandum of Association of the Company be substituted by the following new Clause:

- V. The Authorised Share Capital of the Company is Rs.40,00,00,000 (Rupees Forty Crores only) divided into 20,00,00,000 (Twenty Crores) Equity Shares of Rs.2/- (Rupees Two only) each with a power to increase and reduce the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company for the time and to vary modify or abrogate any such rights privileges or conditions in such manner as may be permitted by the Companies Act or provided by the regulations for the time being. "

8. Amendment to Employees Stock Option Plan 2010 (ESOP - 2010):

To consider and if thought fit, to pass with or without modification, the following resolutions as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 ("the Act"), the provisions of the SEBI (Employees Stock Option Scheme and Employees Stock

Purchase Scheme) Guidelines, 1999 ("the Guidelines") (including any statutory amendments, modification or re-enactment of the Act or the Guidelines for the time being in force) and the Company's Memorandum and Articles of Association and further subject to such approvals, permissions, sanctions of the Regulatory Authorities as may be required and subject to such conditions and modifications as may be prescribed or imposed by the Regulatory Authorities while granting such approvals, permissions and sanctions, approval and consent of the Shareholders of the Company be and is hereby accorded to amend the Employees Stock Option Plan, 2010 (hereinafter referred to as "ESOP-2010") to modify the total aggregate Stock Options granted to 60,00,000 from the earlier approved limit of 25,00,000 and also the Exercise Price of the option as Rs. 4/- per option as to be granted under the said scheme and all other terms of the said scheme continue as unchanged."

9. Extending benefits of (ESOP-2011) to employees of Subsidiary Companies:

To consider and if thought fit, to pass with or without modification, the following resolutions as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 ("the Act"), the provisions of the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 ("the Guidelines") (including any statutory amendments, modification or re-enactment of the Act or the Guidelines for the time being in force) and the Company's Memorandum and Articles of Association and further subject to such approvals, permissions, sanctions of the Regulatory Authorities as may be required and subject to such conditions and modifications as may be prescribed or imposed by the Regulatory Authorities while granting such approvals, permissions and sanctions, approval and consent of the Shareholders be and is hereby accorded to the Board to extend the benefits of aforesaid modification in ESOP-2010 proposed in the earlier resolution in this Notice to the eligible employees/directors of the subsidiary and holding companies, (present and future) and/or to such other persons, as may from time to time be allowed under prevailing laws, rules and regulations, and/or amendments thereto from time to time, on such terms and conditions as may be decided by the Board.

RESOLVED FURTHER THAT for the purpose of giving effect to any creation, offer, issue, allotment or listing of Securities, the Board be and is hereby authorised on behalf of the Company to evolve, decide upon and bring into effect the Plan and make any modifications, changes, variations, alterations or revisions in the said Plan from time to time or to suspend, withdraw or revive the Plan from time to time as may be specified by any statutory authority and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit or necessary or desirable for such purpose and with power on behalf of the Company to settle any questions, difficulties, or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company."

10. Remuneration to Shri Atluri Venkata Ram, CEO:

To consider and if thought fit, to pass with or without modification, the following resolutions as a Special Resolution:

"RESOLVED THAT the board do hereby accord its approval, subject to the consent of the shareholders, pursuant to sections 198, 269, 309, 310, 311 and

other applicable provisions of the Companies Act, 1956, (the Act) read with Schedule XIII thereto, consent of the shareholders of the company be and is hereby accorded to the appointment of Shri Atluri Venkata Ram as Executive Director and Designated as CEO of the Company for a Period of five years with effect from 29th November 2011 on the following terms and conditions with the liberty to the board to alter and vary the terms and conditions of the said appointment and/or the remuneration, subject to the same not exceeding the limits specified in schedule XIII of the Companies Act, 1956 including any statutory modifications or reenactment thereof for the time being in force or as may be hereafter be made by the central government in that behalf from time to time or amendments thereto."

Remuneration:

1. Basic Salary: Rs. 2.5 lacs per month.
2. Permitted to operate from USA and India for global operations.
3. He shall be entitled to the following perquisites:
 - a. Medical Reimbursement / Allowance for self & family total cost of which to the company shall not exceed Rs. 6 lacs in a

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year or Rs. 18 lacs over a period of three years.

- b. Leave travel concession / Allowance for self & family once in a year either in India or abroad, equivalent to and limited to Rs. 5,00,000.
- c. Fees of clubs inclusive of admission and life membership fee, subject to a ceiling of Rs. 6 lacs per annum.
- d. Leave Encashment: Earned leave with full pay and allowances as per the rules of the company. Leaves accumulated but not availed of during his tenure will be allowed for encashment.

- e. Contributions to Provident fund, Superannuation Fund or Annuity Fund are as per the rules of the Company and to extent these either singly or put together are not taxable under the Income-tax Act, 1961.
- f. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
- g. Free use of Company's car with driver.
- h. Free communication facilities like telephone / Mobiles / Fax at residence.

- I. Reimbursement of expenses actually incurred by him for the business of the company.

- K. Provide Tax protection from India/US dual taxation.

By order of the Board
For MIC Electronics Limited

Sd/-

(Dr. M V Ramana Rao)
Chairman & Managing Director

Place: Hyderabad

Date: 29.11.2011

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 attendance slip duly signed at the entrance of the meeting hall.

- d) The Register of Members and Share Transfer Books of the Company will remain closed from 21st December 2011 to 27th December 2011 (both days inclusive) for the Annual Meeting.
- e) The relevant Explanatory Statement in respect of the Special Business set out above, as required by Sec.173 (2) of the Companies Act, 1956 is annexed hereto.
- f) Documents referred to in the accompanying Notice and Explanatory Statement is available for inspection at the Registered Office of the Company during office hours between 9.30 a.m. to 6.00 p.m. on all working days prior to the date of the Annual General Meeting.

- g) 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.

- h) The shareholders who have not en-cashed the dividend warrant(s) so far for the financial years 2006-07, 2007-08 & 2008-09 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.

- j) The details of Directors seeking re-appointment, in terms of Clause 49 of the Listing Agreement are annexed hereto and form part of this Notice.
- k) The Company has designated an exclusive email id viz. investors@mic.co.in to enable the investors to post their grievances.

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

Item No. - 5

The Members are informed that the Board has appointed Dr. Daggubati Venkateswara Rao as an Additional Director of the Company on 10th August, 2011. According to the provisions of Section 260 of the Companies Act, 1956 and Articles of Association of the Company, he holds office as Director only upto the date of the ensuing Annual General Meeting of the Company. In accordance with the provisions of the Companies Act, 1956, his name has been proposed for appointment as Director of the Company.

Dr. Daggubati Venkateswara Rao is having good knowledge & experience with administrative skills. So his expertise and extensive involvement would certainly benefit the Company at large.

Hence, your Directors recommend acceptance of the proposed Resolutions in the best interest of the Company.

Item No. - 6 & 7

The present Authorised Share Capital of the Company is Rs. 30,00,00,000 (Rupees Thirty Crores). In view of the proposal for issue further Shares, it is proposed to increase the Authorised Share Capital of the Company from Rs. 30,00,00,000 (Rupees Thirty Crores only) divided into 15,00,00,000 (Fifteen Crores) Equity Shares of Rs. 2/- (Rupees Two Only) to Rs. 40,00,00,000 (Rupees Forty Crores Only) divided into 20,00,00,000 (Twenty Crores) Equity Shares of Rs. 2/- (Rupees Two Only) i.e., Rs. 10,00,00,000 (Rupees Ten Crores only) by creation of 5,00,00,000 (Five Crores) Equity Shares of Rs. 2/- (Rupees Two only) each.

The Board of directors at their meeting held on approved the proposal for increase in Authorised Share Capital of the Company and consequent amendments to the Memorandum and Articles of Association of the Company.

Increase in Authorised Share Capital would necessitate to amendment Clause V of the Memorandum of Association of Company and would require member's approval by passing a Special Resolution.

None of the directors may be considered to be interested or concerned in this Resolution.

Item No. - 8 & 9

The Company grew exponentially across the past decade owing to the wholehearted support,

commitment and teamwork of its personnel. The Shareholders have approved the Employee Stock Option Plan 2010 at the Last Annual General Meeting held on 30th December, 2010. As per the Approved Scheme, the Grant Price was taken as Rs. 6/- Per Option, however, subsequent to the Market Conditions, the Company proposes to increase the ESOP 2010 Pool from the earlier limit of Rs. 25,00,000 option to Rs. 60,00,000 Options and also make the Scheme Effective and attractive to the Employees, by changing the Grant Price to Rs. 4/-. As it proposes to modify the terms of the Existing Scheme, the Consent of the Shareholders is required to pass the proposed resolution as Special Resolution.

The Board accordingly commends the resolution for approval of the Members as a Special Resolution.

None of the Directors of the Company is, in any way, concerned or interested in the resolution, except to the extent of the securities that may be offered to them under the plan.

Item No. - 10

Shri Atluri Venkata Ram was appointed as an Executive Director on the Board of the Company on 29th November 2011. In order to benefit from his experience and avail his expert advice, Board of Directors of the Company has co-opted him on the Board. Shri Atluri Venkata Ram holds office only till the commencement of 23rd Annual General Meeting of the Members of the Company. The Company has received a notice under