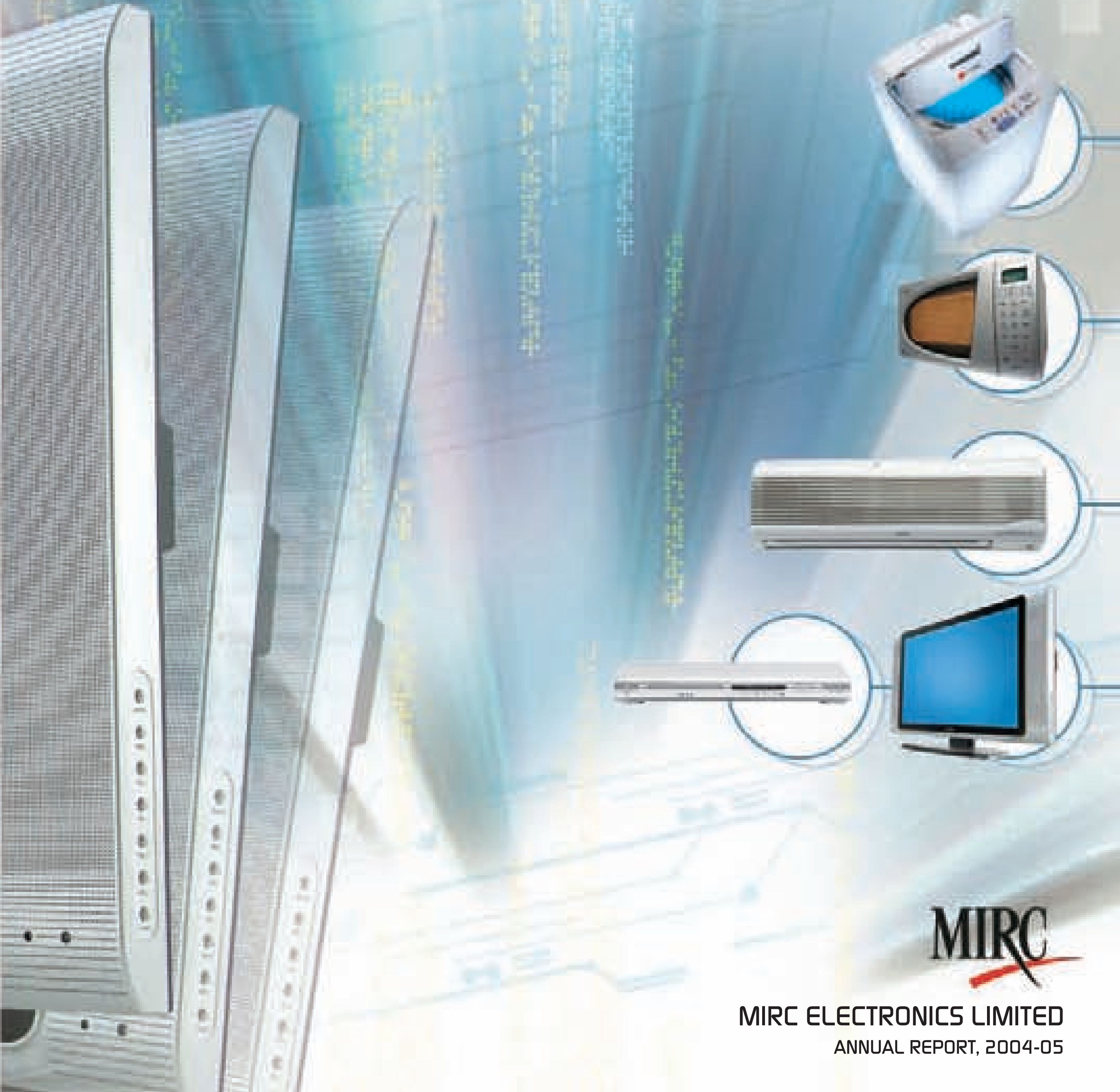
BEYOND TELEVISIONS



MIRC

MIRC ELECTRONICS LIMITED

ANNUAL REPORT, 2004-05

ONIDA COLLECTION 2005

EAGLE VISION

"Our predominantly single product company is evolving into a multi-product consumer electronics conglomerate; our television-focused company is emerging as a major Indian player in air conditioners, washing machines, DVD players and microwave ovens."

Gulu Mirchandani, *Chairman and Managing Director,*
outlines why it was imperative to evolve from a single product reliance into a multi-product organisation

At Mirc, the old is yielding to the new.

This conscious transition is the result of a number of developments within the market place and Mirc itself.

Under-penetration

We understand that there exists a vast under-penetrated Indian appliances market estimated at just 50 percent of the Indian television market; this is on the cusp of unprecedented growth catalysed by low cost and easily available financing. As a result, the daunting image of total cost for the consumer has evolved to 'EMI', who was once an appliance-shy consumer is now an aggressive spender and the relatively flat growth in specific appliance segments is yielding to impressive double-digit numbers. From our perspective, there is an urgency to address this turn in the market or lose the position forever.

Consumer preference

Our learning is that as the housing boom accelerates, a greater number of consumers are not just buying one consumer electronics product; thanks to the easy availability of low cost financing, they are buying a number of products in one go, a major shift from the time when they saved and purchased products incrementally. Interestingly, there is a greater evidence of their buying the same brand across all their products, which is again a significant departure from the past when they appraised each brand on the basis of its strength within a specific space. Our conclusion is that as brand scale emerges as a critical success driver, Mirc must extend the considerable goodwill arising out of it's television brand to other products to sustain topline and bottomline growth.

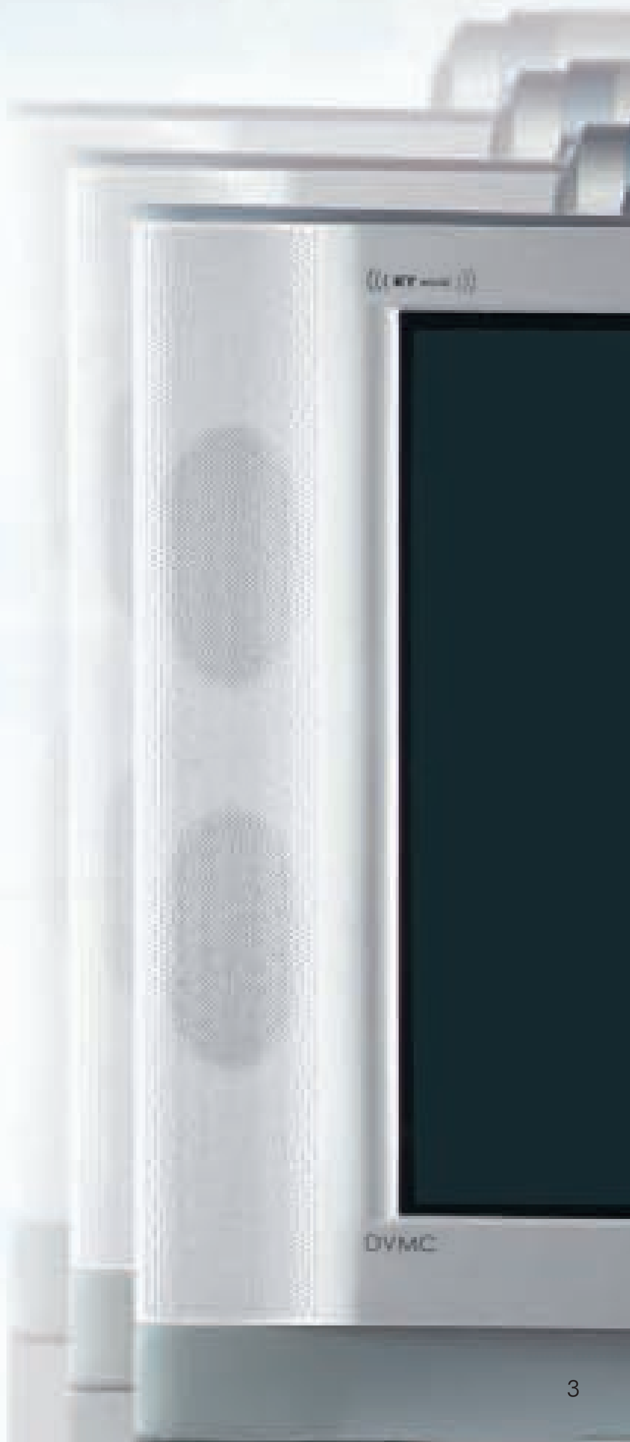
Global partnerships

The general trend is that scale breeds respect among international giants seeking to enter into outsourcing relationships with low cost Indian manufacturers. In view of this, we have enhanced the capacity of our Wada plant from 1.8 million units per annum to 3.0 million units per annum, commissioned nine new moulding machines with a higher productivity of upto 60 percent, incorporated four EPS machines and emerged as the first Indian consumer durables company to leverage the advanced surface-mount technology. A combination of these initiatives will help us shrink the time to manufacture television set from one every 16 seconds prior to 2004-05 to one every 12 seconds now, reduce manufacturing costs and enhance exports as well.

Strengthening dealer relationships

The war for dealer mind space has begun and the successful companies of the future are not just going to be those that make better products but also those that possess a stronger distribution system. Besides, dealers in rural and semi-urban India are more comfortable working with a wider product-range sourced out of fewer companies than vice versa. Mirc expects to capitalise on this reality by leveraging the value of its existing 3500-dealer family and pushing a larger number of products through them. Benefit to the company: low incremental marketing cost; benefit to the dealer: wider product-range, greater income and stable relationship.

VISION



De-risking

Over a period, we have recognised the most important aspect of the trade: offer what the consumer wants. Today, it may be a television, the positive experience of which could translate into the prospective purchase of a DVD player, the positive experience of which could translate into the prospective purchase of a washing machine, and so on. So from one perspective, a multi-product strategy represents an effective strategy for today and tomorrow. From another, it provides the company with an effective platform to diversify its income streams and de-risk itself from a probable slowdown in any one particular product.

Mirc has invested, in its products, distinctive conveniences around a compelling price-value to capitalise most effectively on this transition. As a result, Mirc expects to grow even quicker over the foreseeable future, enhancing wealth for its vendors, channel partners and shareholders.

FUTURE FOCUS

The company is leveraging the values of the past, is rooted in the present and is continuously focused on the future.

In doing so, the company has derived from the 'what was', is connected with the 'what is' but is driven by the 'what can be'.

Vijay Mansukhani, *co-promoter and Whole-time Director,* outlines the direction of the company

At Mirc, our direction has been derived through a marriage of the following insights and competencies:

- Technology
- Information, education and motivation
- Responsible inter-dependence
- Emotional connection

Technology

We are constantly investing in our core competence, to create value through cutting-edge technology. Our special competence lies in the management of sound where we have set benchmarks against which the competition is competing. With the advent of LCD and Plasma technologies, it will be our endeavor to supply products not only with superior sound but also with superior features and picture quality. Towards this end, we have increased our R&D strength by 33 percent compared to last year. We are also committed to spending a sizeable percentage of our turnover towards developing our R&D. A new R&D building measuring approximately 30,000 square feet is being planned and should be commissioned in the coming year. We recognise that companies that learn faster than competition are the ones that will survive. In view of this, we will nurture innovation and make every endeavor to make it flourish.

Information, education and motivation

Information, education and motivation in the coming years will be everything. We realise that access to information and education will determine our competitive advantage. Our goal will be to drive organic growth. The knowledge race is intimidating and exhausting and we will bring in smart talent which will be our key to success. The diffusion of knowledge is a dominant trend in our company and goes well beyond the purely scientific. We are catering to our people's every need, especially the need information, transparency and fairness. We will grow by retaining our top talent and continuously educating and motivating them. We will help them manage change especially in view of the integration of our associate operations with the company. We will consolidate our position in the consumer electronics business by introducing the newest products at a reduced cost. Through this integration, we will set the bar higher for everyone in terms of quality, revenue and profit.

Responsible inter-dependence

We also recognise that if we are to grow, so must our stakeholders; that if we are to succeed, so must our vendors and primary customers. In view of this, we have created a framework for inter-dependence around responsible partnership. We have prudently invested in an information network that brings them closer to us, helping leverage our learnings and growth to extend their margins and volumes. As a result, throughput has increased, costs have come off and the entire stakeholder relationship is more competitively sustainable than ever before.

Emotional connection

We are not just an organisation of soul-less, number-crunching individuals. We represent an emotionally connected people with a high sense of organisational

FOCUS

ownership. This is helping us to attract the best talent and protect our intellectual capital through minimised attrition.

As a result, Mirc will create new products and introduce cutting-edge conveniences in existing ones resulting in profitable and sustainable growth for the benefit of the company, stakeholders and society.

10-MINUTES WITH THE CEO

G. Sundar, *Chief Executive Officer,*
outlines the emergence of Mirc as a 'Beyond Televisions' company

On the reasons behind a decline in the company's bottomline in 2004-05.

Basic raw material prices appreciated by 20 percent during the year under review, which could not be fully passed on to the consumer. This, coupled with a lack of premium offering, translated into an erosion in per unit profitability and hence a 36.51 percent decline in the company's post-tax profit for the year 2004-05. However, I must assure shareholders that since then the Company has taken a couple of initiatives, which have helped reverse the scenario. We have focused on the high-end television segment through offerings in the Oxygen and Poison series and aggressively re-looked at the value across our engineered products, which should be reflected in an increasing operating profit margin in the coming years. We also expect to sustain this momentum by extending into a multi-product portfolio that will enable us to emerge as a complete consumer durables company with a healthy topline growth.

On the rationale behind Mirc emerging as a consumer durables company.

There is an interesting new reality in the market place: consumers are buying a wider range of consumer products from single source specialty shops, successful dealers are getting progressively bigger and it is these dealers who are influencing consumer decision-making at the 'last mile'. So in our view, dealers are becoming increasingly central to the marketing of consumer durable products. As a result, it became evident that if we were to capture a growing shelf space across these dealers, we would not only need to promote our products better, but more importantly we would need a wider range of consumer appliances that would translate into stronger consumer connect and dealer loyalty. Besides, an evolution at the format level also made it imperative for us to widen our product portfolio. The retail of consumer durables was segregated into stores catering exclusively to white goods and brown goods worldwide except in India; it is only in the last two years that supermarkets and hypermarkets have converged a number of product categories under the same roof, making it critical for us to service that dealer with a growing importance, efficiency and urgency.

On the challenges faced by the company to move beyond televisions.

Since the Onida brand was principally known to represent colour televisions, it was a challenge to take the brand in non-television categories like washing machines, air-conditioners, microwave ovens and DVDs. The task was further made complex by the fact that television is a male-centric category whereas microwave ovens and washing machines are women-centric, where Onida is expecting to make a serious mark. Therefore, it became a challenging exercise for the company to reconcile this diversion at the brand and consumer level. Moreover, the reintroduction of the Devil - the brand mascot for Onida - resulted in increased brand recall and strengthened association with attributes like authority, confidence and modern technology. This resulted in a deeper consumer connect and more efficient brand spending.

The company's brand strategy revolves around delivering a distinctive, relevant and competitive product feature benefit in each category. For instance, our colour televisions deliver powerful and superior sound up to 3500 watts, washing machines deliver better cleaning on account of superior power of water from a 400 watt motor, air-conditioners deliver powerful cooling due to heavy duty compressors up to 19600 BTU and DVDs have the capability to play even scratched discs smoothly.

On the success of this transformation.

Till a few years ago, Onida as a brand enjoyed a high recall only in colour televisions. However, due to sustained marketing initiatives, Onida as a master brand has now reached a position where consumers actively consider it not only for colour televisions but also for washing machines, air-conditioners and DVDs. This is demonstrated by the rapid pace with which Onida has built market share in non television categories. For instance, within 24 months of its launch, Onida enjoys an overall market share of 5 percent in air-conditioners, and an approximate 11 percent market share in split air-conditioners. Onida has around 5 percent share in washing machines and microwave ovens each and 12 percent share in DVDs. I would say that the power of the Onida brand is reflected in the speed with which we carved away valuable market share in competitive spaces.

On the success of the company in split air-conditioners.

We did not just position ourselves as another company in air-conditioners. We positioned ourselves as split-air-conditioner missionaries through better price offering, thereby reducing the price gap between split and window air-conditioners. This has resulted in accelerated growth with the share of split air-conditioners increasing from 25 percent to 30 percent of the total market. Our initiative accelerated the growth of the split- air-conditioners segment; in return, we carved away a market share of 6 percent during 2004-05 and revenues from this product grew from 0.13 percent of the company's turnover in 2003-04 to 2.19 percent in 2004-05.

On the success of washing machines and DVDs.

Our washing machines were designed around the reality that most Indian bathrooms are wet. Water is the most potent detergent. In response to this, the company did two things: developed rust-resistant and full-plastic outer bodies of washing machines and re-engineered the machine around the concept of *hydroshakti,* which maneuvered water to emerge from the top of the tub with pressure. In doing so, the company catalysed the consumer's shift towards full-plastic semi-automatic machines. As a result, washing machine sales increased from 2.7 percent of our revenues in 2003-04 to 3.4 percent in 2004-05. As far as DVDs are concerned, we introduced a product capable of playing even scratched disks, as a result of which I am proud to state that within a mere 18 months, our Onida brand of DVD players has moved to second position in India after Philips.

On the highlight of the company's performance in televisions in 2004-05.

Our new offerings with superior technology and enhanced aesthetics focused on the separate sub-brand promotion of Oxygen and Poison series, translating to a higher market share in the 21" premium and 29" flat television segments. These initiatives by Mirc helped not only in creating a market shift, but also resulted in a first mover's advantage, thereby resulting in a better than average market share. By gaining better than an average market share in the fastest growing segments in each of these product categories, the company has derived a sustainable growth momentum expecting to result in a higher market share.

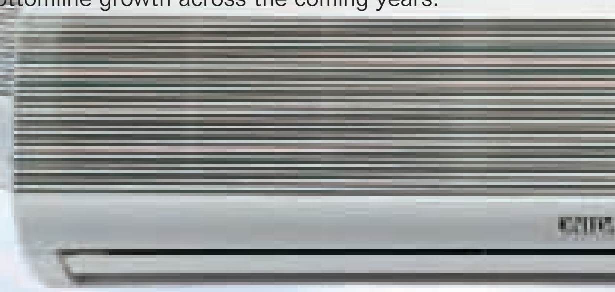
On the direction of the Indian consumer durables industry.

Indians are becoming more affluent. Disposable incomes are rising. There is a greater propensity to spend. Most consumers are not just looking for products, they are seeking 'experiences'. In view of this, value-buying has increased sharply; consumers are migrating to high-end products like flat televisions, frost-free refrigerators, split air-conditioners and automatic washing machines. This trend is expected to sustain as India is expected to emerge as the only large country in the world where the working population will grow over the next two decades to around 500 million. As a result, not only will consumers buy more, they will also move towards value-added products, justifying our growing presence in the business.

On Mirc's outlook for 2005-06.

We expect to capitalise on the growing opportunities in the colour television, air-conditioner and appliance segments. As far as colour televisions are concerned, we will continue to invest in strengthening brand-building for our 'Poison' and 'Oxygen' series, the fastest growing segment in the category. We also expect to extend the KY Sound Technology in providing enhanced quality sound to these pure flat televisions. The company enjoys a market share of 13.6 percent (higher than the average market share and ranked among the top three players) in the 21" pure flat and 10.7 percent in the 29" pure flat segments.

The initiatives taken by the organisation in transforming the brand from one focussed on colour televisions to consumer durables coupled with our premium product offerings across product categories like air-conditioners, DVDs, washing machines and microwaves, will translate into a superior topline and bottomline growth across the coming years.



VISITING CARD

Who we are

Mirc is a leading consumer durables conglomerate. The company's products comprise televisions, air-conditioners, washing machines, microwave ovens, DVDs and audio-visual presentation products sold under the Onida brand. The company also has a separate business division under the IGO brand of televisions and DVDs.

Where will you find our products

Mirc's products are readily available across 10,000 Indian counters. The company's products are also available in 16 countries including Russia, Ukraine, the Middle East and the SAARC countries, among others.

What we are recognised for

- A strong and established Onida brand with the Devil imagery inspiring among the highest brand recalls in India.
- Strong technology orientation and research and development focus to contemporise products to remain at the cutting-edge of applications.
- A wide and deep distribution network comprising 33 branch offices, 201 service centers and 46 stocking points spread across India.
- A strong people strength of over 1500 employees spread across India.

Where we are located

Mirc's principal and state-of-the-art assembly plant is located at Wada, around 80 km from Mumbai. The company is headquartered in Mumbai, India, with branch offices located in all the metro cities in India and in Dubai.

What are our financials

- In 2004-05, Mirc reported a topline of Rs. 1192.51 cr (Rs. 1009.59 cr in 2003-04).
- The company's post-tax profit stood at Rs. 27.78 cr (Rs. 43.77 cr in 2003-04).
- The company's shares are listed on the National and Bombay Stock Exchanges.
- Mirc enjoyed a market capitalisation of Rs. 301.46 cr (as on 31st March 2005).

WHAT YOU WILL FIND IN THIS REPORT

FINANCIAL HIGHLIGHTS

Balance Sheet (Rs. in cr)

	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
Sources of Funds								
Equity Share Capital	7.02	7.02	7.02	7.02	7.02	7.02	14.05	14.05
Share Capital Suspense Account	-	-	-	-	-	-	-	0.15
Preference Share Capital	2.00	2.00	-	-	-	-	-	-
Reserves and Surplus	119.95	141.59	178.32	200.20	163.12	207.64	173.52	180.62
Net Worth	**95.76**	**114.20**	**140.02**	**156.38**	**170.14**	**214.66**	**187.57**	**194.82**
Secured Loans	104.88	101.44	129.98	133.44	97.73	60.86	90.56	126.32
Unsecured Loans	44.86	64.78	63.09	74.24	65.57	60.32	25.03	74.93
Total Loans	**149.74**	**166.22**	**193.07**	**207.68**	**163.30**	**121.18**	**115.59**	**201.25**
Deferred Tax Liability	-	-	-	-	13.96	14.54	18.56	13.87
Total Liabilities	**278.71**	**316.83**	**378.41**	**414.90**	**347.40**	**350.38**	**321.71**	**409.94**
Application of Funds								
Gross Block	144.70	147.72	161.89	181.07	188.46	199.29	263.40	295.75
Depreciation	21.19	26.96	33.47	41.82	51.02	61.27	74.45	93.18
Net Block	123.51	120.76	128.42	139.25	137.44	138.02	188.95	202.57
Capital WIP	0.15	3.46	0.74	4.09	14.66	39.80	-	4.35
NB + CWIP	**123.66**	**124.22**	**129.16**	**143.34**	**152.10**	**177.82**	**188.95**	**206.92**
Investment	5.33	5.28	5.14	5.30	4.77	8.72	8.66	20.88
Deferred Tax Assets	-	-	-	-	0.06	0.06	-	-
Current Assets								
Inventories	101.24	93.62	98.82	135.90	107.74	124.03	93.78	164.25
Debtors	75.44	95.58	106.65	83.23	94.67	77.75	84.05	90.34
Cash and Bank Balances	9.02	13.29	13.66	11.55	15.57	9.99	7.12	20.80
Loans and Advances	48.52	52.52	80.33	89.68	85.93	97.64	89.69	54.30
Total Current Assets	**234.22**	**255.01**	**299.46**	**320.36**	**303.91**	**309.41**	**274.64**	**329.69**
Current Liabilities								
Liabilities	111.48	97.20	96.98	100.43	104.00	128.01	132.35	135.52
Provisions	6.23	6.89	3.69	4.51	9.44	17.62	18.19	12.03
Total Current Liabilities	**117.71**	**104.09**	**100.67**	**104.94**	**113.44**	**145.63**	**150.54**	**147.55**
Net Current Assets	**116.51**	**150.92**	**198.79**	**215.42**	**190.47**	**163.78**	**124.10**	**182.14**
Misc. Expenditure	33.21	36.41	45.32	50.84	-	-	-	-
Total Assets	**278.71**	**316.83**	**378.41**	**414.90**	**347.40**	**350.38**	**321.71**	**409.94**

Profit and Loss Account

	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
Sales	**517.66**	**683.25**	**791.40**	**708.64**	**760.88**	**980.50**	**1007.49**	**1192.51**
Excise	41.73	52.35	61.35	59.84	59.60	76.64	74.57	99.55
Net Sales	**475.93**	**630.9**	**730.05**	**648.80**	**701.28**	**903.86**	**932.92**	**1092.96**
Service Income	4.92	6.08	6.94	8.53	10.71	3.96	2.10	-
Other Income	2.14	4.68	1.50	8.54	0.86	0.64	7.18	3.22
Total Income	**482.99**	**641.66**	**738.49**	**665.87**	**712.85**	**908.46**	**942.20**	**1096.18**
Material Consumed	140.46	227.74	255.33	249.59	288.47	369.81	391.95	488.30
Cost of Traded Goods Sold	205.80	248.75	281.96	224.79	220.54	277.02	308.60	328.65
Personnel Expenses	18.99	24.31	28.06	29.36	36.17	43.07	41.96	45.23
Freight and Forwarding Expenses	11.04	17.33	17.82	18.88	17.24	23.27	25.61	34.15
Advertisement Expenses	17.50	22.37	25.28	30.49	34.68	47.93	50.09	50.43
Other Expenses	43.23	40.84	48.83	47.29	51.18	55.85	51.28	76.51
Total Cost	**437.02**	**581.34**	**657.28**	**600.40**	**648.28**	**816.95**	**869.49**	**1023.27**
PBDIT	**45.97**	**60.32**	**81.21**	**65.47**	**64.57**	**91.51**	**72.71**	**72.91**
Interest	18.33	22.44	19.27	21.32	13.87	10.16	6.38	12.94
PBDT	**27.64**	**37.88**	**61.94**	**44.15**	**50.70**	**81.35**	**66.33**	**59.97**
Depreciation	4.80	5.86	6.57	8.38	9.50	10.37	13.19	19.38
PBT	**22.84**	**32.02**	**55.37**	**35.77**	**41.20**	**70.98**	**53.14**	**40.59**
Tax	2.40	5.00	9.27	6.03	7.15	10.54	9.38	12.81
PAT	**20.44**	**27.02**	**46.10**	**29.74**	**34.05**	**60.44**	**43.77**	**27.78**
Equity Dividend Paid	4.22	4.57	7.02	7.02	7.02	14.05	14.05	8.52
Preference Dividend	0.04	0.23	0.07	-	-	-	-	-
Year End Price (Rs.)	75.00	236.30	399.50	461.20	405.55	349.50	25.70	21.45
Market Capitalisation (Rs./cr)	52.65	165.88	280.45	323.76	284.70	490.70	361.19	301.46

VISION, MISSION, VALUES AND CORPORATE PHILOSOPHY

Vision

To be the number one brand in our chosen field and to become a globally recognised, prestigious company through synergistic business investment, differentiation through innovation, passion through empowerment, cost through economies of scale and world-class systems and procedures that bring in delight of stakeholders.

Mission

To benefit society at large through innovation, quality, productivity, human development and growth, and to generate sustained surpluses, always striving for excellence, within the framework of law, and with pride in ethical values.

Values

*Respect for individuals *Passion for perfection *Achieving the impossible *Different and unique *Integrity *Customer relationship

Corporate philosophy

Commitment to society/nation

We respect the society and the environment to which we belong and will contribute to its progress and welfare.

Passion for quality

Strive to make the best. Never compromise on quality. Give our customers better value-for-money, always.

Fairness

Fairness and justice in all our business and individual dealing - without this spirit, no man can win respect no matter how capable he may be.

People - our greatest assets

We value good people. It is our responsibility to create actively and constantly an environment that supports them to grow and flourish.

Harmony and Co-operation

Alone we are weak. Together we are strong. Work together as a family in mutual trust and responsibility.

Courtesy and Humility

Respect the right of others. Be cordial, modest and humble. Praise and encourage freely.

Strive for Continuous Improvement (Kaizen)

Seek and find in every action a way to do things better, always better.

Growth

Growth is vital. Increasingly seek out ways and means to constantly move forward.

Innovation

Progress by adjusting to ever-changing environment around us. As the world moves forward, we must keep in step.

Gratitude

Always repay the kindness of our customers, associates, community, nation and friends worldwide with gratitude.

DIRECTORS' PROFILE

Mr. Gulu Mirchandani

Mr. Gulu Mirchandani is the Chairman and Managing Director of Mirc Electronics Ltd, manufacturers of the prestigious and leading 'Onida' brand of colour televisions in India. He is an alumnus of BITS Pilani and holds a degree in B.E. (Mechanical). Mr. Mirchandani remains closely involved with the development of corporate strategy, formulating, incubating and delivering emerging technologies and services in the area of televisions. Mirc won an 'Award for Excellence in Electronics' under his leadership in 1999 from the Ministry of Information Technology, Government of India. He was also the President of 'Consumer Electronics and TV Manufacturers Association' (CETMA) for two consecutive years in 1992-94. He was also the Chairman of the Bombay Chapter of the World Presidents' Organisation (WPO), an international organisation of more than 3000 CEOs with operations in more than 60 countries.

Mr. Vijay Mansukhani

Mr. Vijay Mansukhani is the co-promoter of Mirc Electronics Ltd. He has been associated with the Company since its inception in 1981. He is a graduate from the College of Marine Engineering, Mumbai. He has over 30 years of experience and proven abilities in driving the organisational growth through the enhancement of existing growth areas and developing potential opportunities. He has been influential in devising and implementing corporate growth strategy for Mirc. Mr. Mansukhani is also involved in the telecom sector and is the Managing Director of Adino Telecom Ltd., a joint venture with Enkay Telecommunications (India) Ltd.

Mr. Manoj Maheshwari

Mr. Manoj Maheshwari is an entrepreneur with interests in consumer products, pharmaceuticals and chemical industries. He is a graduate from Bombay University with a major in Chemistry and is a post graduate in industrial management. In addition to his private initiative, he is also on the Board of various Public Limited Companies as an Independent Non-Executive Director, he brings to the Mirc Board a judicious mix of entrepreneurial and professional skills.

Mr. Vimal Bhandari

Mr. Vimal Bhandari is a Chartered Accountant from the Institute of Chartered Accountants of India (ICAI) New Delhi and a Bachelor of Commerce from the University of Mumbai. He is currently the Country Manager, India, of AEGON International N V and Director of AEGON India Business Services Private Limited. He has been the functional head of the financial services business of ILFS and played a key role in managing the asset-based activities, non-fund based advisory activities encompassing company valuation, mergers and acquisitions, strategic financial planning, disinvestments and dilutions by recourse to capital markets. He has spearheaded various strategic forays into new initiatives such as retail distributions, insurance, merchant banking, etc. He is also on the Board of various Public Limited Companies.

Mr. Harsh Mariwala

Mr. Harsh Mariwala is an entrepreneur of repute, with interests in consumer products and other fields. He is a graduate from Mumbai University with a major in Commerce. He is the Chairman and Managing Director of Marico Industries Limited, and is also on the Board of various Public Limited Companies. During his tenure in Marico Industries Limited, the portfolio of brands has increased, which includes major brands like 'Parachute', 'Saffola' and 'Sweekar'. He brings to the Mirc Board a blend of both entrepreneurial and professional skills.

Mr. Ranjan Kapur

Mr. Ranjan Kapur has a Masters degree in English from Delhi University, and a degree in Advanced Advertising Studies from the Advertising Agencies Association of America. He is a Country Manager, WPP Group, which is one of the world's largest communications companies, and is the parent of well known advertising agencies such as JWT, Young & Rubicam and Ogilvy & Mather. He has almost four decades of marketing communications experience across several countries in East Asia, the US and India. He currently sits on the Boards of several WPP operating companies, HDFC Bank Ltd., Pidilite Industries Ltd., The Magic Bus and Childline. The last two are NGOs that look after marginalised children.

DIRECTORS' REPORT

Dear Shareholders

Your Directors are pleased to present the twenty fourth annual report together with the audited accounts for the financial year ended 31st March 2005.

Financial results (Rs. cr)

Parameters	2004-05	2003-04
Turnover	1192.51	1009.59
Profit before tax	40.59	53.14
Provision for taxation including deferred tax	12.81	9.37
Profit after tax	27.78	43.77
Profit available for appropriation	120.79	114.35
Proposed dividend	8.52	14.05
Tax on dividend	1.19	1.80
Transfer to general reserve	4.50	5.50
Surplus carried to balance sheet	106.58	93.00

Financial performance

It is important to appraise the performance of your company not as much with a reference to what it achieved in 2003-04, but as to how the consumer electronics industry performed in 2004-05. In view of this, it would be pertinent to indicate that while the colour television industry grew by 17 percent to 7.8 million in 2004-05, your company reported a 25 percent increase in volume sales and an 18 percent increase in revenue.

Dividend

For the year under review, the directors of your company have recommended a dividend (free of tax in the hands of recipients) of Re. 0.60 per share (Re. 1 per share for the previous year) on its equity capital amounting to Rs. 8.52 cr.

Deposits

The company has not accepted any deposits from the public or its employees during the year under review.

Merger of Onida Savak Ltd. with the company

As a strategic consolidation initiative, the Board of Directors of your company considered the proposal to amalgamate Onida Savak Ltd. (OSL) with your company in return for synergic benefits. This merger was approved by the members at the extra-ordinary general meeting held on 3rd June 2005. Since OSL was classified as a sick company under the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA), a relevant petition was filed before the Appellate Authority for Industrial and Financial Reconstruction / Board for Industrial and Financial Reconstruction. The Board by its order approved the Scheme with effect from its transfer date i.e. 31st March 2005 and the accounts being presented incorporate the impact of the amalgamation.

Consolidated financial statements

In compliance with the Accounting Standard 21 and the Listing Agreement entered into with the Stock Exchange, Mumbai and the National Stock Exchange, this annual report for 2004-05 also includes the consolidated financial statements of Mirc Electronics Limited and its subsidiaries Akasaka Electronics Limited and Imercius Technologies (India) Limited.

Subsidiary companies

Your company has two direct subsidiaries (Akasaka Electronics Limited and Imercius Technologies (India) Limited). As per Section 212 of the Companies Act, 1956, your company is required to attach the Directors' Report, balance sheet and profit and loss account of these subsidiaries. Your company had applied to the Central Government for an exemption from providing such attachments as it presented the audited consolidated accounts of the company and its subsidiaries in the Annual Report. Your company believes that in line with the global practice, the consolidated accounts present a credible and comprehensive picture of the company and its financial health. In view of this, the central government granted an exemption to the company from complying with Section 212, with respect to these subsidiaries; as a result, the Annual Report of your company does not contain the financial statement of these subsidiaries, but the audited consolidated financial statements of the company and its subsidiaries. However, the annual accounts of these subsidiary companies, along with related information, is available for inspection during business hours at the company's registered office and copies of the audited accounts of the company's subsidiary can be sought by any member by making a written request to the company.

Quality

Even as customers seek delight and value - quality products at a competitive cost - the company focuses on the need to report the largest surplus. Mirc's management has invested quality time in the understanding of the customer voice and the implementation of initiatives leading to customer delight.

At Mirc, this comprehensive approach has been reinforced with a number of forward-looking practices:

- The use of the VIM:2004 (vendor innovation for components quality and vendor relationship) to integrate quality into the supply chain.
- The conduct of TQM / Six Sigma practices across all the company's facilities and assembly lines helped to enhance quality as well as identify and resolve the bottlenecks.
- Eleven members were trained to become black belts in the application of the Six-Sigma discipline.
- The institutionalisation of forward looking concepts like Total Productive Solutions, Positive Working Teams and Balanced Scorecard leading to a culture of business excellence through innovation.

Result: the straight ratio or the first time right ratio strengthened to 98 percent, a record in the company's history and among the highest such levels achieved by any company in the industry in the country.

Research and development

The objective of Mirc's R&D function is to strengthen its culture of innovation-driven-technology culture. An ongoing investment in research and development facilitated this: as a result, the company is positioned at the forefront of technological excellence.

During the year under review, the company reinforced this reputation by the introduction of its largest range of flat TVs with integrated trolleys (Plasma TVs, DVDs and the first LCD remote control) and the 'Oxygen and Poison' models in the premium segment were received enthusiastically by the markets. This was the result of the company's focus on styling excellence and on process improvements leading to enhanced product reliability.

Human resource development

The company sustained the creation of a conducive workplace with the objective to strengthen the retention and attraction of the best talent. The company endeavoured to enhance employee engagement through a value-based and merit-led professional environment; it continued to benchmark practices against the 'best in class', leading to an enhanced sense of identity, importance and development.

Employee relations

Relations between employees and the management continued to be cordial during the year under review. Information as per Section 217(2A) of the Companies Act, 1956 ("the Act") read with the Companies (Particulars of Employees) Rules 1975 forms part of this report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to all the shareholders of the company excluding the statement of particulars of employees under section 217(2A) of the Act.

Industrial relations

The management's relationship with the recognised unions remained cordial.

Corporate governance

Your company continued to practice good governance. The Board of Directors supported the broad principles and the company complied with all the mandatory provisions prescribed in the listing agreement with the stock exchanges. In addition to the basic governance issues, the Board laid a strong emphasis on transparency, accountability and integrity. Pursuant to Clause 49 of the listing agreement, sections like the management discussion and analysis and corporate governance report (together with the auditor's certificate on compliance of conditions of corporate governance) form a part of this annual report.

In accordance with the Articles of Association of the Company, Mr. Manoj Maheshwari and Mr. Harsh Mariwala, Non Executive and Independent Directors, retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment. The particulars of the Directors retiring by rotation and being eligible for re-appointment are given in the Notice convening the Twenty Fourth Annual General Meeting.

Mr. Gautam Doshi resigned as director of the company with effect from 28th November 2005. The Board of Directors places on record its appreciation for the valuable services rendered by Mr.Gautam Doshi during his tenure as a director of the company.

Auditors

Messrs. N. M. Raiji & Company, Chartered Accountants, the statutory auditors of the company, hold office upto the conclusion of the forthcoming Annual General Meeting and have given their consent for re-appointment. It is proposed to re-appoint them as auditors for the financial year 2005-06 and fix their remuneration.

The company has received a written confirmation from Messrs. N. M. Raiji & Co. to the effect that their appointment, if made, would be in conformity with the limits prescribed in section 224 (1B) of the Companies Act.

Directors' responsibility statement

In terms of provisions of section 217(2AA) of the Companies Act, 1956 your Directors confirm that:

a) in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;

b) we have selected such accounting polices and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profits of the company for that period;

c) we have 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;

d) we have prepared the annual accounts on a going concern basis.

Conservation of energy, research and development, technological absorption, foreign exchange earnings and outgo

The particulars as prescribed under Section 217(1)(e) read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are set out in the Annexure forming part of this Report.

Acknowledgements

Your Directors thank the supporting financial institutions and commercial banks associated with your company. Since employees enabled the company to scale new heights, your Directors place on record their deep appreciation of their commitment and contribution as well. Your involvement as shareholders too is valued and your Directors look forward to this support.

For and on behalf of the
Board of Directors

Mumbai
21st December 2005

G.L. Mirchandani
Chairman and Managing Director

ANNEXURE TO THE DIRECTORS' REPORT

Particulars pursuant to Companies (Disclosure of Particulars in the Report of the Board of Directors Rules, 1988)

Conservation of energy

The operations of your company are not energy-intensive. Your company is conscious about its responsibility towards a safe and clean environment and continues to adhere to all regulatory requirements and guidelines.

Technological absorption

Your company has not imported any technology.

Research and development

Research and development of new designs, framework, processes and methodologies continue to be of critical importance as they enhance innovation-led quality, productivity and customer satisfaction.

a) Specific areas in which research and development is carried out by your company

Mirc's technical skills, developed over the years, are directed towards the development of television models with unique aesthetic, acoustic and picture quality features. This clutter-cutting research capability is now driving the company's export presence by customising products suited to diverse country-specific magnetic fields and transmission systems.

b) Benefits derived as a result of the above research and development

A wider product range incorporates the latest technology. Cost benefits are achieved through value engineering, indigenisation and quality improvement. Product differentiation helps the company command a price premium in a fiercely competitive market.

c) Plan of action

The development of new television models in association with the Department of Technology, Government of India. The company is expanding its R&D function and capabilities through a new CAD centre, a software development group, audio listening / video comparison room and a central signal system.

d) Expenditure on research and development (Rs. in lacs)

	2004-05
Capital	16.90
Recurring	325.03
Total	341.93
Percentage of research and development as expenditure to Total Turnover	0.28

Foreign exchange earnings and outgo

(Rs. in lacs)

Year	2004-05	2003-04
Foreign exchange earnings	4579.72	3030.10
Foreign exchange outgo (including capital goods and imported software packages)	23884.49	16773.26

MANAGEMENT DISCUSSION AND ANALYSIS

Industry structure and developments

The Indian consumer durables industry is estimated at around Rs. 200 billion, contributes more than 5.5 percent to the index of India's industrial production and provides employment to millions of skilled, semi-skilled and unskilled individuals, particularly women. The sector plays an important role in providing entertainment, information and education, helping people live comfortably and happier.

India has transcended the tag of 'a promising market'; it is now the world's fastest growing market across categories and sectors of high-end consumer durables like DVDs, frost-free refrigerators, fully-automatic washing machines and flat televisions, among other products.

According to a Morgan Stanley report in June 2005, the consumer goods sector grew to a 10-year high while certain consumer durables categories grew over 50 percent. As such, home theatres grew 386.8 percent, frost-free refrigerators grew 42.4 percent, air-conditioners 116 percent, flat TVs 64 percent and fully-automatic washing machines surged 352 percent.

This robust growth rate is attributed to paradigm changes: leveraging has gone up by almost 32 percentage points of the GDP over the last five years riding a decline in the cost of capital and triggering a leveraged consumption boom.

The Indian television industry, Mirc's primary area of presence, is one of the most dynamic in the Asia-Pacific region. Its large market - potentially the second largest in the world - is relatively untapped but accelerating on the back of a growing media and entertainment industry and through the market-expanding presence of all major global brands. India's television industry is hugely under-penetrated at around 400 sets per 1000 people (the United States, Canada and Japan have a television penetration of 847, 715 and 707 respectively). This represents an immense market potential coupled with the fact that the country has a population of over one billion - representing about 17 percent of the world's population - with a yearly increment of around 16 million.

The future now appears even more encouraging: the character of home television is undergoing a paradigm transition with broadcasters and operators deploying digital platforms that transform a passive TV experience into an interactive, on-demand media arena. As an extension, the industry's pace is being catalysed by the passion with which product brands create new owners.

Mirc stands attractively positioned in this regard: for more than 25 years, the company leveraged advanced technology, focused on the introduction of innovative television models aligned with evolving Indian lifestyles and in doing so, emerged as a popular household brand. Gradually the company extended from televisions to a range of successful products comprising air-conditioners, DVD players, washing machines and microwave ovens among other appliances.

At Mirc, this evolution and growth has been driven by its innovation-driven research and development team, an ongoing training and development agenda as well as a Six-Sigma focus resulting in the creation of cutting-edge products of the highest quality and market-beating price-value.

High potential: The Indian consumer

In its household survey, the NCAER has broadly defined the purchase behaviour of the Indian middle-class consumer:

- The number of households with an annual income upwards of Rs. 1 cr has grown by 26 percent in the period since 1995-96 to almost touch 20,000 in 2001-02 and by 2005-06 will increase by more than two-and-a-half times and by the end of the decade will cross 140,000. Assuming an average family size of five, that is 700,000 high-value customers.
- In the Rs. 50 lac to Rs. 1 cr bracket, the number of households is expected to increase from 40,000 in 2001-02 to over 100,000 in 2005-06 and further to 250,000 by the end of the decade.
- People who earn over Rs. 10 lac a year will grow from 0.2 percent to 1.7 percent and the middle class will rise from 2.8 percent to as much as 12.8 percent.

Source: IBEF

Opportunities and threats

India is one of the largest agrarian economies in the world. An interesting but not-so-well-known fact highlighting the rural importance to a large number of marketers is the fact that rural people in India account for 12 percent of the world's population. As such, rural agriculture represents the principal occupation of around 70 percent of the country's population. A robust agrarian economy over the last decade strengthened the rural offtake of colour televisions to more than 65 percent of national sales. Going ahead, the industry growth is expected to accelerate with a product shelf life estimated at around eight years leading to replacement and upgradation in addition to the ongoing organic growth.

The company's growing presence in the business of consumer durables (televisions, air-conditioners, DVDs, washing machines and microwave ovens among others) is justified across various consumer-centric realities:

- Growing disposable incomes
- Increasing spending propensity
- Modern retail formats
- Need for enriching experiences

Besides, the company's extension from a single product to a multi-product portfolio is also a proactive response to a growing consolidation at the dealer end warranting a larger bargaining capability resulting in a larger shelf space for the moment and foreseeable future. To capitalise on these phenomena - consumer and dealer - Mirc has not just innovated the launch of products; it has accelerated the introductions of the following unique selling propositions:

Air-conditioners: The company is evolving the market from window to the split variety.

DVDs: The company is highlighting the efficiency of its models in managing scratched DVDs

Washing machines: The company is highlighting its rust-resistant tubs and turbulent water pressure

Microwave ovens: The company is highlighting the all-round heating of its models.

Opportunities

- Emergence of India as a potentially important exporter of consumer electronic products.
- A preference among global manufacturers to establish manufacturing facilities in India to cater to a large export market.
- Proximity to the relatively under-consumed developing countries in Southeast Asia.
- Sustained growth in the market for colour televisions.
- Capacity expansion by all major manufacturers.
- Growing customer aspirations and growing incomes leading to the purchase of 'must-have' consumer durables.

Threats

- Probable slow down in the consumer electronics industry due to various reasons.
- Probable undercutting by brands entering the country.
- Reduction in import duties, making the direct import of the end product attractive.
- Rupee appreciation encouraging lower cost import of the end product.

- Time lag between cost escalation and increase in realisations eroding margins.
- Higher leverage leading to a higher interest outflow.

As a market-responsive organisation, Mirc is investing significantly in a more proactive consumer understanding, consequent product innovation and operational alignment resulting in enhanced competitiveness.

Risks and concerns

Macro-economic risks like an economic slowdown, poor monsoon, sluggish demand, unforeseen political/ social upheavals and natural calamities that could affect Mirc's prospects are relevant to the rest of its industry as well.

Over the years, Mirc has strengthened its capacity to resist these broad industry influences through a number of initiatives reflected in a proactive response to risk identification and management. For instance, from an organisational perspective, the company's Board of Directors is responsible for monitoring ongoing risks while its management council focuses on strategic implementation and ongoing mitigation. Besides, the company has adapted with speed to evolving technologies and contemporary productisation. As a risk-mitigating organisation, Mirc expects to enhance its global presence and rationalise its significant dependence on the Indian geography.

The company is aware that as it increases operational efficiency and reduces costs, there is a relative decline in the prospects of doing so through the most predictable route. In view of this and as a part of a comprehensive de-risking approach, the company has moved to the next level - an organised system of forecasting and cost budgeting leading to an optimal utilisation of resources.

The principal action points for the Indian consumer durables industry

- Commit sufficient resources for research and development
- Strengthen quality focus
- Improve after sales service
- Explore exports as a viable option
- Emphasise on opportunities arising out of rural markets

Overview

The financial statements for 2004-05 were prepared in compliance with the requirements of the Companies Act, 1956 and Generally Accepted Accounting Principles (GAAP) in India. The management of the company accepts responsibility for the integrity and objectivity of these financial statements as well as for various estimates and judgments used therein. These estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis so that the financial statements reflect in a true and fair manner the state of business and profits for the year under review.

Financial performance

Mirc reported an 18.11 percent growth in its topline (gross) to Rs. 1192.51 cr in 2004-05. A significant proportion of the sales growth was derived from the increased offtake of color televisions, LCD monitors, projection televisions and other luxury consumer electronic products. However, a sharp spike in the cost of raw materials impacted margins at one end; intense competition translated into price erosion at the other. The result was a decline in PAT by 36.51 percent to Rs. 27.78 cr in 2004-05.

Merger of Onida Savak Ltd. with the company

As a strategic consolidation, your Board considered the proposal of rehabilitation and a scheme of amalgamation of Onida Savak Ltd. with the company. The Scheme of Amalgamation comprising a merger was approved by members at the extraordinary general meeting held on 3rd June 2005. The scheme of merger was approved by the Board of Industrial and Financial Reconstruction by its order with effect from its transfer date i.e. 31st March 2005. The accounts for the current financial year incorporate the scheme of amalgamation.

Resource and liquidity

In a business marked by technology obsolescence and evolving consumer preference, Mirc prudently opted for a conservative financial gearing. Even after making substantial business-strengthening investments in its Wada factory and in Imercius Technologies (India) Limited, it continued to enjoy a debt-equity ratio of a mere 0.44 : 1 as on 31st March 2005; long-term requirements were funded from accruals.

Outlook

Even as the business environment is competitive, the company remains cautiously optimistic for the following reasons:

- A prudent leverage of advanced technological expertise and product specialisation leading to the creation of tomorrow's products today.
- An extension from a single item to a multi-product approach.
- A professional, timely service to consumers.
- An honest, ethical approach to business, inspiring stakeholder confidence.

As a result, the company's products are intended to make a positive difference in the lives of its stakeholders.

Internal control system

Mirc possesses a defined organisational structure, pre-defined authority levels, documented policy guidelines and an extensive system of internal controls. This translates into an optimal utilisation and protection of resources, IT security, accurate reporting of financial transactions and compliance with applicable laws and regulations.

Mirc has an adequate system of internal controls in place. This ensures that assets are safeguarded against loss from unauthorised use or disposition and that transactions are authorised, recorded and reported correctly. The company has an exhaustive budgetary control system. Actual performance is reviewed with reference to the budget by the management on an ongoing basis.

The internal audit function is empowered to examine the adequacy, relevance and effectiveness of control systems, compliance with policies, plans and statutory requirements. The top management and the Audit Committee of the Board review the findings and recommendations of the internal audit panel.

Human resources

Mirc prides in its human resources development programme. The company's HR department serves as a link between the management and employees. Providing a specialised service to employees, the company's goal is to foster positive relationships, increase job satisfaction and ensure that all customer needs are comprehensively addressed. The department's specific responsibilities comprise: administration, recruitment, compensation, training, development, health and safety and employee relations.

Mirc's performance planning exercise is a top-down approach. The Management Committee identifies goals and key result areas, which are subsequently cascaded to respective teams for designing within. The performance management system (PMS) focuses on performance evaluation against agreed KRAs as well as a feedback on behavioral competencies. The results of the PMS are then used as a reward and development input.

Over the years, the company has strengthened its team-driven approach, catalyzing goal achievement.

Cautionary statement

The statements made in this Report describing the company's projections, expectations and estimations may be forward-looking within the meaning of applicable securities laws and regulations. These statements are based on certain assumptions and expectations of future events. The actual results may differ from those expressed or implied in this report due to the influence of external and internal factors beyond the control of the company.

For and on behalf of the
Board of Directors

Mumbai
21st December 2005

G.L. Mirchandani
Chairman and Managing Director

DIRECTORS' REPORT ON CORPORATE GOVERNANCE

Philosophy

At Mirc, all actions must eventually increase employee and customer satisfaction leading to an enhanced shareholder value. Its corporate governance initiative is a strong step in that direction, embracing transparency, integrity, accountability and responsibility.

To ensure a continuous relevance, the company seeks feedback leading to a periodic review and strengthening of its guidelines.

Board of Directors

The company comprises an optimum combination of Executive and Non-Executive Directors: Non-Executive Directors constitute three fourth of the Board as against the minimum requirement of 50 percent. 'Independent' or 'Non-Executive' Directors are Directors who, apart from receiving a Directors' remuneration, do not have any other material pecuniary relationship or transactions with the company, its promoters, its management or its subsidiaries, which, in the judgment of the Board, may affect the independence of judgment of the Directors.

Independent Directors play an important role in helping the company achieve its strategic objective. These Directors bring to the Board a wide range of experience and skills.

Mirc's Board is constituted as under:

Name	Category	No of outside Directorships held	As chairman/ member of Board committees
Mr. G.L. Mirchandani	Chairman and Managing Director	9	3
Mr. V.J. Mansukhani	Wholetime Director	4	2
Mr. Manoj Maheshwari	Independent and Non Executive Director	5	6
Mr. Vimal Bhandari	Independent and Non Executive Director	4	4
Mr. Harsh Mariwala	Independent and Non Executive Director	4	2
Mr. Gautam Doshi	Independent and Non Executive Director	7	9
Mr. Ranjan Kapur	Independent and Non Executive Director	3	Nil

Note: (1) Private Limited Companies, Foreign Companies and Companies constituted under Section 25 of the Companies Act, 1956 are excluded for the above purpose. (2) Only Audit Committee, Investors' Grievance Committee and Remuneration Committee are considered for the purpose of Committee positions as per Listing Agreement.

Responsibilities

The Board of Directors represents the interests of the company's shareholders in optimising long-term value by providing the management with guidance and strategic direction on behalf of the shareholders. The Board's mandate is to oversee the Corporation's strategic decision, review corporate performance, authorise and monitor strategic investments, ensure regulatory compliance and safeguard shareholder interest. These Board members ensure that their other responsibilities do not impinge on their responsibility as Directors of Mirc.

Board meetings

The meetings of the Board of Directors, normally held in Mumbai, are scheduled well in advance and the notice is given in writing to each Director well in advance. The members of the Board enjoy complete access to all information of the company. The senior management is invited to attend these Board meetings to provide additional inputs.

During 2004-05, the Board of Mirc Electronics Limited met on five occasions (3rd May 2004, 3rd June 2004, 30th July 2004, 3rd November 2004 and 28th January 2005). The interval between any two meetings was not more than four calendar months.

The attendance record of each Director at the Board meetings and the last annual general meeting is given below:

Name	Board meetings		Attendance at last AGM
	Held	Attended	
Mr. G.L. Mirchandani	5	5	Yes
Mr. V.J. Mansukhani	5	5	Yes
Mr. Manoj Maheshwari	5	4	No
Mr. Vimal Bhandari	5	5	Yes
Mr. Harsh Mariwala	5	4	No
Mr. Gautam Doshi	5	3	Yes
Mr. Ranjan Kapur	5	2 *	Not applicable

* Appointed as Additional Director w.e.f. August 23, 2004

Board Committees

To facilitate focused attention, the Board delegates specific matters to committees set up for the purpose. These committees prepare the groundwork for decision-making and report it at the subsequent Board meeting.

Audit Committee

The company's Audit Committee comprises non-executive, independent Directors namely, Mr. Gautam Doshi (as Chairman), Mr. Vimal Bhandari and Mr. Manoj Maheshwari. These members possess a sound knowledge of financial, accounting, audit and company law.

The Audit Committee reviews, acts and reports to the Board of Directors with respect to:

- Various auditing and accounting matters
- Annual budgets
- Annual internal audit plan
- Compliance with legal and statutory requirements including accounting standards
- Investment guidelines
- Major accounting policies and practices

The Audit Committee reviews the quarterly, half-yearly and yearly financial results with the management before submitting it to the Board for its consideration and approval.

The Audit Committee met four times during the year on the following dates (3rd June 2004, 30th July 2004, 3rd November 2004 and 28th January 2005). Mr. G.L. Mirchandani, Chairman and Managing Director, and Mr. V.J. Mansukhani, Wholetime Director, are permanent invitees to the Audit Committee meetings. The Company Secretary acts as Secretary in the Audit Committee.

The attendance record of each Director at the Audit Committee meetings is given below:

Name	Audit Committee meetings	
	Held	Attended
Mr. Gautam Doshi	4	3
Mr. Manoj Masheshwari	4	4
Mr. Vimal Bhandari	4	4

Remuneration Committee

The company's Remuneration Committee comprised three Non-Executive Directors (all independent) namely Mr. Harsh Mariwala, Mr. Vimal Bhandari and Mr. Manoj Maheshwari. The annual compensation of the Executive Directors was recommended by the Remuneration Committee and approved by the Board. The Board also approved the compensation of the Non-Executive Directors.

The terms of reference of the Remuneration Committee included a review and recommendation to the Board of Directors on compensation payable to the Executive Directors. The committee also structured a performance-oriented compensation policy for its senior management and staff.

Remuneration policy

The company's remuneration policy is directed to attract and retain talent. This remuneration policy envisages a clear relationship between individual corporate performance and compensation.

Remuneration to Directors

Mirc's Executive Directors were appointed on a contractual basis following shareholder approval. The remuneration package of the Executive Directors was determined by this Remuneration Committee, within the permissible limits under the applicable provisions of law and following shareholder approval. The remuneration comprised salary, allowances, perquisites and commissions as approved by the shareholders. The Remuneration Committee also decided the annual increments. The elements of the remuneration package of Non-Executive Directors consisted of an annual commission in addition to sitting fees. The details of remuneration to Directors are as follows:

Director	Relation with Mirc	Remuneration paid during 2004-05			
		Sitting fees	Salary & perquisites	Commission	Total
Mr. G.L. Mirchandani	Promoter	--	58,69,809	42,58,850	1,01,28,659
Mr. V.J. Mansukhani	-- do --	--	58,57,726	42,58,850	1,01,16,576
Mr. Gautam Doshi	Independent & Non Executive Director	30,000	-	1,34,000	1,64,000
Mr. Harsh Mariwala	-- do --	20,000	-	2,00,000	2,20,000
Mr. Vimal Bhandari	-- do --	45,000	-	2,00,000	2,45,000
Mr. Manoj Maheshwari	-- do --	40,000	-	2,00,000	2,40,000
Mr. Ranjan Kapur	-- do --	10,000	-	80,000	90,000

Investors' Grievances Committee

Mirc's Investors' Grievance Committee comprised Mr. Harsh Mariwala, Mr. G.L. Mirchandani and Mr. V.J. Mansukhani. This committee is authorised to approve the transfer of shares and monitors other investor grievances. The details of the transfers are reported to the Board of Directors. The meetings were generally held each fortnight. Mr. Harsh Mariwala is the Chairman of the committee.

The attendance record of each Director at the Share Transfer Committee meetings is given below:

Name	Share Transfer Committee meetings	
	Held	Attended
Mr. G.L. Mirchandani	22	22
Mr. V.J. Mansukhani	22	20
Mr. Harsh Mariwala	22	22

Details of annual general meetings

Location and time where last three AGMs were held

Year	Location	Date	Time
2003-04	Dinanath Mangeshkar Natyagriha, Mumbai	12th August 2004	11.00 am
2002-03	Dinanath Mangeshkar Natyagriha, Mumbai	25th August 2003	11.00 am
2001-02	Dinanath Mangeshkar Natyagriha, Mumbai	30th September 2002	11.00 am

Generally all the resolutions in the AGM/ EGM were passed through a show of hands.

Disclosures

No transaction of a material nature transpired between the company and its promoters, Directors, management or their relatives that could have represented a potential conflict with the interest of the company. The register of contracts containing the transactions in which the Directors are interested was placed regularly before the Board. There were no pecuniary transactions with the Independent / Non-Executive Directors, other than the payment of remuneration.

Means of communication

The audited financial results were published in the *Business Standard* and *Sakal*, a vernacular newspaper. All material information about the company was sent through facsimile to the stock exchange where the company's shares are listed and released for dissemination to the public at large.

General shareholders' information

Annual General Meeting	
Date and Time	30th January 2006 at 11.30 a.m.
Venue	Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli Mumbai 400 018
Financial calendar (tentative)	
Results for the quarter ending 30th June 2005	28th July 2005
Results for the half year ending 30th September 2005	28th November 2005
Results for the quarter ending 31st December 2005	28th January 2006
Results for the year ending 31st March 2006	Last week of May, 2006
Book closure	18th January 2006 to 25th January 2006 (Both days inclusive)
Dividend payment date	On or after 30th January 2006
Stock Exchanges where the Company's shares are listed	Bombay Stock Exchange
	National Stock Exchange
Note: (i) Annual listing fees for the year 2005-06 (as applicable) has been paid to the Stock Exchanges. (ii) The Company's equity shares have been delisted from the Stock Exchanges from Delhi, Chennai, Bangalore and Ahmedabad. The Company's application to Calcutta Stock Exchange for delisting is in advanced stage of delisting.	
Stock code at BSE	500279
Stock Symbol at NSE	MIRCELECTR
Demat ISIN Numbers in NSDL & CDSL for Equity Shares	INE831A01028

Nomination facility

Individual shareholders of physical shares can nominate any person for the shares held by them. This will save the nominee from going through the lengthy process of getting the shares later on transmitted to his name. Members are requested to write to the Registrar & Share Transfer Agents to avail the facility.

Depository services

For guidance on depository services, shareholders may write to the Registrar and Share Transfer Agent or National Securities Depository Limited, Trade World, 5th Floor, Kamla Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400 013, email: info@nsdl.co.in, website: www.nsdl.com or Central Depository Services (India) Limited, Phiroze Jeejeebhoy Towers, 28th Floor, Dalal Street, Mumbai 400 023, email: investors@cdslindia.com, website: www.cdslindia.com

Unclaimed dividends

As of 31st March 2005, dividend amounting to Rs.75.30 lacs had not been claimed. Under the Companies Act, 1956, dividends lying unclaimed for a period of seven years from the date of their payment must be transferred to the Investor Education and Protection Fund, constituted and administered by the Central Government. Unclaimed dividend for the financial year 1997-98 has been transferred to the said fund in December 2005, in accordance with the current regulations. The following table gives the dates of dividend declaration or payment, since 1998 and the corresponding dates when unclaimed dividends are due to be transferred to the Central Government along with the total unclaimed dividend amount, with respect to each dividend. No claim would lie against the fund or the company after the said transfer.

Year	Dividend	Date of declaration	Date of transfer	Amount of dividend (Rs. Lacs)	Dividend unclaimed as on 31st March, 2005 (Rs. Lacs)	Percentage unclaimed
1997-98	Final	25th September 1998	6th November 2005	421.62	6.19	1.47
1998-99	Final	23rd September 1999	4th November 2006	456.76	6.07	1.33
1999-00	1st interim	14th July 1999	25th August 2006	245.95	3.09	1.26
	2nd interim	16th October 1999	27th November 2006	105.40	1.64	1.56
	3rd interim	1st January 2000	12th February 2007	351.35	5.48	1.56
	Final	31st March 2000	13th May 2007	210.81	3.15	1.49
2000-01	1st interim	31st July 2000	12th September 2007	70.27	1.37	1.95
	2nd interim	31st October 2000	13th December 2007	105.41	1.63	1.55
	3rd interim	30th January 2001	29th January 2008	175.67	2.72	1.55
	Final	25th September 2001	24th October 2008	140.54	2.26	1.61
2001-02	Final	30th September 2002	29th October 2009	702.70	8.03	1.14
2002-03	Final	25th August 2003	6th October 2010	1405.40	15.14	1.08
2003-04	Final	12th August 2004	30th September 2011	1405.40	18.53	1.32

Market price data

Month	Mirc at BSE		BSE Sensex		Mirc price movement (%)		BSE Sensex movement (%)	
	High	Low	High	Low				
Apr 04	33.85	26.00	5979.25	5599.12	-	-	-	-
May 04	28.20	18.50	5772.64	4227.50	-17	-29	-4	-25
Jun 04	24.50	18.70	5012.52	4613.94	-13	1	-13	9
Jul 04	25.50	20.00	5200.85	4723.04	4	7	4	3
Aug 04	21.50	17.90	5269.22	5022.29	-16	-11	1	6
Sep 04	22.45	19.70	5638.79	5178.57	4	10	7	3
Oct 04	24.50	20.00	5803.82	5558.14	9	2	3	7
Nov 04	25.00	20.05	6248.43	5649.03	2	-	8	2
Dec 04	28.70	21.00	6617.15	6176.09	15	5	6	9
Jan 05	27.00	20.80	6696.31	6069.33	-6	-1	1	-2
Feb 05	25.65	21.80	6721.08	6508.33	-5	5	-	7
Mar 05	23.90	20.00	6954.86	6321.31	-7	-8	4	-3

Source: www.bseindia.com

Share transfer system

The Registrar and share transfer agents registered share transfers in physical form within 15 days of the receipt of the completed documents. Invalid share transfers were returned within 15 days of receipt. All requests for de-materialisation of shares were processed and confirmation were given to the respective Depositories i.e. National Securities Depository Limited and Central Depository Services (India) Limited. The company also offered transfer cum demat facility.

Registrar and share transfer agent

M/s Intime Spectrum Registry Limited
C 13, Pannalal Silk Mills Compound
Lal Bahadur Shastri Marg, Bhandup,
Mumbai 400 078. Telephone: 25923837

Distribution schedule as on 31st March 2005

Equity shares held	Shareholders	% of shareholders	Shares	% of shareholding
1-5000	31762	98.01	26301691	18.72
5001-10000	378	1.17	2892970	2.06
10001-20000	157	0.48	2409177	1.71
20001-30000	41	0.13	1051668	0.75
30001-40000	18	0.06	619828	0.44
40001-50000	4	0.01	180483	0.13
50001-100000	14	0.04	960438	0.68
100001 and above	32	0.10	106123865	75.51
Total	32406	100.00	140540120	100.00

Category of shareholders as on 31st March 2005

Category	Nos. of shareholders	Voting strength	Nos. of shares held
A. Promoter's holding			
Indian promoters	6	54.37	76405061
Persons acting in concert	6	0.04	61200
B. Non promoter's holding			
Mutual Funds and UTI	2	0.01	2000
Banks, financial institutions, companies (Central/ State Government, Non-Government Institutions)	5	3.90	5479118
FIIs	12	9.82	13800939
C. Others			
Private corporate bodies	1032	9.52	13383608
Indian public	31183	22.12	31093547
NRIs/ OCBs	160	0.22	314647
Total	32406	100.00	140540120

Dematerialisation of shares and liquidity

The company entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As at 31 March 2005, 94.29 percent of the company's total shares (132511494 shares) were held in a dematerialised form while 5.71 percent (8028626 shares) were held in the physical form.

Outstanding GDRs/ ADRs/ warrants or any convertible instruments, conversion date likely impact on equity - Not applicable

Address for correspondence

Mirc Electronics Ltd.
Onida House
G1, MIDC, Mahakali Caves Rd.
Andheri (East), Mumbai 400 093
www.onida.com

Plant location

Village Kudus,
Bhiwandi Wada Road,
Taluka Wada,
District Thane.

For and on behalf of the
Board of Directors

Mumbai,
21st December 2005

G. L. Mirchandani
Chairman and Managing Director

Auditors' Certificate

To the members of Mirc Electronics Limited

We have examined the compliance of conditions of Corporate Governance by Mirc Electronics Limited (the company) for the year ended 31st March, 2005, as stipulated in Clause 49 of the listing Agreement of the Company with the Stock Exchanges of India.

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

To the best of our information and explanations given to us, in our opinion, the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained by the Registrar of the Company and reviewed by the Investors' Grievance Committee, as on 31st March, 2005 no investor grievance was remaining unattended/pending for a period of more than 30 days.

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

For **N.M. Raiji & Co.**
Chartered Accountants

J. M. Gandhi
Partner

Mumbai, December 21, 2005 — Membership No: 37924

Auditors' Report

To the members of Mirc Electronics Limited

We have audited the attached Balance Sheet of Mirc Electronics Limited, as at March 31, 2005 and also the related Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. 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 mis-statement. 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.

As required by the Companies (Auditor's Report) Order, 2003, duly amended by the DCA notification GSR 766(E) dated 25th November 2004, (hereinafter to be referred to as "the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable.

Further to our comments in the Annexure referred to in paragraph above, we report that:

(i) Attention is invited to note 2 in schedule 21 regarding the amalgamation of Onida Savak Limited with the Company, the effect of which has been given in these revised accounts.

(ii) 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;

(iii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

(iv) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;

(v) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

(vi) On the basis of written representations received from the directors as on March 31, 2005 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2005 from being appointed as a director in terms of Clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

(vii) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon give the information required by the Companies Act, 1956, and gives 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 March 31, 2005;

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

(c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **N.M. Raiji & Co.**
Chartered Accountants

J. M. Gandhi
Partner

Mumbai, December 21, 2005

Membership No: 37924

Annexure to the Auditors' Report

Referred to in paragraph 3 of the Auditors report of even date of Mirc Electronics Limited for the year ended 31st March 2005.

(i) a) The Company has maintained proper records showing full particulars, including quantitative details and the situation of its fixed assets;

b) According to the information and explanations given to us, the company has a regular program of physical verification by which a substantial portion of the fixed assets has been physically verified by the management during the year. In our opinion, the frequency of verification of the fixed assets by the management is reasonable having regard to the size of the Company and the nature of its assets. To the best of our knowledge, no material discrepancies were noticed on verification conducted during the year as compared with the book records and the same have been appropriately dealt with in the books of accounts.

c) The assets disposed off during the year are not significant and therefore do not affect the going concern assumption;

(ii) a) Inventory has been physically verified by the Management, during the year. In our opinion, the frequency of verification of inventories is reasonable. In the case of service spares lying with the third parties; certificates confirming stocks held have been obtained.

b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of the inventories followed by the management were generally reasonable and adequate in relation to the size of the company and the nature of its business.

c) In our opinion the Company is maintaining proper records of inventory. The discrepancies noticed between the physical stocks and the book stocks were not material and have been properly dealt with in the books of account;

(iii) a) During the year, the Company has granted unsecured loans to two companies covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum balance during the year was Rs.1475.25 Lacs. However there was no outstanding balance of such loan as on the balance sheet date.

b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions on which said loans have been granted are not, prima facie, prejudicial to the interest of the Company.

c) There are no overdue amounts of principal and interest in respect of loans granted.

(iv) a) The Company has taken unsecured loans from two companies covered in the register maintained under section 301 of the companies Act, 1956. As per the arrangement with one of the company the amount has been drawn as per the requirement. The maximum amount and outstanding amount on balance sheet date of such loans are Rs.1353.50 Lacs and Rs.1338.50 Lacs respectively.

b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions on which said loans have been taken are not, prima facie, prejudicial to the interest of the Company.

c) The company has repaid the principal amounts as stipulated and has been regular in the payment of interest thereon.

d) There are no overdue amounts of principal and interest in respect of loans taken.

(v) In our opinion and according to the information and explanations given to us, generally there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control;

(vi) a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts and arrangements that need to be entered into the register maintained under section 301 have been properly entered in the said register;

b) During the year, there are transactions of purchase of materials from one of the parties covered under section 301 of the companies Act, 1956 and exceeding Rupees five lacs. As per the information and explanation provided to us, the said purchases are of a special nature and hence comparative market prices of similar goods are not available.

(vii) The Company has not accepted any deposits from the public, hence the provision of Section 58A, 58AA or any other relevant provisions of the Companies Act 1956 and the rules framed there under are not applicable.

(viii) In our opinion, the Company has a system of internal audit which is, commensurate with its size and nature of its business;

(ix) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government under Section 209(1) (d) of the Companies Act, 1956 for maintenance of cost records in respect of products manufactured and are of the opinion that, prima facie, the prescribed accounts and records have been maintained by the company. We have not however, made a detailed examination of the records with a view to determine whether they are accurate or complete;

Annexure to the Auditors' Report

(x) According to the information and explanation provided to us, the Company is regular in depositing with appropriate authorities undisputed statutory dues including amount of provident fund, investor education protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, custom duty, excise-duty, service tax, cess and other material statutory dues, applicable to it. According to the information and explanations given to us, no undisputed amounts payable were in arrears, as at 31 March 2005 for a period of more than six months from the date they became payable except for Income Tax collected at source of Rs 0.09 lacs which has since been paid and Sales tax dues of Rs. 96.10 lacs pertaining to erstwhile Onida Savak Limited.

(xi) The following are the details of disputed Income Tax, Excise Duty, and Sales Tax that have not been paid to the concerned authorities;

Name of Statute	Relevant Financial Year	Forum where Dispute is Pending	Unpaid Amount (Rs. in Lacs)
Income Tax	1994-1995	High Court	206.26
Income Tax	1987-1988,1989-1990, 1990-1991,1992-1993, 1993-1994,1998-1999	ITAT	639.84
Excise	1998-1999	High Court	14.04
Excise	1997-2000	Commissioner	50.42
Excise	1999-2000	Joint Commissioner (Appeals)	5.99
Custom Act	1998-1999	Commissioner	35.77
Sales Tax of various states	1998-2001	Joint Commissioner of Appeals	25.10
Sales Tax of various states	1995-2000,2001-2002, 2002-2003	Deputy Commissioner (Appeals)	32.95
	1997-2002	Tribunal	10.12
	1997-2002	AC/ACCT(Appellate)	14.24
	1997-2000,2001-2002	Adj. Authority	8.46

(xii) The company does not have accumulated losses and has not incurred cash losses during the financial year and the immediately preceding financial year.

(xiii) According to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.

(xiv) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities;

(xv) The Company is not a chit fund or a nidhi/mutual fund benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditors Report) Order, 2003 are not applicable to the company.

(xvi) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, and debentures. However, it is dealing in Mutual Fund Units. For the transactions in Mutual fund units the company has maintained proper records and has made timely entries therein.

(xvii) In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantees for loans taken by one of its subsidiaries from a bank is not, prima facie, prejudicial to the interest of the Company.

(xviii) In our opinion and on the basis of the information and explanation given to us, the term loans have been applied for the purpose for which they were raised other than amounts temporarily invested pending utilization of the funds for the stated use.

(xix) On the basis of our examination of the books of accounts and the information and explanation given to us, we report that, the funds raised on short-term basis have not been used for long-term investment.

(xx) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.

(xxi) According to the information and explanations given to us the Company has not issued any secured debentures, which are outstanding during the year.

(xxii) During the period covered by our audit report, the Company has not raised any money by way of a public issue;

(xxiii) According to the information and explanations given to us, no material fraud on or by the company has been noticed or reported during the year.

For **N.M. Raiji & Co.**
Chartered Accountants

J. M. Gandhi
Partner

Mumbai, December 21, 2005

Membership No: 37924

Balance Sheet as at

Rs. in Lacs

	Schedule	31st March, 2005		31st March, 2004	
SOURCES OF FUNDS					
Shareholders Funds:					
Capital	1	1404.76		1404.76	
Share Capital Suspense Account	1 A	14.59		-	
Reserves and Surplus	2	18062.80		17351.63	
			19482.15		18756.39
Loan Funds					
Secured	3	12632.59		9056.43	
Unsecured	4	7492.66		2502.50	
			20125.25		11558.93
Deferred Tax Liabilites (Net) (Refer Note 19 of Schedule 21)			1386.55		1855.67
TOTAL			**40993.95**		**32170.99**
APPLICATION OF FUNDS					
Fixed Assets	5				
Gross Block		29574.74		26339.81	
Less: Depreciation & Impairment		9318.49		7444.95	
Net Block		20256.25		18894.86	
Capital Work in Progress		435.27		-	
			20691.52		18894.86
Investments	6		2087.62		865.91
Current Assets, Loans and Advances					
Inventories	7	16424.77		9378.49	
Sundry Debtors	8	9033.85		8405.09	
Cash and Bank Balances	9	2080.43		712.03	
Loans and Advances	10	5430.41		8968.60	
		32969.46		27464.21	
Less: Current Liabilities and Provisions					
Liabilities	11	13552.08		13234.73	
Provisions	12	1202.57		1819.26	
		14754.65		15053.99	
Net Current Assets			18214.81		12410.22
TOTAL			**40993.95**		**32170.99**
Notes Forming Part of The Accounts	21				

As per our Report attached
For **N.M. RAIJI & CO.,**
Chartered Accountants

For and on behalf of the
BOARD OF DIRECTORS

J.M.GANDHI
Partner

S. SURYANARAYANAN
V. P. Finance

G.L.MIRCHANDANI
Chairman and Managing Director

VINOD VERMA
G.M.Finance & Company Secretary

V.J.MANSUKHANI
Whole Time Director

Mumbai, December 21, 2005

Profit and Loss Account for the year ended

Rs. in Lacs

	Schedule	31st March, 2005	31st March, 2004
INCOME			
Sales/Income from Operation (Gross)	13	119250.82	100958.99
Less : Excise Duty on Sales		9955.45	7457.35
Sales/Income from Operation (Net)		109295.37	93501.64
Other Income	14	322.38	718.30
TOTAL		**109617.75**	**94219.94**
EXPENDITURE			
Materials Consumed	16	50312.68	37829.52
Cost of Traded Goods Sold	17	32864.80	30859.64
Personnel Expenses	18	4523.34	4195.87
Depreciation & Impairment	5	1937.86	1318.85
Financial Expenses	19	1293.82	637.82
Other Expenses	20	16109.52	12697.93
		107042.02	87539.63
(Less)/Add:(Accretion) / Decretion in Stocks	15	(1483.32)	1365.93
TOTAL		**105558.70**	**88905.56**
PROFIT BEFORE TAX		**4059.05**	**5314.38**
Provision for taxation			
Current Tax		315.09	530.21
Deferred Tax		965.51	407.39
PROFIT AFTER TAX		**2778.45**	**4376.78**
Surplus Brought Forward from previous Year		9300.27	7058.96
TOTAL		**12078.72**	**11435.74**
APPROPRIATIONS			
Dividend on Equity Shares			
Final Equity Dividend - Proposed		852.00	1405.40
Tax on Proposed Dividends		119.45	180.07
Transfer to General Reserve		450.00	550.00
Surplus carried to Balance Sheet		10657.27	9300.27
TOTAL		12078.72	11435.74
Notes Forming Part of The Accounts	21		
Basic & diluted earnings per share (Rs.)		1.98	3.12

As per our Report attached
For **N.M. RAIJI & CO.,**
Chartered Accountants

For and on behalf of the
BOARD OF DIRECTORS

J.M.GANDHI
Partner

S. SURYANARAYANAN
V. P. Finance

G.L.MIRCHANDANI
Chairman and Managing Director

VINOD VERMA
G.M.Finance & Company Secretary

V.J.MANSUKHANI
Whole Time Director

Mumbai, December 21, 2005

Schedules forming part of the Balance Sheet as at

Rs. in Lacs

	31st March, 2005		31st March, 2004	
SCHEDULE 1				
SHARE CAPITAL				
Authorised				
15,00,00,000 Equity Shares of Re.1/- each (Previous year 15,00,00,000 Equity Shares of Re.1/- each)		1500.00		1500.00
20,00,000 (Previous year 20,00,000) Preference Shares of Rs.100/- each		2000.00		2000.00
		3500.00		3500.00
Issued, Subscribed and Paid Up				
14,05,40,120 Equity Shares of Re.1/- each fully paid up (Previous year 14,05,40,120 Equity Shares of Re.1/- each fully paid up)	1405.40		1405.40	
Less: Calls in arrears	0.64		0.64	
		1404.76		1404.76
Notes: Of the above -> 7,48,95,060 (Previous year 7,48,95,060) Equity Shares are held by the Holding Company, Guviso Holdings Limited. -> 9,36,95,620 (Converted into Face value of Re.1/-) Equity Shares are alloted as fully paid Bonus Shares by capitalisation of General Reserve and Capital Redemption Reserve.				
TOTAL		**1404.76**		**1404.76**
SCHEDULE 1 A				
SHARE CAPITAL SUSPENSE ACCOUNT				
14,59,464 Equity Shares of Re. 1/- each to be issued as fully paid-up to the Shareholders of Onida Savak Limited as per the Scheme of Amalgamation		14.59		-
TOTAL		**14.59**		**-**

Schedules forming part of the Balance Sheet as at

Rs. in Lacs

	31st March, 2005		31st March, 2004	
SCHEDULE 2				
RESERVES AND SURPLUS				
Capital Reserve		7.07		7.07
Capital Redemption Reserve	-		200.00	
Less : Utilised for issue of Bonus Shares	-		200.00	
		-		-
Share Premium				
Opening	1.31		0.07	
Add : Receipts during the year	0.08		1.24	
		1.39		1.31
General Reserve				
As per last Balance Sheet	8042.98		13498.08	
Add : Impact of Amalgamation (Refer Note No. 3)	(1095.91)		-	
Add : Transferred from Profit & Loss Account	450.00		550.00	
	7397.07		14048.08	
Less : Utilised for Writing-off Intangible Assets	-		5502.40	
Utilised for Issue of Bonus Shares	-		502.70	
		7397.07		8042.98
Profit and Loss Account		10657.27		9300.27
TOTAL		**18062.80**		**17351.63**
SCHEDULE 3				
SECURED LOANS				
From Banks		12632.59		9056.43
TOTAL		**12632.59**		**9056.43**
Of the above Rs.6530.33 (Previous year : Rs.2246.41) is repayable within one year				
Notes 1) Cash Credit is secured by first pari passu charge in favour of the bankers by hypothecation of Company's current assets, and by second charge on the Company's immoveable and moveable properties and further secured by the corporate guarantee of the Holding Company. 2) Long Term Loan from UTI Bank Ltd is secured by way of sub servient charge on all movable Plant & Machinery / Furniture & Fixture etc. 3) Long Term Foreign Currency loan from HDFC Bank Ltd. is secured by first charge on fixed assets at Wada Factory				
SCHEDULE 4				
UNSECURED LOANS				
From Banks		4295.16		897.00
From Others		3197.50		1605.50
TOTAL		**7492.66**		**2502.50**
Of the above, Rs.4992.66 (Previous year : Rs.1502.50) is repayable within one year.				

ONIDA

Schedules forming part of the Balance Sheet as at

Rs. in Lacs

SCHEDULE 5

FIXED ASSETS - [Refer Note 1 (b) of Schedule 21]

	Description	Gross Block					Depreciation				Net Block
		As at 01-04-2004	Assets transferred on Amalgamation	Additions	Deletions	As at 31.03.2005	Upto 01.04.2004	For the year	Deletions/ Adjustments	Upto 31.03.2005	As on 31.03.2005
INTANGIBLE ASSETS											
1	Trademarks	-	-	-	-	-	-	-	-	-	-
		5502.40	-	-	*5502.40*	-	-	-	-	-	-
2	R & D Software	20.14	-	4.42	(0.01)	24.57	9.15	2.49	-	11.64	12.93
		15.58	-	*4.56*	-	*20.14*	*5.99*	*3.16*	-	*9.15*	*10.99*
TANGIBLE ASSETS											
3	Leasehold land	382.70	-	-	-	382.70	47.01	5.16	-	52.17	330.53
		382.70	-	-	-	*382.70*	*41.85*	*5.16*	-	*47.01*	*335.69*
4	Freehold land	585.51	357.21	49.33	-	992.05	-	0.01	-	0.01	992.04
		419.20	-	*166.31*	-	*585.51*	-	-	-	-	*585.51*
5	Buildings	6823.34	692.14	142.35	89.43	7568.40	794.10	218.84	38.01	974.93	6593.47
		2636.73	-	*4186.61*	-	*6823.34*	*638.26*	*155.84*	-	*794.10*	*6029.24*
6	Plant and Machinery and Electrical Fittings	16528.48	1227.35	773.75	10.05	18519.53	5612.68	1582.83	7.25	7188.26	11331.27
		9129.58	-	*7401.40*	*2.50*	*16528.48*	*4589.41*	*1024.29*	*1.02*	*5612.68*	*10915.80*
7	Furniture, Fixtures and Equipments	942.29	32.05	55.54	1.77	1028.11	495.89	53.28	0.61	548.56	479.55
		878.22	-	*64.49*	*0.42*	*942.29*	*440.64*	*55.29*	*0.04*	*495.89*	*446.40*
8	Motor Vehicles	378.17	3.07	14.50	28.01	367.73	134.85	35.09	18.45	151.49	216.24
		326.80	-	*51.37*	-	*378.17*	*101.59*	*33.26*	-	*134.85*	*243.32*
9	R & D - Building	157.08	-	-	-	157.08	48.54	5.24	-	53.78	103.30
		157.08	-	-	-	*157.08*	*43.29*	*5.25*	-	*48.54*	*108.54*
10	R & D - Plant and Machinery and Electrical Fittings	415.22	-	10.74	0.01	425.95	247.80	29.45	-	277.25	148.70
		390.01	-	*25.21*	-	*415.22*	*219.61*	*28.19*	-	*247.80*	*167.42*
11	R & D - Furniture, Fixture and Equipments	106.88	-	1.74	-	108.62	54.93	5.47	-	60.40	48.22
		91.66	-	*15.22*	-	*106.88*	*46.52*	*8.41*	-	*54.93*	*51.95*
	TOTAL	26339.81	2311.82	1052.37	129.26	29574.74	7444.95	1937.86	64.32	9318.49	20256.25
		19929.95	-	*11915.18*	*5505.32*	*26339.81*	*6127.16*	*1318.85*	*1.06*	*7444.95*	*18894.86*
	CAPITAL WORK-IN-PROGRESS										435.27
											-
	TOTAL										20691.52
											18894.86

Note :
1. The additions to fixed assets during the year includes foreign exchange loss of Rs. 27.73 (Previous year - gain of Rs.54.81)
2. Figures in italics are as on 31st March,2004.

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Schedules forming part of the Balance Sheet as at

Rs. in Lacs

	Face Value Rs.	31st March, 2005 Nos.		31st March, 2004 Nos.	
SCHEDULE 6					
INVESTMENTS					
(Unquoted and Fully Paid unless otherwise stated)					
LONG TERM INVESTMENTS (AT COST)					
IN SUBSIDIARY COMPANIES (in Equity Shares)					
Akasaka Electronics Limited	10	4230000	423.00	4230000	423.00
Imercius Technologies (India) Ltd.	10	16000000	1600.00	4000000	400.00
	(A)		2023.00		823.00
CURRENT INVESTMENTS (AT COST)					
NON-TRADE INVESTMENTS (in Equity Shares)					
BPL Engineering Limited (Quoted)	10	23100	17.32	23100	17.32
D.G.P. Windsor Limited (Quoted)	10	300	0.38	300	0.38
Punjab Woolcombers Limited (Quoted)	10	1400	1.26	1400	1.26
Kongarar Textiles Limited (Quoted)	10	2600	1.17	2600	1.17
Menon Pistons Limited (Quoted)	10	125400	87.78	125400	87.78
Onida Savak Limited (Quoted)*	10	-	-	16230	4.06
Onida Finance Limited (Quoted)	10	468400	139.60	468400	139.60
NON-TRADE INVESTMENTS (in Units)					
UTI Mastergain 92 (Refer below Note 2)	10	39700	4.88	39700	4.88
			252.39		256.45
Less: Provision for diminution in the value of Investments			187.77		213.54
	(B)		64.62		42.91
TOTAL	**(A + B)**		**2087.62**		**865.91**
Notes:					
Aggregate of Quoted Investments					
Cost			247.51		251.57
Market Value			62.42		43.31
Aggregate of Unquoted Investments					
Cost			2027.88		827.88

Notes :

*Share cancelled on amalgamation

1) During the year following units were purchased and sold.

		Units
a)	Prudential ICICI Mutual (Liquid Fund)	57870764.73
b)	HDFC Cash Management Fund	7946947.38
c)	Deutshe Instacashplus	4225317.58
d)	Grindlays Cash Fund	1654227.94
e)	Reliance Liquid Fund	4490949.72

2) Out of 39700 Units of Mastergain'92, 28900 units are not transferred in the name of the company for which necessary provision has been made.

Schedules forming part of the Balance Sheet as at

Rs. in Lacs

	31st March, 2005		31st March, 2004	
SCHEDULE 7				
INVENTORIES				
Raw Materials including Packing Materials and Service Spares		6766.51		4366.04
Stores & Spares		75.52		-
Semi Finished Goods		1347.45		780.74
Finished Goods : Manufactured		3413.38		2048.58
Traded		3252.52		1901.85
Goods in transit		1569.39		281.28
TOTAL		**16424.77**		**9378.49**
SCHEDULE 8				
SUNDRY DEBTORS				
Debts outstanding for a period exceeding six months		1152.64		1047.80
Other Debts		8713.95		7677.08
		9866.59		8724.88
Less: Provision for Doubtful Debts		832.74		319.79
TOTAL		**9033.85**		**8405.09**
Considered Good - Secured	135.21		170.99	
Considered Good - Unsecured	8898.64		8234.10	
Considered Doubtful - Unsecured	832.74		319.79	
	9866.59		8724.88	
SCHEDULE 9				
CASH AND BANK BALANCES				
Cash on hand		21.12		24.18
Cheques on hand		1229.91		-
Bank Remittances in Transit		637.91		534.82
Balances with Scheduled Banks				
Current Accounts		113.54		95.72
Fixed Deposit Accounts (under lien)		55.36		50.16
Balances with Non - scheduled Bank				
HSBC Bank Middle East - AED Current Account		3.82		3.27
(Maximum amount outstanding during the year Rs.14.25 previous year Rs.18.78)				
HSBC Bank Middle East - USD Call Deposit Account		18.77		3.88
(Maximum amount outstanding during the year Rs.107.72 previous year Rs.60.81)				
TOTAL		**2080.43**		**712.03**

Schedules forming part of the Balance Sheet as at

Rs. in Lacs

	31st March, 2005	31st March, 2004
SCHEDULE 10		
LOANS AND ADVANCES		
(Refer Note 10 of Schedule 21)		
(Unsecured - considered good unless otherwise stated)		
Loans	114.95	43.00
Advances recoverable in cash or kind or for value to be received	4635.44	7678.15
Advance Income-tax (Net of Provisions)	242.02	1162.45
Balance with Excise and Customs Authorities	438.00	85.00
TOTAL	**5430.41**	**8968.60**
SCHEDULE 11		
CURRENT LIABILITIES		
Acceptances	4948.39	8234.69
Sundry Creditors (Refer Note 9 (b) of Schedule 21)	3390.32	769.58
Advances from Customers	414.58	1059.31
Unclaimed Dividend Accounts (Refer Note 9 (c) of Schedule 21)	75.30	64.27
Other Liabilities	4341.19	2705.06
Interest accrued but not due	121.88	113.85
Deposits from Dealers	260.42	287.97
TOTAL	**13552.08**	**13234.73**
SCHEDULE 12		
PROVISIONS		
Proposed Dividends	852.00	1405.40
Tax on Proposed Dividends	119.45	180.07
Provision for Retirement Benefits	231.12	233.79
TOTAL	**1202.57**	**1819.26**

Schedules forming part of the Profit and Loss Account for the year ended

Rs. in Lacs

		31st March, 2005		31st March, 2004
SCHEDULE 13				
SALES / INCOME FROM OPERATIONS				
Sales		118773.71		99862.10
Service Income		-		209.76
Export Benefits received		477.11		670.25
Consultancy Income		-		216.88
TOTAL		**119250.82**		**100958.99**
SCHEDULE 14				
OTHER INCOME				
Dividend Income (includes Rs.42.30 (previous year Rs.42.30)		47.31		44.52
received from Akasaka Electronics Limited,				
a Subsidiary Company)				
Interest Received - Gross (Tax Deducted at source : Rs. 14.81		79.33		87.65
(previous year Rs.15.16))				
Profit on Sale of Assets		41.53		4.70
Profit on Sale of Investments		-		0.51
Interest on Income-tax Refund		62.24		6.66
Write back of provision againsts investments		21.71		-
Gain from assignment of Sales tax loan & Select receivable		-		214.83
Profit on Sale of Infotech Division		-		300.00
Miscellaneous Income		70.26		59.43
TOTAL		**322.38**		**718.30**
SCHEDULE 15				
(ACCRETION)/DECRETION IN STOCKS				
Opening Stock - Semi-finished Goods	780.74		379.71	
Finished Goods	2048.57		3815.53	
Add: Transferred on Amalgamation				
Semi-finished Goods	36.41		-	
Finished Goods	411.79		-	
		3277.51		4195.24
Less:				
Closing Stock - Semi-finished Goods	1347.45		780.74	
Finished Goods	3413.38		2048.57	
		4760.83		2829.31
TOTAL		**(1483.32)**		**1365.93**
SCHEDULE 16				
MATERIALS CONSUMED				
Opening Stock	4366.04		5474.17	
Add: Transferred on Amalgamation	225.37		-	
		4591.41		5474.17
Add: Purchases		52487.78		36721.39
		57079.19		42195.56
Less: Closing Stock		6766.51		4366.04
TOTAL		**50312.68**		**37829.52**

Schedules forming part of the Profit and Loss Account for the year ended

Rs. in Lacs

	31st March, 2005	31st March, 2004
SCHEDULE 17		
COST OF TRADED GOODS SOLD		
Opening Stock	1901.85	2590.23
Add : Purchases	34215.47	30171.26
	36117.32	32761.49
Less: Closing Stock	3252.52	1901.85
TOTAL	**32864.80**	**30859.64**
SCHEDULE 18		
PERSONNEL EXPENSES		
Salaries, Wages and Bonus	3541.38	3281.25
Contribution to Provident Fund and Gratuity	266.20	233.73
Staff Welfare Expenses	715.76	680.89
TOTAL	**4523.34**	**4195.87**
SCHEDULE 19		
FINANCIAL EXPENSES		
Interest - Fixed Loans	863.92	330.63
- Others	429.90	307.19
TOTAL	**1293.82**	**637.82**
SCHEDULE 20		
OTHER EXPENSES		
Tools	0.07	0.37
Power and Fuel	454.29	238.77
Rent	205.90	196.10
Rates and Taxes	97.97	89.94
Repairs to:		
Plant and Machinery	176.51	86.85
Building	36.51	3.52
Others	302.40	239.59
Insurance Charges	89.85	69.34
Freight and Forwarding Expenses	3415.23	2561.22
Advertisement	5042.90	5008.70
Surcharge on Sales Tax and Turnover Tax	353.56	276.56
Sales Commission	179.45	99.64
Service Charges	1522.25	645.73
Travelling & Conveyance	1079.96	991.15
Loss on Sale of Assets	11.36	0.62
Bad debts written off	110.45	-
Provision for doubtful debts	512.95	-
Provision for dimunition in investment Value	-	5.66
Miscellaneous Expenses (Refer Note 11 of Schedule 21)	2517.91	2184.17
TOTAL	**16109.52**	**12697.93**

Notes Forming Part Of Accounts

Rs. in Lacs

SCHEDULE 21

NOTES FORMING PART OF ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

a) System of Accounting

i) The accounts have been prepared to comply in all material aspects with applicable accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Indian Companies Act, 1956.

ii) The Company follows mercantile system of accounting & recognises income & expenditure on accrual basis except in case of i) Export Benefit/ Government grants (ii) Refund of Sales Tax / Excise

b) Fixed Assets and Depreciation

Fixed Assets are stated at cost less depreciation. Cost comprises Cost of acquisition and any attributable cost of bringing the assets to the condition for its intended use.

Machinery / Insurance spares which are specific & identifiable to the assets are capitalised.

Interest on loans taken for the procurement of specific assets accrued upto the date of acquisition/ installation of the said assets is capitalised along with the cost of asset.

Depreciation in respect of assets purchased on or after 01/01/1987 is provided on Straight Line method, in accordance with Schedule XIV of the Companies Act, 1956 and in respect of assets purchased prior to 01/01/1987 depreciation has been provided on Written Down Value basis.

Accelerated depreciation has been provided on Fixed Asset which have become obselete, to reduce the value to estimated realisable value.

Capital items costing less than Rs. 0.01 have been charged to Profit & Loss A/c at the time of purchase itself.

Leasehold Land is amortised over the period of lease.

c) Impairment of Assets

Impairment is ascertained at each balance sheet date in respect of Cash Generating Units.An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are dicounted to their present value based on an appropriate discount factor.

d) Investments

Investments are classified into Long Term and Current Investments. Long Term Investments are stated at cost less any provision for permanent diminution in value. Current Investments are stated at lower of cost or market value.

e) Accounting for Taxes on Income

Tax expenses charged to Profit and Loss account is after considering deferred tax impact for the timing difference between Accounting Income & Tax Income.

Deferred Tax Assets on timing differences are recognised when there is a reasonable certainty that they will be realised.

Deferred Tax Assets relating to unabsorbed business losses are recognised when there is a virtual certainty that there will be sufficient taxable profits to utilise them.

f) Inventories

Maintainance Stores and Spares are charged to Revenue on consumption basis

Raw Materials including packing materials and service spares are valued at cost, on Moving Average Price Basis net of CENVAT where applicable.

Semi Finished Goods are valued at cost of material, labour and relevant overheads.

Finished Goods are valued at lower of cost or net realisable value. Cost includes cost of material, labour, relevant overheads and excise, where applicable.

g) Sales Promotion

Articles procured for sales promotion are charged to the Profit and Loss A/c at the time of purchase itself.

Rs. in Lacs

h) **Revenue Recognition**

i) **Sales and Related Income :**
Sales are recognised on despatch and are recorded net of trade discount, rebates, sales tax but include excise duty.

ii) **Dividend Income :**

Dividend income is accounted when the right to receive the payment is established.

i) **Foreign Currency Transactions**

Transactions in foreign currency are recorded at the exchange rate prevailing at transaction date.

i) Exchange differences relating to fixed assets are adjusted in the cost of assets.

ii) Current assets and liabilities in foreign currencies are converted at year end exchange rates and the resultant net gains or losses are adjusted in the profit and loss account.

iii) Gain or losses on cancellation of forward exchange contracts are recognised as income or expense. In respect of open forward exchange contracts the gains or losses are recognised over the life of the contract.

Transactions relating to overseas branch have been translated as follows

i) Additions to fixed assets are capitalised at rates prevailing on the date of acquisition. Depreciation is accounted for on the value at which assets are converted.

ii) Other assets and liabilities at the rates prevailing at the end of the year.

iii) Revenue items at the weighted average rate for the year.

j) **Research and Development**

Revenue expenditure on research and development is charged to the Profit & Loss Account.

Capital expenditure on research and development is shown as an addition to fixed assets.

k) **Retirement benefits**

Provident Fund - The Company has a statutory scheme of Provident Fund with the Regional Provident Fund Commissioner.

Gratuity & Superannuation - Gratuity is provided on the basis of premium paid on Group Gratuity cum Life Insurance Policy taken from Life Insurance Corporation Of India based on their actuarial valuation. Superannuation is provided on the basis of premium paid on the policy taken under Group Superannuation Scheme from Life Insurance Corporation of India.

Leave Encashment Benefits - Leave encashment benefits are provided based on management's estimate as on the balance sheet date.

2. The accounts of standalone Mirc Electronics Ltd. for the year ended 31st March, 2005 was approved by the Board of Directors in the meeting held on 30th June, 2005. These revised accounts are prepared to give effect to the amalgamation referred to in paragraph 3

3. Scheme of Amalgamation of Onida Savak Limited with the Company.

a) The Scheme of Amalgamation (the Scheme) of the erstwhile Onida Savak Limited (hereinafter referred to as OSL) with the Company was approved by the shareholders at the Extra Ordinary General meeting held on 3rd June, 2005 and was subsequently sanctioned by BIFR vide its order dated 16th November, 2005. The said order was filed by the company with the Registrar of Companies on 12th December, 2005 and the scheme has been effective from that date. Accordingly, the Undertaking of OSL being all its assets and properties, both movable and immovable, industrial and other licences, all other interests, rights and powers of every kind etc., and all its debts, liabilities including contigent liabilities, duties and obligations, has been transferred to and vested in the company with effect from March 31st, 2005 (the appointed date). The scheme has accordingly been given effect to in these accounts.The income and expenditure of OSL for 1 day ie 31st March, 2005 have been accordingly incorporated in these accounts and Tax provision has been made after considering benefits arising on amalgamation.

b) The operations of Onida Savak Limited include manufacturing and trading of Washing Machines and Electronic Tuners.

Notes Forming Part Of Accounts

Rs. in Lacs

c) The scheme provides for the Fair Value Accounting in the transferee Company and accordingly the amalgamtion has been accounted for under the "Purchase Method" as prescribed in Accounting Standard "Accounting for Amalgamations" (AS-14) issued by the Institute of Chartered Accountants of India. The Assets and Liabilities as at 30th March, 2005 have been taken over and accounted at fair value ascertained by the management.

Following is the summary of Assets and Liabilities of OSL accounted in the books of accounts of the Company as on the appointed date.

Fixed Assets	2311.82
Current Assets	1392.15
Deferred Tax Assets	1434.63
Total Assets	5138.60
Less : Loans	3568.82
Current Liabilities and Provisions	2611.10
Net Liability transferred	1041.32
Registration / Transfer charges on amalgamation	40.00
Equity shares to be alloted in the ratio of 1 Equity Shares (of Re.1/- each) of Mirc Electronics Limited for every 10 Equity Share of OSL (of Rs.10/- each).	14.59
Deficit on amalgamation adjusted againts General Reserve (as provided in the scheme)	1095.91

d) In terms of the Scheme, the Equity Shares when issued and alloted by the company shall rank for dividend, voting rights and in all respects pari-passu with the existing Equity Shares of the company. Accordingly, the appropriation for the proposed dividend includes dividend on 1459464 Equity Shares, which would be alloted to the shareholders of OSL.

e) As per the provision of Accounting Standard "Accounting for Amalgamations" (AS-14), the above deficit would have been considered as goodwill on amalgamation. However, as per the provisions of the scheme, the same has been adjusted from the balance in the General Reserve of the Company. Consequent to this, the General Reserve of the Company is depleted by Rs.1095.91.

f) The title deed for leasehold land, buildings, licences, aggrements, loan documents etc. of the erstwhile OSL are in the process of being transferred.

4. **Change in Accounting Policies**

a) Hitherto the company was writing off maintenance machinery stores and spares on purchases. The company has changed this accounting policy w.e.f. 1.4.04 and such items are taken into inventory on purchases and charged off on consumption.

b) With the Introduction of ERP accounting software, the method of valuation of Inventory is changed with effect from 1st October,2004 to Weighted Average Rate from First In First Out Rate, hitherto followed.

Consequent to the above changes, Repairs to Plant and Machinery and Material Consumption is lower by Rs.75.52 & Rs.3.50 respectivily and profit before tax is higher by Rs.79.02.

5. The net difference in foreign exchange (i.e. the difference between the spot price on the date of the transactions and the rates at which the transactions are settled or reinstated at the year end) which is credited to the respective expense / income heads in the Profit & Loss Account is Rs 567.20 (previous year credit Rs. 419.67)

6. **Contingent Liabilities**	**31st March 2005**	**31st March 2004**
a) Guarantees given to Bank against which Rs.Nil (previous year Rs.Nil) has been deposited as margin money	60.23	1180.98
b) Guarantees given to bank on behalf of subsidiary companies		
Akasaka Electronics Limited	2540.00	670.00
Imercius Technologies (India) Limited	210.00	210.00

Notes Forming Part Of Accounts

Rs. in Lacs

	31st March 2005	31st March 2004
c) Income tax demands in respect of which appeals have been filed	1353.81	4545.04
d) Excise & Custom Duty in respect of which appeals have been filed	118.04	60.15
e) Claims made against the Company not acknowledged as debts	1239.65	1649.72
7. Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances)	111.91	333.87

8. Personnel Expenses, Depreciation and Other Expenses include Rs.225.19 (previous year Rs.170.98), Rs.42.65 (previous year Rs. 45.01) & Rs.57.19 (previous year Rs.71.27) respectively in respect of Research & Development Expenditure.

9. a) Balances of Sundry Debtors, Creditors, Loans and Advances and Deposits are subject to confirmation and reconciliation.

   b) The Small Scale undertakings to whom amounts are outstanding for more than thirty days are as under

   i) Amar Springs
   ii) Any Graphics Pvt Ltd
   iii) Apex Plastics
   iv) Empire Fastners
   v) Expo Connectors
   vi) P.R.Engineering Works
   vii) Perfect Pac Limited
   viii) S.R.Rubber Inds
   ix) Shakti Hitech Components Pvt. Ltd
   x) Sharad Electronics
   xi) South East Ele. Components. Pvt. Ltd.
   xii) Vineet Packaging Industries.

   The above information and that given in schedule 11 “Current Liabilities” regarding SSI undertaking has been determined to the extent such parties are identified on the basis of information available with the company, which has been relied upon by the auditors.

   c) There is no amount due and outstanding, as at 31st March ,2005 to be credited to Investor Education and Protection Fund.

10. Loans and Advances:	**31st March 2005**	**31st March 2004**
Include loans and advances given to :		
a) Subsidiary Company Advances		
i) Akasaka Electronics Limited (excluding capital advances) Maximum amount outstanding during the year Rs.886.74 (previous year Rs.37.40)	9.58	-
ii) Imercius Technologies (India) Ltd. Maximum amount outstanding during the year Rs.1201.47 (Previous year Rs.734.22)	1.47	734.22
b) Advances towards capital expenses [(Including advances given to Subsidiary Company - M/s Akasaka Electronics Ltd. of Rs.Nil (previous year Rs.Nil)) Maximum amount outstanding during the year Rs.Nil (Previous Year Rs.59.09)]	86.59	43.59

Notes Forming Part Of Accounts

Rs. in Lacs

	2004-05	2003-04
11. Miscellaneous Expenses charged to Profit and Loss Account includes Remuneration to Auditors (excluding Service Tax) :		
Audit fees	17.00	17.00
Other Services (Certification, Tax Audit etc.)	4.75	4.75
Out of pocket expenses	0.61	0.86
Total	**22.36**	**22.61**
12. Payments to Directors		
Remuneration to Directors		
a) Salaries	115.20	99.84
b) Commission to Managing & Wholetime Director	85.18	112.56
Commission to Non Executive Director	8.14	8.00
c) Contribution to Provident Fund and other funds	19.44	16.85
d) Other Perquisites	2.08	2.35
Total	**230.04**	**239.60**
Computation of Net Profit in accordance with Section 309(5) of the Companies Act, 1956 :		
Profit before taxes as per Profit and Loss A/c.	**4059.05**	**5318.00**
Add : Managerial Remuneration	136.72	119.04
Commission to Managing & Wholetime Director	85.18	112.56
Loss on sale of Fixed Assets u/s 350	11.36	0.62
Reduction in value of Investments	-	5.66
Provision - Others	-	72.99
Commision to Non-Executive directors	8.14	8.00
	241.40	**318.87**
Less : Profit on sale of Fixed Assets	41.53	4.71
Prior year's Expenses	-	3.61
Profit on sale of Investment	-	0.51
	41.53	**8. 83**
Net Profit as per Sec.309 (5)	**4258.92**	**5628.04**
Commission payable to		
Managing Director @1% of Net profit as per Sec.309(5)	**42.59**	**56.28**
Whole time Director @1% of Net profit as per Sec.309(5)	**42.59**	**56.28**
Non Executive Directors	**8.14**	**8.00**

13. Material Consumed

Sr. No.	Particulars	Quantity (Nos)	2004-05	Quantity (Nos)	2003-04
a)	Picture Tubes for Colour Televisions	965066	21337.50	630479	16376.13
b)	Imported Components & Parts for Colour Televisions and etc		14184.13		9898.02
c)	Others		**14791.05**		11555.37
	Total		**50312.68**		**37829.52**

Notes Forming Part Of Accounts

Rs. in Lacs

		2004-05	2003-04

14. Value of Material Consumed

Sr. No.	Particulars	%	2004-05	%	2003-04
a)	Imported	48	**24364.18**	41	15675.45
b)	Indigenous	52	**25948.50**	59	22154.07
	Total	**100**	**50312.68**	**100**	**37829.52**

15. Value of Imports (On C.I.F. basis)

		2004-05	2003-04
i)	Raw Materials (Incl.In Transit)	22523.65	12578.29
ii)	Capital Goods	407.18	3558.09

16. Earnings in Foreign Currency on account of

		2004-05	2003-04
i)	Exports (At FOB Value)	4579.72	3030.10

17. Expenditure in Foreign Currency on account of

		2004-05	2003-04
i)	Royalty	249.63	207.09
ii)	Professional Fees	28.19	8.00
iii)	Financial Expenses	3.15	3.68
iv)	Others	672.69	418.11

18. The company is mainly engaged in Consumer Durables business, which as per Accounting Standard "Segment Reporting" (AS-17) is considered the only reportable segment. There is no seperately identifable geographical segment.

19. a. Provision for Taxation comprises of current tax and deferred tax after considering amalgamation of OSL. The current tax comprises of wealth tax of Rs. 2.28 and Minimum Alternative tax (MAT) liability, as there is no taxable profit after set off of brought forward losses of the erstwhile OSL.

b. The breakup of Dererred Tax Asset / Liability as at the balance sheet date is as follows

Sr. No.	Nature of expenses / Income	31st March,2005	31st March,2004
	Deferred Tax Liabilities		
	Related to Fixed Assets	2431.98	1743.05
	Related to Others	121.65	131.48
	Total (A)	**2553.63**	**1874.53**
	Less : Deferred Tax Assets		
	Disallowance under section 43B of Income Tax Act 1961	336.73	18.86
	Unabsorbed Loss / Depreciation of erstwhile OSL	657.69	0.00
	Provision for doubtful Debts	172.66	0.00
	Total (B)	**1167.08**	**18.86**
	Net Liability (A) - (B)	**1386.55**	**1855.67**

20. Working for Earnings Per Share (EPS) is as follows

	2004-05	2003-04
PAT	2778.45	4376.78
Number of shares as on 31.03.2005	140540120	140540120
Proportionate number of shares on account of amalgamation (1459464 / 365)	3999	-
Total number of shares	140544119	140540120
Basic / Diluted Earnings Per Share	1.98	3.12

Notes Forming Part Of Accounts

Rs. in Lacs

21. The Company manufactures Colour Televisions, Washing Machines and Air Conditioners. The relative quantity and value particulars are as under :

A) Quantitative information on Goods Manufactured :

Sr. No.	Particulars	Licenced Capacity (Nos)	Installed Capacity (Nos)	Opening Stock		Production	Sales		Closing Stock	
				Qty (Nos)	Value (Rs.lacs)	Qty Nos	Qty (Nos)	Value (Rs.lacs)	Qty (Nos)	Value (Rs.lacs)
1	Televisions	2300000 (2300000)	1800000 (1800000)	26824 (49827)	1932.75 (3690.63)	831482 (561100)	816143 (584103)	64202.21 (49724.73)	42163 (26824)	2739.01 (1932.75)
2	Washing Machines (Refer Note 7)	780000 (500000)	380000 (100000)	15657 (Nil)	356.52 (Nil)	8648 (5092)	7542 (4426)	504.71 (285.43)	16763 (666)	390.93 (28.61)
3	Air-Conditioners	300000 (300000)	100000 (100000)	471 (471)	70.35 (86.93)	5978 (2465)	5048 (2465)	852.55 (351.95)	1401 (471)	199.83 (70.35)
4	TV Components, Spares & Others	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)	16.87 (37.97)	N.A. (N.A.)	N.A. (N.A)	11340.62 (10325.76)	N.A. (N.A.)	2.92 (16.87)
5	Electronic Tuners (Refer Note 8)	720000 (N.A.)	720000 (N.A.)	116909 (N.A.)	83.87 (N.A.)	3600 (N.A.)	600 (N.A.)	0.57 (N.A.)	119909 (N.A.)	80.69 (N.A.)
	TOTAL A				**2460.36 (3815.53)**			**76900.66 (60687.87)**		**3413.38 (2048.58)**

1. Installed capacity is on single shift basis as certified by the Management upon which the Auditors have relied.
2. Sales column is adjusted for loss in transit , salvages and free gifts.
3. Company has IEM's for a) Dish Washer 1,00,000 Nos b) Micro Wave Ovens - 1,00,000 Nos c) TV Tuner - 30,00,000 nos d) Set top box 10,00,000 Nos e) DVD players - 2,00,000 Nos. f) Compact Disc Players 50,000 Nos.
4. Company has production facility, for its captive consumption,from its Injection moulding plant (Plastic parts) having Licensed capacity of 10,000 MT and installed capacity of 6,000 MT and EPS plant (articles of packing goods) having Licensed capacity of 1500 MT and Installed capacity of 750 MT.
5. The purchase cost of spares used in services has been included in 'Cost of Raw Material Consumed' schedule.
6. Figures in brackets are in respect of previous year.
7. Opening stock of Washing Machines includes 14991 units of Rs. 327.91 transferred on amalgamation.
8. Opening stock of 116909 units of Rs. 83.87 of Electronic Tuners is transferred on amalgamation.

B) Quantitative information on Goods Traded :

Sr. No.	Particulars	Opening Stock		Purchases		Sales		Closing Stock	
		Qty (Nos)	Value (Rs.lacs)	Qty (Nos)	Value (Rs.lacs)	Qty (Nos)	Value (Rs.lacs)	Qty (Nos)	Value (Rs.lacs)
1	Televisions	29176 (37169)	990.01 (1667.15)	509832 (583725)	22045.33 (24024.61)	504143 (591718)	25792.56 (31866.99)	34865 (29176)	1436.62 (990.01)
2	Washing Machines	4063 (6875)	164.70 (302.78)	75390 (48440)	2536.04 (1791.73)	72673 (51252)	3561.22 (2476.09)	6780 (4063)	238.13 (164.70)
3	Air Conditioners	1303 (470)	184.67 (75.54)	18952 (6107)	2745.96 (833.22)	17548 (5274)	3161.62 (845.06)	2707 (1303)	378.48 (184.67)
4	DVD	9516 (7344)	258.00 (353.33)	299916 (42035)	6177.01 (1193.09)	260763 (39863)	8278.84 (2024.52)	48669 (9516)	935.44 (258.00)
5	Microwave Ovens	Nil (Nil)	Nil (Nil)	8873 (Nil)	247.20 (Nil)	6382 (Nil)	272.50 (Nil)	2491 (Nil)	73.98 (Nil)
6	VCD	8463 (3527)	169.77 (78.61)	7741 (68442)	130.91 (1247.99)	12438 (63506)	242.57 (1360.66)	3766 (8463)	57.35 (169.77)
7	Service / Others	N.A. (N.A.)	134.70 (112.83)	N.A. (N.A.)	333.02 (1080.62)	N.A. (N.A.)	1040.85 (1697.80)	N.A. (N.A.)	132.52 (134.70)
	TOTAL B		**1901.85 (2590.23)**		**34215.47 (30171.26)**		**42350.16 (40271.12)**		**3252.52 (1901.85)**
	TOTAL A + B		**4362.21 (6405.76)**		**34215.47 (30171.26)**		**119250.82 (100958.99)**		**6665.90 (3950.43)**

1. Figures in brackets are in respect of previous year.
2. The purchase cost of spares used in services has been included in 'Cost of Raw Material Consumed' Schedule.

Rs. in Lacs

22. Related party Disclosure

Related parties as defined under clause -3 of Accounting Standard " Related Party Disclosures " (AS-18) have been identified on the basis of representation made by key management personnel and information available with the company.

Particulars	Holding Company (1)	Subsidiaries (2)	Key management Personnel (3)	Relatives of key management personnel (4)	Enterprise over which any person described in (3) & (4) is able to exercise significant influence (5)
Transactions during 2004-05					
Purchase of goods, services and fixed assets	- -	988.40 (785.92)	- -	- -	4077.54 (3692.12)
Sale of goods, fixed assets	- -	0.34 (0.38)	- -	- -	258.65 (572.59)
Inter Corporate Deposits given	- -	790.75 (459.50)	- -	- -	- -
Inter Corporate Deposits given repaid	- -	360.00 -	- -	- -	- -
Inter Corporate Deposits taken	315.00 (4508.50)	15.00 (150.00)	- -	- -	- -
Inter Corporate Deposits repaid	423.00 (3220.50)	15.00 (323.00)	- -	- -	- -
Interest incurred & paid on Inter Corporate Deposits / loans	62.04 (77.80)	0.06 (5.61)	- -	- -	- -
Interest due & received on Inter Corporate Deposits / loans	-	59.08 (47.90)	-	-	9.00 (11.42)
Rent paid	- -	- -	4.93 (4.93)	39.63 (38.42)	- -
Rent received	-	-	-	-	4.22 (5.36)
Investments	- -	1200.00 -	- -	- -	- -
Remuneration *	- -	- -	- -	13.92 (13.77)	- -
Dividend received	- -	42.30 (42.30)	- -	- -	- -
Closing Balance as at 31st March 2005 **Receivable**					
Inter Corporate Deposits	- -	- (684.50)	- -	- -	60.00 (60.00)
Rent deposits	- -	- -	17.65 (17.65)	134.12 (134.12)	- -
Debtors	- -	- (0.06)	- -	- -	- (9.51)
Advances	- -	- (27.42)	- -	- -	- (1161.23)
Others	- -	2.70 (49.66)	- -	- -	13.41 (19.39)
Payable Inter Corporate Deposits	1197.50 (1305.50)	- -	- -	- -	- -
Creditors	-	14.64 -	- -	- -	8.27 (23.89)
Others	62.04 (77.80)	- -	- -	- -	- (30.00)

* Remuneration to Directors - The same has already been disclosed in point 12 of Schedule 21.

Notes Forming Part Of Accounts

Names of related parties & description of relationship :

1.	Holding Company	Guviso Holdings Ltd.
2.	Subsidiaries	Akasaka Electronics Ltd. Imercius Technologies (India) Ltd.
3.	Key Management Personnel	Mr. G.L.Mirchandani - Chairman & Managing Director of Mirc Electronics Ltd. Mr. V.J.Mansukhani - Whole time Director of Mirc Electronics Ltd.
4.	Relatives of Key Management Personnel	Mrs. Gita Mirchandani (Wife of Mr.G.L.Mirchandani) Mrs. Marissa Mansukhani (Wife of Mr.V.J.Mansukhani) Mr. Sasha Mirchandani (Son of Mr.G.L.Mirchandani) Mr. Kaval Mirchandani (Son of Mr.G.L.Mirchandani) Mr. Akshay Mansukhani (Son of Mr.V.J.Mansukhani) Ms. Ayesha Mansukhani (Daughter of Mr.V.J.Mansukhani) G.L.Mirchandani (H.U.F.) V.J.Mansukhani (H.U.F.)
5.	Enterprise over which any person described in 3 & 4 is able to exercise significiant influence	Iwai Electronics Pvt. Ltd. Adino Telecom Ltd. erstwhile Onida Savak Ltd.

23. Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. 23637 State Code 11

Balance Sheet Date 31 (Date) 03 (Month) 2005 (Year)

II. Capital Raised during the period (Amount in '000s)

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

III. Position of Mobilisation and Deployment of Funds (Amount in '000s)

Total Liabilities	Total Assets
4099395	4099395

Sources of Funds

Paid-Up Capital	Reserves & Surplus
141935	1806280
Secured Loans	**Unsecured Loans**
1263259	749266
Deferred Tax Liability (Net)	
138655	

Application of Funds

Net Fixed Assets	Investments
2069152	208762
Net Current Assets	
1821481	
Accumulated Losses	
NIL	

Notes Forming Part Of Accounts

IV. Performance of Company (Amount in '000s)

Gross Revenue	Total Expenditure
1 0 9 6 1 7 7 5	1 0 5 5 5 8 7 0

+ -	Profit / (Loss) Before Tax	+ -	Profit / (Loss) After Tax
+	4 0 5 9 0 5	+	2 7 7 8 4 5

Earning Per Share in Rs.	Dividend Rate %
1.98	60

V. Generic Names of three Principal Products / Services of Company (As per Monetary Terms)

Item Code No.(ITC Code)	8 5 2 8 1 2
Product Description	C O L O U R T E L E V I S I O N
	R E C E I V E R S
Item Code No.(ITC Code)	8 5 2 1 9 0 . 2
Product Description	D V D P L A Y E R S
Item Code No.(ITC Code)	8 4 5 0
Product Description	W A S H I N G M A C H I N E S

24. Previous year's figures have been rearranged and regrouped wherever necessary. Current years figures include one day results of erstwhile OSL and hence are not strictly comparable with previous year.

Signatures to Schedule '1' to '21' forming part of the Balance Sheet and Profit & Loss Account.

As per our Report attached
For **N.M. RAIJI & CO.,**
Chartered Accountants

For and on behalf of the
BOARD OF DIRECTORS

J.M.GANDHI
Partner

S. SURYANARAYANAN
V. P. Finance

G.L.MIRCHANDANI
Chairman and Managing Director

VINOD VERMA
G.M.Finance & Company Secretary

V.J.MANSUKHANI
Whole Time Director

Mumbai, December 21, 2005

Cash Flow Statement for the year ended

Rs. in Lacs

	31st March, 2005		31st March, 2004	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax & Extraordinary Item		**4059.05**		**5314.38**
Adjustments for :				
Depreciation & Impairment	1937.86		1318.85	
Unrealised Foreign Exchange Fluctuations	(67.80)		(181.65)	
(Increase)/Decrease in value of Investments	(21.71)		5.66	
Interest	1293.82		637.83	
Interest Income	(79.33)		(87.65)	
Dividend Income	(47.31)		(44.52)	
(Profit)/Loss on Sale of Fixed Assets (Net)	(30.17)		(4.70)	
(Profit)/Loss on Sale of Investments (Net)	-		0.10	
Sundry balances w/off	110.45		18.74	
Preliminary Expenses	-		5.88	
		3095.81		**1668.54**
Operating Profit before Working Capital changes		**7154.86**		**6982.92**
Adjustments for :				
Trade and Other receivables	(2946.05)		(198.15)	
Inventories	(6372.71)		3025.43	
Trade Payables	1389.61		(1683.75)	
		(7929.15)		1143.53
Cash Generated from Operations		**(774.29)**		**8126.45**
Direct Taxes (Paid) / Refund Received		607.11		(1294.01)
NET CASH USED IN OPERATING ACTIVITIES (A)		**(167.18)**		**6832.44**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets		(4117.00)		(5767.67)
Proceeds from Sale of Fixed Assets		95.11		6.57
Capital Advances		(200.15)		1608.38
Purchase of Investments		(1200.00)		(1000.00)
Proceeds from Sale of Investments		-		1000.00
(Profit)/ Loss on Sale of Investments (Net)		-		(0.11)
Movement in Loans		-		(459.03)
Interest Received		129.31		46.35
Dividend Received		47.31		44.52
NET CASH USED IN INVESTING ACTIVITIES (B)		**(5245.42)**		**(4520.99)**

Cash Flow Statement for the year ended

Rs. in Lacs

	31st March, 2005	31st March, 2004
C. CASH FLOW FROM FINANCING ACTIVITIES		
Share Premium Received	0.08	1.24
Calls in arrears	-	0.08
Movement in Term Loans	3982.18	(2843.35)
Movement in Short Term Loans	3884.77	2439.25
Movement of Loans	684.50	-
Interest Paid	(1285.79)	(615.24)
Dividends paid	(950.43)	(1574.49)
Preliminary Expenses	-	(5.88)
NET CASH USED IN FINANCING ACTIVITIES (C)	**6315.31**	**(2598.39)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**902.71**	**(286.94)**
CASH AND CASH EQUIVALENTS AS AT 01.04.2004 (OPENING BALANCE)	**712.03**	**998.97**
ADD : TRANSFERRED ON AMALGAMATION	**465.69**	**-**
CASH AND CASH EQUIVALENTS AS AT 31.03.2005 (CLOSING BALANCE)	**2080.43**	**712.03**

As per our Report attached
For **N.M. RAIJI & CO.,**
Chartered Accountants

For and on behalf of the
BOARD OF DIRECTORS

J.M.GANDHI
Partner

S. SURYANARAYANAN
V. P. Finance

G.L.MIRCHANDANI
Chairman and Managing Director

VINOD VERMA
G.M.Finance & Company Secretary

V.J.MANSUKHANI
Whole Time Director

Mumbai, December 21, 2005

Section 212

Rs. in Lacs

Statement Pursuant to Section 212 of the Companies Act 1956, relating to Subsidiary Companies				
1. Name of the Subsidiary	Akasaka Electronics Ltd.		Imercius Technologies (India) Ltd.	
2. Financial Year of the Subsidiary ended on		31 March 2005		31 March 2005
3. Share of the Subsidiary held by the Company on the above date:				
(a) Number and Face Value	42,30,000	Rs. 10/-	1,60,00,000	Rs. 10/-
(b) Extend of holding		83.80%		100.00%
4. Profit / (Loss) of the subsidiary for the above financial year so far as they concern members of the company:				
(a) Dealt with in the accounts of the Company For the year ended 31 March, 2005		-		-
(b) Not dealt with in the accounts of the Company for the year ended 31 March, 2005		132.54		(526.12)
5. Net aggregate amount of profits / (losses) of the subsidiary for the previous years of the subsidiary, since it became a subsidiary so far as they concern Members of the company				
(a) Dealt with in the accounts of the Company For the year ended 31 March, 2005		-		-
(b) Not dealt with in the accounts of the Company for the year ended 31 March, 2005		402.12		(1053.32)

Statement regarding Subsidiary Companies as on 31 March 2005.

(a) Issued & Subscribed Share Capital	504.79	1600.00
(b) Reserves	536.84	(1053.32)
(c) Total Assets	1978.49	687.65
(d) Total Liabilities	936.86	140.97
(e) Investments	-	-
(f) Turnover	1739.92	281.69
(g) Profit Before Taxation	212.50	(526.12)
(h) Provision for Tax	54.33	-
(i) Profit After Taxation	158.17	(526.12)
(j) Proposed Dividend	50.48	-

Auditors' Report

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF MIRC ELECTRONICS LIMITED

1. We have examined the attached Consolidated Balance Sheet of Mirc Electronics Limited ('the parent'), and its Subsidiaries (entities together termed as 'the group') as at March 31,2005 the Consolidated Profit and Loss Account for the year ended on that date and the Consolidated Cash flow statement for the year ended on that date annexed thereto. Attention is invited to note 2 in schedule 22 regarding the amalgamation of Onida Savak Ltd. with the company, the effect of which as been given in these revised accounts.

2. These consolidated financial statements are the responsibility of the parent's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statement are prepared, in all material respect, in accordance with an identified financial reporting framework and are free of material misstatements. 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 statements. We believe that our audit provides a reasonable basis for opinion.

3. We did not audit the financial statement of one of the subsidiaries whose financial statements reflect parent's share in the net worth of Rs.872.88 Lacs as at March 31,2005, and the parent's share in net profit of Rs. 132.54 Lacs for the year ended on that date. These financial statements have been audited by other auditors whose report has been furnished to us. We have placed reliance on the said report for the purpose of our opinion on the consolidated financial statements.

4. We report that the consolidated financial statements have been prepared by the parent in accordance with the requirements of Accounting Standard (AS-21), "Consolidated Financial Statements", issued by The Institute of Chartered Accountants of India, and on the basis of the separate audited financial statements of the parent and its subsidiaries included in the Consolidated Financial Statements.

5. On the basis of the information and explanation given to us and on the consideration of separate audit report on individual audited financial statement of the parent and its subsidiaries, we are of the opinion that the said consolidated financial statements give 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 31st March 2005;

   (b) in the case of Consolidated Profit and Loss Account, of the results of the group for the year ended on that date; and

   (c) In the case of Consolidated Cash Flow Statement, of the cash flows of the group for the year ended on that date.

For **N.M. Raiji & Co.,**
Chartered Accountants

J. M. Gandhi
Partner
Membership No: 37924

Mumbai, December 21, 2005

Consolidated Balance Sheet as at

Rs. in Lacs

	Schedule	31st March, 2005		31st March, 2004	
SOURCES OF FUNDS					
Shareholders Funds					
Capital	1	1404.76		1404.76	
Share Capital Suspense Account	1A	14.59		-	
Reserves and Surplus	2	17471.96		17242.34	
			18891.31		18647.10
Minority's Interest			176.09		144.56
Loan Funds					
Secured	3	12783.68		9162.91	
Unsecured	4	7492.66		2502.50	
			20276.34		11665.41
Deferred Tax Liability (Net) (Refer note 14 of Schedule 22)			1543.83		2004.12
TOTAL			**40887.57**		**32461.19**
APPLICATION OF FUNDS					
Fixed Assets	5				
Gross Block		32497.62		28711.24	
Less: Depreciation		10776.86		8675.40	
Net Block		21720.76		20035.84	
Capital Work in Progress		442.19		120.74	
			22162.95		20156.58
Investments	6		64.62		42.91
Current Assets, Loans and advances					
Inventories	7	16718.77		9635.20	
Sundry Debtors	8	9300.69		8795.43	
Cash and Bank Balances	9	2144.62		783.16	
Loans and Advances	10	5607.79		8384.62	
		33771.87		27598.41	
Less : Current Liabilities and Provisions					
Liabilities	11	13972.70		13635.75	
Provisions	12	1241.87		1837.89	
		15214.57		15473.64	
Net Current Assets			18557.30		12124.77
Miscellaneous Expenditure to the extent not Written off or adjusted	13		102.70		136.93
TOTAL			**40887.57**		**32461.19**
Notes forming part of the accounts	22				

As per our Report attached
For **N.M. RAIJI & CO.,**
Chartered Accountants

For and on behalf of the
BOARD OF DIRECTORS

J.M.GANDHI
Partner

S. SURYANARAYANAN
V. P. Finance

G.L.MIRCHANDANI
Chairman and Managing Director

VINOD VERMA
G.M.Finance & Company Secretary

V.J.MANSUKHANI
Whole Time Director

Mumbai, December 21, 2005

Consolidated Profit and Loss Account for the year ended

Rs. in Lacs

	Schedule	31st March, 2005	31st March, 2004
INCOME			
Sales and Related Income	14	120741.39	102274.49
Less: Excise Duty on Sales		10269.20	7460.69
Sales and Related Income (Net)		110472.19	94813.80
Other Income	15	459.82	810.17
TOTAL		**110932.01**	**95623.97**
EXPENDITURE			
Materials Consumed	17	50475.40	38170.37
Cost of Traded Goods Sold	18	32864.80	30859.64
Personnel Expenses	19	5047.47	4645.74
Depreciation	5	2171.81	1544.48
Financial Expenses	20	1377.95	605.03
Other Expenses	21	16804.95	13298.26
		108742.38	89123.52
(Less)/Add:(Accretion) / Decretion in Stocks	16	(1482.98)	1442.70
TOTAL		**107259.40**	**90566.22**
PROFIT BEFORE TAX		**3672.61**	**5057.75**
Provision for Taxation			
Current Tax		369.42	670.22
Deferred Tax		965.51	389.14
PROFIT AFTER TAX		**2337.68**	**3998.39**
Less: Minority Interest		(34.37)	(29.35)
PROFIT AFTER TAX FOR THE GROUP		**2303.31**	**3969.04**
Surplus Brought Forward from previous year		8734.81	7067.11
TOTAL		**11038.12**	**11036.15**
APPROPRIATIONS			
Final Equity Dividend - Proposed		852.00	1405.40
Tax on dividend		126.53	186.72
Transfer to :			
General Reserve		460.00	709.22
Surplus carried to Balance Sheet		9599.59	8734.81
TOTAL		**11038.12**	**11036.15**
Notes forming part of the accounts	22		
Basic & diluted earning per share (Rs.)		1.64	2.82
Face Value of Rs.1			

As per our Report attached
For **N.M. RAIJI & CO.,**
Chartered Accountants

For and on behalf of the
BOARD OF DIRECTORS

J.M.GANDHI
Partner

S. SURYANARAYANAN
V. P. Finance

G.L.MIRCHANDANI
Chairman and Managing Director

VINOD VERMA
G.M.Finance & Company Secretary

V.J.MANSUKHANI
Whole Time Director

Mumbai, December 21, 2005

Schedules forming part of the Consolidated Balance Sheet as at

Rs. in Lacs

	31st March, 2005		31st March, 2004	
SCHEDULE 1				
SHARE CAPITAL				
Authorised				
15,00,00,000 Equity Shares of Re.1/- each		1500.00		1500.00
(Previous year 15,00,00,000 Equity share of Re. 1/- each)				
20,00,000 (Previous year 20,00,000)		2000.00		2000.00
Preference Shares of Rs.100/- each				
		3500.00		3500.00
Issued, Subscribed and Paid Up				
14,05,40,120 Equity Shares of Re.1/- each fully paid up	1405.40		1405.40	
(Previous year 14,05,40,126 Equity Shares of				
Re.1/- each fully paid up)				
Less: Calls in arrears	0.64		0.64	
		1404.76		1404.76
Notes: Of the above				
-> 7,48,95,060 (Previous year 7,48,95,060) Equity Shares are held by the Holding Company, Guviso Holdings Limited				
TOTAL		**1404.76**		**1404.76**
SCHEDULE 1A				
SHARE CAPITAL SUSPENSE ACCOUNT				
14,59,464 Equity Shares of Re.1/- each to be issued as		14.59		-
fully paid-up to the Shareholders of Onida Savak Limited				
as per the Scheme of Amalgamation				
TOTAL		**14.59**		**-**

Schedules forming part of the Consolidated Balance Sheet as at

Rs. in Lacs

	31st March, 2005		31st March, 2004	
SCHEDULE 2				
RESERVES AND SURPLUS				
Capital Reserve		7.07		7.07
Share Capital Buyback Reserve	99.23		10.82	
Add: Transfer From General Reserve	-		88.41	
		99.23		99.23
Capital Reserve on consolidation		265.45		265.45
Special reserve on consolidation		60.81		60.14
Share Premium		1.39		1.31
General Reserve				
As per last Balance Sheet	8074.33		13515.36	
Add : Transfer from Profit & Loss A/c	460.00		709.22	
Transfer on Amalgamtion	(1095.91)		-	
Increase in GR due to Buy Back of Equity	-		3.03	
	7438.42		14227.61	
Less : Utilised for Writing-off Intangible Assets	-		5502.40	
Utilised for Issue of Bonus Shares	-		502.70	
Transfer to Capital Redemption Reserve	-		88.41	
Utilised for Premium on Buy Back of shares	-		59.77	
		7438.42		8074.33
Profit and Loss Account		9599.59		8734.81
TOTAL		**17471.96**		**17242.34**
SCHEDULE 3				
SECURED LOANS				
From Banks		12783.68		9162.91
TOTAL		**12783.68**		**9162.91**
Of the above, Rs. 6645.58 (Previous year : Rs. 2568.27) is repayable within one year				
SCHEDULE 4				
UNSECURED LOANS				
From Banks		4295.16		897.00
From Others		3197.50		1605.50
TOTAL		**7492.66**		**2502.50**
Of the above, Rs. 4992.66 (Previous year : Rs.1502.50) is repayable within one year.				

ONIDA

Schedules forming part of the Consolidated Balance Sheet as at

Rs. in Lacs

SCHEDULE 5
FIXED ASSETS

	Description	Gross Block					Depreciation				Net Block
		As at 01-04-2004	Assets transferred on Amalgamation	Additions	Deletions 2004-05	As at 31.03.2005	Upto 01.04.2004	For the Year	Deletions/ Adjustments	Upto 31.03.2005	As on 31.03.2005
1	Trademarks	-	-	-	-	-	-	-	-	-	-
		5502.40	-	-	*5502.40*	-	-	-	-	-	-
2	Leasehold land	393.26	-	-	-	393.26	48.59	5.27	-	53.86	339.40
		393.26	-	-	-	*393.26*	*43.32*	*5.27*	-	*48.59*	*344.67*
3	Freehold land	585.51	357.21	49.33	-	992.05	-	0.01	-	0.01	992.04
		419.20	-	*166.31*	-	*585.51*	-	-	-	-	*585.51*
4	Buildings	7022.52	692.14	212.44	89.43	7837.66	855.74	229.49	38.01	1047.22	6790.44
		2815.18	-	*4207.34*	-	*7022.52*	*690.49*	*165.25*	-	*855.74*	*6166.78*
5	Plant and Machinery and Electrical Fittings	18547.69	1227.35	1259.87	15.82	21019.08	6742.49	1797.55	12.88	8527.17	12491.92
		10752.27	-	*7821.93*	*26.50*	*18547.69*	*5535.01*	*1224.19*	*16.70*	*6742.49*	*11805.20*
6	Furniture, Fixtures and Equipments	1076.25	32.05	57.66	2.86	1163.10	532.50	60.93	1.02	592.41	570.68
		940.54	-	*136.13*	*0.42*	*1076.25*	*461.92*	*70.63*	*0.05*	*532.50*	*543.75*
7	Motor Vehicles	386.68	3.07	14.50	28.01	376.25	135.66	35.90	18.44	153.11	223.14
		329.64	-	*59.89*	*2.85*	*386.68*	*103.32*	*34.14*	*1.80*	*135.66*	*251.03*
8	R & D - Building	157.08	-	-	-	157.08	48.54	5.25	-	53.78	103.30
		157.08	-	-	-	*157.08*	*43.29*	*5.25*	-	*48.54*	*108.55*
9	R & D - Plant and Machinery and Electrical Fittings	435.35	-	15.15	-	450.51	256.95	31.94	-	288.89	161.62
		405.59	-	*29.77*	-	*435.35*	*225.60*	*31.35*	-	*256.95*	*178.40*
10	R & D - Furniture, Fixture and Equipments	106.88	-	1.74	-	108.62	54.93	5.47	-	60.40	48.22
		91.66	-	*15.22*	-	*106.88*	*46.52*	*8.41*	-	*54.93*	*51.95*
	TOTAL	**28711.24**	**2311.82**	**1610.68**	**136.12**	**32497.62**	**8675.40**	**2171.81**	**70.35**	**10776.86**	**21720.76**
		21806.83	-	*12436.58*	*5532.17*	*28711.24*	*7149.47*	*1544.48*	*18.55*	*8675.40*	*20035.85*
	CAPITAL WORK-IN-PROGRESS										**442.19**
											120.74
	TOTAL										**22162.95**
											20156.58

Note:
1. The additions to fixed assets during the year includes foreign exchange loss of Rs.27.73 (Previous year gain of Rs.54.94)
2. Figures in italics are in respect of previous year.

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Schedules forming part of the Consolidated Balance Sheet as at

Rs. in Lacs

	Face Value Rs.	31st March, 2005	31st March, 2004
SCHEDULE 6			
INVESTMENTS			
CURRENT INVESTMENTS (AT COST) (Quoted)			
NON-TRADE INVESTMENTS (in Equity Shares)		247.51	251.57
NON-TRADE INVESTMENTS (in Units)		4.88	4.88
		252.39	256.45
Less: Provision for dimunition in the value of Investments		187.77	213.54
TOTAL		**64.62**	**42.91**

Notes :

1) During the year following units were purchased and sold
   - a) Prudential ICICI Mutual (Liquid Fund) 57870764.73
   - b) HDFC Cash management Fund 7946947.38
   - c) Deutshe Instacashplus 4225317.58
   - d) Grindlays Cash Fund 1654227.94
   - e) Reliance Liquid Fund 4490949.72
2) Out of 39700 Units of Mastergain'92, 28900 units are not transferred in the name of the company for which necessary provision has been made

	31st March, 2005	31st March, 2004
SCHEDULE 7		
INVENTORIES		
Raw Materials including Packing Materials		
and Service Spares	6977.72	4464.09
Semi Finished Goods	1442.65	904.81
Finished Goods : Manufactured	3476.50	2083.17
Traded	3252.52	1901.85
Goods in transit	1569.38	281.28
TOTAL	**16718.77**	**9635.20**

	31st March, 2005	31st March, 2004
SCHEDULE 8		
SUNDRY DEBTORS		
Debts outstanding for a period exceeding six months	1195.53	1069.34
Other Debts	8937.90	8045.88
	10133.43	9115.22
Less : Provision for Doubtful Debts	832.74	319.79
TOTAL	**9300.69**	**8795.43**
Considered Good - Secured	135.21	170.99
Considered Good - Unsecured	9165.48	8624.44
Considered Doubtful - Unsecured	832.74	319.79
	10133.43	**9115.22**

Schedules forming part of the Consolidated Balance Sheet as at

Rs. in Lacs

	31st March, 2005	31st March, 2004
SCHEDULE 9		
CASH AND BANK BALANCES		
Cash on hand	21.48	25.05
Cheques on hand	1246.48	14.19
Bank Remittances in Transit	637.91	534.82
Balances with Scheduled Banks:		
Current Accounts	151.29	98.40
Fixed Deposit Accounts (under lien)	64.87	103.55
Balances with Non - scheduled Bank		
HSBC Bank Middle East - AED Current Account	3.82	3.27
(Maximum amount outstanding during the year Rs.14.25; (previous year Rs.18.78))		
HSBC Bank Middle East - USD Call Deposit Account	18.77	3.88
(Maximum amount outstanding during the year Rs.107.72; (previous year Rs.60.81)		
TOTAL	**2144.62**	**783.16**
SCHEDULE 10		
LOANS AND ADVANCES		
(Refer Note 10 of Schedule 22)		
(Unsecured - considered good unless otherwise stated)		
Loans	111.65	43.00
Advances recoverable in cash or kind or for value to be received	4722.02	7024.81
Advance Income-tax (Net of Provisions)	274.43	1210.89
Balance with Excise and Customs Authorities	499.69	105.92
TOTAL	**5607.79**	**8384.62**
SCHEDULE 11		
CURRENT LIABILITIES		
Acceptances	4948.39	8234.69
Sundry Creditors	3644.73	975.50
Advances from Customers	472.88	1059.31
Unclaimed Dividend	75.30	64.27
Other Liabilities	4449.10	2860.32
Interest accrued but not due on loans	121.88	153.69
Deposits from Dealers	260.42	287.97
TOTAL	**13972.70**	**13635.75**
SCHEDULE 12		
PROVISIONS		
Proposed Dividends	852.00	1405.40
Tax on Proposed Dividend	126.53	186.54
Provision for Retirement Benefits	263.34	245.95
TOTAL	**1241.87**	**1837.89**

Schedules forming part of the Consolidated Balance Sheet as at

Rs. in Lacs

	31st March, 2005		31st March, 2004	
SCHEDULE 13				
MISCELLANEOUS EXPENDITURE				
(To the extent not written off or adjusted)				
Preliminary/Public Issue Expenses				
As per last Balance Sheet	3.99		4.98	
Less : Written off During the Year	1.00		0.99	
		2.99		3.99
Preoperative Expenses				
As per last Balance Sheet	132.94		163.67	
Add : Transfer from Capital work in progress	-		2.51	
	132.94		166.18	
Less : Written off During the Year	33.23		33.24	
		99.71		132.94
TOTAL		**102.70**		**136.93**

Schedules forming part of the Consolidated Profit and Loss Account for the year ended

Rs. in Lacs

		31st March, 2005		31st March, 2004
SCHEDULE 14				
SALES AND RELATED INCOME				
Sales		119982.59		101031.86
Service Income		281.69		355.49
Export Benefit received		477.11		670.26
Consultancy Income		-		216.88
TOTAL		**120741.39**		**102274.49**
SCHEDULE 15				
OTHER INCOME				
Dividend Income - Non Trade		5.01		2.22
Interest Received		93.07		6.62
Profit on Sale of Assets		43.96		4.71
Writeback of Provision against Investments		21.71		-
Profit on Sale of Investment		-		0.51
Sales tax Refund / Remission of SalesTax Deferred Liability		-		130.57
Gain from assignment		-		214.83
Interest on Income Tax Refund		62.24		6.66
Sale of Infotech Division		-		300.00
Miscellaneous Income		115.82		94.51
Jobwork Receipts		62.52		-
Tooling Income		55.49		49.54
TOTAL		**459.82**		**810.17**
SCHEDULE 16				
(ACCRETION)/DECRETION IN STOCKS				
Opening Stock - Semi-finished Goods	904.80		525.38	
Finished Goods	2083.17		3905.29	
Add : Transferred on Amalgamation				
Semi-finished Goods	36.41		-	
Finished Goods	411.79		-	
		3436.17		4430.67
Less:				
Closing Stock - Semi-finished Goods	1442.65		904.80	
Finished Goods	3476.50		2083.17	
		4919.15		2987.97
TOTAL		**(1482.98)**		**1442.70**
SCHEDULE 17				
MATERIALS CONSUMED				
Opening Stock		4464.09		5612.57
Add : Transferred on Amalgamation		225.37		-
		4689.46		5612.57
Add : Purchases		52763.66		37021.89
		57453.12		42634.46
Less: Closing Stock		6977.72		4464.09
TOTAL		**50475.40**		**38170.37**

Schedules forming part of the Consolidated Profit and Loss Account for the year ended

Rs. in Lacs

	31st March, 2005	31st March, 2004
SCHEDULE 18		
COST OF TRADED GOODS SOLD		
Opening Stock	1901.85	2590.23
Add : Purchases	34215.47	30171.26
	36117.32	32761.49
Less: Closing Stock	3252.52	1901.85
TOTAL	**32864.80**	**30859.64**
SCHEDULE 19		
PERSONNEL EXPENSES		
Salaries, Wages and Bonus	3990.18	3665.43
Contribution to Provident Fund and Gratuity	289.85	259.60
Staff Welfare Expenses	767.44	720.71
TOTAL	**5047.47**	**4645.74**
SCHEDULE 20		
FINANCIAL EXPENSES		
Interest		
- Fixed Loans	863.92	325.02
- Others	514.03	280.01
TOTAL	**1377.95**	**605.03**
SCHEDULE 21		
OTHER EXPENSES		
Tools	0.07	0.37
Power and Fuel	561.03	323.23
Rent	257.52	247.54
Rates and Taxes	100.88	92.65
Repairs to:		
Plant and Machinery	213.84	110.49
Building	44.35	4.08
Others	320.06	258.01
Insurance Charges	97.09	77.63
Freight and Forwarding Expenses	3435.74	2600.15
Advertisement	5042.90	5008.70
Surcharge on Sales Tax and Turnover Tax	353.56	276.56
Sales Commission	179.45	99.64
Service Charges	1522.24	645.73
Travelling & Conveyance	1138.29	1051.60
Misc. Expenditure write off	34.23	34.23
Loss on Sale of Assets	11.36	0.62
Bad debts	110.45	0.08
Provision for doubtful debts	512.95	-
Provision for dimunition in investment Value	-	5.66
Tooling expenses	54.43	50.37
Miscellaneous Expenses (Refer Note 11 of Schedule 22)	2814.51	2410.92
TOTAL	**16804.95**	**13298.26**

Notes To The Consolidated Financial Statements

Rs. in Lacs

SCHEDULE 22

1. SIGNIFICANT ACCOUNTING POLICIES

i) **Principles of consolidation :**

The Consolidated financial statement relates to Mirc Electronics Limited ("the Company") and its subsidiary companies, Akasaka Electronics Limited & Imercius Technologies (India) Ltd. The Consolidated Financial statements have been prepared on the following basis:

a) The financial statement of the company and its subsidiary companies have been combined on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses, after fully eliminating intragroup balances and intragroup transaction and resulting unrealised profits.

b) The financial statement of the subsidiaries used in the consolidation are drawn upto the same reporting date as that of the parent company i.e. 31st March, 2005.

c) The excess of the Company's portion of equity and reserve of the subsidiaries as at the date of its' investment is treated as Capital Reserve.

d) Minorities interest in the net assets of consolidated financial statement consists of :

(i) The amount of equity attributable to minorities at the date on which Investment in subsidiaries is made; and

(ii) The minorities share of movements in equity since the date the parent subsidiaries relationship came into existence.

e) The subsidiary companies considered in consolidated statement are

Name of the Company	Percentage of Holding as on 31st March 2005
Akasaka Electronics Limited	83.80%
Imercius Technologies (India) Ltd.	100%

f) The group holds 30 percent Equity shares of OFL Capital Corporation Ltd. The results of this entity are not consolidated as per accounting standard "Accounting of Associates" (AS-23) considering writeoff of investments made and loans given by erstwhile OSL and no further financial commitment to the company.

ii) **Inventories**

Raw Materials including packing materials and service spares are valued at cost, on Moving Average Price Basis net of Cenvat where applicable.

Maintainance Stores and Spares are charged to Revenue on Consumption basis.

Semi Finished Goods are valued at cost of material, labour and relevant overheads.

Finished Goods are valued at lower of cost or net realisable value. Cost includes cost of material, labour, relevant overheads and excise, where applicable.

In case of subsidiaries company Akasaka Electronics Limited, Semi finished goods of an aggregate value of Rs.95.20 (previous Year Rs.124.06) are valued at lower of factory cost or estimated net realisable value.

iii) **Impairment of Assets**

Impairment is ascertained at each balance sheet date in respect of Cash Generating Units. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are dicounted to their present value based on an appropriate discount factor.

iv) **Miscellaneous Expenditure**

Preliminary expenses and preoperative expenses to the extent not capitalised is amortised equally over a period five years starting from the commencement of commercial operations.

Rs. in Lacs

v) **Other Significiant Accounting Policies**

These are set out in Notes to Accounts under Significant Accounting Policies for financial statement of the company, Mirc Electronics Limited, Akasaka Electronics Limited & Imercius Technologies (India) Limited.

2. The accounts of standalone Mirc Electronics Ltd. For the year ended 31st March, 2005 was approved by the Board of Directors in the meeting held on 30th June, 2005. These revised accounts are prepared to give effect to the amalgamation referred to in paragraph 3.

3. **Scheme of Amalgamation of Onida Savak Limited with the Company.**

a) The Scheme of Amalgamation (the Scheme) of the erstwhile Onida Savak Limited (hereinafter referred to as OSL) with Mirc Electronics Ltd., a Group Company was approved by the shareholders at the Extra Ordinary General meeting held on 3rd June, 2005 and was subsequently sanctioned by BIFR vide its order dated 16th November, 2005. The said order was filed by the company with the Registrar of Companies on 12th December, 2005 and the scheme has been effective from that date. Accordingly, the Undertaking of OSL being all its assets and properties, both movable and immovable, industrial and other licences, all other interests, rights and powers of every kind etc., and all its debts, liabilities including contigent liabilities, duties and obligations, has been transferred to and vested in the company with effect from March 31st, 2005 (the appointed date). The scheme has accordingly been given effect to in these accounts.The income and expenditure of OSL for 1 day ie 31st March, 2005 have been accordingly incorporated in these accounts and Tax provision has been made after considering benefits arising on amalgamation.

b) The operations of Onida Savak Limited include manufacturing and trading of Washing Machines and Electronic Tuners.

c) The scheme provides for the Fair Value Accounting in the transferee Company and accordingly the amalgamtion has been accounted for under the "Purchase Method" as prescribed in Accounting Standard "Accounting for Amalgamations" (AS-14) issued by the Institute of Chartered Accountants of India. The Assets and Liabilities as at 30th March, 2005 have been taken over and accounted at fair value ascertained by the management.

Following is the summary of Assets and Liabilities of OSL accounted in the books of accounts of the Company as on the appointed date.

Fixed Assets	2311.82
Current Assets	1392.15
Dererred Tax Assets	1434.63
Total Assets	5138.60
Less : Loans	3568.82
Current Liabilities and Provisions	2611.10
Net Liability transferred	1041.32
Registration / Transfer charges on amalgamation	40.00
Equity shares to be alloted in the ratio of 1 Equity Shares (of Re.1/- each) of Mirc Electronics Limited for every 10 Equity Share of OSL (of Rs.10/- each).	14.59
Deficit on amalgamation adjusted againts General Reserve (as provided in the scheme)	1095.91

d) In terms of the Scheme, the Equity Shares when issued and alloted by the company shall rank for dividend, voting rights and in all respects pari-passu with the existing Equity Shares of the company. Accordingly, the appropriation for the proposed dividend includes dividend on 1459464 Equity Shares, which would be alloted to the shareholders of OSL

e) As per the provision of Accounting Standard - “Accounting for Amalgamations” (AS-14), the above deficit would have been considered as goodwill on amalgamation. However, as per the provisions of the scheme, the same has been adjusted from the balance in the General Reserve of the Company. Consequent to this, the General Reserve of the Company is depleted by Rs. 1095.91.

f) The title deed for leasehold land, buildings, licences, aggrements, loan documents etc. of the erstwhile OSL are in the process of being transferred.

Notes To The Consolidated Financial Statements

Rs. in Lacs

4. Change in Accounting Policies

i) Hitherto the company was writing off maintainence machinery stores and spares on purchases. The company has changed this accounting policy w.e.f. 1.4.04 and such items are taken into inventory on purchases and charged off on consumption.

ii) With the Introduction of ERP accounting software, the method of valuation of Inventory is charged with effect from 1st October,2004 to weighted Average Rate from First In First Out Rate, hitherto followed.

Consequent to the above changes, Repairs to Plant and Machinery and Material Consumption is lower by Rs.75.52 & Rs. 3.50 respectivily and profit before tax is higher by Rs.79.02.

5. The net difference in foreign exchange (i.e. the difference between the spot price on the date of the transaction, and the rates at which the transaction are settled or reinstated at the year end) which is credited to the respective expense / income heads in the Profit & Loss Account is Rs.584.71 (previous year credit Rs. 441.46).

	31st March 2005	31st March 2004
6. Contingent Liabilities		
i) Guarantees given to Bank against which Rs.Nil (previous year Rs.Nil) has been deposited as margin money	60.23	1180.98
iii) Income tax demands in respect of which appeals have been filed	1366.43	4573.93
iii) Excise & Custom Duty in respect of which appeals have been filed	131.05	73.16
iv) Claims made against the Company not acknowledged as debts	1239.65	1651.72
7. Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances)	296.43	372.76

8. Previous year's figures have been rearranged and regrouped wherever necessary. However these do not include the figures of the erstwhile OSL and hence are not directly comparable to those of the current year.

9. i) Balances of Sundry Debtors, Creditors, Loans and Advances and Deposits are subject to confirmation and reconciliation.

ii) There is no amount due and outstanding, as at 31st March,2005 to be created to Investor Education and Protection Fund.

	31st March 2005	31st March 2004
10. Loans and Advances:		
Include Advances towards capital expenses	86.59	43.59
11. Miscellaneous Expenses charged to Profit and Loss Account includes		
Remuneration to Auditors (excluding Service Tax) :		
Audit fees	18.38	20.29
Other Services (Certification, Tax Audit etc.)	4.86	5.19
Out of pocket expenses	0.74	1.01
Total	**23.98**	**26.49**
12. Payments to Directors		
Remuneration to Directors		
a) Salaries	115.20	99.84
b) Commission to Managing & Wholetime Director	85.18	112.56
Commission to Non Executive Director	8.14	8.00
c) Contribution to Provident Fund and other funds	19.44	16.85
d) Other Perquisites	2.08	2.35
Total	**230.04**	**239.60**

Rs. in Lacs

13. Personnel Expenses, Depreciation and other expenses include Rs.225.19 (previous year Rs.170.98) Rs.42.65 (previous year Rs. 45.01) & Rs.57.19 (previous year Rs.71.27) respectively in respect of Research & Development Expenditure .

14. a. Provision for Taxation comprises of current tax and deferred tax after considering amalgamation of OSL. The current tax comprises of wealth tax of Rs. 2.28 and Minimum Alternative tax (MAT) liability, as there is no taxable profit after set off of brought forward losses of the erstwhile OSL.

b. The breakup of Dererred Tax Asset / Liability as at the balance sheet date is as follows.

Sr. No.	Nature of expenses / Income	31st March 2005	31st March 2004
	Deferred Tax Liabilities		
	Related to Fixed Assets	2598.90	1893.97
	Related to Others	121.65	131.48
	Total (A)	**2720.55**	**2025.45**
	Less : Deferred Tax Assets		
	Disallowance under section 43B of Income Tax Act 1961	346.37	21.33
	Unabsorbed Loss / Depreciation of erstwhile OSL	657.69	-
	Provision for doubtful Debts	172.66	-
	Total (B)	**1176.72**	**21.33**
	Net Liability (A) - (B)	**1543.83**	**2004.12**

15. Related party Disclosure

Related parties as defined under clause -3 of Accounting Standard " Related Party Disclosures " (AS-18) have been identified on the basis of representation made by key management personnel and information available with the company.

Particulars	Holding Company (1)	Key management Personnel (2)	Relatives of key management personnel (3)	Enterprise over which any person described in (2) & (3) is able to exercise significant influence (4)
Transactions during 2004-05				
Purchase of goods, services and fixed assets	- -	- -	- -	4077.54 (3692.12)
Sale of goods, fixed assets	- -	- -	- -	258.65 (572.59)
Inter Corporate Deposits taken	315.00 (4508.50)	- -	- -	- -
Inter Corporate Deposits repaid	423.00 (3220.50)	- -	- -	- -
Interest incurred & paid on Inter Corporate Deposits / loans	62.04 (77.80)	- -	- -	- -
Interest due & received on Inter Corporate Deposits / loans	- -	- -	- -	9.00 (11.42)
Rent paid	- -	4.93 (4.93)	39.63 (38.42)	- -
Rent received	- -	- -	- -	4.22 (5.36)
Remuneration *	- -	- -	13.92 (13.77)	- -

Notes To The Consolidated Financial Statements

Rs. in Lacs

Particulars	(1)	(2)	(3)	(4)
Closing Balance as at 31st March 2005				
Receivable				
Inter Corporate Deposits	- -	- -	- -	60.00 (60.00)
Rent deposits	- -	17.65 (17.65)	134.12 (134.12)	- -
Debtors	- -	- -	- -	- (9.51)
Advances	- -	- -	- -	- (1161.23)
Others	- -	- -	- -	13.41 (19.39)
Payable				
Inter Corporate Deposits	1197.50 (1305.50)	- -	- -	- -
Creditors	 -	- -	- -	8.27 (23.89)
Others	62.04 (77.80)	- -	- -	- (30.00)

* Remuneration to Directors - The same has already been disclosed in point 12 of Schedule 22.

Names of related parties & description of relationship :

1.	Holding Company	Guviso Holdings Ltd.
2.	Key Management Personnel	Mr. G.L.Mirchandani - Chairman & Managing Director of Mirc Electronics Ltd. Mr. V.J.Mansukhani - Whole time Director of Mirc Electronics Ltd.
3.	Relatives of Key Management Personnel	Mrs. Gita Mirchandani (Wife of Mr.G.L.Mirchandani) Mrs. Marissa Mansukhani (Wife of Mr.V.J.Mansukhani) Mr. Sasha Mirchandani (Son of Mr.G.L.Mirchandani) Mr. Kaval Mirchandani (Son of Mr.G.L.Mirchandani) Mr. Akshay Mansukhani (Son of Mr.V.J.Mansukhani) Ms. Ayesha Mansukhani (Daughter of Mr.V.J.Mansukhani) G.L.Mirchandani (H.U.F.) V.J.Mansukhani (H.U.F.)
4.	Enterprise over which any person described in 2 & 3 is able to exercise significiant influence	Iwai Electronics Pvt. Ltd. Adino Telecom Ltd. erstwhile Onida Savak Ltd.

16. The Consolidated Group is mainly engaged in Consumer Durables business and components and services related to Television, which as per Accounting Standard "Segment Reporting" (AS-17) is considered the only reportable segment. There is no seperately identifable geographical segment.

17. Figures pertaining to the subsidiaries companies have been reclassified wherever necessary to bring them in line with the parent company's financial statements.

Signature to Schedule '1' to '22' forming part of the Balance Sheet and Profit & Loss Account.

As per our Report attached
For **N.M. RAIJI & CO.,**
Chartered Accountants

For and on behalf of the
BOARD OF DIRECTORS

J.M.GANDHI
Partner

S. SURYANARAYANAN
V. P. Finance

G.L.MIRCHANDANI
Chairman and Managing Director

VINOD VERMA
G.M.Finance & Company Secretary

V.J.MANSUKHANI
Whole Time Director

Mumbai, December 21, 2005

Consolidated Cash Flow Statement for the year ended

Rs. in Lacs

	31st March, 2005		31st March, 2004	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax & Extraordinary Item		**3672.61**		**5067.50**
Adjustments for :				
Depreciation & Impairment	2171.81		1,544.48	
Unrealised Foreign Exchange Fluctuations	(60.80)		(181.65)	
(Increase)/Decrease in value of Investments	(21.71)		5.66	
Interest	1377.95		692.33	
Interest Income	(93.07)		(93.91)	
Dividend Income	(5.01)		(2.22)	
(Profit)/Loss on Sale of Fixed Assets (Net)	(43.96)		(4.08)	
(Profit)/Loss on Sale of Investments (Net)	11.36		(0.51)	
Sundry balances w/off	109.48		18.74	
Preliminary Expenses	0.00		5.88	
Miscellaneous Expenditure	34.23		31.72	
Prior Period Adjustments	-		(9.75)	
		3480.28		2006.69
Operating Profit before Working Capital changes		**7152.89**		**7074.19**
Adjustments for :				
Trade and Other receivables	(2914.89)		(179.38)	
Inventories	(6410.00)		3142.54	
Trade Payables	1463.18		(1869.59)	
		(7861.71)		1093.57
Cash Generated from Operations		**(708.82)**		**8167.76**
Direct Taxes (Paid) / Refund Received		577.64		(1439.53)
NET CASH GENERATED FROM OPERATING ACTIVITIES (A)		**(131.18)**		**6728.23**
B. CASH FLOW FROM INVESTING ACTIVITES				
Purchase of Fixed Assets		(4561.48)		(5966.81)
Sale of Fixed Assets		109.73		36.78
Capital Advances		(200.15)		1549.29
Purchase of Investments		-		(1000.00)
Proceeds on Sale of Investments		-		1000.00
(Profit)/ Loss on Sale of Investments (Net)		(11.36)		0.51
Movement in Loans		-		0.47
Interest Received		143.05		98.57
Dividend Received		5.01		2.22
NET CASH USED IN INVESTING ACTIVITIES (B)		**(4515.20)**		**(4278.97)**

Consolidated Cash Flow Statement for the year ended

Rs. in Lacs

	31st March, 2005	31st March, 2004
C. CASH FLOW FROM FINANCING ACTIVITIES		
Share Premium Received	0.08	1.24
Calls in arrears	-	0.08
Movement in Term Loans	4094.57	(3109.89)
Movement in Short Term Loans	3814.81	2718.73
Interest Paid	(1409.75)	(627.19)
Payment towards Buy Back of Shares	-	(176.82)
Dividends paid	(957.56)	(1599.11)
Preliminary Expenses	-	(5.88)
NET CASH USED IN FINANCING ACTIVITIES (C)	**5542.15**	**(2798.84)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**895.77**	**(349.58)**
CASH AND CASH EQUIVALENTS AS AT 1.04.2004 (OPENING BALANCE)	**783.16**	**1132.74**
ADD: TRANSFERRED ON AMALGAMATION	**465.69**	**-**
CASH AND CASH EQUIVALENTS AS AT 31.03.2005 (CLOSING BALANCE)	**2144.62**	**783.16**

As per our Report attached
For **N.M. RAIJI & CO.,**
Chartered Accountants

For and on behalf of the
BOARD OF DIRECTORS

J.M.GANDHI
Partner

S. SURYANARAYANAN
V. P. Finance

G.L.MIRCHANDANI
Chairman and Managing Director

VINOD VERMA
G.M.Finance & Company Secretary

V.J.MANSUKHANI
Whole Time Director

Mumbai, December 21, 2005

Corporate Information

Board of Directors

Mr. G.L. Mirchandani	Chairman and Managing Director
Mr. V.J. Mansukhani	Whole-time Director
Mr. M.K. Maheshwari	Director
Mr. Vimal Bhandari	Director
Mr. Harsh Mariwala	Director
Mr. Ranjan Kapur	Additional Director

Company Secretary

Mr. Vinod Verma

Auditors

M/s. N M Raiji & Co.
Chartered Accountants

Bankers

State Bank of India
HDFC Bank Ltd.
Canara Bank
IDBI Bank Ltd.
SBI Commercial & International Bank Ltd.
ICICI Bank Ltd.
ABN Amro Bank

Registered Office

Onida House, G-1, MIDC, Mahakali Caves Road, Andheri (East), Mumbai - 400 093

Works

Village Kudus, Bhiwandi Wada Road, Taluka Wada, District Thane

Website

http://www.onida.com

PS: Shareholder/Proxy holder are requested to bring his/ her copy of the Annual Report for reference at the Annual General Meeting.

Forward Looking Statement

Forward-Looking Statements in this annual report should be read in conjunction with the following cautionery statements. Certain expectations and projections regarding future performance of the Company referenced in this Annual Report are forward-looking statements. These expectations and projections are based on currently available competitive, financial and economic data along with the company's operating plans and are subject to certain future events and uncertainities, that could cause actual results to defer materially from those that may be indicated by such statements.

Notes

TV • DVD

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FLAT TV RANGE

FLAT DELITE 21

FLAT DELITE BOOM 21

FLAT DELUX 21

CLASSIC SERIES

CLASSIC 14, 20, 21

DTH PRODUCT RANGE

FLAT DISH DELITE 21

DISH MAGIC 20

DVD & MULTIMEDIA SPEAKER SYSTEM

DVD ACE 6120

MELODY 7002

MAGIC SERIES

MAGIC 14, 20

DELITE & DELUX TV

DELITE 14

DELUX 14

MIRC

Registered office:

Onida House, G-1, MIDC, Mahakali Caves Road, Andheri (E), Mumbai - 400 093.

Visit us at: www.onida.com

A TRISYS PRODUCT info@trisyscom.com