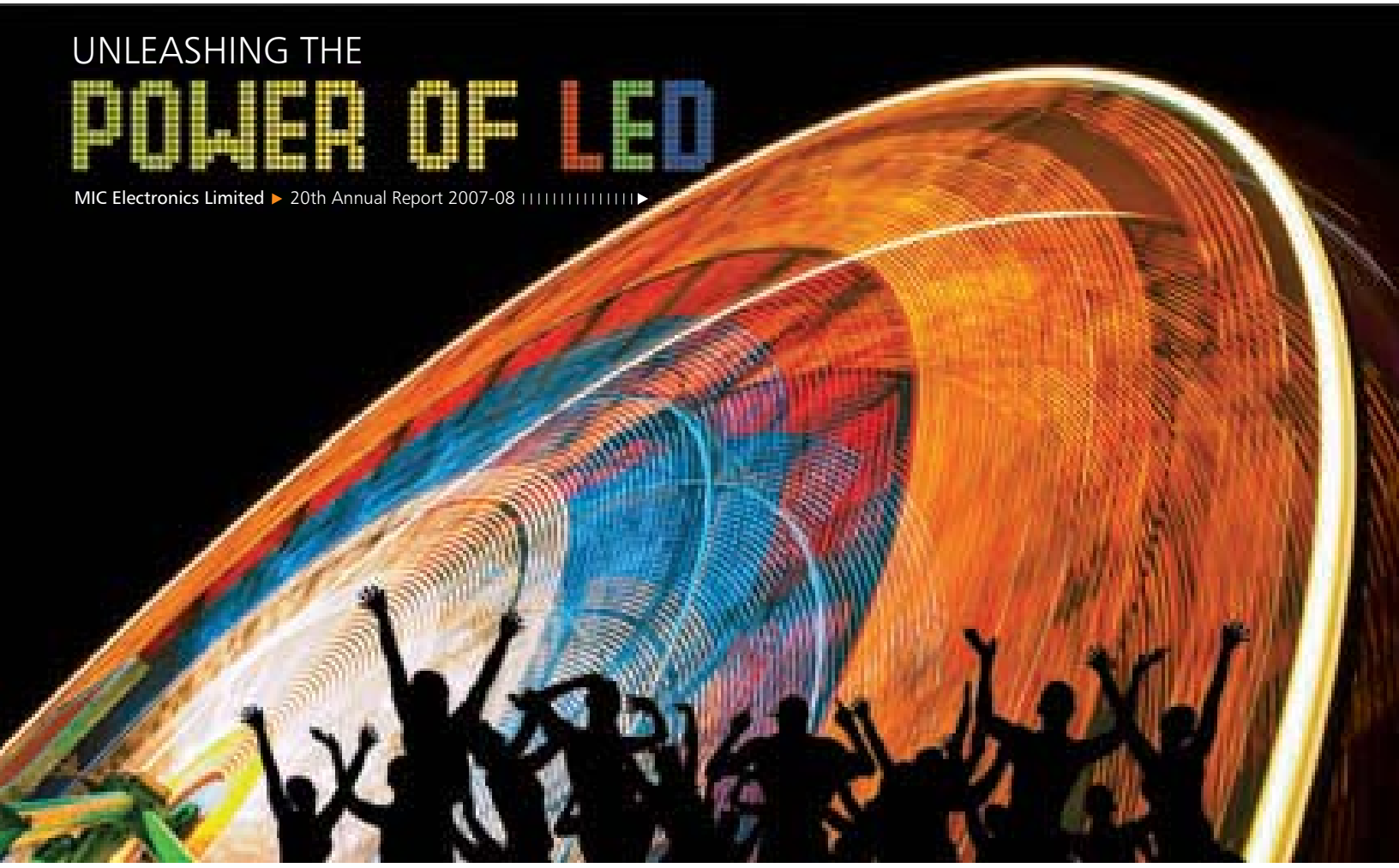
UNLEASHING THE

POWER OF LED

MIC Electronics Limited ▶ 20th Annual Report 2007-08 ▶



Forward looking statement

In this annual report, we have disclosed forward-looking information to help investors to comprehend our prospects and take informed investment decisions. This report is based on certain forward-looking statements that we periodically make to anticipate 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.

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

INSIDE THE REPORT

06 Corporate identity

08 Highlights

10 Chairman's statement

16 Competitive edge

17 Shareholder value

18 Business segment review

24 Finance review

26 Derisking strategy

28 Notice

31 Directors' Report

36 Management Discussion and Analysis Report

40 Report on Corporate Governance

52 Financial section

"MY IDEA OF EXCITEMENT IS SITTING IN A PACKED STADIUM, MUNCHING POP CORN, WATCHING CRICKET ON A GIANT SCREEN AND YELLING 'FOOOOUR!'"

Gourav Patil, 21, Mumbai

JUST AT THIS MOMENT, A GIANT SCREEN IS COMING TO LIFE AND HUNDREDS OF HEADS ARE TURNING.

JUST AT THIS MOMENT, TWO ROMANTICS ARE GLUED TO A FILM ON A GIANT SCREEN AND MISSING THE FACT THAT THEY ARE BLOCKING SOMEONE'S WAY.

JUST AT THIS MOMENT, SOMEONE IS CHECKING THE TRAIN DEPARTURE SCHEDULE ON A GIANT VIDEO DISPLAY AND INTONING 'THANK GOD, I AM ON TIME!'

TRAIN NO	TRAIN NAME	EXP TIME	A/D	PF NO
1062	MUMBAI Exp.	18:35	A	11
2083	JANASHATABDI Exp.	18:15	A	08
2511	GORAKHPUR Exp.	Cancelled		
2521	AHALYANAGARI Exp.	18:10	D	06
2626	KERALA Exp.	19:00	D	02
2647	NIZAMUDDIN Exp.	18:05	D	09
2671	NEELGIRI Exp.	18:15	D	07

JUST AT THIS INSTANT, SOMEONE IS ENTERING A SHOPPING MALL ATRIUM WITH A GIANT SCREEN AND SAYING 'AHHHH.'

JUST AT THIS MOMENT, THERE ARE HUNDREDS OF THOUSANDS OF PEOPLE LOOKING UP AT A PRODUCT FROM MIC ELECTRONICS. NOT ONLY IN INDIA. BUT ALL OVER THE WORLD.

Few locations of our true colour LED displays

AUSTRALIA
Melbourne

AHMEDABAD
Gujarat Science City

DELHI
Delhi Metro Rail Corporation

DUBAI
Dubai International Financial Centre

ECUADOR
Barcelona Sports Club

HYDERABAD
Hyderabad Race Club

KOLKATA
City Centre

MUMBAI
National Stock Exchange

SOUTH AFRICA
Durban

SRI LANKA
Colombo

25
PILSEN

THE BIG PICTURE AT THE COMPANY UNLEASHING THE POWER OF LED.

MIC Electronics is working to emerge among the top five global companies in true colour LED display systems. And among the top 10 global companies in LED lighting products.

Business

- Incorporated in 1986, the Company has a rich 22-year experience in LEDs and LED products.
- The Company operates in two business segments – media and informatics and communications (ICT).
- The Company focuses on the media segment comprising true colour LED displays and LED lighting products.
- The ICT solutions include embedded systems and telecom software, communication and electronic products.
- The Company is the only Indian player in the design, development and manufacture of true colour LED displays.

Presence

- Headquartered in Hyderabad, India
- Listed on the Bombay Stock Exchange and National Stock Exchange in India
- Production facilities located at Hyderabad, Yanam and Roorkee
- Software development centres at Hyderabad (India), Sydney (Australia) and Santa Clara (USA)
- Marketing and technical support centres in New Delhi, Mumbai, Kolkata, Chennai and Bangalore
- Global offices in the US, UAE, Australia and South Korea

Credentials

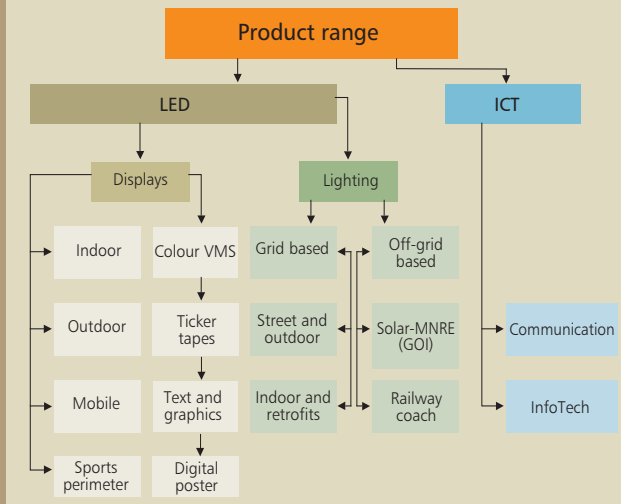
- Received more than 25 product approvals from Telecom Engineering Centre (TEC, Government of India)
- Accredited with ISO 9001:2000 leading to superior product quality
- Received quality approval from UL for true colour LED displays

2001 Supplied the first LED video (basic) display

2003 Received the National Best Award for R&D efforts in the electronics industry from DSIR

2005 LED video display product placed in the 'Indian Innovators' Forum' - Hall of Fame

2007 Supplied the first true-colour outdoor LED video display system



RECOGNITION

- Recognised by the Department of Scientific and Industrial Research (DSIR), Government of India, for its R&D
- Product placed in the Indian Innovators' Forum
- The best IPO (runner up) for 2007-08 by *Outlook Money, NDTV Profit*
- Featured among the '200 Best under a Billion' companies in Asia Pacific according to *Forbes*. MIC Electronics was one among the 22 selected companies in India.

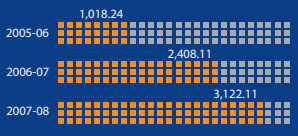
1995 Exported the first mobile video display to South Africa

2003 Acquired InfoSTEP Inc, USA, to foray into global IT services

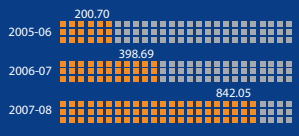
2006 Listed on the BSE and NSE
Acquired Maave Electronics
Entered into Railway LED emergency lighting and MNRE lighting business

2007 Entered into an OEM agreement with GE for LED street lighting
Entered into a 50:50 joint venture with LAFC, USA for LED display
Established MIC Electronics Inc.(US) a 100% subsidiary

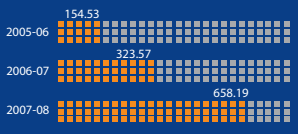
THE POWER OF LED.. IS REFLECTED IN THE FINANCIALS



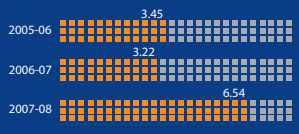
Increasing net sales (Rs. mn)



Robust EBIDTA (Rs. mn)

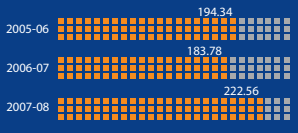


Surging net profit (Rs. mn)

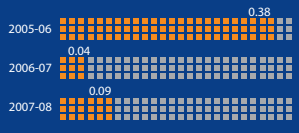


Earning per share* (Rs.)

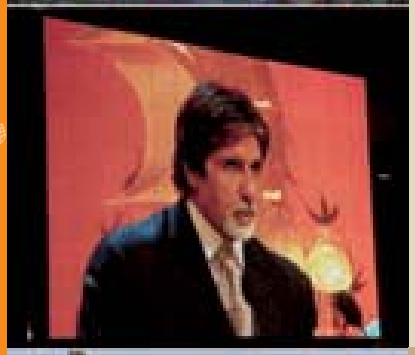
* Face value per share assumed at Rs. 2/- per share



Rising net block (Rs. mn)



Strengthening debt-equity ratio



Operational achievements in 2007-08

True colour LED displays

- Scaled the asset base for the rental business
- An increase in display rentals
- Received a license from the Delhi Metro Rail Corporation for installing and maintaining 25 full-colour day-and-night LED video display boards on line 3 of DMRL
- Developed the expertise to manufacture outdoor LED screens using three-in-one (RGB) LED chips
- Launched the 240 sq. mt true colour LED perimeter display with a single controller

LED lighting

- Installed 100 solar-based LED lights at Hyderabad
- Received approvals from the Ministry of New and Renewable Energy Sources (MNRE) for LED-based solar street light and home light

• Launched the 18-120W 'Digi light' range of LED based street lights for grid-based applications

ICT segment

• Executed the BSNL order for supplying integrated fixed wireless terminals

Marketing accomplishments

• Added 15 clients in 2007-08 (including international brands)

• Extended footprint across two new nations

• Grew the order book from Rs. 2,000 mn as on 30th June 2007 to Rs. 3,500 mn as on 30th June 2008

Boardroom decisions

• Formed a joint venture called Sports LED Media between MIC Electronics (USA), a 100% subsidiary, and Latin American Futbol Corporation (USA) to enter the lucrative LED display market focusing on sports stadiums across the globe

• Developed a global digital billboard exchange solution (GLOBIX) to facilitate billboard owners to optimise the utilisation of advertisement space

• Decision taken to set up a manufacturing unit for LED true colour displays, LED lighting solutions and solar-based LED lighting products at Cherlapally

Post-balance sheet developments (up to 31st October 2008)

Performance in the first quarter of 2008-09

• Net sales increased 0.23% from Rs. 754.30 mn in the first quarter of 2007-08 to Rs. 756 mn in the first quarter of 2008-09.

• EBIDTA increased 116.99% from Rs.133.60 mn in the first quarter of 2007-08 to Rs. 289.90 mn in the first quarter of 2008-09.

• Net profit grew 138.21% from Rs. 98.40 mn in the first quarter of 2007-08 to Rs. 234.40 mn in the first quarter of 2008-09.

• EBIDTA margin strengthened 2,048 bps from 17.56% in the first quarter of 2007-08 to 38.04% in the first quarter of 2008-09.

• Net margin strengthened 1,783 bps from 12.93% in the first quarter of 2007-08 to 30.76% in the first quarter of 2008-09.

Other highlights

• Entered into an MOU with CERACCHI ILLUMINAZIONE Spa, a lighting company in Italy for design, development and marketing of LED lighting solutions in key European markets

• Commissioned a fully automated, state-of-the-art manufacturing line at the 100% EOU facility in Cherlapally, Hyderabad

• Received orders from the GHMC for street-lighting and from the Delhi Metro Railway

• Commissioned LED-based street lighting on Necklace Road in Hyderabad

• Delivered, installed and operationalised 240 sq.mt. perimeter displays in Sports LED Media joint venture in Latin America

EBIDTA margin in 2007-08

26.55%

993 bps above 2006-07

Net margin in 2007-08

20.75%

726 bps above 2006-07

Interest cover in 2007-08

32.60

against 16.32 in 2006-07

ROCE in 2007-08

35.81%

390 bps above 2006-07

"OUR VISION IS TO EMERGE AS A LEADING GLOBAL PLAYER IN LED SOLUTIONS IN FIVE YEARS".

Dr. M.V. Ramana Rao, Chairman and Managing Director, explains where MIC Electronics is headed

Dear Shareholders

I am happy to be communicating to you at this point in our existence for strategic reasons. But before I explain our direction, I take the opportunity to provide a brief review of our performance in 2007-08.

We reported outstanding numbers in 2007-08: while our revenues grew 29.65%, our PAT grew 103.41%; while our EBIDTA margin strengthened 993 basis points to 26.55%, our return on employed capital increased 390 basis points to 35.81%.

Despite our superior performance, our shareholders' wealth depreciated considerably due to the global financial meltdown.

We firmly believe that we should concentrate our energies on what is under our control. This contrarian perspective encourages us to seek opportunities in turbulence and stretch our efforts in preparation for the exciting road ahead.

What is the road ahead, a question lingering in the mind of readers? It is in line with what I mentioned in my statement in the previous Annual Report.

The year 2007-08 represented an inflection point for our Company.

We shifted our focus from telecom solutions business, which accounted for a significant source of our revenues till 2006-07, to the media segment, comprising true colour LED displays and LED lighting systems. This deliberate shift in our corporate direction was based on some well founded realities:

- The global market for LED displays and lighting products is large, an attractive space for us to grow our share.
- Our technologically superior capabilities enable us to deliver customised and cost-effective solutions creating a strong recall.
- We are the only Indian player in this business, which gives us an excellent opportunity to capitalise on the vast domestic demand and also leverage Indian advantages to expand our global share.
- We graduated from a relatively low EBIDTA margin segment to a high-profitability business vertical.

1. True colour LED displays

LED-based display systems are giant electronic screens with sharp clarity, used increasingly in public spaces for public engagement and entertainment. MIC Electronics is the only Indian player in this segment, drawing upon a more than two decade-rich experience.

Even in this vertical we have narrowed our focus to high-value, high-growth segments, namely sports and perimeter, billboards, digital posters, transportation, events, entertainment and ticker tapes.

MOVING TO ENTERTAINMENT!

MIC Electronics intends to establish its presence in the entertainment industry with the objective to enhance rental incomes, strengthen liquidity, grow profitability and de-risk the business model.

Right business, right time

'Globally, the LED displays market stood at USD 731 mn in 2007 and is expected to grow at a CAGR of 45% during 2007-12, to reach USD 4.67 bn in 2012.'

There is a specific reason why our true colour LED displays represent the right products at the right time. Emerging technologies have made it possible to manufacture relatively large display screens for an affordable cost, considerably superior to passive vinyl or metal alternatives. This in turn, enables to ride the growth emerging from the following user segments:

Advertisement and publicity: A temporary slowdown in the advertisement business notwithstanding, the superiority of the LED-displays market is clearly established. Even within a consumer slowdown, infrastructure providers recognise the correlation between true colour LED displays and footfalls, assuring our market share.

Sporting events: There is a perceptible need for interactivity in sporting locations, increasingly reflected in the link between in-stadium true colour LED displays on the one hand, and the viewing public on the other. The result is a general increase in key sporting events driving LED-display demand. The outlook seems encouraging: South Africa will host the Soccer World Cup in 2010 and New Delhi will host the Commonwealth Games in 2010.

Replacement market: The large advertisement players who control almost 90% of the total OOH market will progressively replace their vinyl advertising boards with digital LED displays. The US market reflects significant potential; the number of US billboards is approximately estimated at 500,000 – indicative of the potential size of a waiting replacement market.

Right footprint, right alliances

North America represents the largest LED video wall market in the world (more than 35% of global sales). We pursued the inorganic route to accelerate our growth in this lucrative market, which enabled us to gain market insights, market share and customer relationships quicker than if we had painstakingly built them from scratch.

The result is reflected in our acquisitions and collaborative record over the previous year:

- Entered into discussions with US outdoor advertisement leader Lamar Advertising to provide end-to-end display screen solutions
- Formed a joint venture (Sports LED Media) between our 100% US subsidiary (MIC Electronics, US) and the Latin America Football Corporation (US) to focus on lucrative LED display opportunities (billboards and pathway displays) in sports stadiums across the globe.

We are currently marketing our products in five countries and expect to extend our footprint to 15 countries in the next three years.

Right start, right advantage

Inspite of a nascent LED display market in India, the addressable

opportunity is one of the largest in the world. Since we enjoy a monopoly in the Indian market over more than two decades, we are perfectly positioned to capitalise on this opportunity.

Replacement market: There are about 150,000 vinyl hoardings in India, which can be progressively replaced with the modern equivalent, in addition to the country's large retail and MICE (Meetings, Incentives, Conventions and Exhibitions) segments. The combination of the two could translate into an addressable annual market of over 4,000 LED displays.

Railways: In most consumer or utility segments, there is a growing need for public engagement through entertainment or information. The Railway Budget 2008 is a representative development: it allocated a specific outlay to enhance information services. In the first stage, the business opportunity stands at an estimated Rs. 1,000 mn, which can increase six-fold over four years. Besides, the growing demand from the Delhi Metro and other urban metro linkages will catalyse the sector's rapid growth.

Roads and highways: The growth of India's transportation segment is widening the opportunity for LED display products. For instance, there is an expanding need for communication clarity on national and state highways, for which a single LED display can offer a cost-effective alternative over multiple small vinyl boards. Besides, there is a growing trend of investing in LED display units along highways operated by corporates under the BOT schemes.

Infrastructure: A sustained infrastructure focus in India – even at a time of global slowdown – augurs well for our business with considerable trickle-down implications. For instance, the growing demand from the Indian Railways (LED display boards for stations and adjoining parking lots) has already translated into a sizeable order book from this segment.

Right niche, right brand

MIC Electronics is not just another player in this fast-growing space, but

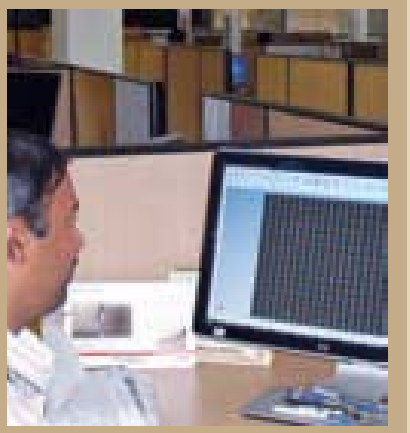
INITIATIVES TO GROW OUR BUSINESS

Capacity expansion: We plan to invest around Rs. 1.2-1.5 bn over two years to address global opportunities. Even as we outsource non-core, low-end processes, we will grow our true colour LED display capacity from 15,000 modules annually to around 50,000 in two years.

Operational excellence: We commissioned a state-of-the-art automated manufacturing line in our 100% export oriented unit at Cherlapally. The unit will reduce our average production cycle time by 25%. A rapid prototyping facility at Hyderabad will shrink the mind-to-market cycle, leading to quicker commercialisation.

Rental focus: We see an opportunity in this global slowdown extending beyond outright LED display unit sale to rentals with lower capex commitments for customers. In line with this, we will increase our screen inventory, reinforcing our revenues, liquidity and visibility.

R&D focus: We plan to set up a state-of-the-art R&D centre in Singapore to strengthen our design and development capabilities in LED-based lighting products around demanding global standards.



one of the most competitive for the following reasons:

Cost: Our experience in the application of embedded technology empowered us to re-engineer the product, translating into a significant cost advantage.

Quality: The interplay of technology (16-bit colour processing), networking and advanced 'normalisation' translated into the manufacture of display screens with practically 256 trillion colour shades and portrait-like image sharpness; our experience in varying pitch lengths resulted in excellent resolution and visual effects.

Customer-centric orientation: Our sleek software-based products help save shipping and installation costs. These products can be operated around contemporary communication technologies like GSM, CDMA and GPRS, making it possible for dispersed display screens to be controlled from a central location. Our ongoing monitoring of the degree of utilisation of the advertisement space minimises vacant spaces and maximises client revenues.

Service: Our products can be serviced remotely. In addition, our five-nation presence makes it possible to address client issues through timely turnarounds.

Right strategy, right initiatives

In a competitive world, it is not enough to merely claim a price advantage; it is important to be ready with what the customer would need tomorrow and influence their decision-making. We strengthened our competitive advantage through the following product launches during the year under review:

- Introduced a new product line called Variable Message Sign (VMS) for revenue-accretive highways and busy thoroughfares. We plan to launch the coloured product variant in North America with LED Star, a Canadian company. We developed a single colour VMS product customised for Indian road and highway applications, drawing on our first order from GMR Infrastructure
- Developed 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 edge with US out-of-home (OOH) players
- Launched the 240-sq. mt display board for stadiums with a single controller, among the first in the world
- Launched a new 120-inch LED TV for proximate viewing, especially useful in indoor applications (malls and corporate boardrooms)

Our goal

We intend to emerge among the top five global players in the true colour LED display business in the next five years.

2. LED-based lighting products

LED-based lighting products are highly energy-efficient, environment-friendly (do not contain any mercury), flicker-free, dimmable, shock-proof and come with exceptional properties like directionality, specific colour and efficiency. They have a life span of more

than 50,000 hours – significantly higher than conventional light sources.

Global opportunity

The LED lighting market stood at USD 301 mn in 2007 and is forecast to grow at a CAGR of 33.8% during 2007-12 to reach USD 1.26 bn by 2012.

An interesting movement is underway even as the market is growing: 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 reforms and could lead to an unprecedented demand for LED-based lighting solutions the world over.

What is more relevant is that our lighting solutions are expected to stay relevant over the long-term for a number of reasons:

- **Cost:** Our products address the lighting needs of the bottom of the social pyramid, creating a huge business opportunity.
- **Reach:** They can address lighting needs of areas which cannot be reached by grid power sources, increasing their acceptance in third world nations. 'Lighting Africa' is one such instance.
- **Resource saver:** Our solar based lighting solutions save precious fossil fuel.

Our initiatives: We entered into an MOU with CERACCHI ILLUMINAZIONE Spa, a lighting company in Italy for design, development and marketing of LED lighting solutions. Besides, in the US, we expect to leverage our alliances to cater to the significant emerging opportunity.

Domestic opportunity

The LED lighting market in India provides a sizeable annual addressable opportunity for the next five years.

Lighting accounts for 18% of India's electricity consumption; there is a growing awareness for efficient lighting solutions like LED in a power-deficient environment. The size of the addressable opportunity is significant: it is estimated that the replacement of conventional light sources in India to LED over a five-year period would translate into an attractive business opportunity. In addition, a significant demand for LED-based lighting products is expected to emerge from a number of Indian sectors:

Rural electrification: The Indian Government is expected to electrify villages using LED-based solar lighting. An entire unit of solar-based street lights costs around Rs. 22,000 (MNRE type) and about 100,000 villages are expected to be covered over the coming years, creating a large business opportunity.

The MNRE is subsidising in the next four-five years – over 5 mn solar LED lanterns, 2 mn street lights and 3 mn solar home lights; creating a sizeable annual addressable opportunity of Rs. 1,250 mn for MIC over the next five years.

Also, the REC plans to purchase over 1 mn solar street lights under the Rural Electrification Programme. The

Government plans to purchase 400 mn CFLs under the Bachat Lamp Yojana, with LED lamps being a part of the scheme – which could provide considerable growth opportunities.

We are working to create a Build-Own-Operate-Transfer model (BOOT), where we would implement and operate the project for the authorities for 10 years, replacing all existing halogen lighting poles with LED lighting (incurring capex in a joint venture with local players and sharing revenue among JV partners).

Indian Railways: This segment has emerged as a key business driver for our LED lighting segment, providing an estimated annual addressable opportunity of Rs. 1.10 bn over the next five years for the Company.

With a rising need to conserve electricity and improve passenger amenities, Indian Railways is increasingly adopting LED lighting in new and existing coaches.

Besides, LED-based emergency lights in passenger bogies emerged as an important business driver due to their safety over incandescent bulbs. We possess attractive credentials to capitalise on this opportunity; we installed about 80% of the Rs. 360 mn emergency LED lamps purchased by the Railways in the last two years. We are also engaged in discussions with railway authorities for platform, colony and yard lighting.

Vinyl board lighting: In the present cost-optimisation regime, we strategised on focusing on the OOH players for replacing their existing lighting infrastructure (front and back lighting for vinyl boards) with the low-weight (a third of the present lights), low-power consuming LED lights (one-fourth of the power consumed by existing lights).

Our goal

We intend to feature among the top ten in the world in the LED-based lighting segment in five years.

Message to our shareholders

Now aren't you also convinced that I have enough reasons to be excited?

The future is electrifying. Opportunities are unfolding by the day, vindicating our industry attractiveness. We will strengthen our profitability and competitive strength to enhance intrinsic shareholder value. But will this get reflected on the bourses? I cannot promise that. But we will considerably strengthen our global visibility, compelling a re-rating of the Company's shares, commensurate with its global positioning.

Warm regards,

Dr. M.V. Ramana Rao

LIGHTING AFRICA

The World Bank launched the new "Lighting Africa" programme, in August 2007, which seeks to provide affordable lighting to 250 million people in the continent by 2030. This is synonymous with creating a business opportunity to develop innovative ways to bring light to millions not connected to the electricity grid. The attention will be on off-grid and non-fossil fuel based electricity supply.

MIC ELECTRONICS' COMPETITIVE EDGE*

MIC's global presence

Experience: Possesses more than two decades of experience derived from more than 15 demanding projects across five nations.

Range: Products find extensive application in display and lighting segments.

Niche positioning: The only Indian company to possess 'design-to-manufacture' capabilities in true colour LED video display systems.

Technology: Proprietary 'Scan+' technology facilitates the manufacture of display boards with enhanced moving content quality; its embedded technology improves image quality.

Research competence: A 48-member R&D team reduced hardware consumption in screens. It mastered VHDL (hardware description language) in designing chips and application-specific integrated circuits. It developed a proprietary technology in video system development.

Competitiveness: Combination of embedded technology and low overheads translated into a significant cost advantage over global competitors.

Intellectual property: Applications for five patents were made namely intelligent solar lighting system, programmable LED illumination system, GLOBIX, solar rechargeable LED lantern and intelligent LED 'Poster' system (LED DigiPoster).

Dependable resource: Long-term arrangement with Nichia Corporation (world LED technology leader) for LED supply for the video wall and lighting divisions facilitated the successful adoption of new raw material variations (LED chips), which enriched picture quality.

Global presence: Products have been installed across seven countries; the Company enjoys a direct presence in North America, Latin America and Australia through subsidiaries; it entered into marketing alliances in South Africa and the Middle East.

*This section pertains to our LED business only.

SUSTAINING SHAREHOLDER VALUE

Even as MIC Electronics focused on enhanced shareholder value, the global economic meltdown eroded market capitalisation and discounting.

Performance matrix Rs.

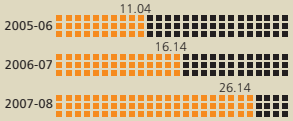
	2006-07	2007-08
EBIDTA	398.69 mn	842.05 mn
Profit after tax	323.57 mn	658.19 mn
Earnings per share	3.22	6.54
Dividend per share	0.40	0.40

Market valuation Rs.

	29.06.2007	30.06.2008
Market price per share	376.80	104.75
Market capitalisation	4,764.74 mn	6,623.49 mn

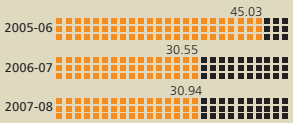
Growth in shareholder value

Book value: A tool which highlights the value of every equity share represented by the Company's assets, helping determine whether the market value of the Company's share is above or below the assets represented by it.



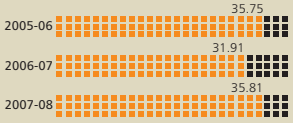
Book value per share (Rs.)

Return on net worth (RONW): This tool measures the rate of return on shareholders' funds, evaluating the efficiency in generating profits from every rupee invested in the business and the efficiency in deploying the earned rupee to enhance shareholder wealth.



Return on net worth (%)

Return on capital employed (ROCE): This tool highlights returns from the Company's employed capital. MIC Electronics reported sustained growth in returns on employed capital for the last three years.



Return on capital employed (%)

Strategy to enhance shareholder value

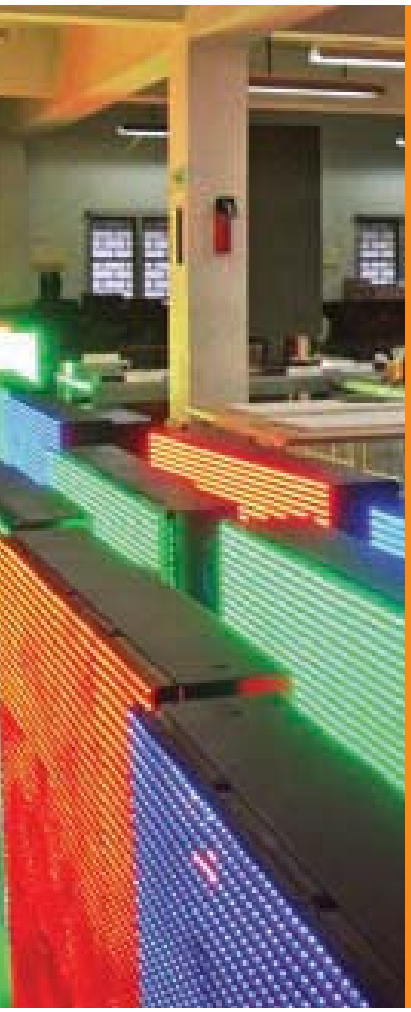
MIC Electronics expects to enhance stakeholder returns through the following strategies:

New verticals and products: The Company is developing products for the Indian Railways. It is developing LED lighting for rural applications. It forged global alliances to manufacture value-added products.

New geographies: The Company is entering new developed markets and verticals through global joint ventures and acquisitions.

Capacity enhancements: The Company is in the process of enhancing LED display and lighting production capacity, deriving economies of scale.

Increasing annuity focus: The Company is enhancing the rental-based annuity nature of revenues while increasing its asset base for the rental business in two years.



BUSINESS SEGMENT 1

TRUE COLOUR LED DISPLAYS

This business comprises the development, production and sales of video displays, text, graphic animation displays and display services (including lease/rental of LED video walls, among others). Other products include LED/LCD based 3D display systems. The Company is the only integrated LED display manufacturer in India with design-to-manufacture capabilities.

The Company's outdoor and indoor display portfolio ranges from display sizes of 90 inch to 512 inch (diagonal distance). These modules are used as video walls/large format displays, indoor/outdoor/mobile displays, text/graphic/animation display (with GSM and CDMA connectivity) and single/multi/true colour ticker tape displays and find application in sports and events, outdoor/indoor advertising and entertainment, railways, banks & stock exchanges.

Its proprietary 'Scan+' technology for the display engine (heart of LED displays) enables the displays to process four trillion colours internally, creating superior image quality. The Company engaged the capacities of a local manufacturer to outsource the plotting of LEDs. Once the plotting is outsourced, the Company can deploy all in-house capacity for testing. The outsourcing company will be able to produce approximately 6,000 modules annually, making it possible for the Company to enhance its capacity almost threefold.

The Company developed an expertise in the manufacture of outdoor LED screens using three-in-one (RGB) LED chip, hitherto available only for indoor screens. This will rationalise the manufacturing process and improve capacity utilisation. The pixel (RGB) in a module for outdoor displays was earlier made by three different LED chips in a 1R-1G-1B formation, but MIC's three-in-one chip will enhance production capacity 200-300%, depending on the size of the module manufactured.

Global reach

Direct sales: The Company appointed a direct sales force to generate enquiries and sales. It commissioned marketing offices in USA, South Africa, Australia and Korea. The Company participated in national and international trade fairs to enhance visibility and sales.

Rentals: The Company extended to display rentals covering election rallies, musical concerts and weddings. MIC offers LED displays for rentals during election rally meetings, music concerts and weddings on a small scale. Internationally, the LED rental segment is among the fastest-growing businesses, driven by the live entertainment industry; even domestic growth is robust.

Global opportunities

• The global market for LED outdoor displays is expected to grow from about USD 521mn in 2005 to about USD 2 bn by 2010.

• LED displays and billboards in promoting events such as cricket matches, the World Expo and Asian Games are increasingly becoming fixtures of the urban landscape.

• The US Government planned to invest about USD188.6 mn in LED highway billboards which, under the present circumstances may get postponed

• Clear Channel Outdoor and Lamar, the two largest US outdoor advertising companies have initiated converting existing static billboards to digital displays – these companies (with about 3,00,000 billboards) estimated that digital boards can generate 6-10 times as much revenue as static boards.

• Plans for construction and remodelling of about 112 new stadiums and arena in the US by 2009-10 estimated at USD 13.6 bn are in the pipeline

Indian opportunities

• India's advertisement spend as a percentage of the GDP is a poor 0.34%, compared with a 0.98% global average, China's 0.55% and Singapore's 1.12%. This under-penetration is expected to get corrected.

• The OOH advertising market is projected to grow at a CAGR of 13.9% between 2007 and 2012.

• The Indian live entertainment industry is expected to grow at a CAGR of 17% to reach Euro 269.3 mn by 2010.

• The increasing number of corporate awards, television and sports events is resulting in a surge in demand for LED outdoor displays; this growth is also supported by the steady rise of the event management industry.

• Increased focus of the Indian Railways on advertising has created a significant business for the display market.

Key initiatives

Extending the scope of LED display: The Company is exploring other applications like outdoor television or 'backyard TV' for its display systems to cater to the families in small housing complexes or societies. It is also looking at mass entertainment options like drive-in theatres, large hotels, food courts and restaurants which currently operate cumbersome projectors and LCD televisions. It launched MIC-DigiScreen-6i-120 – a 120 – inch LED TV for close viewership, primarily targeting malls and corporate boardrooms.

Securing bulk permission for advertisement sites: The Company previously marketed outdoor LEDs directly to customers, who, in turn, obtained permission from the respective municipalities for displaying these LEDs at specific sites. The Company is now looking to set up a model where it will be able to secure installation permission for bulk sites.

Global quality watermark: The Company has received approvals from the UL for its true colour LED displays.

Increasing global visibility: The Company is in talks with Lamar Advertising to provide end-to-end display screen solution.

BUSINESS SEGMENT 2

LED LIGHTING SOLUTIONS

Lighting accounts for 18% of India's electricity consumption. The share of power-efficient lighting solutions (LED) within this segment is growing. Consider this: while a 60W incandescent bulb wastes 75% of its energy and lasts around 2,000 hours, a 14W CFL converts 80% of its energy into light, offers similar illuminations and lasts around 10,000 hours. Interestingly, an LED converts around 98-99% of its energy to light, using less than half the energy of a CFL and lasts around 40,000 hours. While LEDs cost more (six-eight times) than CFLs, technological changes are substantially reducing costs.

The Company has created a rich intellectual pool in developing LED-based lighting as cost-effective and power-efficient lighting solutions. It is targeting grid-based and non-grid based lighting: street lighting, solar-powered lights, commercial and residential lighting; besides, railways (emergency lamps, coach lighting, platform lighting, colony lighting, yard lighting) offer emerging opportunities.

The Company is targeting the rural street and home lighting initiatives undertaken by the Ministry of New and Renewable Energy. It has initiated discussions with the government bodies to supply solar powered LED lights for rural areas beyond the reach of conventional electricity. The Company has won small orders from various municipalities for its solar-powered LED street lights.

Global opportunities

- Governments of developed economies have taken initiatives to ban incandescent bulbs, expected to grow the business for LED luminaries significantly.
- The US has passed a bill banning incandescent light bulbs by 2014; the US being the world's largest emitter of carbon dioxide (overall and per capita), undertook the Next Generation Lighting initiative (NGLi) project with the aim to replace 50% of the general lighting with low-power LED lighting by 2015.
- The EU has passed a bill discontinuing the use of incandescent and poorly-performing light bulbs by 2010 with the objective to cut carbon emissions. Environmentalists estimate that this bill will reduce carbon dioxide emissions by around 20 million tonnes annually and save between €5-8 bn in annual bills.
- The European market for LEDs used in general lighting was estimated at Euro 35.1 mn in 2007 having grown at 22.3% annually during 2004-07; this market is expected to grow by 24% CAGR between 2007-14 to touch Euro 158.1 mn by 2014.
- The 'LED lamp 15/30 project' announced by the Korean Government in November 2006 aims to increase the share of LED lamps up to 30% of the lamp market by 2015.

• The LED street lighting penetration is predicted to reach 6% by 2011 (1% in 2008); a market of about Euro 0.7 bn by 2011.

Indian opportunities

• The Indian lighting market stood at USD 1.4 bn in 2007 (approximately) and is expected to grow at about 15% annually.

• The Indian LED lighting market is still at the early stages of development; solar-based LED lighting is one of the key application areas in India.

• The Indian Railways is switching to LED lighting (emergency lights, reading lights and general lighting in coaches) primarily due to its inherent cost benefits; by installing LED lights the Railways can save upto USD 22,697 for each passenger coach over the next 15 years – opening up a huge market for LED lighting products.

• The Energy Management Centre under the Department of Power is launching an experimental project to replace high-pressure sodium lamps with LEDs for streetlights at Thiruvananthapuram, Kerala. Replacing 70 such lamps with LEDs is expected to yield an annual energy saving of more than 19,000 kWh, equivalent to USD 681.2 at current rates – this could open a new revenue segment for LEDs in lighting.

• Rural electrification by the Indian Government using LED-based solar lighting is expected to create a significant growth opportunity.

Key initiatives

• Developed an emergency lighting solution for the Railways at a total cost of USD 474.11 per coach meeting the ICF specifications; with 120,000 coaches in India, the addressable market is estimated at USD 56.89 mn

• Completed design and initiated the approval process for LED coach lighting with RDSO; received pilot orders

• Identified and initiated development of 30 fast-moving variants in LED lighting

• Developed a Build-Operate-Transfer model, comprising the implementation of street lighting projects for municipalities, followed by a decade's operational contract

BUSINESS SEGMENT 3

INFOTECH SERVICES

The division provides software solutions as well as electronic hardware and products to telecom service providers.

The hardware products adhere to the Quality Manual 333 standards, which outline the specifications for the environmental testing of transmission and switching electronic equipment.

In telecom software, the acquisition of Infostep strengthened the Company's access to software telecom solutions through product suites namely eLustro (an enterprise solution for managing feedback and survey programmes) and eLustroHarmony (an enterprise solution for corporate governance/risk management)

The Company will progressively reduce its focus on this business vertical, in view of its low margins and extended receivables cycle.

WHAT A SAVING POTENTIAL!

In the US, there are approximately four bn screw-based light sockets that currently house inefficient, old-style general service incandescent lights. The savings would be multi-fold upon adoption of energy-efficient lighting.

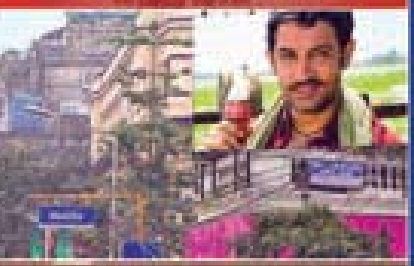
• It would save consumers and businesses approximately USD 16.94 bn on electricity bills.

• Annual energy demand would be reduced by an equivalent of the generating capacity of 30 nuclear power plants or up to 80 thermal power plants.

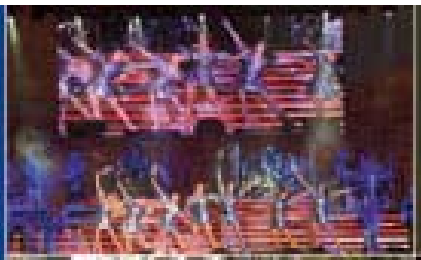
• More than 158 mn tons of carbon dioxide emissions and 5,700 pounds of air born mercury emissions would be eliminated.

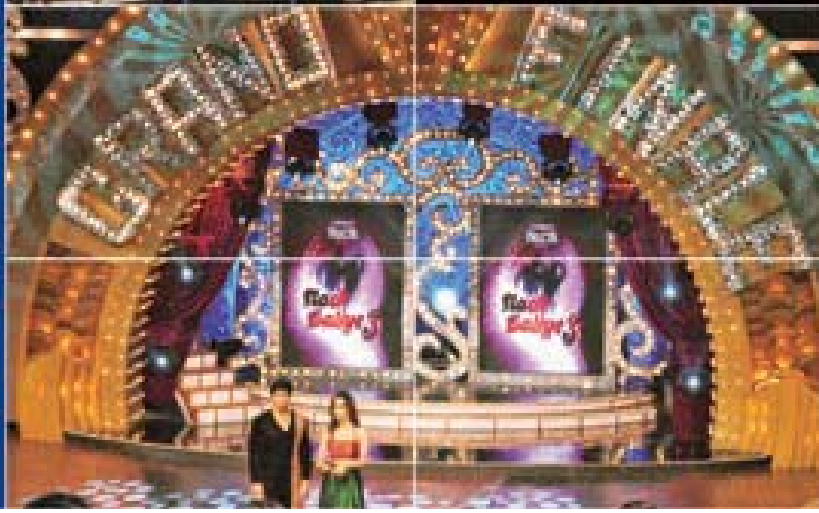
PROVIDING LIGHT IN YOUR LIFE!

Nearly 80 mn people in India light their houses using kerosene as the primary source. By replacing this fuel, LEDs can light an entire village with less energy than that used by a single conventional 100 watt bulb.



THE NEXT TIME YOU SEE A LARGE MOVING IMAGE, IT MIGHT HELP TO REMEMBER THAT THERE IS A MIC ELECTRONICS BEHIND EVERY BIG PICTURE.





mic
PEPSI
answer the call of the
WILD!
BHEJA FRY?
TRY!

THE POWER OF LED IN OUR FINANCIALS

Profit and Loss Account

Revenue analysis: Net income from the Company's sales and services increased 29.65% from Rs. 2,408.11 mn in 2006-07 to Rs. 3,122.11 mn in 2007-08, following an increase in the volumes of LED display systems, introduction of value-added products (LED lighting solutions) and increasing services revenues.

Revenue from LED displays and lighting systems increased by 125.74% from Rs. 747.14 mn in 2006-07 to Rs. 1,686.59 mn in 2007-08, due to increased sales of true colour LED displays and LED- based lighting products. Contribution from the LED segment to the total revenue increased from 31.03% in 2006-07 to 54.02% in 2007-08. Income from the infotech services segment also increased during the year under review primarily on account of completion of a large BSNL order in 2007-08.

The proportion of domestic market revenues increased due to an increase in the offtake of LED display solutions and LED lighting solutions.

Cost analysis: Total operating cost increased by 16.43% from Rs. 2,000.61 mn in 2006-07 to Rs. 2,329.37 mn in 2007-08. Despite an inflationary environment, the total operational cost as a proportion of the total income declined from 83.38% in 2006-07 to 73.45% in 2007-08, reflecting efficient cost management. This was facilitated by prudent material management, resulting in a decline in raw material cost as a proportion of sales – from 76.95% in 2006-07 to 65.39% in 2007-08. The outlay on research and development increased 35.87% from Rs. 14.69 mn in 2006-07 to Rs. 19.96 mn in 2007-08 due to the growing emphasis on value-added products.

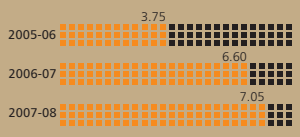
Interest: The interest cost increased 5.73% from Rs. 24.43 mn in 2006-07 to Rs. 25.83 mn in 2007-08. The strong interest cover of 32.6 in 2007-08 against 16.32 in 2006-07 reflected the Company's comfort in servicing interest repayment. The average debt cost was 16.46% in 2007-08 as against 18.77% in 2006-07.

Margins: The EBIDTA margin strengthened 993 basis points from 16.62% in 2006-07 to 26.55% in 2007-08, and the net margin by 726 basis points from 13.49% in 2006-07 to 20.75% in 2007-08. The growth in margins is due to the Company's focus on the high-margin LED products.

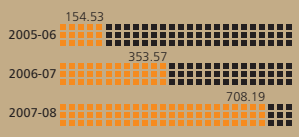
Balance Sheet

Capital employed: The capital employed stood at Rs. 2,889.98 mn, a growth of 69.18% over the previous

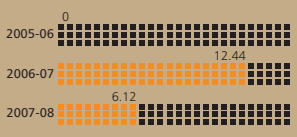
Strength embedded in our financials



Revenue per employee (Rs. mn)



Ploughback into our business (Rs. mn)



Dividend as percentage of net profit (%)

year due to an increase in reserves, surplus and debt. The efficiency in the deployment of the employed capital is reflected in a 390 basis point growth in the return on capital employed in 2007-08 over 2006-07.

Own funds: The net worth grew 61.99% from Rs. 1,624.24 mn in 2006-07 to Rs. 2,631.04 mn in 2007-08, following reserves and surplus growth. This zero-cost fund increased 41.69% from Rs. 1,465.85 mn in 2006-07 to Rs. 2,076.94 mn in 2007-08, following an increase in retained earnings. Around 99.12% of the reserves and surplus comprised free reserves. The Company's equity share capital comprised 100,638,275 fully paid-up equity shares of Rs. 2 each. As on 30th June 2008, the total shareholding of the promoters stood at 37.17% and foreign institutional investor holding stood at 14.89%.

External funds: The debt comprised only secured loans; they increased 231.81% from Rs. 72.69 mn in 2006-07 to Rs. 241.19 mn in 2007-08. Working capital loans grew nearly seven-fold from Rs. 32.69 mn in 2006-07 to Rs. 213.61 mn in 2007-08 to fund the growing scale. The increased reliance on external funds marginally increased the debt-equity ratio from 0.04 in 2006-07 to 0.09 in 2007-08.

Gross block: The Company's gross block grew 22.48% from Rs. 255.98 mn in 2006-07 to Rs. 313.53 mn in 2007-08. The addition to the gross block included additional equipment for capacity enhancement. The superior man-machine management is reflected in the growing return on gross block – 289.11% in 2007-08, against 151.03% in 2006-07. The provision for depreciation (as per the straight line method) increased 11.86% to Rs.18.77 mn in 2007-08 on account of the increased gross block.

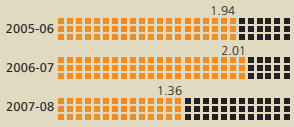
Investments: Investments surged 64.10% from Rs. 117.30 mn in 2006-07 to Rs. 192.49 mn in 2007-08. Around 76.37% of the investments were made in a new subsidiary called InfoStep, which strengthened the Company's access, largely in the US market.

Working capital: This is essential for the Company's operations for a number of reasons – raw material imports, long receivable cycle and growing operational scale. Working capital constituted 57.35% of the capital employed; it increased 32.29% from Rs. 1,252.89 mn in 2006-07 to Rs. 1,657.41 mn in 2007-08.

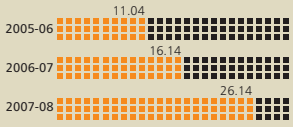
Growing operational scale resulted in an increased the inventory and recievables cycles. While finished goods inventory was nil as on 30th June 2008; advances received from customers increased 200.46% from Rs. 13.11 mn as on 30th June 2007 to Rs. 39.39 mn as on 30th June 2008, reflecting a robust order book and brand strength.

An increased creditors cycle from 76 days (of turnover equivalent) in 2006-07 to 109 days in 2007-08, reduced the dependence on external sources for working capital requirement.

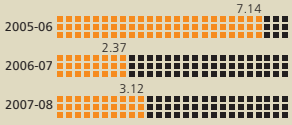
Strengths embedded in our financials



Revenue per rupee invested (Rs.)



Book value per share (Rs.)



Current ratio

OUR DERISKING STRATEGY

The business environment is fraught with risk. Inevitably, a successful company is one that manages these risks proactively and competently.

Growth risk

A REDUCTION IN THE AD-SPEND BY INDIA INC. COULD IMPACT GROWTH PROSPECTS.

Risk mitigation

The Company has focused on LED displays and LED lighting, whose prospects are linked to high-priority, high-growth sectors.

LED display segment

- Billboard advertising is catalysed by the light emitting diode (LED) video billboard technology. The market for LED video walls is expected to increase from USD 552 million to USD 861 million by 2010.
- Strong growth in India's out-of-home and interactive/experiential market segments is expected to drive the demand for LED displays. Experiential marketing (including live entertainment) is valued at Rs. 35 bn and growing at 30-35% annually, driving the LED display segment.
- Innovative product innovation enabled the Company to cater to semi-retail display applications, namely outdoor television or 'backyard TV', catering to proximate families in a small housing society.
- The Company is exploring mass entertainment options like drive-in theatres, large hotels, food-courts and restaurants, which operate cumbersome projection or LCD televisions.

LED lighting segment

- There is a progressive replacement of incandescent and CFL lighting products with LED-based lighting products on account of their energy-saving potential and lower environment pollution.
- The Indian government has taken initiatives to electrify villages using LED-based solar lighting, creating a huge opportunity for MIC Electronics (the only one in this field in India).
- The Indian Railways proposes to convert emergency and coach lighting into LED, generating a significant opportunity; seven of the Company's products were approved by the Indian Railways.
- The Company will address the street lighting opportunity through solar LED lighting products; it installed 100 such lighting products in Hyderabad.

Mitigation measurement

The Company's order book of Rs. 3,500 mn (as on 30th June 2008) is expected to be executed over 18 months.

Funding risk

THE COMPANY MAY NOT BE ABLE TO GARNER REQUISITE FUNDS TO MEET ITS CAPITAL EXPENDITURE PROGRAMME.

Risk mitigation

- The Company is trebling its manufacturing capacity to cater to the growing demand.
- The free reserve of Rs. 2,076.94 mn – 71.87% of the employed capital (30th June 2008) – provides an adequate funding buffer.
- A low debt-equity ratio at 0.09 (30th June 2008) provides adequate room to mobilise external funds.
- The plough-back of operational surplus as on 30th June 2008 was Rs. 708.19 mn

Mitigation measurement

The Company can leverage its strong financial statements to garner the requisite funds for future capex programme.

Technology risk

TECHNOLOGY OBSOLESCENCE OR SUPERIOR TECHNOLOGY ABSORPTION BY COMPETITORS COULD AFFECT THE COMPANY'S COMPETITIVE EDGE.

Risk mitigation

- LED products are new in India and better than competing products in quality and cost. MIC Electronics, the pioneer in India, is relatively insulated from technology obsolescence.
- Significant R&D investments enhanced the Company's skills in product engineering, hardware design, embedded systems design and software solutions. The Company's 70-strong software team focuses on embedded systems software and communication areas, strengthening technology capabilities.
- Acquisitions, joint ventures and alliances with global players benchmarked the Company with global technological innovations.

Mitigation measurement

The Company's products found acceptance in developed and developing economies.

Concentration risk

CONCENTRATION ON A SINGLE INDUSTRY VERTICAL COULD MAKE MIC ELECTRONICS VULNERABLE TO ANY DOWNTURN IN THE MEDIA. RELIANCE ON A PRICE-SENSITIVE INDIAN MARKET FOR HIGH-PRICED LED SYSTEMS MAY BE RISKY.

Risk mitigation

- LED displays are the globally accepted OOH medium marked by a handful of players.
- The Company's proprietary technology provides a significant cost advantage over global peers, in addition to being sleeker.
- The Company's global marketing network covers more than five nations (through subsidiaries, joint ventures and marketing offices). Its Middle East presence - largely unimpacted by the global financial crisis - is expected to drive business.
- The Company's SLM venture focused on global stadiums received its first success through an order of USD 5 mn.
- The Company entered into a joint venture with an Italian company for focused marketing in Europe, enhancing visibility and growth.
- The LED concept is gaining acceptance in Indian malls, stadiums, entertainment parks, railways, metro rail and airports.
- The Company is entering the entertainment business through owned theme parks.
- The Company tied up with the University of Western Sydney, Australia, to explore 3D content development opportunities.

Mitigation measurement

Domestic revenues grew at a CAGR of 86.07% over three years. The order book stood at Rs. 3,500 mn (30th June 2008).

Margin risk

THE COMPANY MAY FIND IT DIFFICULT TO ENHANCE PROFITABILITY.

Risk mitigation

- The Company is realigning its business verticals; it plans to maintain a marginal presence in the low-margin infotech and communication verticals to graduate to the high-value LED solution business.
- Capacity expansions are expected to enhance economies of scale and profitability; the outsourcing of non-core activities is expected to enhance capacities and margins.
- The Company added value-added products, expected to improve operating margins; entry in new markets is also projected to unleash shareholder wealth.

Mitigation measurement

EBIDTA margin grew from 18.96% in 2004-05 to 26.55% in 2007-08 and is expected to improve further over the medium term.

MIC Electronics Limited

Regd. Office:
A-4/II, Electronic Complex,
Kushaiguda, Hyderabad-500062

NOTICE

NOTICE is hereby given that the 20th Annual General Meeting of the Members of the Company will be held on Saturday the 27th December 2008 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 Profit & Loss Account for the year ended 30th June 2008 Balance Sheet as 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 declare dividend on equity shares for the financial year ended 30th June 2008.
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 appoint a Director in place of Shri Yarlagadda Harish Chandra Prasad who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri Atluri Venkata Ram who retires by rotation and being eligible, offers himself for re-appointment.
6. To consider and if thought fit, to pass with or with out modification, the following resolution as an ordinary resolution.

   "RESOLVED THAT Pursuant to the provisions of section 224 and other applicable provisions if any of the Companies Act 1956, Retiring auditors M/s. Pinnamaneni & Co., Chartered Accountants, be and are here by appointed as Statutory Auditors of the company, to hold office from the conclusion of this Annual General Meeting to conclusion of next Annual General Meeting on a remuneration as may be decided by the Board of Directors.

SPECIAL BUSINESS :

7. To consider and if thought fit, to pass with or with out modification, the following resolution as an ordinary resolution.

   "RESOLVED THAT pursuant to sections 198, 269, 309, 310, 311 and other applicable provisions, if any, 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 Shrikant P Joshi as Executive Director and designated as CEO of the Company for a period of five years with effect from 19th November 2008 on the following terms and conditions with 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 to the Companies Act, 1956 including any statutory modification or re-enactment 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. 6,00,000/- per month.
   2) House Rent Allowance at 25% of Salary.
   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 one month's salary in a year or three months' salary over a period of three Years.

b) Leave Travel Concession/Allowance for self and family once in a year either in India or abroad, equivalent to one month's Salary.

c) Fees of clubs inclusive of admission and life membership fee, subject to a ceiling of 6,00,000/- per annum

d) Leave Encashment: Earned leave with full pay and allowances as per rules of the company. Leaves accumulated but not availed of during his tenure will be allowed for encashment.

e) Contribution to Provident Fund, Superannuation Fund or Annuity Fund are as per the rules of the company and to the 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 Telephones/ Mobiles/Fax at residence.

i) Reimbursement of expenses actually incurred by him for the business of the Company.

RESOLVED FURTHER THAT the above mentioned remuneration shall be paid and allowed as a minimum remuneration during the currency of tenure of his office as the Executive Director, notwithstanding the absence or inadequacy of profits in any accounting year as long as the minimum remuneration is with in the prescribed limits under section II of Part II of Schedule XIII of the Companies Act, 1956".

BY ORDER OF THE BOARD
For **MIC ELECTRONICS LIMITED**

Sd/-
Dr. M.V. Ramana Rao
(Chairman and Managing Director)

Place: Hyderabad
Date: 19th November 2008

NOTES:

a) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the company. The 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) 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.

c) Dividend on equity shares @ 20% on the paid up equity share capital i.e. 40 paise per equity share as recommended by the Board 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 on 24th December 2008 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.

d) Brief resumes of the directors seeking the re-appointment are given in the Corporate Governance Report annexed to Directors Report.

e) The Register of Members and Share Transfer Books of the Company will remain closed from 24th December 2008 to 27th December 2008 (both days inclusive) for the Annual General Meeting and determining the name of members eligible for dividend, if approved, at the Annual General Meeting.

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. and 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) Pursuant to provisions of Sec 205C of the Companies 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.

i) 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.

j) Corporate Members intending to send their authorised 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.

k) 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.

l) The shareholders who have not en-cashed the dividend warrant(s) so far for the financial year 2006-2007, are requested to make their claim to the Company.

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

Item No. 6

Shri Shrikant P Joshi was appointed as an Executive Director on the Board of the Company on 19th November 2008. 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 Shrikant P Joshi holds office only till the commencement of 20th Annual General Meeting of the Members of the Company. The Company has received a notice under section 257 of the Companies Act, 1956 proposing his candidature as a Director along with the requisite deposit. The Board of Directors recommends his appointment.

Shri Shrikant P Joshi is an Engineering graduate from IIT Delhi and Management Graduate from IIM Ahmedabad.

Shri Shrikant has over 25 years of work experience in wide-ranging industries such as Consumer Products, Lighting, Information Technology, Internet and Retail.

Shri Shrikant has rich work experience with Companies like Wipro, Philips, Heinz, Sify and Emaar MGF.

None of the Director except Shri Shrikant P Joshi is interested or concerned in this item.

BY ORDER OF THE BOARD
For **MIC ELECTRONICS LIMITED**

Sd/-
Dr. M.V. Ramana Rao
(Chairman and Managing Director)

Place: Hyderabad
Date: 19th November 2008

DIRECTORS' REPORT

Dear members

Your Directors have pleasure in presenting the Company's twentieth annual report on its business and operations together with the audited statement of accounts for the year ended 30th June 2008.

Financial results

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

(Rs. in crores)

Particulars	2007-08	2006-07
Total income	314.01	241.26
Profit before interest, depreciation & tax	84.21	39.87
Interest	2.58	2.44
Depreciation	1.88	1.68
Provision for taxation	13.93	3.39
Profit after interest, depreciation & tax	65.82	32.36
Dividend	4.03	4.03
Provision for dividend tax	0.68	0.68
Transferred to general reserve	5.00	3.00
Balance brought forward	46.59	21.94
Balance carried forward to Balance Sheet	102.70	46.59

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.

Review of operations

The Company continued to achieve significant growth in 2007-08. Total income of the Company grew by 32.18% from Rs. 239.93 crores in 2006-07 to Rs. 317.14 crores in 2007-08. Post tax profit of the Company surged by 103.41% from Rs. 32.35 crores in 2006-07 to 65.82 crores in 2007-08. The growth was largely attributed to increased volumes. The Company sold 164 LED display units in 2007-08 against 90 units in 2006-07. The Company also sold 978 value-added LED lighting solutions in 2007-08.

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, Corporate Governance and Auditors Certificate, regarding compliance of conditions of 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 2008-09 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 Nimmagadda Srinivasa Rao, Shri Yarlagadda Harishchandra Prasad and Shri Atluri Venkata Ram, Directors, retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

During 2007-08, Shri Shrikant P Joshi was appointed as an Executive Director by the Board at its meeting held on 19th November 2008 and his appointment is subject to the approval of the members at the ensuring Annual General Meeting. The Company has received a notice from a member in accordance with the provisions of Section 257 of the Companies Act, 1956, proposing his candidacy as an Executive Director.

With effect from 21st March 2008 Shri Mangilal Kalani, Director, resigned due to his preoccupations.

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, judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company as at 30th June 2008 and of the profit of the Company for the period ended 30th June 2008;

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 2008 on a 'going concern' basis;

Subsidiary companies

A statement of Infostep Inc, USA and MIC Technologies (Australia) Pty Ltd, MIC Electronics Inc. USA, and Maave Electronics Pvt Ltd financial statements, directors and auditors report of the same 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 to accept re-appointment.

INFORMATION REQUIRED UNDER SECTION 217(1) (E) OF THE COMPANIES ACT 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

Conservation of energy:

The Company's operations require electrical energy for air conditioning the premises, supplying power to computer systems and lighting, which are not energy intensive. However, adequate measures have been taken to reduce energy consumption, wherever possible.

Research and Development and Technology Absorption

Your Company will continue to focus in its R&D activities in true colour LED display and LED lighting solutions. The stat-of-the-technology of the Company helps it to produce world class products and solutions. Continuous exposure to new technology helps the employees in maintaining high level of motivation leading to an increased level productivity, efficiency and quality. Due importance is given to research and technology by the Company in order to maintain its leadership in the field of cutting edge technologies.

Foreign exchange earnings and outgo

Earnings: Rs. 5,14,73,914

Outgo: Rs. 55,01,70,795

Personnel

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956, and the Companies (Particulars of Employees) Rules, 1975, as amended forms a part of this report. However, in pursuance to Section 219(1) (b) (iv) of the Companies Act, 1956, this report is being sent to all the Company shareholders, excluding the aforesaid information and the said particulars are made available at the Company's registered office. The members interested in obtaining information under Section 217(2A) may write to the Company Secretary at its registered office.

Details about MIC Electronics Ltd Employees Stock Options Plan, 2006 (MIC ESOP, 2006)

At the extraordinary general meeting held on 12th August 2006, the shareholders approved to issue 4500000 (Face Value Rs. 2/-) stock options of the Company to its employees.

Pursuant to the provisions of Guideline 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee stock purchase Scheme), Guidelines, 1999, the details of stock options as on 19th November 2008 under the MIC Electronics Ltd Employees Stock Options Plan, 2006 are as under:

Sl. No	Description	Details
1	Options granted	4500000
2	Pricing	The exercise price for conversion of each option to one equity share is Rs. 3, if the face value of each share is Rs. 2 at the time of exercise.
3	Options vested	4500000
4	Options exercised	3121030
5	The total number of shares arising as a result of exercise of option	3121030
6	Options lapsed	694090
7	Variation of terms of options	The terms of options were not varied in the financial year 2007-08
8	Money realised by exercise of options	Rs. 93,63,090
9	Total number of options in force	684880
10	Employee-wise details of options granted to	
	i) Senior Management Personnel	Details furnished below
	ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	Nil
	iii) Identified employees who were granted option, during any one-year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	Nil
11	Disclosure regarding employee compensation cost	The employee compensation cost on account of ESOP in 2007-08 is nil as no options were exercised.

List of Senior Managerial Personnel and the options granted till 30th June 2008

Sl.No	Name	Options granted till 30th June 2008	Options outstanding as on 30th June 2008
1	L. N. Malleswara Rao	21500	Nil
2	U. Ramakrishna	30000	Nil

The Company had established MIC Electronics Ltd Employees Welfare Trust in 2005 to create Employee Stock Option Plan. On 12th August 2006, the Shareholders approved that ESOP is to be implemented through the trust.

Appreciation

Your Directors place on record their sincere appreciation for the significant contribution made by the employees through their dedication, hard work and commitment and the trust reposed on us by investors in general.

We also acknowledge the support and counsel extended to us by the analysts, bankers, government agencies, shareholders and investors at large during the year under review and look forward to their continued support over the foreseeable future.

For and on behalf of the Board

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

Sd/-
Shri L. N. Malleswara Rao
Executive Director

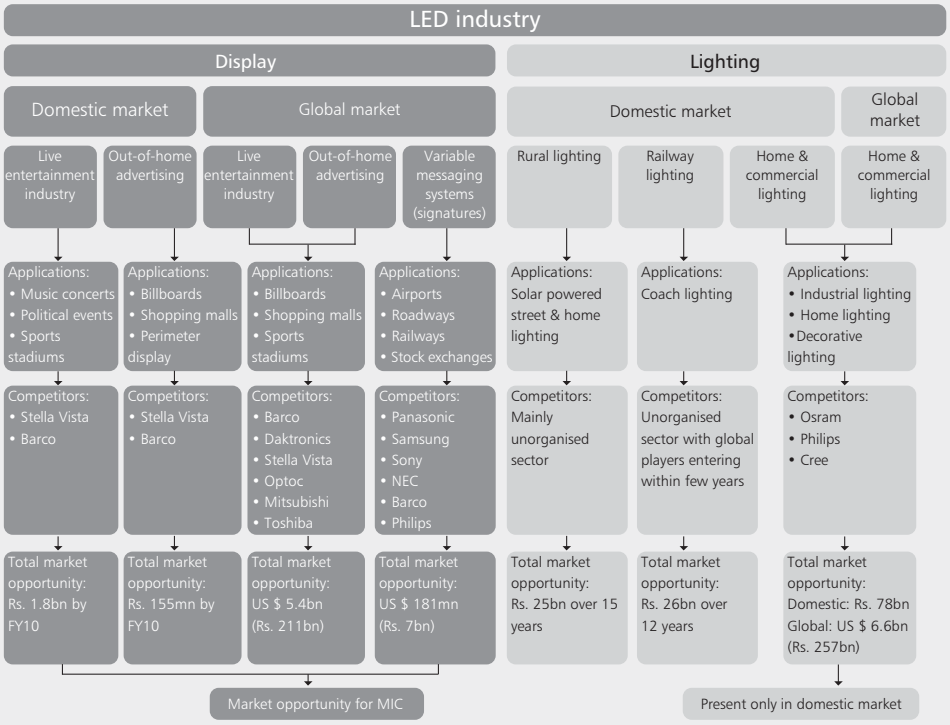
Place: Hyderabad
Date: 19th November 2008

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report has been included in adherence to the spirit enunciated in the code of corporate governance approved by the Securities and Exchange Board of India.

Management presents herein the industry overview, opportunities and threats, initiatives by the Company and its overall strategy and outlook for the future. This outlook is based on the assessment of current business environment, which may vary due to the future economic and other developments both in India and abroad.

Industry structure and development



LED displays

Global market

LED displays have gained popularity in advertisements, live entertainments and sports stadia in recent years. The global LED display market is growing annually at 12%, with North America accounting for 35% of the total USD 3.9-billion market (2007). Asia is the second largest market, followed by Europe, South America and the Middle East. Mobile displays account for 42% of the

market; major global players include Daktronics, Barco, Yesco, Mitsubishi and Lighthouse Electronics.

Growth drivers

Media industry: The global entertainment and media industry, estimated at USD 1.5 trillion, is growing at a 6.6% CAGR and is likely to exceed USD 1.8 trillion by 2010. BRIC countries are the industry's key drivers, accounting for 24% of the incremental business with around 15-19 % growth.

Sports: The popularity of soccer, cricket and other famous world championships has widened the industry opportunity. Around 2,000 international soccer matches will be played worldwide in 2009 *[Source: www.soccerpunter.com].*

OOH industry: LED signs are popular because of their programmability, making targeted marketing and interactive interfacing possible. Like websites, they can be networked and updated remotely with fresh and topical content. Signage and interactive message display accounts for 25% of the total LED market. Besides, the out of home segment is outperforming total media industry growth, driving the LED display market.

Indian market

The LED display market remains buoyant, driven by the Rs. 12-billion out-of-home (OOH) media market. The OOH delivery channels fall into three categories – billboards (75%), street furniture (15%) and transit (5%). Expensive LED walls have created an opportunity for short-tenure display rentals. The global USD 210-million display rentals market is growing at 13% annually, driven by the live entertainment industry. India is witnessing a huge rental opportunity as well; relevantly, MIC Electronics tied up with Delhi Metro for the rental LED display business.

Growth drivers

Growing ad spend: India's ad spend as a percentage of the GDP is a poor 0.34%, compared with a 0.98% global average, China's 0.55% and Singapore's 1.12%. This under-penetration is expected to correct.

Organised players: The advent of organised players has consolidated the media industry, enhancing LED display marketability.

Evolving marketing dynamics: Short and localised ad campaigns by telecom, automobile, airlines, real estate, films and financial services (IPO's) sectors are driving LED display demand.

Increasing preference: The spawning of new high-cluster/ traffic/catchment areas — arterial roads, airports and malls, among others — has created new OOH centres with a large addressable audience, driving mobile LED displays.

Quick installation: The installation of painted billboards takes longer, enhancing a preference for digital display for immediate and short-tenure events.

Increasing experiential marketing: A Rs. 35-billion worth experiential entertainment industry is driving the LED display market.

Advantages of LED displays

For the advertisement provider	For the advertiser
Multiple advertisements displayed in a day	Increased viewership, following dynamic advertisements
Unmanned operations resulting in cost savings	Can select specific time slots to air advertisements based on target audience
Clients can be charged depending on the time of day (prime time ads on TV), improving yields	Ability to display advertisements in the form of videos

LED lighting solutions

The highly durable and efficient LED lighting product has seen enhanced demand in developed nations in recent years following increasing power shortage.

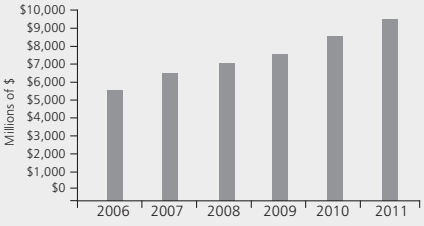
Applications

Automotive and aircraft cabin lighting	Industrial and outdoor lighting
Automotive and aircraft instrument panel lighting	Traffic and railway signals
Architectural emergency exit lighting	Automotive brake lights
Architectural colour effect lighting	Dot matrix signs and video displays

Global market

The nascent USD 6.6-billion LED lighting industry is growing at 20% annually on account of durability, efficiency, lower energy consumption and lower overall cost. The annual running cost of LED lighting is 50% lower than CFLs, with no replacement required for a minimum 11 years.

LED lighting -- Global market



Growth drivers

The growth of LED lighting demand in the global market is driven by the following factors:

Energy efficiency: LEDs represent the most energy and cost-efficient lighting source, consuming 10 times less power than CFLs and being biodegradable.

Low emission: LED carbon emissions are significantly lower as they produce more power with lower energy consumption.

Growing automobile use: Global LED sales to the automobile industry stood at USD 650 million in 2006 [Source: IMS Research] and are expected to reach USD 1.3 billion by 2016 on account of their efficient and non-dazzle background illumination.

Indian market

India's USD 1.5-billion lighting industry is growing at 15% annually, catalysed by economic growth and the government's decision to convert rural electrification from conventional products to LED on account of its efficiency and durability.

Growth drivers

The growth of LED lighting demand in India is driven by the following factors:

Railway lighting: The Indian Railways proposes to create a Rs.1,000-million emergency lighting and a Rs. 12,000-million coach lighting opportunity, covering 100,000 existing coaches and 3000 coaches built annually

Rural lighting: The government proposes to electrify 6,727 villages across India including 6,431 villages (especially in Haryana, Tamil Nadu, Tripura, Uttaranchal and West Bengal) through the solar voltaic technology, a huge opportunity for the LED lighting industry.

Infotech and communications services

India is the world's second-largest telecommunications network with 300 million telephone subscribers; it also the fastest growing global telecom market, adding around 8.5-10 million new mobile subscribers a month [Source: ibef.org]. It is projected that the industry will generate USD 43-billion revenues in 2009-10, driving the demand for integrated telecom solutions *[Source: ibef.org]*.

Growth driver

The growth of telecom solutions in India is driven by the following factors:

Rural telecom infrastructure: India's rural teledensity is about 10% against a national average of 27%, indicating a large untapped potential for mobile telephony [Source: ibef.org]. BSNL is expected to invest USD 125.6 million to reinforce its rural telecom infrastructure in West Bengal *[Source: ZDNet Asia]*.

Opportunities and threats

MIC has been able to create a strong base of growth by introducing various value added products in the LED segment. The Company introduced LED solutions in 2007-08 which in the coming years would contribute immensely to the Company's revenue. The Company is

also enhancing its presence in the global market that will strengthen the revenue of the Company. The demand for the LED based products is expected to be high in the coming years on account of growing spending by the advertising agencies, railway station, airports, event managers among the others.

Outlook

The Company has adopted the best and most sophisticated technology to suit global requirements, the Company, apart from global diversification has been making international forays in the same industry and has successfully forayed into international market.

Financial performance with respect to operational performance

During the year under review, the Company has achieved a 30% increase in turnover and 103% increase in net profit for the year ended 30th June 2008 as against the turnover and net profits of the previous year

Particulars	Amount
Media	182.13
Infotech and communication	131.88
Total	314.01
Less : Inter segment revenue	–
Net sales from operations	314.01

Internal control systems and their adequacy

Internal control systems are aimed at promoting operational efficiencies, while stressing the adherence to policies, which ensure that assets and interests of the Company are safeguarded and checks and balances are in place to determine the accuracy and reliability of accounting data.

Internal audit ensures that systems are designed and implemented with adequate internal controls, commensurate with the size and operations of transactions, and which are executed and assets are safeguarded and deployed in accordance with the policies.

The audit committee has been constituted as a sub committee to the Board of Directors and it consists of majority of Independent Directors; the meetings of the committee are held periodically to review the financial statements.

Industrial relations and human resource development

The Company continues to improve daily living and to create a workplace where every person can reach his or her full potential. The work environment gives employees the freedom to make the most of them; learning and relevance are key principles at the Company. The Company believes in talent acquisition and retention, to augment its plan of making its presence more prominent to global markets. The Company has developed an HRD plan with parameters to achieve excellent results; steps have been initiated to create a sense of belonging in the minds of employees, which in turn, enhances productivity per employee, while gearing them to face the challenges in the competitive business environment to achieve the desired goals.

Cautionary statement

Statements in Management Discussion and Analysis, describing MIC's objectives, projections, estimates and expectations may be forward-looking statements. Actual results may differ materially from those expressed or implied. Important factors that could make a difference to the MIC's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which MIC operates, coupled with changes in Government regulations, tax laws, statutes and other incidental factors.

On behalf of the Board
For **MIC Electronics Limited**

Sd/- Sd/-

Dr. M.V. Ramana Rao **L. N. Malleswara Rao**

Chairman and Managing Director *Director*

Place: Hyderabad
Date: 19th November 2008

Report on

CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreement)

Company philosophy on Corporate Governance

Corporate Governance aims to meet the shareholders aspirations and societal expectations. It is a commitment backed by the fundamental belief of maximising shareholder value, transparency in functioning, values and mutual trust among all the constituents of the organisation. It is not a discipline imposed by a regulator, rather a culture that guides the Board, management and employees to function towards the best interest of the stakeholders.

In our Company, Corporate Governance philosophy stems from our belief that Corporate Governance is a key element in improving efficiency and growth as well as enhancing investor confidence.

We make continuous efforts to adopt the best practices and we believe that shall go beyond the adherence to regulatory framework. Our corporate structure, business and disclosure practices have been aligned to our Corporate Governance philosophy.

Board of Directors

• Composition and size of the Board

The policy is to have an appropriate mix of executive and independent directors to maintain the independence of the Board and to separate the Board functions of governance and management. At present, the Board of Director comprises 12 Directors out of which four are Executive Directors and eight are Non-Executive and Independent Directors.

Sr. No	Director	Category	Number of other Directorships and committee membership / Chairmanships		
			Other Directorships	Committee memberships	Committee Chairmanships
1.	Dr. M.V. Ramana Rao	Promoter, Executive	6	1	–
2.	Shri Shrikant P Joshi (Appointed on 19th November 2008)	Non-independent, Executive	4	–	–
3.	Shri Ranjan Kapur	Independent, Non Executive	12	–	–
4.	Shri Somendra Khosla	Independent, Non Executive	12	2	–
5.	Shri Harsh Mariwala	Independent, Non Executive	8	–	2
6.	Shri N Sreenivasa Rao	Independent, Non Executive	1	–	1
7.	Shri U Ramakrishna	Non-independent, Executive	–	–	-
8.	Shri Y Harish Chandra Prasad	Independent, Non Executive	25	1	1
9.	Shri L N Malleswara Rao	Non-independent, Executive	–	1	–
10.	Shri Vidya Sagar Anisingaraju	Independent, Non Executive	–	–	–
11.	Shri Atluri Venkata Ram	Independent, Non Executive	1	–	–
12.	Shri Anil Goyal	Independent, Non Executive	8	1	1
13.	Shri Mangilal Kalani (Resigned with effect from 21st March 2008)	Independent, Non Executive	–	-	–

- Number of other Directorships include Public Limited and Private Limited Companies incorporated in India.
- Number of other Directorships and committee memberships as on the date of the Directors' Report.

• Board Meetings

Board Meetings held during the financial year ended 30th June 2008

During the year, eight Board Meetings were held on 24th July 2007, 23rd October 2007, 13th December 2007, 12th January 2008, 22nd January 2008, 25th April 2008, 19th May 2008 and 14th June 2008.

Attendance of Directors in the above said meetings:

Sr. No	Director	Attendance particulars	
		Board Meeting	Last AGM
1.	Dr. M.V. Ramana Rao	8(8)	Yes
2.	Shri Shrikant P Joshi (Appointed on 19th November 2008)	–	–
3.	Shri Ranjan Kapur	1(8)	No
4.	Shri Somendra Khosla	0(8)	No
5.	Shri Harsh Mariwala	1(8)	No
6.	Shri N Sreenivasa Rao	7(8)	Yes
7.	Shri U Ramakrishna	8(8)	Yes
8.	Shri Y Harish Chandra Prasad	6(8)	Yes
9.	Shri L N Malleswara Rao	8(8)	Yes
10.	Shri Vidya Sagar Anisingaraju	2(8)	No
11.	Shri Atluri Venkata Ram	2(8)	No
12	Shri Anil Goyal	8(8)	Yes
13.	Shri Mangilal Kalani (Resigned with effect from 21st March 2008)	2(5)	No

The maximum gap between any two of the Board meetings was not more than four months.

The information as required under Clause 49 of the Listing Agreement is made available to the Board. The agenda and the related papers for consideration at the Board Meeting are circulated sufficiently in advance of the Board Meetings.

Details of the Directors seeking appointment or reappointment as Directors in the forthcoming Annual General Meeting to be furnished under listing agreement.

N Srinivasa Rao, Director

Shri N. Srinivasa Rao, a double Post Graduate in public administration and political science from Andhra University, has seven years of experience in various administrative positions of different departments of the Andhra University and more than 25 years of experience in teaching at various prestigious colleges. He directs the Company in the areas of employee welfare, HR and general administration. At present, he is the vice-chairman of DVR and Dr HS MIC College of technology, a famous engineering college in A.P. near Vijayawada, under Jawaharlal Nehru Technological University (JNTU), approved by All India Council for Technical Education (AICTE) and certified ISO9000:2000. He spearheads the financial and management activities of the college.

Atluri Venkata Ram, Director

Shri Atluri has over 22 years of diverse technical, management and entrepreneurial experience in India, USA and Japan. He began career with ONGC, Baroda. Subsequently he moved to USA to complete is Graduate Degree in Computer Architecture. He spent 5 years at National Semiconductor in various design roles and seven years at Cadence Design Systems in various business and management roles. He was the founder and CEO of Taranti Inc. a design services company in USA and currently is the CEO of MIC Electronics Inc, a wholly owned USA subsidiary of MIC Electronics Limited.

Shri Atluri holds 2 US patents on FPGA architecture derived from his early innovations on Nationals first FPGA family of devices. His current focus is on renewable energy and green technologies. He received his Under Graduate Degree from Andhra University, Waltair and Graduate Degree from Oregon State University USA. He is proficient in Telugu, English and Japanese."

Y Harish Chandra Prasad, Director

Shri Y Harish Chandra Prasad is a Bachelor of Engineering (Mechanical), with a First Class and distinction from Osmania University College of Engineering, Hyderabad. He is also Master's in Computers and Information Sciences from Brooklyn College of the City University, New York.

His experience covers planning, engineering, design, procurement, construction and commissioning of a large number of power plants.

He was the Managing Director of LANCO Kondapalli Power Private Limited till end of 2005 and spearheaded the setting up of 368.144 MW LANCO Kondapalli Power Project, the first independent power project in India, finalised under tariff-based international competitive bidding, in a record time. He was instrumental in building the Power Division of the LANCO Group.

He also promoted **Malaxmi Group** excelling in Infrastructure, predominantly in Power, Coal Mining, IT Parks, SEZs, Industrial & Food Processing Parks, Property Development, etc.

He is engaged in number of Industry and Academic associations holding various positions.

Shrikant P Joshi, CEO

Shri Shrikant Joshi is a B Tech from IIT Delhi and holds post graduate diploma in management from IIM Ahmedabad.

His rich 25 years of experience covers adoption and implementation of internationally benchmarked product creation, product introduction and business creation process across industries like Trading, Consumer Products, Lighting, Information Technology, Appliances, Food, Service Industry (Internet), Retail (iways) and now in Hospitality /Real estate. He has worked in companies like Wipro, Philips, Heinz, Sify and Emaar MGF. Presently, he is the CEO of MIC Electronics.

He was the founder member of Wipro lighting and was also engaged in business development, restructuring and strategies in Wipro Information Technology. He was also involved in designing and implementation of turnround strategies for Philips and Sify. He was an accredited auditor for world class quality audits for Philips. He audited plants in China, Singapore for Philips and was also the Coach for Leadership Labs. He was a member of International Development Platform to formulate world wide strategies (Philips), benchmarked quality, costs and produced world class irons in India . He used Six Sigma extensively to improve customer service for Sify in India.

Audit Committee

The Audit Committee consists of the following members:

Name of the Director	Designation	Nature of Directorship	Profession
Shri Anil Goyal	Chairman	Independent Director	Business
Shri Somendra Khosla	Member	Independent Director	Business
Dr. M.V. Ramana Rao	Member	Managing Director	Business

Terms and reference of the Audit Committee include a review of:

- Financial reporting process
- Draft financial statements and Auditor's Report (before submission to the Board)
- Accounting policies and practices
- Internal controls and internal audit systems
- Risk management policies and practices
- Related-party transactions
- Internal audit reports and adequacy of internal audit function

The role of the Audit Committee includes recommending the appointment and removal of the external auditor, discussion of the audit, plan and fixation of audit fee and also approval of payment of fees for any other services.

Investors' Grievance Committee

The Board constituted an Investors' Grievance Committee, which deals with shareholders and investors grievances under the Chairmanship of Shri N. Srinivasa Rao, who is an Independent and Non- Executive, Director.

Composition of the committee:

Name of the Director	Designation	Nature of Directorship	Profession
Shri N Srinivasa Rao	Chairman	Independent Director	Business
Shri Y Harischandra Prasad	Member	Independent Director	Business
Shri L N Malleswara Rao	Member	Executive Director	Business

Name and Designation of the Compliance officer: **Vasudeva Rao Devaki** Company Secretary

Email id for investor grievances: **cs@mic.co.in**

Number of shareholders complaints received so far.

During the year, the Company received 92 complaints and all are resolved and there are no complaints pending as on 30th June 2008.

Remuneration Committee

Composition of the committee:

Name of the Director	Designation	Nature of Directorship	Profession
Shri Y Harischandra Prasad	Chairman	Independent Director	Business
Shri Anil Goyal	Member	Independent Director	Business
Shri Somendra Khosla	Member	Independent Director	Business

Details of remuneration paid to Directors are given below:

Name of the Director	Relationship with other Directors	Business relationship with Company if any	Loans and advances from Company	Remuneration Sitting fees Rs.	Paid during the year 2007-08		
					Salary Rs.	Commission Rs.	Total (in Rs.)
Dr. M.V. Ramana Rao	Nil	None	None	–	19,69,282		19,69,282
Shri L N Malleswara Rao	Nil	None	None	–	6,00,000	–	6,00,000
Shri U Ramakrishna	Nil	None	None	–	6,00,000	–	6,00,000

The broad terms of reference of the Remuneration Committee are to determine on behalf of the Board and on behalf of shareholders with agreed terms of reference, the Company's policy on specific remuneration package for Executive Directors, administration of Employees Stock Option Scheme and administration of employee compensation and benefit plans

The details of shares held by the Directors as on 30th June 2008:

Sl. No	Names of the Director	No. of Shares held (FV Rs. 2/-)
1	Dr. M.V. Ramana Rao	33932565
2	Shri Vidya Sagar Anisingaraju	803860
3	Shri Y Harish Chandra Prasad	750000
4	Shri Atluri Venkata Ram	1092255
5	Shri Harsh Mariwala	750000
6	Shri L N Malleswara Rao	503260
7	Shri N Srinivasa Rao	200065
8	Shri Ranjan Kapur	172500
9	Shri U Ramakrishnan	30000
10	Shri Somendra Khosla	nil
11	Shri Anil Goyal	nil

Details of Annual General Meetings: Location and time of the last three AGMs.

Financial year	Date and time	Venue	Nature of Special Resolutions, if any passed
2006-07	22-12-2007 4.00.P.M	A-4/II, Electronic Complex, Kushaiguda, Hyderabad-62	Amendment to Articles of Association for sitting fee provisions
2005-06	27.12.2006 2.00.P.M	A-4/II, Electronic Complex, Kushaiguda, Hyderabad-62	No Special Resolution passed
2004 -05	16.12.2005 10.30.A.M	A-4/II, Electronic Complex, Kushaiguda, Hyderabad-62	No Special Resolution passed

None of the Resolutions were put through postal ballot in the last year.

Disclosures

• Related-party transactions

Disclosure on materially significant related-party transactions i.e. transactions of the Company of material nature with its promoters, the Directors or the management's, their subsidiaries or relatives, etc., that may have potential conflict with the interests of the Company at large:

Disclosure with regard to transactions with related parties is given in the notes to accounts of the audited financial statements for the year ended 30th June 2008. These transactions are not in conflict with the interest of the Company.

• Penalties

Details of non-compliance by the Company, penalties imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years:

There were no instances of non-compliances, penalties on any matter related to the capital markets, during last three years.

Means of communication

• Quarterly results:

The quarterly results of the Company are published in accordance with the requirements of the Listing Agreement, in the newspapers, having wide circulation viz. The Economic Times (English Daily), Business Standard (English Daily), Eenadu (Telugu Daily), Andhra Prabha (Telugu Daily) and Vaartha (Telugu Daily).

• News releases and presentations:

Official news releases, detailed presentations made to the media, analysts, institutional investors, etc., if any, will be displayed on the Company's website - www.micelectronics.com.

The Management Discussion and Analysis Report prepared by the management and forming part of the Annual Report is attached separately.

General shareholder information

Registered office	A-4/II, Electronic Complex, Kushaiguda, Hyderabad-500062 Andhra Pradesh
Date and Venue of AGM	27th December 2008 at A-4/II, Electronic Complex, Kushaiguda, Hyderabad-500062 Andhra Pradesh
Financial year	1st July 2007 to 30th June 2008
Tentative calendar of events for 2008-09 (July - June)	Result for 1st quarter ending 30th September 2008 - 20th October 2008 Result for 2nd quarter ending 31st December 2008 - before end of January 2009 Result for 3rd quarter ending 31st March 2009 - before end of April 2009 Result for 4th quarter ending 30th June 2009 – before end of July 2009
Book Closure for AGM	24th December 2008 to 27th December 2008
Dividend payment date	On or after 27th December 2008, if declared
Listing on Stock Exchanges	National Stock Exchange Ltd (NSE) Stock Code - MIC Bombay Stock Exchange Ltd (BSE) Stock Code – 532850

Registrars & Transfer Agents (RTA)	Venture Capital and Corporate Investments Pvt Ltd 12-10-167, Bharatnagar, Hyderabad-500018 Tel: 040-23868257, Email: info@vccilindia.com
Share Transfer System	Physical share transfers are processed and share certificates are returned to the shareholders within a maximum period of one month from the date of receipt, subject to the documents being valid and complete in all respects.
Dematerialisation of shares	Company provided demat facility through National Securities Depository Ltd & Central Depository Services Ltd Having ISIN: INE287C01029
Outstanding GDRs / ADRs/ Warrants or any Convertible instruments, conversion date and likely impact on equity	Company allotted 17481725 share warrants on 28th July 2008 which are pending for conversion before 27th January 2010
CIN Number	L31909AP1988PLC008652

• Market price data: High, low during each month from 1st July 2007 to 30th June 2008 on BSE.

Month	High Price	Low Price	No. of shares
July 2007	424.80	374.00	7899685
August 2007	452.00	332.25	8702660
September 2007	603.70	413.00	12871746
October 2007	587.00	420.00	1927514
November 2007	632.00	487.20	823561
December 2007	1,087.80	592.00	2173428
January 2008	1,080.00	720.00	549896
February 2008	859.00	701.00	90557
March 2008	789.00	612.05	103907
April 2008	970.00	637.00	301718
May 2008	1,025.00	725.00	497330
June 2008	756.00	100.50	546550

• Performance in comparison to broad based indices such as BSE SENSEX

MONTH	HIGH PRICE	BSE SENSEX
July 2007	424.80	15,868.85
August 2007	452.00	15,542.40
September 2007	603.70	17,361.47
October 2007	587.00	20,238.16
November 2007	632.00	20,204.21
December 2007	1,087.80	20,498.11
January 2008	1,080.00	21,206.77
February 2008	859.00	18,895.34
March 2008	789.00	17,227.56
April 2008	970.00	17,480.74
May 2008	1,025.00	17,735.70
June 2008	756.00	16,632.72

• Distribution of shareholding as on 30th June 2008

Shareholding of Nominal Value Rs. (1)		Shareholders		Share amount	
		Numbers (2)	% of Total (3)	In Rs. (4)	% of Total (5)
Upto	5,000	10,817	91.32	5,92,966	2.94
5,001	10,000	402	3.39	2,99,312	3.48
10,001	20,000	220	1.85	3,27,519	1.62
20,001	30,000	107	0.90	2,74,353	1.36
30,001	40,000	47	0.39	1,65,816	0.82
40,001	50,000	41	0.34	1,88,289	0.93
50,001	1,00,000	67	0.56	4,81,073	2.39
1,00,001	And above	144	1.21	1,77,98,327	88.42
	TOTAL	11845	100.00	2,01,27,655	100.00

• Shareholding pattern as on 30th June 2008

Sl. No	CATEGORY	No. of shares held	Percentage of shareholding
1.	Promoters/Directors/Associates	37,031,830	36.80
2.	Mutual Funds	6,568,525	06.53
3.	FIIs	14,988,950	14.89
4.	Private Corporate Bodies	3,804,235	03.78
5.	Indian Public	31,721,395	31.52
6.	NRIs / OCBs	6,523,340	06.48
	TOTAL	**100,638,275**	**100.00**

BY ORDER OF THE BOARD OF DIRECTORS
For **MIC ELECTRONICS LIMITED**

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

Place: Hyderabad
Date: 19th November 2008

DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchange, the Board of Directors and the Senior Management personnel have confirmed compliance with the Code of Conduct and Ethics for the financial year ended 30th June 2008.

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

Auditors' Report on Compliance of Conditions on Corporate Governance

To
The Shareholders of
MIC Electronics Limited

We have examined the compliance of conditions of Corporate Governance by MIC Electronics Limited, for the year ended on 30th June 2008 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders Grievances Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Pinnamaneni & Co.**
Chartered Accountants

Sd/-
P.V.V. Satyanarayana
Partner

Place: Hyderabad
Date: 19th November 2008

Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification

To
The Board of Directors
MIC Electronics Limited

We the undersigned, in our respective capacities as the Managing Director and Director of MIC Electronics Limited ("The Company") to the best of our knowledge and belief certify that:

(a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:

  (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

  (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

(c) we accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the auditors and the Audit committee that there are no

  (i) significant changes in internal control over financial reporting during the year;

  (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

  (iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For **MIC Electronics Limited**

	Sd/-	Sd/-
Place: Hyderabad	**Dr. M.V. Ramana Rao**	**L.N. Malleshwar Rao**
Date: 19th November 2008	*Managing Director*	*Director*

FINANCIAL SECTION

AUDITORS' REPORT

To
The Share Holders of
M/s. MIC Electronics Limited

We have audited the attached Balance Sheet of M/s.MIC Electronics Limited, as at 30th June 2008 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed hereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Company's (Auditors Report) Order, 2003 issued by the Department of Company Affairs, in terms of Section 227(4A) of the Companies Act, 1956, we give in the annexure a statement on the matters specified in Paragraphs 4 and 5 of the said order.
2. Further to above, we report that :
   i. We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;
   ii. In our opinion, proper books of accounts as required by law have been kept by the company so far, as appears from our examination of books.
   iii. The Balance sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account.
   iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
   v. Based on information and explanations given to us and representations received from the directors of the Company, as on 30th June 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30th June 2008 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
   vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
      a) In the case of the Balance Sheet, of the state of affairs of the Company as at 30th June 2008 and
      b) In the case of the Profit and Loss Account, of the profit for the year ended on that date. And
      c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

for **Pinnamaneni & Co.**,
Chartered Accountants

Sd/-
P.V.V. Satyanarayana
Partner

Place : Hyderabad
Dated : 19th November 2008

Referred To In Paragraph (1) In Our Report Of Even Date For The Year Ended 30th June 2008.

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the management. There is annual verification of fixed assets, which in our opinion is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies have been noticed on such verification.

   b) During the year the company has not disposed off substantial part of the assets. According to the information and explanations given to us, we are of the opinion that no transactions are effected involving disposal of assets so as to effect going concern status of the company.

2. a) The stocks of finished goods, stores, spare parts and raw materials have been physically verified during the year by the management. In our opinion, the frequency of the verification is reasonable.

   b) The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

   c) The discrepancies noticed on verification between the physical stocks and book records, which have been properly dealt with in the books of account, were not material.

   d) On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.

3. a) The Company has taken loans from Companies, Firms or other parties listed in the registers maintained under Section 301 or from Companies under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956. According to the information and explanations given to us the terms and conditions of these loans are not prima facie prejudicial to the interests of the Company.

   b) The Company has granted loans, secured or unsecured to Companies, firms or other parties listed in the registers maintained under Section 301 or to Companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956. According to the information and explanations given to us the terms and conditions of these loans are not prima facie prejudicial to the interests of the Company.

   c) Parties to whom loans and advances (Interest free/Interest bearing) in the nature of loans have been given by the company are generally repaying the principal amounts and have also been generally regular in repayment of interest where ever applicable.

4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of the stores, raw materials including components, plants and machinery, equipment and other assets and with regard to the sale of goods.

5. In our opinion and according to the information and explanations given to us, the transactions of purchase of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the registers maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs.5,00,000/- or more in respect of each party, have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials or services or the prices at which transactions for similar goods, materials or services have been made with other parties.

6. In our opinion and according to the information and explanations given to us, the provisions of Section 58-A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975, do not apply to this Company, as it has not accepted deposits from the public other than directors of the company.

7. The Company has an adequate internal Audit system commensurate with the size and nature of the business.

8) As per the information given to us the Central Government has not prescribed maintenance of Cost records under Section 209(1)(d) of the Companies Act, 1956.

9. a) According to the records of the Company, the company is generally regular in depositing the Provident Fund dues and Employees State Insurance dues with the appropriate authorities.

   b) According to the information and explanations given to us there are no undisputed amounts of Income Tax, Wealth Tax, Customs Duty, Sales Tax and Excise Duty outstanding as at 30th June 2008 for a period of more than 6 months from the date they became payable.

10. In our opinion, the company neither accumulated losses at the end of the year exceeding fifty percent of its net worth, nor incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

11. As per the records of the Company and according to the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.

12. According to the information and explanations given to us, the company has not given any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. In our opinion the company is not a chit fund or a nidhi/mutual benefit fund/ society. Accordingly the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

14. In our opinion, the company is not dealing in or trading in shares, securities, and debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

15. In our opinion, according to the information and explanations given to us, the company has given guarantees for loans taken by the others from banks or financial institutions.

16. In our opinion, during the year the company has not raised any term loans.

17. In our opinion, according to the information and explanations given to us and on an overall examination of statements and records of the company, that the funds raised on short-term basis have, prima facie, not been used during the year for long-term investment and vice versa.

18. In our opinion, according to the information and explanations given to us, the company has not issued debentures during the period covered by our report.

19. In our opinion, the company has not raised money by way of public issue for the purpose of expansion of manufacturing facilities, research & development, operations, acquisitions and working capital of the company during the year.

20. In our opinion, that company has made preferential allotment of share warrants during the year to parties covered in the register maintained under section 301 of the Companies Act, 1956.

21. In our opinion, the Company is not required to create/register/modify any security (Charge) as company is not holding/issued any debentures.

22. According to the information and explanations given to us and based on audit procedures performed, no fraud on or by the Company has been noticed during the year.

for **Pinnamaneni & Co.**,
Chartered Accountants

Sd/-
P.V.V. Satyanarayana
Partner

Place : Hyderabad
Dated : 19th November 2008

MIC Electronics Limited

BALANCE SHEET as at 30th June 2008

(Amount in Rs.)

	Schedules	As at 30.06.2008		As at 30.06.2007	
I. SOURCES OF FUNDS					
1. Share holders funds					
Share Capital	1	201,276,550		201,276,550	
Share Warrants Application Money		383,506,961		–	
Reserves & Surplus	2	2,076,942,656		1,465,851,459	
			2,661,726,167		1,667,128,009
2. Loan Funds					
Secured Loans	3		241,193,830		72,687,920
3. Deferred Tax Liability			17,749,428		11,301,216
Total			**2,920,669,425**		**1,751,117,145**
II. APPLICATION OF FUNDS					
1. Fixed Assets					
Gross Block	4	313,525,415			255,979,921
Less: Depreciation		90,968,978			72,195,972
Net Block		222,556,437			183,783,949
Capital Work in Progress		817,522,599			154,259,894
			1,040,079,036		338,043,843
2. Investments	5		192,492,418		117,297,522
3. Current Assets, Loans & Advances					
Inventories	6	199,121,921			88,410,133
Sundry Debtors	7	1,450,344,949			1,396,252,264
Cash & Bank Balances	8	83,955,159			425,374,753
Loans & Advances	9	705,085,495			257,510,436
		2,438,507,524		2,167,547,586	
Less: Current Liabilities & Provisions	10	781,102,374		914,661,568	
Net Current Assets			1,657,405,150		1,252,886,018
4. Miscellaneous Expenditure (to the extent not written off)					
Issue expenses			30,692,821		42,889,762
Total			**2,920,669,425**		**1,751,117,145**
Accounting Policies & Notes on Accounts ;	19				

As per our report of even date
For **Pinnamaneni & Co.,**
Chartered Accountants

For and on behalf of the board

Sd/-
P.V.V. Satyanarayana
Partner

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

Sd/-
L.N. Malleswara Rao
Director

Place : Hyderabad
Date : 19th November 2008

PROFIT AND LOSS ACCOUNT for the year ended 30th June 2008

(Amount in Rs.)

	Schedules	Current Year	Previous Year
I. INCOME			
Sales & Services	11	3,122,112,639	2,408,111,931
Increase/(Decrease) in Stock	12	31,321,252	(13,301,400)
Other Income	13	17,985,231	4,487,929
Total		**3,171,419,122**	**2,399,298,460**
II. EXPENDITURE			
Material Consumed	14	2,041,444,610	1,853,104,880
Employee Cost	15	55,748,761	33,028,382
Manufacturing, Administrative & Sales Expenses	16	212,204,566	99,784,320
R&D Expenditure	17	19,957,560	14,692,675
Interest and Financial Charges	18	25,833,486	24,432,939
Depreciation		18,773,005	16,780,334
Total		**2,373,961,988**	**2,041,823,530**
III. PROFIT FOR THE YEAR		797,457,134	357,474,930
Add : Excess Provision of Income Tax for earlier years		–	117,214
Less : Provision of Income Tax for earlier years		5,384	–
		797,451,750	357,592,144
Provision for :			
Fringe Benefit Tax		1,260,368	579,935
Current Tax		131,555,273	25,696,714
Deferred Tax		6,448,212	7,748,599
Net Profit After Tax		658,187,897	323,566,896
Balance in Profit & Loss account b/f		465,892,849	219,422,653
Available for Appropriation		1,124,080,746	542,989,549
General Reserve		50,000,000	30,000,000
Proposed Dividend @ Re.0.40 on equity shares of Rs.2/- each		40,255,310	40,255,310
Corporate Dividend Tax		6,841,390	6,841,390
Balance carried to balance sheet		1,026,984,046	465,892,849
EPS (Basic) on Equity Share of Rs.2/- each		6.54	3.22
EPS (Diluted) on Equity Share of Rs.2/- each		5.57	3.22
Accounting Policies & Notes on Accounts ;	19		

As per our report of even date
For **Pinnamaneni & Co.,**
Chartered Accountants

Sd/-
P.V.V. Satyanarayana
Partner

Place : Hyderabad
Date : 19th November 2008

For and on behalf of the board

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

Sd/-
L.N. Malleswara Rao
Director

MIC Electronics Limited

SCHEDULES FORMING PART OF BALANCE SHEET as at 30th June 2008

(Amount in Rs.)

		As at 30.06.2008		As at 30.06.2007	
Schedule 1 SHARE CAPITAL					
Authorised					
150,000,000	Equity Shares of Rs.2/- each		300,000,000		220,000,000
	(On 07/07/08, each equity share of Rs10/- is subdivided into 5 equity shares of Rs.2/- each) (Previous year 22,000,000 Equity Shares of Rs.10/- each)				
Issued & Subscribed					
100,638,275	Equity Shares of Rs.2/- each		201,276,550		201,276,550
Paidup					
100,638,275	Equity Shares of Rs.2/- each		201,276,550		201,276,550
	Total		**201,276,550**		**201,276,550**

Schedule 2 RESERVES & SURPLUS					
Capital Subsidy			267,000		267,000
Share Premium Account	- Opening Balance	951,691,610		166,242,810	
	- Additions	–		831,191,650	
	- Reductions	–		45,742,850	
	- Closing Balance		951,691,610		951,691,610
Amalgamation Reserve			18,000,000		18,000,000
Surplus in P&l Account	- Opening Balance	465,892,849		219,422,653	
	- Additions	658,187,897		323,566,896	
	- Reductions	97,096,700		77,096,700	
	- Closing Balance		1,026,984,046		465,892,849
General Reserve	- Opening Balance	30,000,000		–	
	- Additions	50,000,000		30,000,000	
	- Closing Balance		80,000,000		30,000,000
Total			**2,076,942,656**		**1,465,851,459**

Schedule 3 SECURED LOANS					
Working Capital Loans:					
State Bank Of India			150,151,100		30,625,079
Development Credit Bank Limited			63,454,798		2,068,359
Term Loans:					
Technology Development Board			23,759,000		34,836,000
Small Industries Development Bank of India			–		143,000
National Research Development Corp.			3,000,000		3,000,000
Loans under hire purchase against vehicles			828,932		2,015,482
Total			**241,193,830**		**72,687,920**

SCHEDULES FORMING PART OF BALANCE SHEET as at 30th June 2008

(Amount in Rs.)

Schedule 4 FIXED ASSETS

SLy. No.	Name of the Asset	GROSS BLOCK (At Cost)				DEPRECIATION				NET BLOCK	
		As At 01.07.2007	Additions	Deletions	As At 30.06.2008	Upto 01.07.2007	For The Year	Deletions	Upto 30.06.2008	As At 30.06.2008	As At 30.06.2007
1.	Land & Land Development	9,225,674	14,687,150		23,912,824	–			–	23,912,824	9,225,674
2.	Buildings	25,480,587	5,089,869		30,570,456	4,490,436	920,391		5,410,827	25,159,629	20,990,151
3.	Plant & Machinery	194,697,100	24,799,658		219,496,758	55,657,815	15,239,173		70,896,989	148,599,769	139,039,285
4.	Furniture, Fittings and Office Equipment	14,020,452	3,476,344		17,496,796	5,904,556	931,629		6,836,185	10,660,611	8,115,896
5.	Vehicles	12,556,108	9,492,473		22,048,581	6,143,165	1,681,812		7,824,977	14,223,604	6,412,943
		255,979,921	**57,545,494**	–	**313,525,415**	**72,195,972**	**18,773,005**	–	**90,968,978**	**222,556,437**	**183,783,949**

	As at 30.06.2008	As at 30.06.2007
Schedule 5 INVESTMENTS		
UNQUOTED		
Investment in Associates		
Micronet Technologies Limited	–	500,000
Investment in Subsidiaries		
MIC Technologies Australia (Pty) Ltd, Australia	6,289,151	1,650
Infostep Inc., USA	147,004,108	110,945,872
Maave Electronics Pvt Ltd	12,826,659	–
MIC Digital Media Vizag Pvt. Ltd. (Share application money)	5,850,000	5,850,000
MIC Electronics Inc., USA	20,522,500	–
Total	**192,492,418**	**117,297,522**

Schedule 6 INVENTORIES (At cost)		
(As valued and certified by the Management)		
Raw Materials	139,857,527	60,466,991
Work in Progress	59,264,394	27,943,142
Total	**199,121,921**	**88,410,133**

Schedule 7 SUNDRY DEBTORS		
(Unsecured considered good)		
Debts due over six months	241,005,868	151,140,697
Other debts	1,209,339,081	1,245,111,567
Total	**1,450,344,949**	**1,396,252,264**

MIC Electronics Limited

SCHEDULES FORMING PART OF BALANCE SHEET as at 30th June 2008

(Amount in Rs.)

	As at 30.06.2008	As at 30.06.2007
Schedule 8 CASH & BANK BALANCES		
Cash on hand	4,818,658	6,413,840
Cash with Schedule Banks	10,273,467	47,605,107
Deposits with Schedule Banks	68,663,034	320,543,540
Balance in Mutul Funds	200,000	50,812,266
Total	**83,955,159**	**425,374,753**
Schedule 9 LOANS & ADVANCES		
(Unsecured, considered good recoverable in cash or in kind or for value to be received		
Advances for: Capital Items	5,129,570	210,500
Purchases	28,912,482	5,790,243
Expenses	3,415,512	2,077,744
Advances recoverable in cash or in kind or for value to be received	356,049,238	223,976,333
Advances to Employees	2,012,018	2,097,585
Deposits recoverable	284,610,912	15,753,433
Balance with Central Excise Dept.	12,004,497	2,633,850
Prepaid expenses	2,502,925	1,412,524
Advance Income Tax , TDS & FBT	10,448,341	3,558,224
Total	**705,085,495**	**257,510,436**
Schedule 10 CURRENT LIABILITIES & PROVISIONS		
a) **Current Liabilities**		
Creditors for materials	516,723,146	767,690,985
Creditors for expenses	34,813,152	37,746,992
Advances from Customers & others	39,390,598	13,114,018
Sub Total	**590,926,896**	**818,551,995**
b) **Provision**		
Proposed Dividend	40,255,310	40,255,310
Tax on Proposed Dividend	6,841,390	6,841,390
Income Tax	131,555,273	42,843,214
Fringe Benefit Tax	1,234,108	10,581
Leave Salary	3,014,452	1,934,078
Gratuity	7,274,945	4,225,000
Total	**781,102,374**	**914,661,568**

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT for the year ended 30th June 2008

(Amount in Rs.)

	Current Year	Previous Year
Schedule 11 SALES & SERVICES		
Domestic	3,016,156,442	2,291,413,700
Exports	51,473,914	84,381,389
Services	54,482,283	32,316,842
Total	**3,122,112,639**	**2,408,111,931**
Schedule 12 INCREASE/(DECREASE) IN STOCK		
Opening work in progress/ F.G.	27,943,142	41,244,542
Closing work in progress	59,264,394	27,943,142
Increase/(Decrease) in Stock Total	**31,321,252**	**(13,301,400)**
Schedule 13 OTHER INCOME		
Int. earned on deposits & others	16,345,422	3,992,250
Other Receipts	1,639,809	495,679
Total	**17,985,231**	**4,487,929**
Schedule 14 MATERIALS CONSUMED		
Opening Stock	60,466,991	50,143,154
Add : Purchases	2,124,457,726	1,867,701,659
	2,184,924,717	1,917,844,813
Less : Material consumed for R&D	3,622,580	4,272,942
	2,181,302,137	1,913,571,871
Less : Closing Stock	139,857,527	60,466,991
Total	**2,041,444,610**	**1,853,104,880**
Schedule 15 EMPLOYEE COST		
Salaries, Wages & Bonus	48,843,257	29,056,268
Contribution to PF and other funds	1,461,874	983,167
Staff Welfare Expenses	1,003,456	547,092
Leave Salary	1,170,062	722,585
Gratuity	3,270,112	1,719,270
Total	**55,748,761**	**33,028,382**

MIC Electronics Limited

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT for the year ended 30th June 2008

(Amount in Rs.)

	Current Year	Previous Year
Schedule 16 MANUFACTURING, ADMINISTRATIVE AND SALES EXPENSES		
Stores Consumed	2,099,386	1,277,962
Electricity Charges	1,554,604	962,704
Excise duty & Service Tax	47,587,377	20,452,716
Insurance	673,281	1,281,758
Job Works, Plotting ,Development & Testing Charges	4,459,520	1,533,392
Repairs and Maintenance	1,935,589	1,924,950
Expenses for Inter Connect Billing	15,377,035	11,329,204
Professional Charges	4,735,836	3,666,912
Rent, Rates & Taxes	53,066,214	14,061,369
Printing & Stationary	1,742,027	718,607
Postage, Telephone & Internet Expenses	3,441,503	2,091,379
Travelling, Conveyance & Transport Exp.	17,192,699	9,025,549
Freight, Packing & Forwarding	4,683,134	2,321,603
Vehicle Maintenance	1,765,324	1,262,210
Audit Fee	300,000	70,000
General Charges	27,569,250	9,317,700
Bad Debts & Debit Balances written back	523,867	463,531
Bank Charges	8,611,124	4,297,079
Sales Expenses	4,655,856	3,003,255
Issue Expenses Written off	10,230,940	10,722,440
Total	**212,204,566**	**99,784,320**

Schedule 17 R&D EXPENDITURE		
Materials	3,622,580	4,272,942
Employees Cost	15,840,223	9,816,073
Other Expenses	494,757	603,660
Total	**19,957,560**	**14,692,675**

Schedule 18 INTEREST AND FINANCIAL CHARGES		
Interest on Term Loans -		
UCO Bank	64,299	6,504,661
Technology Development Board	1,664,364	2,146,650
Small Industries Development Bank of India	20,539	62,678
Interest on Working Capital		
State Bank of India	6,873,304	7,241,611
Development Credit Bank Limited	12,793,689	3,694,897
Interest on Loan from others	3,269,305	3,799,819
Financial Charges	1,147,986	982,623
Total	**25,833,486**	**24,432,939**

SCHEDULES FORMING PART OF ACCOUNTS

Schedule 19 NOTES ON ACCOUNTS

I. SIGNIFICANT ACCOUNTING POLICIES:

The following are significant accounting policies adopted by the company in the preparation and presentation of financial statements.

S. No.	Accounting Policies	As No
1.	Disclosure of Accounting Policies: Financial statements have been prepared under the historical costs convention and in accordance with applicable accounting standards and provisions of the Companies Act, 1956. All income and expenditure having a material bearing in the financial statements are prepared on accrual basis.	AS-1
2.	Valuation of Inventories: a) Raw Materials and Work in Progress are valued at cost. b) Stock-in-Trade is valued at cost or realisable value whichever is less. c) CENVAT & VAT on purchase of rawmaterial/components are deducted from cost of such materials.	AS-2
3.	Cash Flow Statements: Cash flow statement is prepared and is forming part of the financial statements.	AS-3
4.	Contingencies and events occurring after the balance sheet date a) Contingent Liabilities not provided for: Nil b) Capital Commitment not provided for: Nil	AS-4
5.	Net Profit or Loss for the period, prior period items and changes in accounting policies Net profit for the period: All items of income and expenses in the period are included in the determination of net profit for the period, unless specifically mentioned elsewhere in the financial statements or is required by an Accounting Standard Prior period items Nil Accounting policies: There are no changes in the accounting policies of the Company from that of the previous year.	AS-5

S. No.	Accounting Policies	As No
6.	Depreciation Accounting: Fixed assets are valued at cost less depreciation provided on Straight Line Method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956. In respect of additions made during the year, depreciation is provided on pro rata basis.	AS-6
7.	Accounting for Construction contracts The above Standard is not applicable to the Company, as it is not engaged in the business of construction.	AS-7
8.	Revenue Recognition Sales & Services are inclusive of taxes and duties collected Revenue from fixed price contracts are recognised as per the terms of the contract. Revenue from other income is based on accrual basis	AS-9
9.	Accounting for Fixed Assets Fixed assets are capitalised at acquisition cost and other directly attributable cost of bringing the assets to its working condition. Cenvat & VAT claimed on capital goods are credited to plant & machinery account.	AS-10
10.	Accounting for effects in foreign exchange rates a) All monetary items denominated in foreign currency are reflected at the rates prevailing on the Balance sheet date. b) Income and Expenditure items involving foreign exchange are translated at the exchange rate prevailing on the dates of transaction. c) Exchange differences, if any, arising on account of fluctuations in foreign exchange have been duly reflected in the Profit & Loss Account except in respect of acquisition of fixed assets.	AS-11

SCHEDULES FORMING PART OF ACCOUNTS

Schedule 19 NOTES ON ACCOUNTS *(Contd.)*

S. No.	Accounting Policies	As No
11.	Accounting for Government Grants Since the company has not received any grants, this accounting standard is not applicable	AS-12
12.	Accounting for Investments All investments are Long-term investments and are carried at cost.	AS-13
13.	Accounting for Amalgamation - Not applicable	AS-14
14.	Accounting for Retirement Benefits: a) The Company has a provident fund scheme for their employees. Contributions to the scheme are charged to the profit and loss account. b) Provision for gratuity has been made for all the employees in the rolls of the company at the closing of accounting year. The company is making actual gratuity payments as and when crystallised by debiting to the gratuity fund account. c) The Company extends benefit of Encashment of Leave to its employees while in service as well as on retirement. Leave encashment liability in respect of leave accumulated is accounted for on the basis of last drawn salary.	AS-15
15.	Borrowing Cost Borrowing Cost on qualifying asset is commenced for Capitalization when the expenditure on Qualifying asset and borrowing cost are incurred. The company had not acquired any assets against borrowings in the year and hence it is not applicable in the year.	AS-16

S. No.	Accounting Policies	As No
16.	Segment Reporting We recognised revenue on segmental basis.	AS-17
17.	Related party Disclosure The company has entered into transactions with related parties and the said information is shown separately.	AS-18
18.	Leases The company had not acquired any assets under Lease. Hence the accounting standard is not applicable	AS-19
19.	Earnings Per Share The company follows the relevant AS and the disclosures made accordingly	AS-20
20.	Consolidated Financial Statements The company had made consolidated financial statements.	AS-21
21.	Deferred Taxation: Current Tax is determined as per the amount of tax payable in respect of taxable income for the period. Deferred tax is recognised, subject to the consideration of prudence in respect of deferred tax assets/liabilities, on timing differences, being difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.	AS-22
22.	Accounting for investments in associates Investments in associates is valued at cost of investment.	AS-23

SCHEDULES FORMING PART OF ACCOUNTS

Schedule 19 NOTES ON ACCOUNTS *(Contd.)*

II. Notes To Accounts:

1. Contingent liabilities as per AS-4 not provided for on account of:

(Amount in Rs.)

S No.	Particulars	As at 30.06.2008	As at 30.06.2007
A.	Counter guarantees given by the company to banks towards issue of B.Gs.	132,703,165	88,620,987
B.	Counter guarantees given by the company to banks towards issue of B.Gs to Customs Dept. against advance licenses	1,098,855	2,443,071
C.	Bonds executed to Customs Deptt.(net of BGs) against advance licenses	3,901,335	7,544,373
D.	Letter of credits issued by bankers	29,798,618	9,562,911
E.	Corporate Guarantees given by the company to banks	37,900,000	37,900,000

2. Loans:

Working Capital Loans from SBI & DCB:

a) State Bank of India and Development Credit Bank Limited are secured by pari passu charge on fixed assets and all chargeable current assets of the company except assets pertaining to Technology Development Board and National Research Development Corporation.

b) SBI is further secured by personal guarantees of three of the following Directors of the company.

1. Dr. M.V. Ramana Rao
2. Mr. L.N. Malleswara Rao
3. Mr. N. Srinivasa Rao

c) Development Credit Bank Limited is further secured by personal guarantee of Dr. M.V. Ramana Rao, Managing Director of the company.

Term Loans:

a) Technology Development Board is secured by all assets pertaining to the development and commercialization of the LED TV / Electronic Display system project along with personal guarantees of Dr. M.V. Ramana Rao, Managing Director.

3. Loans outstanding against purchase of vehicles are secured by hypothecation of the same.

4. Directors' remuneration included in staff cost.

(Amount in Rs.)

S No.	Particulars	2007-08	2006-07
A.	Managing Director		
	- Remuneration	1,604,032	1,500,000
	- Perquisite Value of rent	365,250	180,565
B.	Other Directors		
	- Remuneration	1,200,000	1,140,000
	- Perquisite Value of rent	Nil	Nil

5. In accordance with the AS-22 'Accounting for taxes on Income issued by the Institute of Chartered Accountants of India, during the current year the company has accounted for the effect of deferred Tax against the income pertaining to current year and has accordingly provided for deferred tax liability of Rs.6,448,212/- on account of current year's deferred tax.

Schedule 19 NOTES ON ACCOUNTS *(Contd.)*

Deferred Taxation *(Amount in Rs.)*

Particulars	2007-08	2006-07
Deffered Tax liability on account of Depreciation	3,735,569	6,574,456
Deffered Tax Liability U/s.43B	18,444,915	36,873,272
	22,180,484	43,447,728
Deffered Tax Asset U/s.43B	3,209,574	20,427,530
Net Deferred Tax Liability	**18,970,910**	**23,020,198**
Deferred Tax charged to P&L Account	Rs.6,448,212/-	Rs.(7,748,599/-)

5. Related party Disclosures:

In Accordance with the Accounting standard AS-18 " Related Party disclosures" Issued by the ICAI, the transactions with related parties are given below:

a. List of Related Parties with whom transactions have taken place and Relationship: *(Amount in Rs.)*

S No.	Name of the Related Party	Relationship
1.	MIC Technologies Australia (Pty) Ltd	Subsidiary Companies
2.	MIC Digital Media Vizag (P) Ltd	
3.	Infostep Inc., USA	
4.	MIC Electronics Inc., USA	
5.	Maave Electronics Pvt Ltd	
6.	Dr. M.V. Ramana Rao	Directors-Key Personnel
7.	Mr. L.N. Malleswara Rao	
8.	Mr. U. Ramakrishna	

b. Transactions during the year with related parties :

S No.	Nature of Transaction	Amount in Rs.
1.	Investments in Subsidiaries :	
	Infostep Inc. USA	3,60,58,236
	Maave Electronics Pvt Ltd	12,826,659
	MIC Technologies Australia (Pty) Ltd	62,87,501
	MIC Electronics Inc., USA	20,522,500
2.	Advances to Subsidiaries :	
	MIC Digital Media Vizag (P) Ltd.	6,831,050
	MIC Technologies Australia (Pty) Ltd	11,827,453
	Maave Electronics Pvt Ltd	13,521,689

SCHEDULES FORMING PART OF ACCOUNTS

Schedule 19 NOTES ON ACCOUNTS *(Contd.)*

b. Transactions during the year with related parties *(Contd.)*:

S No.	Nature of Transaction	Amount in Rs.
3.	Sales to Subsidiaries :	
	MIC Digital Media Vizag (P) Ltd.	16,600,000
	MIC Technologies Australia (Pty) Ltd	9,964,947
	Infostep Inc. USA	2,437,580
	MIC Electronics Inc., USA	2,396,933
4.	Loans to/taken from Management personnel	Nil
5.	Purchase of Capital Items from Associates:	Nil
6	Expenditure :	
	• Remunerations to Management personnel	2,804,032
	• Rents paid towards accommodation provided to Management Personnel	365,250

7. Information as required under part II of Schedule VI to the Companies Act, 1956.

a. Class of goods manufactured :

S No.	Particulars of Goods manufactured
1.	LED based Display Systems
2.	LED based Light & Lamp Sets
3.	LED based Solar Street Light Systems
4.	LED based Solar Lantern
5.	Hand Held Computers
6.	Communication Hardware & Software Products

b. Production :

S. No.	Particulars	2007-08	2006-07
		Numbers/Systems	
1.	LED based Display Systems	164	90
2.	LED based Light & Lamp Sets	7	-
3.	LED based Solar Street Light Systems	129	-
4.	LED Based Solar Lantern	842	-
5.	Hand Held Computers	26	17
6.	Communication Hardware & Software Products	101464	300230

Schedule 19 NOTES ON ACCOUNTS *(Contd.)*

c.

S. No.	Particulars	2007-08	2006-07
		Numbers/Systems	
	Opening Stock	Nil	Nil

d.

S. No.	Particulars	2007-08	2006-07
		Numbers/Systems	
	Closing Stock	Nil	Nil

e. Sales

(Amount in Rs.)

Particulars	2007-08		2006-07	
	Qty	Value	Qty	Value
Product Sales :				
LED Based Display Systems	154	1,631,110,624	81	662,755,691
LED Lighting Products	978	4,008,048	-	-
Hand Held Computers	26	155,038	17	97,920
Communication Hardware & Software services	101464	1,316,628,713	300230	1,607,145,260
Other Income/Services	-	50,127,046	-	28,061,959
Duties & Taxes	-	68,609,256	-	25,669,712
Export Sales :				
LED Based Display Systems	10	51,473,914	9	84,381,389
Total Sales		**3,122,112,639**		**2,408,111,931**

f. Analysis of materials consumed

Particulars	2007-08		2006-07	
	(%)	Value	(%)	Value
Indigenous	72.04	1,470,656,697	73.14	1,355,360,909
Imported	27.96	570,787,913	26.86	497,743,970
Total	**100.00**	**2,041,444,610**	**100.00**	**1,853,104,880**

g. Expenditure in Foreign Currency

Particulars	2007-08	2006-07
Travel Expenses	2,234,886	2,554,875
Others	1,197,151	303,978
Value of Imports on CIF basis:		
Components	524,875,356	501,703,261
Capital Equipment & Software	21,863,402	–
Earnings in foreign exchange on FOB basis	51,473,914	84,381,389

SCHEDULES FORMING PART OF ACCOUNTS

Schedule 19 NOTES ON ACCOUNTS *(Contd.)*

8. Earning per Share *(Amount in Rs.)*

Particulars	FY 2008	FY 2007
Basic	Equivalent No. of Shares	Equivalent No. of Shares
Closing No. of Shares	100,638,275	100,638,275
Profit after Taxes (Amt. in Rs.)	658,187,897	323,566,896
EPS (in Rs.)	6.54	3.22

9. Payment to Auditors *(Amount in Rs.)*

Particulars	Year Ending 30.06.2008
For Audit	3,00,000
Other Services	50,000
Total	**3,50,000**

10. The amount due to Small Scale Industrial undertakings as at 30.06.2008- R.86,51,228/-

11. Previous year's figures are regrouped wherever necessary to conform to the Current Year's Presentation/Classification.

12. Figures have been rounded off to the nearest Rupee.

As per our report of even date
For **Pinnamaneni & Co.,**
Chartered Accountants

Sd/-
P.V.V.Satyanarayana
Partner

Place : Hyderabad
Date : 19th November 2008

For and on behalf of the board

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

Sd/-
L.N. Malleswara Rao
Director

MIC Electronics Limited

CASH FLOW STATEMENT

For the year ended 30th June, 2008

(Amount in Rs.)

	As on 30.06.2008	As on 30.06.2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit before taxation, and after prior period & extraordinary item	797,451,750	357,592,144
Adjustments for:		
Depreciation	18,773,005	16,780,334
Loss on Assets Discarded Loss (Profit) on Assets Sold	-	-
Prior Period Adjustments	-	-
Interest Income	(16,345,422)	(3,992,250)
Income from Mutual Funds		
Operating Profit before working Capital changes	799,879,333	370,380,228
Increase (Decrease) in Sundry Debtors	(54,092,684)	(1,049,016,788)
Increase (Decrease) in Other Current Assets	(110,711,788)	2,977,563
Increase (Decrease) in Loans & Advances	(447,575,059)	(175,523,477)
(Increase) Decrease in Deferred Revenue Expenditure (Issue Expenses)	12,196,941	(42,889,762)
Income taxes paid	(132,815,641)	(26,276,649)
(Increase) Decrease in Current Liabilities	(133,559,194)	839,589,039
Cash generated from Operations	(66,678,092)	(80,759,846)
Net Cash flow from Operating Activities	(66,678,092)	(80,759,846)
Cash flows from Investing Activities Purchase of Fixed Assets	(57,545,494)	(6,228,530)
Increase (Decrease) in Capital Work in Progress	(663,262,705)	(130,496,616)
Sale proceeds of Fixed Assets	-	-
Long term Investments	(75,194,896)	(110,995,872)
Investments in Mutual Funds	-	-
Interest received	16,345,422	3,992,250
Dividend received	-	-
Net Cash flow from Investing Activities	(779,657,673)	(243,728,768)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	383,506,961	896,636,035
(Decrease) Increase in borrowings -	168,505,910	(114,863,200)
Grant-in-aid received	-	-
Dividend Paid including Dividend Tax	(47,096,700)	(47,096,700)
Net Cash used for financing activities	504,916,171	734,676,135
NET INCREASE IN CASH AND CASH EQUIVALENTS	(341,419,594)	410,187,521
Cash and Cash equivalents at the beginning of period	425,374,753	15,187,232
Cash and Cash equivalents at the end of period	83,955,159	425,374,753

Place : Hyderabad

Date : 19th November 2008

BALANCE SHEET ABSTRACT and Company's General Business Profile pursuant to Part IV of Schedule VI of the Companies Act, 1956

I. Registration Details

Registration No. 01-08652 | Balance Sheet Date 30 06 2008 | State Code 01

II. Capital Raised during the year *(Rupees in lacs)*

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III. Position of Mobilisation and Deployment of Funds *(Rupees in lacs)*

Total Liabilities	29206.69	Total Assets	29206.69
Sources of Funds			
Paid-up Capital	2012.77	Reserves and Surplus (Excluding Deferred Tax liability)	20769.43
Secured Loans	2411.94	Unsecured Loans	0.00
Share Application	3835.07		
Application of Funds			
Net Fixed Assets	10400.79	Investments	1924.92
Net Current Assets	16574.05	Misc. Expenditure	306.93
Accumulated Losses	NIL		

IV. Performance of the Company *(Rupees in lacs)*

Turnover	31400.98	Total Expenditure	23426.41
Profit before Tax	7974.57	Profit after Tax	6581.88
Earnings per Share	6.54	Dividend per share	0.40

V. Generic Names of three Principal Products of Company (as per monetary terms)

Item Code No. (ITC Code)	8541 40 20, 8531 20 00
Product Description	LED Display Systems
Item Code No. (ITC Code)	9405 50 40
Product Description	LED Lighting Products - Solar/Grid
Item Code No. (ITC Code)	8523 80 20
Product Description	Computer Software

MIC Electronics Limited

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO COMPANY'S INTEREST IN SUBSIDIARY COMPANIES

		Name of the Subsidiary Company			
SLy. No.	Particulars	MIC Technologies (Aust) Pty. Ltd.	Infostep Inc., USA	Maave Electronics Private Limited	MIC Electronics Inc., USA
1.	The financial year of the Subsidiary Company ended on	30-06-2008	30-06-2008	31-03-2008	30-06-2008
2.	a) Number of shares held by MIC Electronics Limited: with its nominees in the subsidiaries at the end of the financial year of the subsidiary companies	99 Ordinary shares fully paid up	6502674 Ordinary shares fully paid up	10000 Equity shares of Rs. 10/- each fully paid up.	1000000 Ordinary shares fully paid up.
	b) Extent of interest of holding company at the end of the financial year of the subsidiary companies	90%	71.33%	100%	100%
3.	The net aggregate amount of the subsidiary companies Profit/Loss so far as it concerns the members of the holding company:				
	a) Not dealt in the holding companies accounts				
	i) For the financial year 30th June 2008	–	–	–	–
	ii) For the previous financial years of the subsidiary company's since they became the holding company subsidiaries	–	–	–	–
	b) Dealt in the holding companies accounts				
	i) For the financial year 30th June 2008	Rs. 1271914/-	Rs. 43928517/-	Rs. 157358/-	(Rs. 2633541/-)
	ii) For the previous financial years of the subsidiary companies since they became the holding company's subsidiaries.	Rs. 90150/-	Rs. 13618984/-	–	–

AUDITORS' REPORT

To
The Share Holders of
M/s. MIC Electronics Limited

We have audited the attached consolidated Balance Sheet of M/s. MIC Electronics Limited and its subsidiaries (collectively called "the Group"), as at 30th June 2008 and also the consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed hereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard – 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India.

In our opinion and to the best of our information and according to the explanations given to us, the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) In the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 30th June 2008;

(b) In the case of the consolidated Profit and Loss Account, of the Profit for the year ended on that date; and

(c) In the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

for **Pinnamaneni & Co.,**
Chartered Accountants

Sd/-
P.V.V. Satyanarayana
Partner

Place: Hyderabad
Dated: 19th November 2008

MIC Electronics Limited

CONSOLIDATED BALANCE SHEET as at 30th June 2008

(Amount in Rs.)

	Schedules	As at 30.06.2008	As at 30.06.2007
I. SOURCES OF FUNDS			
1. Share holders funds			
Share Capital	1	201,276,550	201,276,550
Share Application Money		393,873,696	–
Reserves & Surplus	2	2,133,376,038	1,479,560,593
		2,728,526,284	1,680,837,143
2. Minority Interest		28,334,186	15,478,442
3. Loan Funds			
Secured Loans	3	250,320,452	82,173,554
Unsecured Loans	4	10,712,664	11,310,781
4. Deferred Tax Liability		39,673,182	18,022,491
Total		**3,057,566,769**	**1,807,822,411**
II. APPLICATION OF FUNDS			
1. Goodwill on consolidation and acquisitions		147,198,332	105,648,970
2. Fixed Assets			
Gross Block		375,186,959	290,942,649
Less: Depreciation		112,006,583	86,251,728
Net Block		263,180,376	204,690,922
Intangible Assets		63,906,884	18,217,955
Capital Work in Progress		817,522,599	154,259,894
		1,144,609,859	377,168,771
3. Investments	5	5,850,000	6,350,000
4. Current Assets, Loans & Advances			
Inventories	6	207,687,939	89,330,214
Sundry Debtors	7	1,548,441,040	1,449,769,825
Cash & Bank Balances	8	88,403,003	428,749,025
Loans & Advances	9	712,273,966	262,618,830
		2,556,805,947	2,230,467,893
Less: Current Liabilities & Provisions	10	827,653,951	954,730,649
Net Current Assets		1,729,151,997	1,275,737,245
5. Miscellaneous Expenditure (to the extent not written off)			
Issue expenses		30,692,821	42,889,762
Preliminary Expenses		63,760	27,664
Total		**3,057,566,769**	**1,807,822,411**
Accounting policies & Notes on Accounts	19		

As per our report of even date
For **Pinnamaneni & Co.,**
Chartered Accountants

Sd/-
P.V.V.Satyanarayana
Partner

Place : Hyderabad
Date : 19th November 2008

For and on behalf of the board

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

Sd/-
L.N. Malleswara Rao
Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended 30th June 2008

(Amount in Rs.)

	Schedules	Current Year	Previous Year
INCOME			
Sales & Services	11	3,607,747,926	2,709,317,473
Increase/(Decrease) in Stock	12	35,499,952	(13,301,400)
Other Income	13	18,205,901	4,531,235
Total		**3,661,453,779**	**2,700,547,307**
EXPENDITURE			
Material Consumed	14	2,059,324,974	1,834,091,930
Employee Cost	15	182,849,329	156,898,896
Manufacturing, Administrative & Sales Expenses	16	477,989,084	256,591,893
R&D Expenditure	17	19,957,560	14,692,675
Interest and Financial Charges	18	27,469,399	25,352,973
Depreciation		23,106,506	22,301,118
Total		**2,790,696,852**	**2,309,929,486**
PROFIT FOR THE YEAR		870,756,927	390,617,822
Prior Period Adjustments		–	–
Profit Before Tax		870,756,927	390,617,822
Add : Excess Provision of Income Tax for earlier years		(5,384)	117,214
		870,751,543	390,735,036
Provision for : Fringe Benefit Tax		1,281,863	579,935
Income Tax		129,987,488	25,804,971
Deferred Tax		20,436,541	11,507,959
Net Profit After Tax		719,045,650	352,842,170
Effect of Currency Translation on Consolidation		167,053	(3,618,018)
Net Profit after Tax after adjustment for Currency Translation		719,212,704	349,224,153
Minority Interest		(18,300,559)	(11,142,805)
Balance in Profit & Loss account b/f		479,601,983	218,617,335
Available for appropriation		1,180,514,128	556,698,683
General Reserve		50,000,000	30,000,000
Proposed Dividend @ Re. 0.40 on equity share of Rs.2/- each		40,255,310	40,255,310
Corporate Dividend Tax		6,841,390	6,841,390
Balance Carried to Balance Sheet		1,083,417,428	479,601,983
Earnings Per Share (face value Rs. 2 each) - Basic		6.96	3.36
Earnings Per Share (face value Rs. 2 each) - Diluted		5.93	3.36
Accounting Policies & Notes on Accounts ;	19		

As per our report of even date
For **Pinnamaneni & Co.,**
Chartered Accountants

Sd/-
P.V.V.Satyanarayana
Partner

Place : Hyderabad
Date : 19th November 2008

For and on behalf of the board

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

Sd/-
L.N. Malleswara Rao
Director

MIC Electronics Limited

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET as at 30th June 2008

(Amount in Rs.)

	As at 30.06.2008	As at 30.06.2007
Schedule 1 SHARE CAPITAL		
Authorised		
150,000,000 Equity Shares of Rs.2/- each	300,000,000	220,000,000
(on 07/07/2008, each equity share of Rs. 10/- is subdivided into 5 equity shares of Rs. 2/- each) (Previous year 22,000,000 Equity Shares of Rs.10/- each)		
Issued & Subscribed		
100,638,275 Equity Shares of Rs.2/- each	201,276,550	201,276,550
(Previous Year 20,127,655 Equity Shares of Rs.10/- each)		
Paidup		
100,638,275 equity shares of Rs.2/- each fully paid up)	201,276,550	201,276,550
(Previous Year 20,127,655 Equity Shares of Rs.10/- each)		
Total	**201,276,550**	**201,276,550**
Schedule 2 RESERVES & SURPLUS		
Capital Subsidy	267,000	267,000
Share Premium Account	951,691,610	951,691,610
Amalgamation Reserve	18,000,000	18,000,000
Surplus in P&L Account	1,083,417,428	479,601,983
General Reserve	80,000,000	30,000,000
	2,133,376,038	**1,479,560,593**
Schedule 3 SECURED LOANS		
Working Capital Loans:		
State Bank Of India - Cash Credit	150,151,100	30,625,079
Development Credit Bank Limited	63,454,798	2,068,359
Union Bank of California	9,126,622	9,211,487
Term Loans:		
Technology Development Board	23,759,000	34,836,000
Small Industries Development Bank of India	–	143,000
National Research Development Corp.	3,000,000	3,000,000
Loans under hire purchase against vehicles	828,932	2,289,629
Total	**250,320,452**	**82,173,554**
Schedule 4 UNSECURED LOANS		
Loans from Others	10,712,664	11,310,781
Total	**10,712,664**	**11,310,781**

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET as at 30th June 2008

(Amount in Rs.)

	As at 30.06.2008	As at 30.06.2007
Schedule 5 INVESTMENTS		
UNQUOTED		
Investment in Associates		
Micronet Technologies Limited	–	500,000
MIC Digital Media Vizag Pvt. Ltd. (Share Application Money)	5,850,000	5,850,000
Total	**5,850,000**	**6,350,000**
Schedule 6 INVENTORIES (At cost)		
(As valued and certified by the Management)		
Raw Materials	144,244,845	60,466,991
Work in Progress	61,104,594	27,943,142
Finished Goods	2,338,500	–
Total	**207,687,939**	**89,330,214**
Schedule 7 SUNDRY DEBTORS		
(Unsecured considered good)		
Debts due over six months	241,894,421	151,140,697
Other Debts	1,306,546,619	1,298,629,128
Total	**1,548,441,040**	**1,449,769,825**
Schedule 8 CASH & BANK BALANCES		
Cash on hand	5,920,718	6,419,304
Balance with Bank	13,619,251	50,973,915
Deposits with Schedule Banks	68,663,034	320,543,540
Balance in Mutul Funds	200,000	50,812,266
Total	**88,403,003**	**428,749,025**

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET as at 30th June 2008

(Amount in Rs.)

	As at 30.06.2008	As at 30.06.2007
Schedule 9 LOANS & ADVANCES		
(Unsecured, considered good)		
Advances for: Capital Items	5,129,570	210,500
Purchases	28,912,482	5,790,243
Expenses	3,415,512	2,077,744
Advances recoverable in cash or in kind or for value to be received	352,011,339	225,149,563
Advances to Employees	4,233,974	3,253,033
Deposits recoverable	289,220,876	17,575,224
Balance with Central Excise Dept.	12,985,224	2,633,850
Prepaid expenses	5,854,948	2,370,448
Advance Income Tax , TDS & FBT	10,448,341	3,558,224
Other Current assets	61,700	–
Total	**712,273,966**	**262,618,830**

Schedule 10 CURRENT LIABILITIES & PROVISIONS		
a) Current Liabilities		
Creditors for materials	537,472,204	778,003,182
Creditors for expenses	72,250,653	61,802,568
Advances from Customers & others	26,611,935	18,776,666
Sub Total	636,334,793	858,582,415
b) Provision		
Proposed Dividend	40,255,310	40,255,310
Tax on proposed Dividend	6,841,390	6,841,390
Income Tax	132,677,458	42,881,874
Fringe Benefit Tax	1,255,603	10,581
Leave Salary	3,014,452	1,934,078
Gratuity	7,274,945	4,225,000
Total	**827,653,951**	**954,730,649**

SCHEDULES FORMING PART OF CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended 30th June 2008

(Amount in Rs.)

	Current Year	Previous Year
Schedule 11 SALES & SERVICES		
Domestic	3,026,350,717	2,291,413,700
Exports	59,936,770	65,368,439
Services	521,460,440	352,535,334
Total	**3,607,747,926**	**2,709,317,473**
Schedule 12 INCREASE/(DECREASE) IN STOCK		
Opening work in progress / Finished Goods	27,943,142	41,244,542
Closing work in progress / Finished Goods	63,443,094	27,943,142
Increase / (Decrease) in Stock Total	**35,499,952**	**(13,301,400)**
Schedule 13 OTHER INCOME		
Int. earned on deposits & others	16,528,859	3,992,250
Other Receipts	1,677,042	538,985
Total	**18,205,901**	**4,531,235**
Schedule 14 MATERIALS CONSUMED		
Opening Stock	60,466,991	50,143,154
Add : Purchases	2,146,725,408	1,848,688,709
	2,207,192,399	1,898,831,863
Less : Material consumed for R&D	3,622,580	4,272,942
	2,203,569,819	1,894,558,921
Less : Closing Stock	144,244,845	60,466,991
Total	**2,059,324,974**	**1,834,091,930**

MIC Electronics Limited

SCHEDULES FORMING PART OF CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended 30th June 2008

(Amount in Rs.)

	Current Year	Previous Year
Schedule 15 EMPLOYEE COST		
Salaries, Wages & Bonus	175,252,375	152,408,920
Contribution to PF and other funds	2,053,129	983,167
Staff Welfare Expenses	1,103,652	1,064,955
Leave Salary	1,170,062	722,585
Gratuity	3,270,112	1,719,270
Total	**182,849,329**	**156,898,896**
Schedule 16 MANUFACTURING, ADMINISTRATIVE AND SALES EXPENSES		
Stores Consumed	2,099,386	1,277,962
Electricity Charges	1,672,453	967,493
Excise duty & Service Tax	47,587,377	14,734,881
Insurance	2,073,780	2,488,305
Job Works, Plotting, Development & Testing Charges	5,037,520	1,533,392
Repairs and Maintenance	2,327,852	2,079,469
Expenses for Software Services	–	68,428
Expenses for Inter Connect Billing	15,377,035	11,329,204
Professional Charges	15,807,883	15,128,181
Rent, Rates & Taxes	61,311,024	23,980,859
Printing & Stationary	1,852,182	830,272
Postage, Telephone & Internet Expenses	5,965,183	4,104,121
Travelling, Conveyance & Transport Exp.	23,574,474	14,913,426
Freight, Packing & Forwarding	5,149,390	2,321,603
Vehicle Maintenance	3,493,117	2,598,131
Auditors Remuneration: as auditors	546,680	135,930
General Charges	67,354,937	14,117,861
Bad Debts & Debit Balances written back	523,867	463,531
Bank Charges	8,685,917	4,316,754
Sales Expenses	8,877,745	6,044,556
Issue Expenses written off	10,230,940	10,722,440
Software development	–	6,673,120
Subcontractors & outside services	187,694,638	115,761,972
Entertainment expenses	9,051	-
Sales Tax	442,358	-
Preliminary expenses written off	7,700	-
Computer expenses	286,595	-
Total	**477,989,084**	**256,591,893**

SCHEDULES FORMING PART OF CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended 30th June 2008

(Amount in Rs.)

	Current Year	Previous Year
Schedule 17 R&D EXPENDITURE		
Materials	3,622,580	4,272,942
Employees Cost	15,840,223	9,816,073
Other Expenses	494,757	603,660
Total	**19,957,560**	**14,692,675**

Schedule 18 INTEREST AND FINANCIAL CHARGES		
Interest on Term Loans -		
UCO Bank	64,299	6,504,661
Technology Development Board	1,664,364	2,146,650
Small Industries Development Bank of India	20,539	62,678
Interest on Working Capital		
State Bank of India	6,873,304	7,241,611
Development Credit Bank	12,793,689	3,694,897
Union Bank of California	1,638,535	892,933
Interest on Loan from others	3,366,683	3,826,920
Financial Charges	1,047,986	982,623
Total	**27,469,399**	**25,352,973**

Schedule 19 CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS *(Contd.)*

1. Basis of Consolidation.

The Consolidated financial statements relate to the Company and its subsidiary Companies. The Consolidated financial statements have in accordance with the Accounting Standard – 21 ('AS – 21') "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India and have been prepared on the following basis:

a. The financial statements of the Company and its subsidiaries have been consolidated on a line by line basis by adding together the book value of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions.

b. In case of foreign subsidiaries, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is disclosed as "Effect of Currency Translation on Conversion".

c. Difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve as the case maybe.

d. Minority Interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the Group in order to arrive at the net income attributable to the shareholders of the Company.

e. As far as possible, the Consolidated financial statements are prepared using the uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

The subsidiaries considered in Consolidated Financial Statements are :

	Country of Incorporation	Proportionate ownership interest	
		As at 30-06-08	As at 30-06-07
MIC Technologies Australia (Pty) Ltd	Australia	90.00%	90.00%
Infostep Inc.	USA	71.33%	55.00%
MIC Electronics Inc.	USA	100.00%	–
Maave Electronics Pvt Ltd	India	100.00%	–

The financial statements of the subsidiaries, considered in the consolidated accounts, are drawn upto 30th June. 2008 other than for Maave Electronics Pvt. Ltd. where the last audited financial statement is as on 31st March 2008.

The subsidiary not considered in the preparation of the above statements is MIC Digital Media Vizag (P) Ltd as the amount is still lying as Share Application money in the subsidiary and shares are not allotted till date.

2. Other Significant Accounting Policies

a. **Accounting Convention** – Financial statements have been prepared under the historical costs convention and in accordance with applicable Accounting Standards. All income and expenditure having a material bearing in the financial statements are prepared on accrual basis.

SCHEDULES FORMING PART OF CONSOLIDATED ACCOUNTS

Schedule 19 CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS *(Contd.)*

b. **Valuation of Inventories** – Raw Materials and Work in Progress are valued at cost. Stock-in-Trade is valued at cost or realisable value whichever is lower. CENVAT & VAT on purchase of raw material / components are deducted from cost of such materials.

c. **Fixed Assets** – Fixed assets are capitalised at acquisition cost and other directly attributable cost of bringing the assets to its working condition and are net of Cenvat & VAT claimed on capital goods.

d. **Depreciation** – Depreciation is provided on Straight Line Method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956 and in terms of the useful life of assets as determined which is not higher than the rates prescribed under Schedule XIV to the Companies Act, 1956. In respect of additions made during the year, depreciation is provided on pro rata basis.

e. **Foreign Currency Transactions** – All monetary items denominated in foreign currency are reflected at the rates prevailing on the Balance sheet date. Income and Expenditure items involving foreign exchange are translated at the exchange rate prevailing on the dates of transaction. Exchange differences, if any, arising on account of fluctuations in foreign exchange have been duly reflected in the Profit & Loss Account except in respect of acquisition of fixed assets.

f. **Employee Retirement Benefits** – The Company has a provident fund scheme for their employees. Contributions to the scheme are charged to the profit and loss account. Provision for gratuity has been made for all the employees in the rolls of the Company at the closing of accounting year. The Company is making actual gratuity payments as and when crystallised by debiting to the gratuity fund account. The Company extends benefit of encashment of leave to its employees while in service as well as on retirement. Leave encashment liability in respect of leave accumulated is accounted for on the basis of last drawn salary.

g. **Deferred Taxation** – Current Tax is determined as per the amount of tax payable in respect of taxable income for the period. Deferred tax is recognised, subject to the consideration of prudence in respect of deferred tax assets/liabilities, on timing differences, being difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

3. Contingent liabilities : *(Amount in Rs.)*

S No.	Particulars	As at 30.06.08	As at 30.06.07
A	Counter guarantees given by the Company to banks towards issue of Bank Guarantees	132,703,165	88,620,987
B	Counter guarantees given by the Company to banks towards issue of Bank Guarantees to Customs Department against advance licenses	1,098,855	2,443,071
C	Bonds executed to Customs Department (net of Bank Guarantees) against advance licenses	3,901,335	7,544,373
D	Letter of credits issued by Bankers	29,798,618	9,562,911
E	Corporate Guarantees given by the Company to banks	37,900,000	37,900,000

Schedule 19 NOTES ON ACCOUNTS *(Contd.)*

4. Secured Loans:

a. Working Capital Loans:

i. State Bank of India and Development Credit Bank are secured by pari-passu charge on fixed assets and all chargeable current assets of the Company except assets pertaining to Technology Development Board and National Research Development Corporation.

ii. SBI is further secured by personal guarantees of three of the following Directors of the Company.

1. Dr. M.V. Ramana Rao
2. Mr. L.N. Malleswara Rao
3. Mr. N. Srinivasa Rao

iii. Development Credit Bank is further secured by personal guarantee of Dr. M.V. Ramana Rao, Managing Director of the Company.

iv. Union Bank of California is secured by personal guarantee of the shareholders of Infostep Inc. USA.

b. Term Loans:

i. Technology Development Board is secured by all assets pertaining to the development and commercialization of the LED TV / Electronic Display system project along with personal guarantees of Dr. M.V. Ramana Rao, Managing Director.

c. Loans outstanding against purchase of vehicles are secured by hypothecation of the respective vehicles.

5. Managerial Remuneration (Holding Company) included in Personnel Cost :

Managerial Remuneration to Managing Director and other Directors is as follows : *(Amount in Rs.)*

S No.	Particulars	2007-08	2006-07
A	Managing Director		
	– Remuneration	1,604,032	1,500,000
	– Perquisite Value of rent	365,250	180,565
B	Other Directors		
	– Remuneration	1,200,000	1,140,000

6. Related party Disclosures:

In Accordance with the Accounting Standard – 18 (AS-18) "Related Party disclosures" Issued by the ICAI, the transactions with related parties are given below:

a. List of Related Parties with whom transactions have taken place and relationship: *(Amount in Rs.)*

S No.	Name of the Related Party	Relationship
1.	MIC Digital Media Vizag (P) Ltd	Associate Company
2.	Dr. M.V. Ramana Rao	Directors – Key Management Personnel
3.	Mr. L.N. Malleswara Rao	
4.	Mr. U. Ramakrishna	

SCHEDULES FORMING PART OF CONSOLIDATED ACCOUNTS

Schedule 19 NOTES ON ACCOUNTS *(Contd.)*

b. Transactions during the year with related parties : *(Amount in Rs.)*

S No.	Nature of Transaction	2007-08	2006-07
1	Investments in Associates:		
	MIC Digital Media Vizag (P) Ltd.	5,850,000	5,850,000
2	Advances to Associates:		
	MIC Digital Media Vizag (P) Ltd	Nil	4,792,606
3	Sales to Associates:		
	MIC Digital Media Vizag (P) Ltd.	16,600,000	61,131,615
4	Expenditure :		
	• Remunerations to Key Management Personnel	2,804,032	2,640,000
	• Rents paid towards accommodation provided to Management Personnel	365,250	180,565

7. Earnings Per Share *(Amount in Rs.)*

Particulars	2007-08	2006-07
Closing No. of Shares	100,638,275	20,127,655
Profit after Taxes (Amt. in Rs.)	700,912,145	338,081,347
Face value of Equity Shares	2	10
EPS (in Rs.)	**6.96**	**16.80**
Restated EPS based on sub-divided capital	–	**3.36**

8. Previous year's figures are regrouped wherever necessary to conform to the Current Year's Presentation/Classification.

9. Figures have been rounded off to the nearest Rupee.

As per our report of even date
For **Pinnamaneni & Co.,**
Chartered Accountants

Sd/-
P.V.V.Satyanarayana
Partner

Place : Hyderabad
Date : 19th November 2008

For and on behalf of the board

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

Sd/-
L.N. Malleswara Rao
Director

MIC Electronics Limited

CONSOLIDATED CASH FLOW STATEMENT for the year ended 30th June 2008

(Amount in Rs.)

	For the Y.E. 30.06.2008	For the Y. E. 30.06.2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit after taxation, prior period & extraordinary item and effect of foreign currency translation	719,212,704	349,224,153
Adjustments for:		
Depreciation	23,106,506	22,301,118
Minority Interest	(18,300,559)	(11,142,805)
Movement in Reserves and exchange differences		–
Interest Income	(16,528,859)	(3,992,250)
Operating Profit before working Capital changes	**707,489,793**	**356,390,216**
(Increase) / Decrease in Sundry Debtors	(98,671,215)	(1,087,347,675)
(Increase) / Decrease in Loans and Advances	(449,655,135)	(176,412,833)
(Increase) / Decrease in Inventories	(118,357,725)	2,057,482
(Increase) / Decrease in Deferred Revenue Expenditure	21,650,691	14,469,874
(Increase) / Decrease Share Issue and Preliminary Expenses	12,160,845	(42,890,322)
Increase / (Decrease) in Current Liabilities and Provisions	(127,076,698)	855,537,464
Cash generated from Operations	**(52,459,445)**	**(78,195,795)**
Net Cash flow from Operating Activities	**(52,459,445)**	**(78,195,795)**
Cash flows from Investing Activities		
Purchase of Fixed Assets and Capital Work in Progress (net)	(790,547,594)	(177,255,183)
Long term Investments	500,000	(50,000)
Interest received	16,528,859	3,992,250
Purchase of Goodwill	(41,549,362)	(105,648,970)
Net Cash flow from Investing Activities	**(815,068,098)**	**(278,961,903)**
Cash flows from Financing Activities		
Proceeds from Issue of Share Capital including Share Premium	393,873,696	896,636,035
Decrease (Increase) in borrowings -	167,548,781	(95,954,985)
Minority Interest	12,855,744	15,478,442
Dividend Paid including Dividend Tax	(47,096,700)	(47,096,700)
Net Cash used for financing activities	**527,181,521**	**769,062,792**
Net increase in cash and cash equivalents	**(340,346,021)**	**411,905,095**
Cash and Cash equivalents at the beginning of period	428,749,025	16,843,930
Cash and Cash equivalents at the end of period	**88,403,003**	**428,749,025**

Place : Hyderabad

Date : 19th November 2008

DIRECTORS' DECLARATION

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies prescribed in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes, present fairly the company's financial position as at 30 June 2008 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements;
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Sd/-
Ramana Murthy Telugu Venkata
Director

Sd/-
Paul Hager
Director

Dated :18th November 2008

MIC Electronics Limited

DIRECTORS' REPORT

Your directors present this report on the company for the financial year ended 30 June 2008

Directors

The names of the directors in office at any time during or since the end of the year are:

- Paul Hager
- Ramana Murthy Telugu Venkata
- Ramana Rao Maganti Venkata
- Maurice Fitzgerald

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Operating Result

The profit of the company for the financial year after providing for income tax amounted to:

Year ended 30 June 2008	Year ended 30 June 2007
$	$
36,491	25,815

Principal Activities

The principal activities of the company during the course of the year were Consultancy Services.

Significant Changes in the State of Affairs

No significant changes in the company's state of affairs occurred during the financial year.

After Balance Date Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in subsequent financial years.

Future Developments

The company expects to maintain the present status and level of operations and hence there are no likely developments in the operations in future financial years.

Environmental Issues

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends

No dividends were declared or paid since the start of the financial year. No recommendation for payment of dividends has been made.

Share Options

No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Directors Benefits

No director has received or has become entitled to receive, during or since the financial year, a benefit because of a contract made by the company or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest.

Indemnifying Officer or Auditor

No indemnities have been given or agreed to be given or insurance premiums paid or agreed to be paid, during or since the end of the financial year, to any person who is or has been an officer or auditor of the company.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the Board of Directors:

Sd/-
Ramana Murthy Telugu Venkata
Director

Sd/-
Paul Hager
Director

Dated: 18th November 2008

INDEPENDENT AUDITOR REPORT

Scope

We have audited the attached financial report, being a special purpose financial report comprising the Directors' Declaration, Statement of Financial Performance, Statement of Financial Position and Notes to the Financial Statements, for the year ended 30 June 2008 of MIC TECHNOLOGIES (AUST) PTY LTD. The company's directors are responsible for the financial report and have determined that the accounting policies used and described in Note 1 to the financial statements which form part of the financial report are consistent with the financial reporting requirements of the company's constitution and are appropriate to meet the needs of the members. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. No opinion is expressed as to whether the accounting policies used, and described in Note 1, are appropriate to the needs of the members.

The financial report has been prepared for distribution to members for the purpose of fulfilling the directors' financial reporting requirements under the Corporations Act 2001. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

Our audit has been conducted in accordance with Australian Auditing Standards. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the accounting policies described in Note 1, so as to present a view which is consistent with our understanding of the company's financial position, and performance as represented by the results of its operations and its cash flows. These policies do not require the application of all Accounting Standards and other mandatory professional reporting requirements to the extent described in Note 1.

The audit opinion expressed in this report has been formed on the above basis.

Audit opinion

In our opinion, the financial report presents fairly, in accordance with the accounting policies described in Note 1 to the financial statements, the financial position of MIC TECHNOLOGIES (AUST) PTY LTD as at 30 June 2008 and the results of its operations for the year then ended.

Signed on 18th November 2008:

Sd/-
Chander Sareen, CPA
CNR Accounting & Taxation
36 A Railway Parade Burwood NSW 2134

MIC Electronics Limited

DETAILED PROFIT AND LOSS STATEMENT for the year ended 30th June 2008

(Amount in AUD)

	2008	2007
INCOME		
Gross Receipts	732,405	635,893
Interest received	323	
Other income	1,848	1,248
Total income	**734,576**	**637,141**
EXPENSES		
Accountancy	6,400	1,900
Advertising and promotion	336	960
Bank Fees And Charges	1,300	567
Business Promotion	3,115	2,489
Casual labour	1,498	495
Cleaning/rubbish removal	606	31
Computer Expenses	7,917	1,972
Conference/seminar costs	1,273	
Consultants fees	153,284	14,751
Contract payments	4,151	174,203
Depreciation - other	87,027	85,041
Electricity	2,504	138
Fees & charges		954
Filing Fees	507	212
Hire/rent of Plant & Equipment	2,971	1,679
Insurance	1,920	2,849
Interest - Australia	2,690	781
Legal fees		500
M/V car - Depreciation	3,585	1,364
M/V car - Fuel & oil	4,006	316
M/V car - Lease		635
M/V car - Rego/Insurance	929	1,639
M/V car - Other	6,171	49
M/V commercial - Reg/Insurance	2,057	
Office Expenses	6,252	11,905
Postage	505	587
Printing & stationery	1,910	3,218
Rent on land & buildings	26,500	22,156

The accompanying notes form part of these financial statements.

DETAILED PROFIT AND LOSS STATEMENT for the year ended 30th June 2008

(Amount in AUD)

	2008	2007
Repairs & maintenance	10,836	4,453
Salaries - ordinary	266,360	191,615
Security	390	
Staff training	909	13,770
Sundry expenses	3,649	233
Superannuation	16,333	13,210
Telephone	9,048	10,073
Tools & Accessories	337	7,861
Travel, accom & conference	43,029	20,656
Transportation Charges	939	15,790
Uniform Expenses	967	1,154
Water Charges	234	
Total expenses	**682,446**	**610,208**
Profit from Ordinary Activities before income tax	**52,130**	**26,932**
Operating profit before income tax	52,130	26,932
Income tax attributable to operating profit (loss)	15,639	1,118
Operating profit after income tax	**36,491**	**25,815**
Retained profits at the beginning of the financial year	2,607	(23,208)
Total available for appropriation	39,098	2,607
Retained profits at the end of the financial year	**39,098**	**2,607**

The accompanying notes form part of these financial statements.

MIC Electronics Limited

DETAILED BALANCE SHEET as at 30th June 2008

(Amount in AUD)

	2008	2007
Current Assets		
Cash Assets		
Cash At Bank	8,936	58,175
Commonwealth Bank A/c	59	7,057
Cash on hand	158	158
	9,153	**65,390**
Receivables		
CRM Smart	373,542	379,242
Technology Development Centre	69,125	69,125
	442,667	**448,367**
Current Tax Assets		
GST payable control account	(11,402)	(8,310)
Input tax credit control account	14,222	10,635
	2,820	**2,325**
Other		
Receivables	1,603	1,603
Advance Payments	32,254	30,000
	33,857	**31,603**
Total Current Assets	**488,498**	**547,686**
Non-Current Assets		
Property, Plant and Equipment		
Fixtures & Fittings	6,114	3,814
Less: Accumulated depreciation	(1,224)	(708)
Plant & equipment - at cost	772,613	528,006
Less: Accumulated depreciation	(165,691)	(83,194)
Office Equipment	26,792	21,837
Less: Accumulated depreciation	(17,210)	(13,196)
Motor vehicles - at cost	42,028	20,273
Less: Accumulated depreciation	(4,949)	(1,364)
	658,473	**475,468**
Intangible Assets		
Goodwill	10,000	10,000
	10,000	**10,000**
Other		
Preliminary expenses	800	800
	800	**800**
Total Non-Current Assets	**669,273**	**486,268**
Total Assets	**1,157,770**	**1,033,953**

The accompanying notes form part of these financial statements.

DETAILED BALANCE SHEET as at 30th June 2008

(Amount in AUD)

	2008	2007
Current Liabilities		
Payables		
Unsecured:		
MSPV pty ltd	2,750	
Turnkey Computers	387,532	387,532
Mic Electronics (India)	635,311	423,901
Bio Lab disputed funds	1,125	
	1,026,718	**811,433**
Financial Liabilities		
Unsecured:		
Other loans	289	328
Loan From Angelo	10,000	10,000
	10,289	**10,328**
Current Tax Liabilities		
Taxation	9,073	1,118
Amounts withheld from salary and wages	14,333	20,258
	23,406	**21,376**
Other		
Latha	457	1,580
Advance From Customer	10,193	162,175
Accounting Charges Payable	4,620	2,090
	15,270	165,845
Total Current Liabilities	**1,075,683**	**1,008,982**
Non-Current Liabilities		
Financial Liabilities		
Unsecured:		
Esanda Finance	17,493	22,264
Hire purchase	37,041	
Less: Unexp interest charges	(11,645)	
	42,890	**22,264**
Total Non-Current Liabilities	**42,890**	**22,264**
Total Liabilities	**1,118,572**	**1,031,246**
Net Assets	**39,198**	**2,707**
Equity		
Issued Capital		
Issued & paid up capital	100	100
Retained profits / (accumulated losses)	39,098	2,607
Total Equity	**39,198**	**2,707**

The accompanying notes form part of these financial statements.

Note 1: Statement of Significant Accounting Policies

This financial report is a special purpose financial report prepared for use by directors and members of the company. The directors have determined that the company is not a reporting entity.

The report has been prepared in accordance with the requirements of the following Australian Accounting Standards.

AASB 1031: Materiality

AASB 110: Events after the Balance Sheet Date

No other Australian Accounting Standards, Urgent Issues Group Interpretations or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

The financial report has been prepared on an accruals basis and is based on historic costs and does not take into account changing money values, or except where specifically stated, current valuations of non-current assets.

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this financial report:

(a) Property, Plant and Equipment

Property, plant and equipment are carried at cost, independent or directors' valuation. All assets, excluding freehold land and buildings, are depreciated over their useful lives to the company.

(b) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a first-in first-out basis and include direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenses.

(Amount in AUD)

	2008	2007
Note 2: Revenue		
Operating Activities:		
Interest revenue	323	
Other operating revenue:		
Gross Receipts	732,405	635,893
Other income	1,848	1,248
	734,576	**637,141**
Note 3: Profit from Ordinary Activities		
Profit (loss) from ordinary activities before income tax has been determined after:		
Charging as Expense:		
Borrowing costs	2,690	1,416
Depreciation of non-current assets:		
- Motor vehicles	3,585	1,364
- Other	87,027	85,041
Total depreciation expenses	**90,612**	**86,405**

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30th June 2008

(Amount in AUD)

	2008	2007
Note 4: Cash assets		
Bank accounts:		
Cash At Bank	8,936	58,175
Commonwealth Bank A/c	59	7,057
Other cash items:		
Cash on hand	158	158
	9,153	**65,390**
Note 5: Receivables		
Current		
Trade debtors	442,667	448,367
	442,667	**448,367**
Note 6: Other Assets		
Current		
Other	33,857	31,603
	33,857	**31,603**
Non Current		
Preliminary expenses	800	800
Less: accumulated amortisation	–	–
	800	**800**
Note 7: Property, Plant and Equipment		
Leasehold improvements:		
- At cost	6,114	3,814
- Less: Accumulated depreciation	(1,224)	(708)
	4,890	**3,106**
Plant and equipment:		
- At cost	772,613	528,006
- Less: Accumulated depreciation	(165,691)	(83,194)
	606,922	**444,812**
Other plant and equipment:		
- At cost	26,792	21,837
- Less: Accumulated depreciation	(17,210)	(13,196)
	9,582	**8,641**
Motor vehicles:		
- At cost	42,028	20,273
- Less: Accumulated depreciation	(4,949)	(1,364)
	37,079	**18,909**
	658,473	**475,468**

	2008	2007
Note 8: Payables		
Unsecured:		
- Trade creditors	1,026,718	811,433
	1,026,718	811,433
	1,026,718	**811,433**
Note 9: Financial Liabilities		
Current		
Unsecured:		
- Other loans	10,289	10,328
	10,289	**10,328**
	10,289	**10,328**
Non-Current		
Unsecured:		
- Bank loans	17,493	22,264
- Hire purchase liabilities	37,041	
- Less: Unexpired hire charges	(11,645)	
	42,890	**22,264**
	42,890	**22,264**
Note 10: Tax Liabilities		
Current		
Taxation	9,073	1,118
Amounts withheld from salary and wages	14,333	20,258
	23,406	**21,376**
Note 11: Other Liabilities		
Current		
Advance payments	10,650	163,755
Sundry	4,620	2,090
	15,270	**165,845**

DEPRECIATION SCHEDULE for the year ended 30th June 2008

(Amount in AUD)

					DISPOSAL		ADDITION		DEPRECIATION				PROFIT				LOSS	
		Total	Priv	OWDV	Date	Consid	Date	Cost	Value	T	Rate	Deprec	Priv	CWDV	Upto +	Above	Total -	Priv
Office Equipment																		
Computer	0.00	0	0.00	187		0		0	187	D	50.00	93	0	94	0	0	0	0
Computer	0.00	0	0.00	88		0		0	88	D	50.00	44	0	44	0	0	0	0
Computer	0.00	0	0.00	189		0		0	189	D	50.00	94	0	95	0	0	0	0
Computer	0.00	0	0.00	124		0		0	124	D	50.00	62	0	62	0	0	0	0
Computer	0.00	0	0.00	1,283		0		0	1,283	D	50.00	641	0	642	0	0	0	0
Computer	0.00	0	0.00	368		0		0	368	D	50.00	184	0	184	0	0	0	0
Computer	0.00	0	0.00	666		0		0	666	D	50.00	333	0	333	0	0	0	0
Computer	0.00	0	0.00	118		0		0	118	D	50.00	59	0	59	0	0	0	0
Laptop	0.00	0	0.00	763		0		0	763	D	50.00	381	0	382	0	0	0	0
VOIP Phones	0.00	0	0.00	537		0		0	537	D	7.50	40	0	497	0	0	0	0
Touch Screen Monitor	0.00	0	0.00	341		0		0	341	D	37.50	128	0	213	0	0	0	0
Printer	0.00	0	0.00	241		0		0	241	D	30.00	72	0	169	0	0	0	0
Telephone Equipment	0.00	0	0.00	105		0		0	105	D	7.50	8	0	97	0	0	0	0
Laptop	0.00	0	0.00	734		0		0	734	D	50.00	367	0	367	0	0	0	0
Computer Server	0.00	0	0.00	2,896		0		0	2,896	D	37.50	1,086	0	1,810	0	0	0	0
Computer	0.00	0	0.00	0		0	25/03/08	1,302	1,302	D	50.00	174	0	1,128	0	0	0	0
Computer	0.00	0	0.00	0		0	27/03/08	380	380	D	50.00	50	0	330	0	0	0	0
Electric Equipment	0.00	0	0.00	0		0	30/01/08	1,455	1,455	D	7.50	46	0	1,409	0	0	0	0
Television	0.00	0	0.00	0		0	30/01/08	1,818	1,818	D	20.00	152	0	1,666	0	0	0	0
		0		**8,640**		**0**		**4,955**	**13,595**			**4,014**	**0**	**9,581**				
Deduct Private Portion												0						
Net Depreciation												4,014						
Plant & Equipment																		
Information Display System	0.00	0	0.00	85,900		0		0	85,900	D	7.50	6,443	0	79,457	0	0	0	0
Speakers	0.00	0	0.00	4,228		0		0	4,228	D	7.50	317	0	3,911	0	0	0	0
Equipment For LED	0.00	0	0.00	1,002		0		0	1,002	D	7.50	75	0	927	0	0	0	0
DVD Player	0.00	0	0.00	216		0		0	216	D	7.50	16	0	200	0	0	0	0
Equipment For LED	0.00	0	0.00	70		0		0	70	D	7.50	5	0	65	0	0	0	0
Information Display System-2	0.00	0	0.00	77,489		0		0	77,489	D	7.50	5,812	0	71,677	0	0	0	0
Alarm System	0.00	0	0.00	1,215		0		0	1,215	D	7.50	91	0	1,124	0	0	0	0
Projector	0.00	0	0.00	5,633		0		0	5,633	D	15.00	845	0	4,788	0	0	0	0
Software	0.00	0	0.00	74,616		0		0	74,616	D	60.00	44,770	0	29,846	0	0	0	0
Projector	0.00	0	0.00	5,882		0		0	5,882	D	15.00	882	0	5,000	0	0	0	0
Information Display System	0.00	0	0.00	27,734		0		0	27,734	D	7.50	2,080	0	25,654	0	0	0	0
Information Display System	0.00	0	0.00	13,101		0		0	13,101	D	7.50	983	0	12,118	0	0	0	0
Information Display System	0.00	0	0.00	112,904		0		0	112,904	D	7.50	8,468	0	104,436	0	0	0	0
Information Display System	0.00	0	0.00	34,824		0		0	34,824	D	7.50	2,612	0	32,212	0	0	0	0
LCD Monitor	0.00	0	0.00	0		0	02/07/07	343	343	D	37.50	128	0	215	0	0	0	0
Printer	0.00	0	0.00	0		0	14/09/07	381	381	D	30.00	91	0	290	0	0	0	0
Vacuum Cleaner	0.00	0	0.00	0		0	26/09/07	345	345	D	20.00	53	0	292	0	0	0	0
Steel Mountings	0.00	0	0.00	0		0	09/08/07	6,639	6,639	D	7.50	445	0	6,194	0	0	0	0
Indoor True Color LED Display	0.00	0	0.00	0		0	02/10/07	63,323	63,323	D	7.50	3,542	0	59,781	0	0	0	0

MIC Electronics Limited

DEPRECIATION SCHEDULE for the year ended 30th June 2008

(Amount in AUD)

					DISPOSAL		ADDITION		DEPRECIATION				PROFIT				LOSS	
		Total	Priv	OWDV	Date	Consid	Date	Cost	Value	T	Rate	Deprec	Priv	CWDV	Upto +	Above	Total -	Priv
Plant & Equipment																		
Frames for LED	0.00	0	0.00	0		0	03/10/07	545	545	D	7.50	30	0	515	0	0	0	0
Frames for LED	0.00	0	0.00	0		0	03/10/07	909	909	D	7.50	51	0	858	0	0	0	0
Frames for LED	0.00	0	0.00	0		0	22/10/07	909	909	D	7.50	47	0	862	0	0	0	0
Lifting Equipment	0.00	0	0.00	0		0	06/11/07	724	724	D	7.50	35	0	689	0	0	0	0
Video Mixer	0.00	0	0.00	0		0	09/11/07	1,260	1,260	D	7.50	61	0	1,199	0	0	0	0
Game Testing Equipment	0.00	0	0.00	0		0	26/11/07	398	398	D	7.50	18	0	380	0	0	0	0
DVD Recorder/Camera	0.00	0	0.00	0		0	26/11/07	2,418	2,418	D	7.50	108	0	2,310	0	0	0	0
Information Display System	0.00	0	0.00	0		0	29/01/08	108,024	108,024	D	7.50	3,409	0	104,615	0	0	0	0
Frames for LCD	0.00	0	0.00	0		0	15/01/08	3,182	3,182	D	7.50	110	0	3,072	0	0	0	0
Plant & Equipment	0.00	0	0.00	0		0	01/02/08	1,221	1,221	D	7.50	38	0	1,183	0	0	0	0
Box for Trailers	0.00	0	0.00	0		0	14/04/08	1,900	1,900	D	20.00	81	0	1,819	0	0	0	0
Sign Board	0.00	0	0.00	0		0	16/04/08	340	340	D	10.00	7	0	333	0	0	0	0
Trailer	0.00	0	0.00	0		0	16/04/08	1,718	1,718	D	20.00	71	0	1,647	0	0	0	0
Trailer	0.00	0	0.00	0		0	30/04/08	4,345	4,345	D	20.00	147	0	4,198	0	0	0	0
LED Video Display	0.00	0	0.00	0		0	05/05/08	36,910	36,910	D	7.50	431	0	36,479	0	0	0	0
Trailer	0.00	0	0.00	0		0	14/05/08	6,409	6,409	D	20.00	168	0	6,241	0	0	0	0
Trailer Frame	0.00	0	0.00	0		0	29/05/08	1,455	1,455	D	20.00	26	0	1,429	0	0	0	0
Steel Boxes	0.00	0	0.00	0		0	26/06/08	909	909	D	10.00	1	0	908	0	0	0	0
		0		**444,814**		**0**		**244,607**	**689,421**			**82,497**	**0**	**606,924**				
Deduct Private Portion												0						
Net Depreciation												82,497						

(Amount in AUD)

					DISPOSAL		ADDITION		DEPRECIATION				PROFIT				LOSS	
		Total	Priv	OWDV	Date	Consid	Date	Cost	Value	T	Rate	Deprec	Priv	CWDV	Upto +	Above	Total -	Priv
Furniture & Fixtures																		
Furniture	0.00	0	0.00	146		0		0	146	D	11.25	16	0	130	0	0	0	0
Furniture	0.00	0	0.00	240		0		0	240	D	11.25	27	0	213	0	0	0	0
Furniture	0.00	0	0.00	2,117		0		0	2,117	D	11.25	238	0	1,879	0	0	0	0
Furniture	0.00	0	0.00	603		0		0	603	D	11.25	68	0	535	0	0	0	0
Racks	0.00	0	0.00	0		0	22/08/07	1,500	1,500	D	11.25	145	0	1,355	0	0	0	0
Racks	0.00	0	0.00	0		0	03/04/08	800	800	D	11.25	22	0	778	0	0	0	0
		0		**3,106**		**0**		**2,300**	**5,406**			**516**	**0**	**4,890**				
Deduct Private Portion												0						
Net Depreciation												516						
Motor Vehicle																		
Car	0.00	0	0.00	18,909		0		0	18,909	D	18.75	3,545	0	15,364	0	0	0	0
UTE	0.00	0	0.00	0		0	27/06/08	21,755	21,755	D	16.67	40	0	21,715	0	0	0	0
		0		**18,909**		**0**		**21,755**	**40,664**			**3,585**	**0**	**37,079**				
Deduct Private Portion												0						
Net Depreciation												3,585						

REPORT OF INDEPENDENT PUBLIC ACCOUNTANT

To
The Board of Directors
Infostep, Inc.
2350 Mission College Blvd., Suite 290
Santa Clara, CA 95054

We have audited the accompanying consolidated balance sheet of Infostep, Inc. as of June 30, 2008 and 2007 and the related consolidated statements of operations, changes in shareholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with the generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above, present fairly, in all material respects, the financial position of Infostep, Inc. as of 30th June 2008 and 2007, and the results of its operations and its cash flows for the years then ended are in conformity with accounting principles generally accepted in the United States of America.

Sd/-
Naresh Arora
Santa Clara, California
20th July 2008

MIC Electronics Limited

BALANCE SHEET as at 30th June 2008

(Amount in USD)

	As At 30.06.2008	As At 30.06.2007
ASSETS		
Current Assets		
Cash and cash equivalents	$ 60,804	$ 27,325
Trade accounts receivable	1,875,982	1,242,035
Inventories	22,587	22,587
Related party receivables	189,897	126,817
Employee advances	45,101	28,365
Prepaids and other current assets	74,341	23,516
Total current assets	**2,268,712**	**1,470,644**
Property and equipment, at cost	397,347	371,087
Less : Accumulated depreciation	(307,882)	(261,469)
Net property and equipment	**89,464**	**109,618**
Other Assets		
Capitalised software development costs, net	1,481,815	438,742
Deposits	34,899	44,723
Total other assets	**1,516,714**	**483,465**
Total assets	$ 3,874,890	$ 2,063,727
LIABILITIES & SHAREHOLDER'S EQUITY		
Current Liabilities		
Trade accounts payable and accrued liabilities	$ 838,522	$ 571,567
Tncome taxes currently payable	17,101	–
Note payable to bank	212,993	226,132
Deferred income tax liability	513,000	165,000
Equipment lease obligations	–	6,730
Total current liabilities	**1,581,616**	**969,429**
Other Liabilities		
Notes payable	–	250,000
Total other liabilities	**–**	**250,000**
Shareholder's equity		
Common stock	717,533	23,133
Notes receivable from shareholders	(694,400)	–
Retained earnings	2,362,232	883,559
Currency translation adjustment	(92,091)	(62,394)
Total shareholder's equity	**2,293,274**	**844,298**
Total liabilities & Shareholder's equity	**$ 3,874,890**	**$ 2,063,727**

Accompanied notes are an integral part of these financial statement.

STATEMENT OF INCOME for the year ended 30th June 2008

(Amount in USD)

	30.06.2008	30.06.2007
Revenues	$ 10,912,601	$ 6,979,237
Cost of revenues		
Subcontractors and outside services	4,613,168	2,709,784
Employee wages, benefits and taxes	2,666,439	1,939,581
Software development		156,206
	7,279,607	4,805,571
Gross profit	3,632,994	2,173,666
Selling, general and administrative expenses	1,720,674	1,419,192
Income from operations	1,912,320	754,474
Other income (expenses)		
Interest expense	(40,595)	(20,902)
Income before income taxes	1,871,725	733,572
Income taxes current	45,053	1,626
Deferred	348,000	88,000
	393,053	89,626
Net income	$ 1,478,672	$ 643,946

accompanied notes are an integral part of these financial statement.

MIC Electronics Limited

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Amount in USD)

	Common stock		Notes receivable from Shareholders	Retained earnings	Accumulated Comprehensive Income	Shareholders' Equity
	Shares	Amount				
Balances, July 1, 2007	8,392,454	23,133		$ 883,559	$ (62,394)	$ 844,298
Issuance of restricted stock	1,736,000	694,400		–	–	694,400
Notes receivable from shareholders			(694,400)			(694,400)
Comprehensive income:						
Net income	–	–		1,478,672	–	1,478,672
Foreign currency translation	–	–		–	(29,697)	(29,697)
Balances, June 30, 2008	**10,128,454**	**717,533**	**$ (694,400)**	**$ 2,362,232**	**$ (92,091)**	**$ 2,293,274**

Accompanied notes are an integral part of these financial statement.

STATEMENT OF CASH FLOWS for the year ended 30th June 2008

(Amount in USD)

	30.06.2008	30.06.2007
CASH FLOW FROM OPERATING ACTIVITIES		
Net income from operations before prior period adjustments	$ 1,478,672	$ 643,947
Prior period adjustments		20,368
Currency translation adjustment	(29,697)	(56,440)
Adjustments to reconcile net income to net cash used in operations:		
Depreciation and amortization	46,413	51,374
Changes in assets and liabilities:		
Trade accounts receivable	(633,947)	(565,224)
Inventories	–	(22,587)
Related party receivables	(63,080)	(126,817)
Employee advances	(16,736)	(28,365)
Prepaids and other current assets	(50,825)	(19,747)
Deposits	9,824	(31,548)
Trade accounts payable and accrued liabilities	266,955	61,995
Income taxes currently payable	17,101	–
Deferred income tax liability	348,000	88,000
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,372,681	14,956
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(26,259)	(64,322)
Capitalised software development costs	(1,043,074)	(461,833)
NET CASH USED IN INVESTING ACTIVITIES	(1,069,333)	(526,155)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds (Payments) on capital lease obligations and loan facility	(269,869)	132,154
	(269,869)	132,154
NET INCREASE (DECREASE) IN CASH	33,478	(379,046)
CASH, BEGINNING OF YEAR	27,325	406,371
CASH, END OF YEAR	$ 60,804	$ 27,325

Accompanied notes are an integral part of these financial statement.

NOTE A – Organization

Infostep, Inc. (the "Company") and its software development services affiliate in India provide information technology solutions, multimedia applications and software engineering services for global enterprises in the United States, Singapore and UK. The Company was incorporated under the laws of the State of California on 11th February 1998.

During 2007, majority of the Company stock was acquired by MIC Electronics Limited ("MIC"), an Indian company in the business of design, development & manufacturing of LED video displays, high-end electronic and telecommunication equipment and development of telecom software since 1988.

NOTE B – Basis Of Presentation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Infostep India Private Limited ("IIPL") which was formed in 21st September 2006 in order to provide software development services to the Company. All significant inter-company balances and transactions have been eliminated. The Company owns 100% of the outstanding stock of IIPL.

NOTE C – Summary Of Significant Accounting Policies

Cash and Cash Equivalents

The company considers all highly liquid investments purchased with maturity of three months or less to be cash equivalents.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles in United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounts Receivable and Allowance for Doubtful Accounts

The Company grants credit terms in the normal course of business to its customers. Concentrations of credit risk with respect to these trade receivables are considered minimal due to premium brand customers involved. The Company's revenues and resulting accounts receivable are derived primarily from large and mid-sized organizations in various industries throughout the United States.

No allowance for doubtful accounts is provided as company is collecting amount without default. If actual collections experience changes, then needs to provide allowance for doubtful accounts.

Inventories

Inventories, consisting of LED equipment, are stated at the lower of cost or market.

Furniture and Equipment

Property and equipment are stated at cost. Costs of maintenance and repairs are charged to expense as incurred. Depreciation is computed using straight-line method over the estimated useful lives of the depreciable assets as follows:

Software	3 Years
Computer equipment	5 Years
Office and other equipment	5 Years
Furniture & fixtures	7 Years

NOTES TO FINANCIAL STATEMENTS *(Contd.)* 30th June 2008

Revenue Recognition

The company recognizes revenue on time-and-expense contracts as the services are performed.

Capitalised Software Development Costs

The Company capitalizes certain internal expenses related to developing computer software used in the services it sells. Costs incurred prior to the establishment of technological feasibility are charged to research and development expense. The Company considers technological feasibility to have been established for a product when all of the following conditions have been met: a) the detail program design has been complete and it has been determined that the necessary skills, hardware, and software technology are available to produce the product, b) the detail program design has been traced to product specifications, and c) all high-risk development issues have been resolved through coding and testing. Upon general release to customers of the product in which the software is included, the capitalization ceases, and such costs are amortised using the straight-line method over their estimated useful life. Capitalised software development costs include the allocations, as determined by the management, of salaries of officers and other employees based upon time spent on product development.

Capitalised software development costs and accumulated amortization as of 30th June 2008 are as follows:

Capitalised costs	$ 1,633,844
Less: Accumulated amortization	(152,029)
	$ 1,481,815

Foreign Currency Translation

The financial statements of foreign subsidiary are translated using the exchange rate in effect at period end for balance sheet accounts and the average rate in effect during the period for revenue and expense accounts. Translation gains and losses are excluded from the consolidated statements of operations and are instead reported as the currency translation adjustment component of other comprehensive income.

Income Taxes

Income tax for the period comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax charge or (benefit) is the amount expected to be paid or recovered from the taxation authorities in respect of taxable profits or losses for current periods and prior periods. Taxes, other than on income, are recorded within operating expenses.

Deferred tax is provided using the balance sheet liability method for loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax balances are measured at tax rates enacted or substantially enacted at balance sheet date which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised. Deferred tax assets for deductible temporary differences are recorded only to the extent that it is probable that future taxable profits will be available against the deductions can be utilised.

NOTE D – Notes Payable To Bank

The Company has a $500,000 working capital line of credit from Union bank of California, bearing interest rate 10%. Borrowing under the line of credit was $212,993 of 30th June 2008. The line of credit is personally guaranteed by company's shareholders.

NOTE E – Deferred Tax Liability

The difference between IRS and U.S tax regulations give rise to certain temporary differences between carrying value of certain assets and liabilities for financial reporting purposes and income tax purposes. Deferred income tax assets and liabilities are measured at the average effective U.S income tax rate applicable when the asset and liability will reverse.

The components of net deferred tax assets as of 30th June 2008 comprised the following:

Deferred tax assets	
Accounts payable and accrued expenses	$ 230,207
Prepaids and advances	74,059
	304,266
Less: Deferred tax liability	
Trade accounts receivables	(506,450)
Capitalised software development costs	$ (310,816)
	(817,266)
Net deferred tax asset/(liability)	**$ (513,000)**

NOTE F – Related party Transactions

Related party receivables include receivables from MIC for allocations, as determined by the management, of salaries of officers and other employees based upon time spent on business development and marketing efforts for promoting the LED line of business. As of 30th June 2008 and 2007, the Company has a recoverable balance of $189,897 and $126,817, respectively, from MIC for costs incurred on its behalf.

NOTE G – Selling, General and Administrative expenses

(Amount in USD)

	For the year ended 30.06.2008	For the year ended 30.06.2007
Advertising and marketing	$ 64,922	$ 68,390
Auto expenses	31,001	29,128
Depreciation	47,027	59,048
Employees wages, benefits and taxes	803,267	781,113
Insurance	31,628	25,929
Legal and professional fees	127,869	133,822
Office and general	336,831	96,091
Rent and utilities	135,834	76,165
Taxes and licenses	7,088	2,828
Telephone and connectivity	52,878	38,456
Travel	82,328	108,221
	$ 1,720,674	**$ 1,419,192**

Accompanied notes are integral part of these financial statements.

DIRECTORS REPORT

To
The Members

Yours directors have pleasure in presenting the First Annual Report of your company together with the Audited Accounts for the financial period ended 31st March 2008.

The company was incorporated on 31st August 2007 and the accounts were closed for the first time on 31st March 2008. As such the accounts are prepared for a period of 7 months.

Financial Results:

(Amount in Rs.)

Particulars	Current Period Ended 31.03.08
Turnover including Other Income	1,02,64,610
Profit before Interest & Depreciation	1,91,672
Interest	
Provision for Depreciation	55,197
Profit for the Year	1,36,475
Less : Provision for Income Tax, FBT & Others	37,105
Provision for Deferred Tax	(57,988)
Net Profit	**1,57,358**

Operations: During the period under review, the company has achieved a turnover of Rs.102.65 Lacs and earned a profit of Rs.1.92 Lacs before depreciation and taxes.

Fixed Deposits: The Company did not accept any fixed deposits during the period under review and no deposits are outstanding as at 31st March 2008.

Particulars Of Employees: There are no employees falling within the purview of Sec 217 (2A) of the Companies Act, 1956. read with Companies (Particulars of Employees) Rules, 1975.

Auditors:
The Statutory Auditors M/s.Pinnamaneni & Co., Chartered Accountants, Hyderabad retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. They confirmed their eligibility under section 224 (1B) of the Company Act, 1956

Conservation Of Energy, Technology Absorption And Foreign Exchange Earnings And Out Go:
Conservation Of Energy: During the period under review the company has taken adequate measures for conservation of energy and point (d) is not applicable to the company.

Technology Absorption: During the period under review company has not carried out any research and development activities.

Foreign Exchange Earnings And Out Go:	F.Y. 2007-08	2006-07
a. Earnings.	Nil	Nil
b. Out go : For import of Capital Equipment	Nil	Nil

Future Expansion: Complete Coach Lighting with LEDs in railway coaches.

Directors Responsibility Statement: Pursuant to the requirement under Section217 (2AA) of the companies Act, 1956 with respect to Directors' Responsibilities Statement it is hereby confirmed:

i) That the preparation of annual accounts for the financial period ended 31st March 2008, the applicable accounting standards had been followed along with proper explanation relating to material departure;

ii) That directors had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and the Profit or loss of the company for the year under review;

iii) that the directors had taken proper and sufficient care 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) that the Directors had prepared the accounts for the financial period ended 31st March 2008 on a going concern' basis.

Acknowledgements: Your Directors acknowledge with gratitude the co- operation and assistance extended by the Banks, Government agencies and suppliers. Your directors are equally grateful to the Contractors, suppliers and the share holders for the confidence reposed and valuable support.

For and on behalf of the Board

Sd/- Sd/-
G.Venkateswara Rao P. Narayana
Director Director

Place : Hyderabad
Date : 2nd September 2008

MIC Electronics Limited

AUDITORS' REPORT

To
The Share Holders of
M/s. Maave Electronics Pvt. Ltd.
Hyderabad (A.P)

We have audited the attached Balance Sheet of M/s.Maave Electronics Pvt Ltd, as at 31st March 2008 and also the Profit and Loss Account of the Company for the period ended on that date annexed hereto. "These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Company's (Auditors Report) Order, 2003 issued by the Department of Company Affairs, in terms of Section 227(4A) of the Companies Act. 1956, we give in the annexure a statement on the matters specified in Paragraphs 4 and 5 of the said order.
2. Further to above, we report that :
   i. We have obtained all the information and explanations. which to the best of our knowledge and belief, were necessary for the purposes of our audit,
   ii. In our opinion, proper books of accounts as required by law have been kept by the company so far, as appears from our examination of books.
   iii. The Balance sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
   iv. In our opinion, the Profit and Loss Account and Balance Sheet comply with the accounting standards referred to in sub-section (3C) of section of the Companies Act. 1956.
   v. Based on information and explanations given to us and representations received from the directors of the Company as on 31st March 2008 and taken on record by the Board of Directors. we report that none of the directors is disqualified as on 31st March 2008 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act. 1956.
   vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
      a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2008 and
      b) In the case of the Profit and Loss Account, of the Profit for the period ended on that date.

for **Pinnamaneni & Co.,**
Chartered Accountants

Sd/-
P. V.V.Satyanarayana
Partner

Place : Hyderabad
Dated : 2nd September 2008

ANNEXURE TO AUDITORS' REPORT

REFERRED TO IN PARAGRAPH (1) IN OUR REPORT OF EVEN DATE FOR THE YEAR ENDED 31.03.2008.

1. The Company has taken loans, secured or unsecured from Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. We have been informed that there are no companies under the same management as defined under section 370 (1 B) of the Companies Act, 1956.
2. The management has not granted any loans, secured or unsecured, to the companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Or from the companies under the same management as defined under the section 370(1 B) of the Companies Act 1956.
3. The company has not accepted fixed deposits from the public during the year and therefore, the question of compliance with the directives issued by the Reserve Bank of India and the provisions of Section 58A of the Companies Act 1956. does not arise.
4. As the paid up capital of the company is less than Rs.25 Lakhs the introduction of internal audit system does not arise.
5. We have been informed that the Central Government has not prescribed maintenance of cost records under section 209 (l)(d) of the Companies Act, 1956.
6. As per the information submitted to us. the provisions of Provident Fund Act and Employees State Insurance Act does not apply to the company for the time being.
7. According to the information and explanations given to us there are no disputed amounts payable in respect of Income Tax. Wealth Tax, Sales Tax, Customs Duty and Excise Duty which are outstanding as on 31st March 2008 for a period of' more than six months from the date they become payable.
8. The Company is not a sick industrial company within the meaning of clause (o) of sub-section 1 of section 3of the sick industrial companies (special provisions) Act, 1985.

for **Pinnamaneni & Co.,**
Chartered Accountants

Sd/-
P. V.V.Satyanarayana
Partner

Place : Hyderabad
Dated : 2nd September 2008

MIC Electronics Limited

BALANCE SHEET as at 31st March 2008

(Amount in Rs.)

	Schedules	As at 31.03.2008
I. SOURCES OF FUNDS		
1. **Share holders funds**		
Equity share capital	1	100000
Share Application Money		10366735
Reserves & Surplus		157358
2. **Loan Funds**		
Unsecured Loans		8521689
Total		**19145782**
II. APPLICATION OF FUNDS		
1. **Fixed Assets**	2	**9716570**
Less: Depreciation		55197
Net Block		9661373
2. **Current assets, Loans & Advances**		
Inventories	3	6227518
Sundry Debtors	4	2158924
Cash and Bank Balances	5	950833
Loans and Advances	6	4063278
Sub-Total		13400553
Less: Current Liabilities and		
Provisions	7	4004932
Net Current Assets		9395621
3. **Miscellaneous Expenditure** (To the extent not written off)		
Preliminary expenses	8	30800
4. **Deferred Tax Asset**		**57988**
Total		**19145782**
Accounting Policies & Notes on Accounts	12	

As per our report of even date
for **Pinnamaneni & Co.,**
Chartered Accountants

for and on behalf of the Board

Sd/-
P. V. V. Satyanarayana
Partner
Place: Hyderabad
Date: 2nd September 2008

Sd/-
G. Venkateswara Rao
Director

Sd/-
P. Narayana
Director

PROFIT AND LOSS ACCOUNT for the period ended 31st March 2008

(Amount in Rs.)

	Schedules	31.08.07–31.03.08
INCOME		
Sales		10194275
Other Income		70335
Total		**10264610**
EXPENDITURE		
Raw Material Consumed	9	9030808
Salaries and staff Exp.	10	1331406
Admn and selling Exp.	11	1543224
Increase/(Decrease) In Stock		(1840200)
Preliminary Expenses Written Off		7700
Total		**10072938**
Gross Profit Before Interest & Depreciation		191672
Less: Depreciation	2	55197
Interest & Financial Charges		–
Profit for the Period		**136475**
Less: Provision for Fringe Benefit Tax		21495
Less: Provision for Current Tax		15610
Less : Provision for Deferred Tax		(57988)
Net Profit		**157358**
Profit brought forward from the last year		–
Profit / (- Loss) carried to balance sheet		157358
Accounting Policies and Notes on Accounts	12	

As per our report of even date
for **Pinnamaneni & Co.,**
Chartered Accountants

for and on behalf of the Board

Sd/-
P. V. V. Satyanarayana
Partner
Place: Hyderabad
Date: 2nd September 2008

Sd/-
G. Venkateswara Rao
Director

Sd/-
P. Narayana
Director

MIC Electronics Limited

SCHEDULES FORMING PART OF BALANCE SHEET as at 31st March 2008

(Amount in Rs.)

	As at 31.03.2008
Schedule 1 EQUITY SHARE CAPITAL	
Authorised	
10,000 Equity shares of Rs. 10/- each	100000
Issued	
10,000 Equity shares of Rs. 10/- each	100000
Subscribed and paid up	
10,000 Equity shares of Rs. 10/- each	100000
Total	**100000**

Schedule 2 FIXED ASSETS

SL. No.	Particulars	GROSS BLOCK			DEPRECIATION BLOCK			NET BLOCK	
		Cost as on 01.04.2007	Additions	Total as on 31.03.2008	Upto 01.04.2007	Current	Total	As at 31.03.2008	As at 31.03.2007
1.	Plant & Machinery	–	2256537	2256537	–	50224	50224	2206313	–
2.	Computers	–	58867	58867	–	3417	3417	55450	–
3.	Furniture & Fittings	–	150566	150566	–	1556	1556	149010	–
4.	Goodwill	–	7250600	7250600	–	–	–	7250600	–
	Total	**–**	**9716570**	**9716570**	**–**	**55197**	**55197**	**9661373**	**–**

	As at 31.03.2008
Schedule 3 INVENTORIES (As valued and certified by the Management)	
Raw Materials	4387318
Work in Progress	1840200
Total	**6227518**

Schedule 4 SUNDRY DEBTORS (Unsecured considered good)	
Debts due over six months	888553
Other Debts	1270371
Total	**2158924**

SCHEDULES FORMING PART OF BALANCE SHEET as at 31st March 2008

(Amount in Rs.)

	As at 31.03.2008
Schedule 5 CASH AND BANK BALANCES	
Cash in Hand (As certified by the Management)	581058
Balance in Current Accounts	369775
Total	**950833**

Schedule 6 LOANS AND ADVANCES (Unsecured - Considered good)	
Deposits Recoverable	3020851
Balance with Revenue Authorities	980727
Other Current Assets	61700
Total	**4063278**

Schedule 7 CURRENT LIABILITIES AND PROVISIONS	
Outstanding liabilities for expenses	726473
Creditors for Expenses	3175854
Advance from Customers	65500
Provisions	
Current Tax Payable	15610
Fringe Benefit Tax Payable	21495
Total	**4004932**

Schedule 8 PRE-OPERATIVE EXPENSES (Up to 31st March 2008, to be capitalised)	
Preliminary expenses	30800
Total	**30800**

MIC Electronics Limited

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT for the period ended 31st March 2008

(Amount in Rs.)

	Current Year
Schedule 9 RAW MATERIAL CONSUMED	
Purchases	13418126
Less : Closing Stock	4387318
Total	**9030808**

Schedule 10 SALARIES AND STAFF EXPENSES	
Salaries and Wages	1299121
Staff welfare Expenses	32285
Total	**1331406**

Schedule 11 ADMN AND SELLING EXPENSES	
Rent- Office	166150
Electricity Charges	27204
Jobworks	373506
Telephone, fax & Mobile phone charges	18361
Printing & Stationery	41013
Courier & Freight Charges	13060
Consultancy Charges	7000
Audit Fee	15000
General Office expenses	65503
Insurance	5394
Bank Charges	27733
Travelling, Transport & Conveyance Exp	319651
Personnel Recruitment & Training Expenses	3702
Entertainment Expenses	9051
Sales Tax	442358
Rates & Taxes	5338
Sales Expenses	3200
Vehicle Maintenance	–
Total	**1543224**

NOTES TO FINANCIAL STATEMENTS as at 31st March 2008

Schedule 12 ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

Significant Accounting Policies

1. The accounts are prepared on historical cost convention and accrual basis of accounting.
2. Depreciation on Fixed Assets is provided on straight line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act.
3. Income and services are inclusive of taxes collected.
4. Raw Materials and Work in Progress are valued at cost.
   Stock-in-Trade is valued at cost or realisable value whichever is less.
5. Current Tax is determined as the amount of tax payable in respect of taxable income for the period. Deferred tax is recognised, subject to the consideration of prudence in respect of deferred tax assets/liabilities, on timing differences, being difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Notes to Accounts:

1. Contingent liabilities not provided for - NIL
2. The accounts are closed for the first time on 31.03.2008.
3. This being first year Balance Sheet no previous years figures are given.
4. In Accordance with the AS-22' Accounting for taxes on income issued by the Institute of Chartered Accountants of India, during the current year the company has accounted for the effect for deferred tax against the income pertaining to current year and has accordingly provided for deferred tax asset of Rs.57,988/-
5. The information required by para 3 & 4 of Schedule VI to the Companies Act, 1956 is as under.

CIF Value of Imports	2007-2008	2006-2007
Capital Goods	Nil	Nil
Others	34,18,311/-	Nil

6. The information required to be furnished under part II of schedule VI of the Companies Act 1956.

a)	Class of Goods manufactured	LED based lighting products
b)	Production	LED based lighting products -2423 Nos
c)	Sales	LED based lighting products - 2423 Nos. – Rs.1,01,94,275/- (Previous Year - Rs.Nil)
d)	Closing Stock of Goods	Nil

7. Analysis of material consumed

	Current Year	
	Percentage	Value (Rs)
Indigenous	54.13%	48,88,376/-
Imported	45.87%	41,42,432/-
		90,30,808/-

As per our report of even date
for **Pinnamaneni & Co.,**
Chartered Accountants

Sd/-
P. V. V. Satyanarayana
Partner
Place: Hyderabad
Date: 2nd September 2008

for and on behalf of the Board

Sd/-
G. Venkateswara Rao
Director

Sd/-
P. Narayana
Director

MIC Electronics Limited

CASH FLOW STATEMENT for the period ended 31st March 2008

(Amount in Rs.)

PARTICULARS	As on 31.03.2008
CASH FLOWS FROM OPERATING ACTIVITIES	
Net Profit before taxation, and after prior period & extraordinary item	136,475
Adjustments for:	
Depreciation	55,197
Loss on Assets Discarded	
Loss on Assets Sold	–
Prior Period Adjustments	
Interest Income	–
Income from Mutual Funds	
Preliminary Expenses written off	–
Operating Profit before working Capital changes	191,672
Increase in Sundry Debtors	(2,158,924)
Increase in Other Current Assets	(6,227,518)
Increase in Loans & Advances	(4,063,278)
Increase in Deferred Revenue Expenditure	(30,800)
Preliminary Expenses	
Income taxes paid	(37,105)
Increase in Current Liabilities	4,004,932
Cash generated from Operations	(8,321,021)
Net Cash flow from Operating Activities	(8,321,021)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Fixed Assets	(9,716,570)
Increase in Capital Work in Progress	–
Increase in Preoperative Expenses	
Sale proceeds of Fixed Assets	–
Long term Investments	–
Investments in Mutual Funds	–
Interest received	–
Dividend received	–
Net Cash flow from Investing Activities	(9,716,570)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from Issue of Share Capital	10,466,735
Increase in borrowings - Lease Accounting - AS 19	8,521,689
Repayment of Leased Borrowing	-
Dividend Paid including Dividend Tax	-
Net Cash used for financing activities	18,988,424
Net increase in cash and cash equivalents	**950,833**
Cash and Cash equivalents at the beginning of period	-
Cash and Cash equivalents at the end of period	950,833

Place : Hyderabad
Date : 2nd September 2008

AUDITORS' REPORT

To
The Board of Directors,
MIC Electronics Inc.
2350 Mission College Blvd, Ste 290
Santa Clara, CA 95054

We have audited the accompanying balance sheet of MIC Electronics Inc., a development stage enterprise, as of 30th June 2008 and the related statements of operations and accumulated deficit and cash flows, for the period from October 4, 2007 (date of inception) to 30th June 2008. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with the generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of MIC Electronics Inc. as of 30th June 2008 and the results of its operations and its cash flows for the period from 4th October 2007 (date of inception) to 30th June 2008 are in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note A to the financial statements, the Company is in the development stage and has incurred losses from operations that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note A. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Sd/-
Naresh Arora
Santa Clara, California
18th November 2008

MIC Electronics Limited

BALANCE SHEET as at 30th June 2008

(Amount in USD)

	2008
ASSETS	
Current Assets	
Cash and cash equivalents	12,007
Trade accounts receivable	576,328
Inventory	60,200
Loans to related party	60,000
Employee advances	6,754
Prepaid items	3,887
Total Current Assets	**719,176**
Loans to Related Party, Net Of Current Portion	**234,255**
Other Assets	
Deposits	2,187
Total Assets	**955,618**
LIABILITIES & SHAREHOLDERS' EQUITY	
Current Liabilities	
Trade accounts payable and accrued expenses	546,070
Accounts payable to related party	60,200
Total current liabilities	**606,270**
SHARE HOLDERS' EQUITY	
Common stock (Authorised, issued and outstanding shares - 1,000,000)	100,000
Additional paid in capital	400,000
Accumulated deficit	(150,652)
Total Shareholders' Equity	**349,348**
Total Liabilities and Shareholders' Equity	**955,618**
Accompanied notes are an integral part of these financial statement.	

STATEMENT OF OPERATIONS AND ACCUMULATED DEFICIT

For the period from 4th October 2007 (date of inception) to 30th June 2008 *(Amount in USD)*

	2008
Revenue:	
Product sales	$576,328
Cost of goods sold:	
Purchases	540,570
Freight and delivery	11,228
	551,798
Gross profit	24,530
Selling, general and administrative expenses :	
Accountants fee	5,500
Business development	35,360
Insurance	1,214
Legal fees	3,295
Officers compensation	30,000
Office expenses	2,832
Outside services	37,000
Salaries and payroll tax burden	35,183
Telephone and connectivity	624
Travel and entertainment	28,429
	179,437
Net loss from operations	(154,907)
Other income	
Interest	4,255
Net loss	(150,652)
Accompanied notes are an integral part of these financial statement.	

MIC Electronics Limited

STATEMENT OF CASH FLOWS for the period from 4th October 2007 (date of inception) to 30th June 2008

(Amount in USD)

	2008
Cash flows from operating activities :	
Net loss	(150,652)
Adjustments to reconcile net loss to net cash provided by operations:	
Changes in operating assets and liabilities:	
Trade accounts receivable	(576,328)
Inventory	(60,200)
Employee advances	(6,754)
Prepaid items	(3,887)
Deposits	(2,187)
Trade accounts payable and accrued expenses	546,070
Accounts payable to related party	60,200
Net cash used in operating activities	**(193,738)**
Cash flows from financing activities :	
Issuance of common stock	100,000
Additional paid in capital	400,000
Loans to related party	(294,255)
Net cash provided by financing activities	**205,745**
Net increase in cash and cash equivalents	12,007
Cash and cash equivalents, end of period	12,007
Accompanied notes are an integral part of these financial statement.	

NOTES TO FINANCIAL STATEMENTS as at 30th June 2008

NOTE A - THE COMPANY

Nature of Business

MIC Electronics Inc., a development stage enterprise (the "Company" or "MIC Inc"), was incorporated in October 2007 in the state of California (USA) to promote sales and marketing of LED Video displays, LED Perimeter Boards and LED Lighting solutions. The Company engages in the business of purchasing LED equipment and sells and installs them at their customer sites in the Americas.

In December 2007, the Company became a wholly owned subsidiary of MIC Electronics Limited ("MIC Ltd"), an Indian company engaged in the business of design, development & manufacturing of LED video displays, high-end electronic and telecommunication equipment.

In April 2008, the Company entered into a Joint Venture agreement with another US company to pursue advertising and sporting revenue rights in United States, Latin America and Europe.

Development Stage Enterprise

Since its inception in October 2007 although the Company has commenced its principal operations, it has not achieved a sufficient level of sales and market demand to become an established operating enterprise. Therefore, as per the Statement of Financial Accounting Standards ("SFAS") No.7, "Accounting and Reporting by Development Stage Enterprises", the Company is being classified as a development stage enterprise and its financial statements are presented in accordance with SFAS No. 7.

Major Financial Support

The Company has limited operating history in US and its prospects are subject to risk, expenses and uncertainties that are frequently encountered by companies in emerging markets. These risks include the failure to develop and extend the Company's product and service brands, the rejection of the Company's services by consumers and the inability of the Company to generate sales as well as other risks and uncertainties. Failure to address these risks successfully may have a material and adverse impact on the Company's results of operations and financial position.

The Company has sustained net losses from operations since its inception. The Company's ability to meet its obligations in the ordinary course of business is dependent upon major financial support from the parent Company and its ability to establish profitable operations. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of MIC Electronics Inc. is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Method of Accounting

The company prepares its financial statements for reporting and management purposes on accrual basis of accounting and uses the same for recognizing income for tax purposes.

Cash and Cash Equivalents

The company considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Accounts Receivable and Allowance for Doubtful Accounts

The Company grants credit terms in the normal course of business to its customers. Concentrations of credit risk with respect to these trade receivables are considered minimal due to the geographical and operating diversity of the companies involved. The Company's revenues and resulting accounts receivable are derived primarily from large organizations in various industries throughout the Americas.

During the period ended 30th June 2008, the Company did not make any sales in the Americas and its only sale was to a company located in India.

The allowance for doubtful accounts is based on specifically identified amounts that the Company believes to be uncollectible. If actual collections experience changes, revisions to the allowance may be required.

Inventory

Inventory is stated at the lower of cost or market using the average cost method of inventory accounting. The cost of inventory also includes certain costs associated with the preparation of inventory for resale and distribution center costs, net of vendor funds.

Revenue Recognition

The Company classifies revenue by the three sources from which it is earned: Product Sales; Support and Maintenance; and Long term Advertising Rights.

Product Sale: Currently the Company's primary source of revenue, the Company recognizes revenue on equipment sales, when title passes, which is usually upon shipment and then only if the terms of the arrangement are fixed and determinable and collectibility is reasonably assured. The estimated sales returns and discounts are recorded as a reduction of net sales in the same period revenue is recognised. For the period ended 30th June 2008, all of the reported revenue is from sale of equipment.

Product maintenance: In connection with the sale of products, the Company offers to sell separately priced extended warranties and product maintenance contracts. The revenue related to such contracts is deferred and recognised ratably as net sales over the term of the contracts. During the period ended 30th June 2008, the Company did not have any revenue from product maintenance.

Long-term receivables and sporting/advertising rights: The Company is projecting growth in its revenue from sale and installation of products at facilities in exchange for the rights to sell or to retain future advertising revenues. The Company would recognize revenue as it becomes earned and the related costs of the equipment would be amortised over the term of the advertising rights owned. On these transactions, advance collections of advertising revenues would be recorded as deferred revenue.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles (GAAP) in United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note C - RELATED PARTY TRANSACTIONS

Loans to Related Party

During the period ended 30th June 2008, the Company provided loans to an officer of the Company under a promissory note executed in April 2008. The loans carry an interest rate of 5% per annum and are payable in equal installments of $10,000 commencing from 1st January 2009 until principal and interest are paid in full. The note may be prepaid by the borrower in whole or in part at any time without penalty. In the event of default by the borrower the unpaid principal and accrued but unpaid interest of the loan shall become payable on demand. As of 30th June 2008 the balance receivable from the officer of $294,830 includes $4,255 of interest accrued.

Accounts Payable to Related Party

Accounts payable to related party of $60,200 represent balances owed to MIC Ltd for purchase of LED equipment for resale in the US and South America.

Accompanied notes are an integral part of these financial statements.

MIC Electronics Limited

Regd. Office: A-4/II, Electronic Complex, Kushaiguda, Hyderabad-500062

Regd. Folio No		*DP ID	
No. of Shares held		*Client ID	

PROXY FORM

I/We ……of ……

being a member(s) of the above named company hereby appoint …….. of …….. or

failing him …….. of …….. as my/our proxy to vote for me/us on my/our behalf at the 20th Annual General Meeting of the Company being held on 27th December, 2008 at 11.00 A.M. at registered office of the company or at any adjournment thereof.

Signed this …….. day of ……..2008

Signed by the said ……..

Affix Re. 15 paisa Revenue Stamp

Note: The proxy in order to be effective should duly stamped, completed and signed and must must be deposited at the Registered Office of the Company not less than Forty Eight Hours before the time fixed for holding the aforesaid meeting. The Proxy need not be member of the company.

* Applicable for Investors holding shares in Electronic Form.

MIC Electronics Limited

Regd. Office: A-4/II, Electronic Complex, Kushaiguda, Hyderabad-500062

Regd. Folio No		*DP ID	
No. of Shares held		*Client ID	

ATTENDANCE SLIP

Name of the Shareholder	
Name of the Proxy:	

I/We hereby record my/our presence at the 20th Annual General Meeting of the members of the Company held on Wednesday, the 27th day of December 2008 at 11.00AM at A-4/II, Electronic Complex, Kushaiguda, Hyderabad – 500062 Andhra Pradesh.

SIGNATURE OF THE MEMBER OR THE PROXY ATTENDING THE MEETING

If Member please sign here

If Proxy, Please sign here

Note: This form should be signed and handed over at the Meeting Venue. No duplicate Attendance slip will be issued at meeting hall. You are requested to bring copy of the Annual Report to the Meeting.

* Applicable for investors holding shares in electronic form

MIC Electronics Limited

Regd. Office: A-4/II, Electronic Complex, Kushaiguda, Hyderabad-500062

ELECTRONIC CLEARING SERVICE (CREDIT CLEARING) MANDATE FORM FOR PAYMENT OF DIVIDEND

To

Venture Capital and Corporate Investments Pvt Ltd

12-10-167, Bharatnagar, Hyderabad-500018.

Shareholder's authorization to receive dividends through Electronic Credit Clearing Mechanism.

Registered Folio No. :	ECS Ref. No. : (For office use only)
Name of first/sole shareholder	
Bank Name	
Branch Address & Telephone No.	
Bank Account Number (As appearing in the Cheque Book)	
9 Digit Code number of the bank and branch appearing on the MICR cheque issued by the bank (Please attach a blank cancelled cheque, or a photocopy (xerox copy) of a cheque issued to you by your bank, for verification of the above particulars)	
Account Type (Please tick the option)	Savings
	Current
	Cash Credit
Bank Account ledger Folio No. (If any)	
Effective date of this mandate	

I/We here by declare that the particulars given above are correct and complete. If the payment transaction is delayed or not effected at all for any reasons, including but not limited to incomplete information. I will not hold M/s. MIC Electronics Limited responsible. I agree to discharge the responsibility expected of me as a participant under the scheme.

I, further undertake to inform the Company of any subsequent Change(s) in the above particulars.

Date : Signature of the first holder :_____

Place: Signature of the second holder:_____

Note: 1. Please Fill In the Information in CAPITAL LETTERS and in ENGLISH ONLY

2. In case of shareholders holding the equity shares in demat form, the shareholders are requested to provide details to their respective Depository participants. Shareholders are also requested to note that changes, if any, intimated by the Demat Account holders directly to the Company will not be considered

CORPORATE INFORMATION

Annual General Meeting

Date: 27th December 2008

Day: Saturday

Time: 11.00 a.m.

Place: Registered Office
A-4/II, Electronic Complex
Kushaiguda, Hyderabad 500062

Registrar and Transfer Agents

Venture Capital and
Corporate Investments Pvt. Ltd.
12-10-167
Bharat Nagar
Hyderabad 500018
Tel: 040 – 23868257
Email: info@vccilindia.com
www.vccilindia.com

Board of Directors

Dr. M.V. Ramana Rao	Chairman & Managing Director
Shrikant P Joshi	CEO
Ranjan Kapur	
Somendra Khosla	
Harshraj Mariwala	
Nimmagadda Srinivasa Rao	
Uppala Ramakrishna	
Yarlagadda Harish Chandra Prasad	
Lingamaneni Naga Malleswara Rao	
Vidya Sagar Anisingaraju	
Atluri Venkata Ram	
Anil Goyal	

Company Secretary

Vasudeva Rao Devaki

Bankers

State Bank of India, SIB Saifabad Branch, Hyderabad.

Development Credit Bank, Dr. A S Rao Nagar Branch, Hyderabad

UCO Bank, MG Road Branch, Hyderabad.

Auditors

M/s Pinnamaneni & Co.
Chartered Accountants
809, Shaili's Estate, Royal Pavilion
Opp. Old Goldspot, Ameerpet, Hyderabad.

Registered Office

A-4/II, Electronic Complex
Kushaiguda, Hyderabad 500062
Andhra Pradesh

A TRISYS PRODUCT
info@trisyscom.com

www.kalajyothi.com

MIC Electronics Limited

A-4/II, Electronic Complex, Kushaiguda
Hyderabad-500062, India
www.mic.co.in