

innovation is the future

# Onida Collection 2007









“SUCCESS MEANS NEVER LETTING  
THE COMPETITION DEFINE YOU,  
BUT HAVING THE POWER TO  
DEFINE YOURSELF.”

Gulu Mirchandani

Chairman and Managing Director

speaks of product innovation in keeping with changing market dynamics

# DIFFERENT!

I am hearing this word more often these days. In consumer response surveys, marketing reviews, Research and Development brainstorming, board meetings, dealer interactions and even shareholder congregations!

Because the consumer wants a differentiated product, because the dealer wants more excitement in the product portfolio, because the Research and Development team needs to emerge with something that no one has seen and because our shareholder wants to see a completely different performance from that of our peer companies.

At Mirc, we recognise that this is not a transitory phenomenon. This word – ‘different’ – is going to the bottomline of our times for a number of reasons playing together at the same time. Technologies are evolving with speed, new product categories are opening up faster than before, products are being marketed through newer formats than in the past, new price points are being discovered and there is far more money and willingness among consumers to graduate to better lifestyles than we have ever seen.

At Mirc, we are challenged and excited – both! – by this phenomenon; challenged because a number of unprecedented developments are converging at the same time; excited because we are well-placed to capitalise on this reality.



# CHANGE

One of the most dramatic developments that we are seeing unfold is the emergence of the LCD television. It was only a few years ago when it was safely predicted by most industry experts that the two television formats – the conventional CRT and the LCD – would co-exist; just as safely they are now predicting that this assumption was perhaps completely misplaced and that the LCD format will gradually replace the CRT on account of its established superiority in picture clarity and space economy, culminating into an out-of-the-world ‘wow’ experience for the consumers.

This is evident in the numbers: LCD offtake reported a 100 percent growth in 2006; for every 100 CRT, 35 LCDs are now being sold, higher than what had been estimated; globally, LCDs represent a 70-80 million units market in a 180-190 million units television industry; around 70 percent of all televisions sold in the US and Europe are LCDs; in about three years, no CRTs are likely to be sold in Europe and Japan at all; by 2010, the world’s LCD and Plasma television population will probably exceed 100 million.



# OPPORTUNITY

In India, too there is a distinctive movement towards LCDs. Earlier, the focus was on size in the CRT domain. Presently, the aspiration is clearly for the LCD format.

At Mirc, we possess the capability to respond to this market shift, indicated by our track record of proactive response to such inflection points. For instance, we were principally a curved-screen CRT company until 2005 with 49 percent of our volume derived from this conventional format; nearly 63 percent of our television revenues are derived from the flat-screen televisions today, up from 51 percent in just two years.

At Mirc, we are responding with a similar sensitivity to the LCD phenomenon. This responsiveness is being directed at two levels – the introduction of an intermediate product – an ultra-slim flat screen television that will be a cost-effective response to those needing to move close to an LCD look without being able to afford one right away and the introduction of the complete LCD product for those who have the wallet and willingness to graduate to such a product immediately.

At Mirc, as a measure of our customer-responsiveness, we are not saying 'This is what we have got, take it or leave it'; we are providing choice within the intermediate category:

- **Slim television:** 33 percent narrower than conventional CRTs without resembling an LCD from the front; launched in June, 2006. We are not in the slim category.
- **Ultra-slim television:** 40 percent slimmer than the industry average; launched in April, 2007 by our company, fulfilling consumer aspirations.

At Mirc, we are not just content with putting an intermediate product in dealer showrooms. By August, 2007, we will launch our own LCD with an established 'different' quotient in the form of superior aesthetics, sound quality and picture clarity – in our mind, the best looking and the best-value LCD television in the world.



# MOOD

At Mirc, we are convinced that the launch of the pure and adapted LCDs will not just strengthen our revenues from the television division – we expect around 20 percent of our television revenues from the LCD segment in 2007-08 – but will also enhance the proportion of value-added products. Besides, the introduction of LCD products will strengthen the corporate brand, create a pull effect in the marketplace and enhance revenues from our various other products. In short, the launch of the LCD product will rejuvenate all our income streams – DVD players, microwaves, air conditioners and washing machines – and strengthen our overall financial performance.

In these other products, we have a fair story to tell as well: we increased our non-television revenues from 32 percent of the turnover in 2005-06 to 41 percent in 2006-07 and this is projected to touch 45 percent in 2007-08. We achieved an 81 percent growth in air-conditioners, a 92 percent growth in microwave ovens and a 35 percent growth in washing machines during the year under review.

Going ahead, the biggest growth in the non-television segment will be derived from air conditioners. In India, only 2 percent of the population is actively buying air conditioners today, compared with a television penetration of 33 percent.

At Mirc, we are clearly redefining ourselves!







“PRIDE OF OWNERSHIP  
HAS BEEN DERIVED  
FROM A PRIDE OF  
ASSOCIATION.”

Vijay Mansukhani

Managing Director

highlights Mirc's initiatives to address dynamic changes in a competitive marketplace

# THE ONLY CONSTANT IS CHANGE.

In a dynamic environment, one either delights customers – or loses them.

The only insurance that prevents the latter is innovation.

Companies need to continuously produce different products or differentiated features; in turn, the culture of these companies needs to foster innovation; the people who work within these companies need to possess a differentiated mindset.

## INNOVATION

We have responded to this reality through an institutionalised innovation centre, called '*Shristi*'. This centre is not just advisable from a business point of view, but is absolutely necessary; it responds directly to a world moving faster than its capacity to absorb information and respond judiciously. As a result, the creation of futuristic, user-friendly and technologically superior products is no longer a part of our strategy, it is the strategy.

We come in with a rich commitment to research. Our development facilities in Mumbai and Delhi have been recognised by the Department of Scientific and Industrial Research for nearly two decades; we enjoy a technical collaboration with industry leaders helping us deliver front-of-the-market products, comprising aesthetics and performance. These facilities have been invested with a complement of cutting-edge equipment and a qualified team of engineers; these teams possess a confidence-enhancing track record of shrinking colour television development time from nine months to seven months.

**The result:** the Onida brand was ranked number two among consumer durables in India by *the Economic Times Brand Equity* – AC Nielsen Survey 2007.

# CUSTOMER SATISFACTION

This innovation is not for innovation's sake; it is based on a distinctive customer centricity. Our team of Research and Development professionals work on the development and selection of the best complement of features with the objective to create something that is not just consumer-focused but unique in character and appeal. The result is a pride of ownership, leading to a distinctive consumer pull.

# INTERNAL CUSTOMER

We recognise that to enhance the delight for the external customer, it is imperative to inspire the internal customer. With a young workforce, the company focuses on providing an opportunity for professional, intellectual and financial growth. Besides, it provides a transparent working environment with a cross-functional and cross-hierarchical flow of information. This leads to a relatively flat interactional management structure with the objective to enhance a sense of collective ownership and accelerate responsible decision making.

# TRAINING

We train not only in technology but also in trust. Starting from an induction programme, we train in values and philosophy and progressively familiarise with strategy, structure and systems. The result: enhanced ownership and a decline in the discrepancy between expectations and delivery.

The training is not general, but customised right down to individual needs, linked to respective KRAs, facilitating in career mapping and helping create leaders from within. We institutionalised this training programme through a talent management programme, called LeAD, helping create a pride of association.

It is the complement of these drivers – pride of association, leading to a pride of ownership-- that has resulted in an attractive product growth, revenue increase and a rising profitability in what is easily one of the most competitive industry spaces in the world today.

# OUR VISITING CARD

## OUR BUSINESS

- Mirc Electronics Limited consists of two principal brands - Onida, addressing the premium segment of the market and IGO, catering to the mass segment.
- Product portfolio comprises televisions, air-conditioners, washing machines, DVD players and recorders, microwave ovens and audio visual presentation products.
- A state-of-the-art manufacturing facility at Wada, 80 km from Mumbai, with an existing capacity of 30,00,000 CTVs per annum and a new plant at Roorkee, Uttaranchal, with an existing capacity 3,00,000 CTVs per annum.

## OUR ACHIEVEMENTS

- Onida has been ranked number two among the most trusted consumer durable brands in India in the Economic Times Brand Equity- AC Nielson Survey, 2007.
- With the Devil's imagery, Onida enjoys one of the quickest brand recalls in India.
- Onida plans to step into the LCD market in September, 2007.
- A predominantly television company, Mirc currently derives 41 percent of its revenues from the non-television segment.

## OUR FINANCIALS

- A 23 percent increase in the topline to Rs. 1,650.99 cr from Rs. 1,343.21 cr in 2005-06.
- A 4 percent growth in post-tax profit to Rs. 34.12 cr in 2006-07.
- The company is listed on the National Stock Exchange and Bombay Stock Exchange.
- A market capitalisation of Rs. 247.08 cr as on 31st March, 2007.

## OUR REACH

- Wide coverage in 450 cities and towns through 33 branch offices and over 2,700 authorised dealers across the country.
- Products exported to countries, including Russia, Ukraine, Maldives, Nepal and the Middle East.
- Headquarters in Mumbai (India), with branch offices across India and representative offices in the UAE, Russia, Ukraine and China.

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# FINANCIAL HIGHLIGHTS

## Balance Sheet

(Rs. in cr.)

	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
<b>Sources of Funds</b>								
Equity Share Capital	7.02	7.02	7.02	7.02	14.05	14.05	14.19	14.19
Share Capital Suspenses Account	–	–	–	–	–	0.15	–	–
Preference Share Capital	–	–	–	–	–	–	–	–
Reserves & Surplus	178.32	200.20	163.12	207.64	173.52	180.62	201.28	222.08
<b>Net Worth</b>	<b>140.02</b>	<b>156.38</b>	<b>170.14</b>	<b>214.66</b>	<b>187.57</b>	<b>194.82</b>	<b>215.47</b>	<b>236.27</b>
Secured Loans	129.98	133.44	97.73	60.86	90.56	126.32	135.45	116.37
Unsecured Loans	63.09	74.24	65.57	60.32	25.03	74.93	30.74	45.52
<b>Total Loans</b>	<b>193.07</b>	<b>207.68</b>	<b>163.30</b>	<b>121.18</b>	<b>115.59</b>	<b>201.25</b>	<b>166.19</b>	<b>161.89</b>
Deferred Tax Liability	–	–	13.96	14.54	18.56	13.87	19.41	19.55
<b>Total Liabilities</b>	<b>378.41</b>	<b>414.90</b>	<b>347.40</b>	<b>350.38</b>	<b>321.71</b>	<b>409.94</b>	<b>401.08</b>	<b>417.71</b>
<b>Application of Funds</b>								
Gross Block	161.89	181.07	188.46	199.29	263.40	295.75	321.71	340.15
Depreciation	33.47	41.82	51.02	61.27	74.45	93.18	114.96	134.10
Net Block	128.42	139.25	137.44	138.02	188.95	202.57	206.75	206.05
Capital Wip	0.74	4.09	14.66	39.80	–	4.35	0.43	0.13
<b>NB + CWIP</b>	<b>129.16</b>	<b>143.34</b>	<b>152.10</b>	<b>177.82</b>	<b>188.95</b>	<b>206.92</b>	<b>207.18</b>	<b>206.18</b>
Investment	5.14	5.30	4.77	8.72	8.66	20.88	21.14	26.00
Deferred Tax Assets	–	–	0.06	0.06	–	–	–	–
<b>Current Assets</b>								
Inventories	98.82	135.90	107.74	124.03	93.78	164.25	174.88	230.34
Debtors	106.65	83.23	94.67	77.75	84.05	90.34	113.12	104.21
Cash & Bank Balances	13.66	11.55	15.57	9.99	7.12	20.80	36.72	16.76
Loans & Advances	80.33	89.68	85.93	97.64	89.69	54.30	46.49	76.43
<b>Total Current Assets</b>	<b>299.46</b>	<b>320.36</b>	<b>303.91</b>	<b>309.41</b>	<b>274.64</b>	<b>329.69</b>	<b>371.21</b>	<b>427.74</b>
<b>Current Liabilities</b>								
Liabilities	96.98	100.43	104.00	128.01	132.35	135.52	182.89	239.37
Provisions	3.69	4.51	9.44	17.62	18.19	12.03	15.56	2.84
<b>Total Current Liabilities</b>	<b>100.67</b>	<b>104.94</b>	<b>113.44</b>	<b>145.63</b>	<b>150.54</b>	<b>147.55</b>	<b>198.45</b>	<b>242.21</b>
<b>Net Current Assets</b>	<b>198.79</b>	<b>215.42</b>	<b>190.47</b>	<b>163.78</b>	<b>124.10</b>	<b>182.14</b>	<b>172.76</b>	<b>185.53</b>
Misc. Expenditure	45.32	50.84	–	–	–	–	–	–
<b>Total Assets</b>	<b>378.41</b>	<b>414.90</b>	<b>347.40</b>	<b>350.38</b>	<b>321.71</b>	<b>409.94</b>	<b>401.08</b>	<b>417.71</b>

## Profit and loss account

	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
<b>Sales</b>	<b>791.40</b>	<b>708.64</b>	<b>760.88</b>	<b>980.50</b>	<b>1007.49</b>	<b>1192.51</b>	<b>1343.21</b>	<b>1650.99</b>
Excise	61.35	59.84	59.60	76.64	74.57	99.55	122.91	137.09
<b>Net Sales</b>	<b>730.05</b>	<b>648.80</b>	<b>701.28</b>	<b>903.86</b>	<b>932.92</b>	<b>1092.96</b>	<b>1220.30</b>	<b>1513.90</b>
Service Income	6.94	8.53	10.71	3.96	2.10	–	–	–
Other Income	1.50	8.54	0.86	0.64	7.18	3.22	4.66	4.07
<b>Total Income</b>	<b>738.49</b>	<b>665.87</b>	<b>712.85</b>	<b>908.46</b>	<b>942.20</b>	<b>1096.18</b>	<b>1224.96</b>	<b>1517.97</b>
Material Consumed	255.33	249.59	288.47	369.81	391.95	488.30	514.48	605.86
Cost Of Traded Goods Sold	281.96	224.79	220.54	277.02	308.60	328.65	376.47	545.01
Personnel Expenses	28.06	29.36	36.17	43.07	41.96	45.23	59.94	69.41
Freight & Forwarding Expenses	17.82	18.88	17.24	23.27	25.61	34.10	45.47	58.55
Advertisement Expenses	25.28	30.49	34.68	47.93	50.09	50.43	66.83	68.22
Other Expenses	48.83	47.29	51.18	55.85	51.28	76.51	71.01	79.49
<b>Total Cost</b>	<b>657.28</b>	<b>600.40</b>	<b>648.28</b>	<b>816.95</b>	<b>869.49</b>	<b>1023.27</b>	<b>1134.20</b>	<b>1426.54</b>
<b>PBDIT</b>	<b>81.21</b>	<b>65.47</b>	<b>64.57</b>	<b>91.51</b>	<b>72.71</b>	<b>72.91</b>	<b>90.76</b>	<b>91.43</b>
Interest	19.27	21.32	13.87	10.16	6.38	12.94	17.65	20.28
<b>PBDT</b>	<b>61.94</b>	<b>44.15</b>	<b>50.70</b>	<b>81.35</b>	<b>66.33</b>	<b>59.97</b>	<b>73.11</b>	<b>71.15</b>
Depreciation	6.57	8.38	9.50	10.37	13.19	19.38	22.50	19.74
<b>PBT</b>	<b>55.37</b>	<b>35.77</b>	<b>41.20</b>	<b>70.98</b>	<b>53.14</b>	<b>40.59</b>	<b>50.61</b>	<b>51.41</b>
Tax	9.27	6.03	7.15	10.54	9.38	12.81	17.82	17.29
<b>PAT</b>	<b>46.10</b>	<b>29.74</b>	<b>34.05</b>	<b>60.44</b>	<b>43.77</b>	<b>27.78</b>	<b>32.79</b>	<b>34.12</b>
Equity Dividend Paid	7.02	7.02	7.02	14.05	14.05	8.52	10.65	10.65
Preference Dividend	0.07	–	–	–	–	–	–	–
Year End Price (Rs.)	399.50	461.20	405.55	349.50	25.70	21.45	19.25	17.40
Market capitalisation (Rs. / Cr.)	280.45	323.76	284.70	490.70	361.19	301.46	273.35	247.08

# 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 the 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 businesses and individual dealings – 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 keep moving 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

A brief profile of all the Directors, the nature of their expertise in specific functional areas and the names of companies in which they hold directorships are provided below.

## Mr. Gulu L. Mirchandani

Mr. Gulu L. Mirchandani, the Chairman and Managing Director of Mirc Electronics Limited, is an alumnus of BITS, Pilani and holds a degree in BE (Mechanical). Mr. Mirchandani is closely involved with the development of corporate strategy and formulating, incubating and delivering emerging technologies and services in the area of televisions and other products of the company. Mirc won the award for excellence in Electronics under his able leadership in 1999 from the Ministry of Information Technology, the Government of India. Mr. Mirchandani has held several key positions in the industry. He was appointed the President of Consumer Electronics and TV Manufacturers Association (CETMA) for two consecutive years in 1992 and 1994. He was also appointed as the Chairman of the Bombay chapter of the World Presidents' Organisation (WPO), an International Organization of more than 3,000 CEOs with operations in more than 60 Countries. Mr. Mirchandani is also on the Board of many companies, including Shopper's Stop Limited, VIP Industries Limited, Ador Welding Limited, KEC International Limited, etc.

## Mr. Vijay J. Mansukhani

Mr. Vijay J. Mansukhani is a co-promoter of Mirc Electronics Limited and is also its Managing Director. He has been associated with Mirc since its inception in 1981. A graduate from the College of Marine Engineering, Mumbai, Mr. Mansukhani has over 31 years of experience and proven expertise in driving the organisational growth through the enhancement of existing growth areas and developing potential

opportunities. As the key member in devising and implementing corporate growth strategy for Mirc, he is also involved in the telecom sector. He is the Managing Director of Adino Telecom Limited, a joint venture with Enkay Telecommunications (India) Limited. Mr. Mansukhani is also on the Board of several companies, including Guviso Holdings Private Limited, Imercius Technologies (India) Limited, etc.

## 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 Mumbai University. He is currently the Country Head of AEGON International NV's India operations and as the Director of AEGON India Business Services Private Limited. Mr. Bhandari has been the functional head of financial services business of ILF&S and played a key role in managing the asset-based activities and the non-fund based advisory activities, encompassing the company valuation, mergers and acquisitions, strategic financial planning, disinvestments and dilutions by recourse to capital markets. Mr. Bhandari has spear-headed various strategic forays into new initiatives such as retail distributions, insurance, merchant banking, etc., and is also on the Board of several public limited companies.

## Mr. Ranjan Kapur

Mr. Ranjan Kapur holds a Masters degree in English from Delhi University and a degree in Advanced Advertising Studies from the Advertising Agencies Association of America. He is the Country Manager of the WPP Group, one of the world's largest communications company, and the

parent of well-known advertising agencies such as JWT, Young & Rubicam and Ogilvy & Mather. Mr. Kapur has almost four decades of marketing communications experience across several countries in East Asia, the US and India. He is currently on the Boards of several WPP operating companies like Pidilite Industries Limited, The Magic Bus and Child line. The last two are NGOs that look after marginalised children.

## Mr. Harsh Mariwala

Mr. Harsh Mariwala, an entrepreneur of repute, with interests in consumer products and other fields, 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 company increased its portfolio of brands, including established names like Parachute, Saffola and Sweekar. Mr. Mariwala brings to the Mirc Board a blend of both entrepreneurial and professional skills.

## Mr. Manoj Maheshwari

Mr. Manoj Maheshwari is an entrepreneur specialising in consumer products, pharmaceuticals and chemical industries. He is a graduate from Mumbai University with a major in Chemistry and holds a post-graduation degree in Industrial Management. In addition to his private initiative, Mr. Maheshwari is also on the Board of several public limited companies as an Independent Non-Executive Director. He brings to the Mirc Board, a judicious mix of entrepreneurial and professional skills.

# DIRECTORS' REPORT

*Dear Shareholders*

Your Directors are pleased to present the twenty sixth annual report together with the audited accounts of your company for the financial year ended 31st March, 2007.

## Financial results

(Rs. in cr.)

Parameters	2006-07	2005-06
Turnover	1650.99	1343.21
Profit before tax	51.42	50.61
Provision for taxation	17.30	17.82
Profit after tax	34.12	32.79
Profit available for appropriation	157.24	139.37
Interim dividend	10.65	-
Final dividend	-	10.65
Tax on dividend	1.49	1.49
Transfer to general reserve	4.27	4.10
Surplus carried to balance sheet	140.82	123.12

## Financial performance

During the financial year 2006-07, the turnover of the company increased from Rs. 1343.21 cr. in the previous year to Rs. 1650.99 cr., registering a growth of 22.91 percent over the previous year. The profit before tax stood at Rs. 51.42 cr. as against Rs. 50.61 cr. in the previous financial year. The profit after tax for the financial year ended 31st March 2007 stood at Rs. 34.12 cr. as against Rs. 32.79 cr. in the previous financial year.

## Dividend

Keeping in view the performance of the company and the positive outlook for your company's future, your Directors

had in their meeting held on 12th March, 2007, declared an interim dividend (free of tax in the hands of recipients) of Re. 0.75 per share (Re. 0.75 per share for the previous year) on its equity capital, subject to approval by the shareholders at the twenty sixth Annual General Meeting of the company.

## Transfer to reserves

Your Directors have proposed to transfer Rs. 4.27 cr. to the general reserves this year, thus leaving a balance of Rs. 140.82 cr. to be retained in the profit and loss account.

## Amalgamation of subsidiaries

Your Directors wish to inform you that Akasaka Electronics Limited, one of the

subsidiaries of the company, has been amalgamated with Imercius Technologies (India) Limited, also a subsidiary, pursuant to an order dated 27th July, 2007 passed by the Hon'ble Bombay High Court. In view of the above, the company presently has only one subsidiary i.e. Imercius Technologies (India) Ltd. The scheme of amalgamation is effective from the appointed date i.e. 1st April, 2006.

## Consolidated financial statements

In compliance with the Accounting Standard 21 and the Listing Agreement entered into with the Bombay Stock Exchange Ltd. and the National Stock

Exchange of India Ltd., this annual report includes the consolidated financial statements of Mirc Electronics Limited and its subsidiary, Imercius Technologies (India) Limited, for the financial year 2006-07.

### Subsidiary companies

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 its subsidiary. Your company has applied to the Central Government for an exemption from such attachments as it presents the audited consolidated accounts of the company and its subsidiaries in the annual report. Your company believes that the consolidated accounts present a full and fair picture of the state of affairs and the financial conditions globally. Accordingly the annual report of your company does not contain the financial statement of its subsidiary, but contains the audited consolidated financial statements of the company and its subsidiary.

The annual accounts of the subsidiary company along with the related information, is available for inspection during business hours at the company's registered office. Copies of the audited accounts of the company's subsidiary can be sought by any member by making a written request to the company in this regard.

### Cash flow statement

In conformity with the provisions of

Clause 32 of the Listing Agreement with the Stock Exchanges, the cash flow statement for the year ended 31st March, 2007 is annexed hereto.

### Directors

In accordance with the provisions of the Companies Act, 1956, and the Articles of Association of the company, Mr. Harsh Mariwala and Mr. Manoj Maheshwari, Non- Executive Directors, retire by rotation at the forthcoming Annual General Meeting and, being eligible, have offered 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 Sixth Annual General Meeting.

In the Board Meeting held on 8th May, 2007, the Board of Directors have redesignated Mr. Vijay J. Mansukhani, Wholetime Director, as the Managing Director of the company on the same terms as approved by the members in the Extraordinary General Meeting held on 15th July, 2003. Your approval is requested for confirmation of the same in the ensuing Annual General Meeting of the company.

### 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 for the year ended 31st March,

2007, the applicable accounting standards have been followed and no material departures have been made from the same;


b) They have selected such accounting policies 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 profit of the company for the year under review;

c) They 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) They have prepared the annual accounts for the year ended 31st March, 2007 on a going concern basis.

### Corporate Governance

Your company firmly believes and always practises good governance. The Board of Directors have supported the broad principles of the code of Corporate Governance and the company has complied with all the mandatory provisions prescribed in the Listing Agreement with the Stock Exchanges. Certain non-mandatory provisions like the Whistle Blower Policy have also been adopted by the Board to further enhance the level of Corporate Governance within the company. 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, the Management Discussion and Analysis and the Corporate Governance Report together with the Auditor's certificate on compliance of conditions of Corporate Governance forms part of this annual report.

## Outlook

In the times to come, brand strength, product mix, a well established distribution network, after-sales service and technological superiority would be the factors which will determine the competitive advantage of the company. Market shares are expected to consolidate; however, the pace of consolidation would decline. While major industry players would continue to focus on prices in the low-medium range, advertising and promotional spends would continue to be an integral part of the players' expenses.

The company has extended its offerings under the Onida brand across products as well as geographical boundaries. It expects to increase its presence in these products and emerge as a leading solutions provider for electronic home-improvement goods. The company has also positioned an exclusive brand IGO customised for the rural market - to cash in on a 25% annual growth rate.

On the export front, the company intends to capitalise aggressively on its export potential and has invested considerably in the research and development initiatives to create products for diverse geographies. Over the time the management expects Onida to emerge as a global brand in the consumer durables industry in India as well as internationally.

## Fixed deposits

The company has not accepted any deposits from the public or its employees within the meaning of Section 58A of the Companies Act, 1956, during the year under review.

## Electronic filing

Since SEBI has stipulated an electronic filing of the annual report including Corporate Governance report, shareholding pattern etc. on the website of SEBI i.e. [www.sebidifar.nic.in](http://www.sebidifar.nic.in), statements of your company can also be accessed at this website. These statements are also displayed on the company's website viz. [www.truthatonida.com](http://www.truthatonida.com).

## Listing fees

The equity shares of the company are listed on the Bombay Stock Exchange Ltd. and the National Stock Exchange of India Ltd. The company has paid the applicable listing fees to the above Stock Exchanges up to date. The company's shares are also traded in the

dematerialised segment for all investors compulsorily and the company has entered into agreements with the Central Depository Services India Ltd. and National Securities Depository Ltd. for trading in electronic form.

## Auditors

Messrs. N. M. Raiji & Company, Chartered Accountants, the Statutory Auditors of the company, holds office upto the conclusion of the forthcoming Annual General Meeting and has given their consent for re-appointment. It is proposed to re-appoint them as auditors for the financial year 2007-08 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, 1956.

## Auditors' Report

*"As regards the observations of Auditors in their report under para no. (v) your Board of Directors would like to clarify that the amalgamation of Akasaka Electronics Ltd. (Transferor company) with Imercius Technologies (India) Ltd. (Transferee company), both subsidiaries of Mirc Electronics Ltd., has been approved by the Hon'ble High court of Bombay vide order dated 27th July 2007, in view of which no provision for diminution in the value of investment in*

*subsidiary is required."*

### Audit Committee

In accordance with Clause 49 of the Listing Agreement, the company has constituted an Audit Committee, which consists of three Independent and Non-Executive Directors of the company viz. Mr. Vimal Bhandari, Chairman of Audit Committee, Mr. Ranjan Kapur and Mr. Manoj Maheshwari. The Audit Committee functions in terms of the role and powers delegated by the Board of Directors keeping in view the provisions of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

### Corporate social responsibility

Your management recognises its role in health and safety, as well as its responsibility towards the environment and the society. Safety and security of the personnel, assets and environmental protection are on top of the agenda of the company at its manufacturing facilities. A clean environment and a sustainable development integrated with the business objective is the focus of the company. The manufacturing facilities of the company are planned and designed with environmental protection as an integral part to ensure a pleasant, green and safe environment.

### Employee relations

Relations between employees and the

management continued to be cordial during the year. 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.

### Research and Development

Mirc recognises that a vigorously intelligent research initiative works at two ends: cost reduction through effective process improvement and value-addition through a sustained ability to put innovative and customised products in line with customer needs.

A team of dedicated engineers is at work at the Onida Research and Development centres in Mumbai and Delhi, making products with the help of the latest technology, satisfying customer expectations.

The team conducts research in the areas of:

- Embedded software
- Industrial design
- Mechanical engineering
- Electrical engineering
- Model shop

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.

### Acknowledgement

Your Directors take this opportunity to thank its bankers, dealers and distributors associated with your company for their support and above all its valued customers, who by their patronage of the company's products have helped Onida to reach new heights every year. Your Directors also place on record their deep appreciation for the employees of the company for their commitment and contribution as well. Your involvement as shareholders is also valued and your Directors look forward to your continuing support.

On behalf of the Board of Directors



**G. L. Mirchandani**

*Chairman and Managing Director*

Mumbai, 23rd August, 2007

# ANNEXURE TO THE DIRECTORS' REPORT

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

## 1. Conservation of energy

Your company is conscious about its responsibility to conserve energy, power and other energy sources wherever possible. It lays great emphasis towards on a safe and clean environment and continues to adhere to all regulatory requirements and guidelines. The production team under the able guidance of expert engineers from the Research and Development Centre of the company continuously monitor and devise various means to conserve energy and identify methods for the optimum use of energy without affecting productivity. This is ensured through the adoption of the latest techniques of production which helps in better productivity levels, timely maintenance and upgradation of machines and equipments to ensure that energy consumption is at the minimal level possible, on-the-job training to production team members to conserve energy.

## 2. Research and development

At the Research and Development Centre, new, innovative and quality products in the field of consumer electronics are developed to provide better customer value for money. Products are developed through customer research and customer-centric innovation.

Products are developed with research in all areas of consumer concern like quality, safety, reliability, performance, aesthetics and ease of operation by implementing the latest technologies. Implementation of new and innovative technological ideas in the products developed has given a young, vibrant and innovative brand image in the consumer market. To enhance the same, new technologies in various product categories like entertainment, home appliances etc, for consumers are introduced, for enhancement in consumer experience and to give value for money.

### a) Specific areas in which Research and Development was carried out by the company:

Colour televisions, LCDs, washing machines and airconditioners

### b) Benefits derived as a result of the above Research and Development:

The Research and Development initiatives taken by the company helped in introducing products of superior technology in the market keeping in view customers requirements. Such in-house efforts facilitate all round savings in costs as well.

### c) Future plan of action:

The company has plans to expand the entire range of LCD televisions which are emerging- technology products gaining popularity in the Indian market. The company also plans to introduce fully automatic washing machines of advanced technology as this market segment is growing very rapidly. Besides the above, the company has plans to expand its range of 21" ultra slim and 29" super slim TVs.



#### d) Expenditure on research and development

(Rs. in lac)

	2006-07	2005-06
1. Capital	50.38	28.45
2. Recurring	548.63	428.30
3. Total	599.01	456.75
4. Percentage of research and development as expenditure to total turnover	0.36	0.34

### 3. Technological absorption:

Your company has not imported any technology. However, the management believes that information technology can be extensively used in all spheres of its activities to improve productivity and efficiency levels. The company has already implemented SAP, a customised ERP module, at all its branches and manufacturing facilities. As regards product technologies the company would like to state as follows:

#### a) Efforts, in brief, made towards

#### technology absorption, adaptation and innovation:

The company believes in offering world class technological products to its valued customers. With this objective, the Research and Development personnel of the company periodically visit foreign exhibitions and trade shows to understand the latest technology used in electronic products. Besides the Research and Development team also works closely with world class technology developers to understand their technology. Efforts are also made

by the team to bring in immaculate features in the products which are consumer-centric.

#### b) Benefits derived as a result of above efforts:

The efforts made by the company towards technology absorption have resulted in the introduction of innovative products at competitive costs, which are likely to enlarge the market share of the company in the future. The company's focus has been to develop world-class products and be a leader in new technological areas.

### 4. Foreign exchange earnings and outgo

(Rs. in lac)

Year	2006-07	2005-06
Foreign exchange earnings	2722.47	4983.57
Foreign exchange outgo (including capital goods and imported software packages)	34050.02	22888.39

# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The management of Mirc Electronics Limited takes pleasure in presenting this report in adherence to the Code of Corporate Governance enacted by the Securities and Exchange Board of India under Clause 49 of the Listing Agreement.

## Industry structure and developments

Prior to liberalisation, the Consumer Durables sector in India was restricted to a handful of domestic players. Together, these domestic players controlled nearly 90 percent of the market. They were first superseded by giants like ONIDA who invested in brand building and in enhancing distribution and service channels. Then, with liberalisation came a spate of foreign players.

Since then, the consumer durables market in India has been witnessing a proliferation of brands and product categories. Major international brands from Japan, Korea, US, Europe and China have entered into India with varying degrees of success. Most brands are still trying to build a pan-India dealer network.

Rising lifestyle, especially in urban India, and easy access to consumer finance have fuelled the demand for consumer durables in the country. Also, the entry of a large number of multinationals indicates that the consumer is no longer starved for choice. But this has also resulted in an over-supply situation in recent times as growth levels have tapered off.

The consumer durables sector is poised

for a quantum leap over the next few years, thanks to improving technology, falling prices due to competition, aggressive marketing initiatives and declining import tariffs.

The changing consumer behaviours, translating into higher disposable income being spent on lifestyle products, indicate that luxury goods are being perceived as necessities. A discernible shift is being witnessed in the consumer's preference in favour of high-end, technologically superior and branded products with the demand being fuelled by increasing awareness and preference for new models.

This shift is also explained by the growing trend of products being manufactured in the organised sector of the economy and the narrowing down of price differentials between branded and non-branded goods. Simmering competition has forced companies to offer efficient after-sales service and support and this, in turn, has swayed customer preference towards branded products.

## Industry scenario

### Opportunities

- Overall increase in disposable incomes, rising number of households above the threshold income, declining

prices, shortened replacement cycle and the demand for multiple CTVs — all these factors are expected to sustain the growth momentum from 10–12 percent during 2006-07 to reach 14 percent by 2010-11.

- Rural India, which accounts for nearly 70 percent of the total number of households, throws up immense potential for the industry. The urban consumer durables market for products, including televisions, is growing annually by 7 to 10 percent, while the rural market is zooming ahead at 25 percent.

- Increasing consumer awareness and preference for new models have catapulted the demand with products like air conditioners no longer being perceived as luxury, but being treated as necessity in the changing lifestyles of the great Indian middle-class.

- Attractive financing schemes have fuelled the rising aspirations, driving demand.

- Increasing exports to South East Asian countries have opened up great opportunities.

- Phenomenal growth of media in India, flurry of television channels and rising popularity of films have spread awareness of televisions in the remote markets.

- Growth in internet penetration in both urban and rural markets will lead to intelligence sales of consumer durables. It will also help to sustain the demand boom witnessed recently in this sector

In response to the aforesaid opportunities, the company expanded its scope from a single-product category to a multi-product portfolio, resulting in enhanced possibility to occupy a larger shelf-space. It has prudently invested its resources to drive its innovation and cost-effectiveness, emphasised on a unique selling proposition to position and promote its products in the following manner:

**Air conditioners:** Efficient cooling at all temperatures with a relatively higher energy efficiency ratio.

**DVDs:** Ability to play even scratched discs.

**Washing machines:** Rust-resistant tubs and the ability of highly agitated water to clean clothes better.

**Microwave ovens:** Uniform heating.

## Threats

- The entry of cheap Chinese products through organised retail continues to be a threat to domestic players like ONIDA. Amid hyped media reports on the invasion of Chinese goods, the consumer is likely to get confused and it may result in a temporary loss of market share/revenues. However, brand building continues to be the competitive

edge, in which the Chinese products seem to lag behind. They don't have much experience in brand building, especially in the international context. Therefore, their entry into India as brands has been very diffident and that hasn't worked in the extremely competitive market like that of India.

- Cyclicalities could trigger an industry recession.
- Mirc faces competition from South Korean giants like LG and Samsung. In the last few years, they have been increasing their market share in India. Going forward, they are expected to give tough competition to Indian manufacturers with newer high-end technologies. However, Mirc is fully geared up to face such challenges and will overcome the same.
- With stiff competition, the consumer durables industry faces a persistent pressure on margins due to its inability to pass on input cost rises to consumers. The interest rates have recently started moving up, which is a cause of concern. Hence, the company's future profitability may come under pressure. However, Mirc is confident that interest rates will come down on par with prevailing international rates.
- Exchange schemes and pricing may have a negative industry impact.

## Product-wise performance

During the year under review, the company witnessed a moderate growth

in sales of colour televisions of 7.38 percent. There was an impressive 81 percent growth in the sale of Onida air conditioners during the year under review. The sale of washing machines also registered a growth of 35 percent followed by microwave ovens, which registered a growth of 92 percent. The performance of air conditioners and washing machine segments mark the advancement of the company towards becoming a complete home-solutions provider.

## Outlook

In the times to come, brand strength, product mix, a well-established distribution network, after-sales services and technological superiority will determine the competitive advantage of the industry player. Amid intensifying competition.

In the times to come, brand strength, product mix, a well-established distribution network, after-sales service, and technological superiority would be factors, which will determine the competitive advantage of the industry players. Market shares are expected to consolidate. The speed of consolidation, however, would decline. While major industry players would continue to focus on prices in the low-medium range, advertising and promotional spends would continue to be an integral part of the players' expenses.

The company has extended its offerings



under the Onida brand across products, as well as geographical boundaries. The company expects to increase its presence in these products and emerge as a leading solutions provider for electronic home-improvement goods. The company has also positioned IGO – its exclusive brand customised for the rural market, which is growing aggressively at a pace of 25 percent annually.

On the export front the company intends to aggressively capitalize its export potential and has invested considerably in research and development initiatives to create products for diverse geographies. Over the years, the management expects Onida to emerge as a global brand in the consumer durables industry in India as well as internationally.

### Risks and concerns

At Mirc, we have recognised that managing business risk is an integral part of generating substantial and sustainable shareholder value. This positive interpretation of risk reflects the new understanding of the connection between well-managed risk and improved performance. In this way, the management seeks to mobilise the linkage between risk management, achievement of corporate goals and reduced volatility of outcomes. A more dynamic approach to risk management is critical to deliver superior performance

and higher returns to shareholders. As a result, the management has always been proactive on risk identification and mitigation.

As part of a comprehensive de-risking strategy, the company initiated an organised system of forecasting and cost-budgeting leading to an optimal utilisation of resources. It expects to enhance its global presence to rationalise its significant dependence on the national market alone.

### Internal control systems and their adequacy

The management continuously reviews the internal control systems and procedures leading to the orderly and efficient conduct of its business. The company adheres to the prescribed guidelines with respect to all transactions, including related party transactions, financial reporting and budgeting, to ensure that all its assets are safeguarded and protected against losses from unauthorised use or disposition and that transaction are authorised, recorded and reported correctly.

Internal audit is conducted on a regular basis by internal auditors to monitor and report on the effectiveness of the internal control in the organisation.

Significant findings of the internal audit are brought to the notice of the Audit Committee of the Board of Directors of

the company and corrective measures are recommended for implementation. Reports of the internal auditor are also continuously reviewed by the management and corrective action initiated to strengthen the controls and enhance the effectiveness of the existing systems.


### Operational and financial performance

During the financial year 2006-07, the company expanded its operational capacity by commencing the manufacturing of CTVs at its new plant in Roorkee, Uttaranchal. This unit was commissioned at a very short period and is located at a place, which was notified by the Government for enabling various tax incentives.

Even though, the business activity and volumes increased during the year under review, there was no increase in external borrowings. The increased operations were financed mainly through internal accruals without resorting to additional borrowings. However, the financial costs went up due to increase in interest rates at the end of 2006-07.

### The highlights of the company's performance

The year 2006-07 witnessed an increase in the overall turnover, reaching Rs. 1650.99 cr – up from the previous year's Rs. 1343.21 cr - with a growth of 22.91 percent. The profit before tax stood at Rs. 51.42 cr as against Rs.



50.61 cr in 2005-06. The profit after tax for the year stood at Rs. 34.12 cr as against Rs. 32.79 cr in the previous year.

### **Developments in human resources/industrial relations**

At Mirc, human capital is considered to be the most valuable resource since people deliver results. People are nurtured, developed, motivated and rewarded to ensure business growth. We ensure to attract the right competency among the employees, develop them continuously, and keep them motivated through implementation of various HR processes.

The objective of the human resource initiative at Mirc is that all Onidians will collectively perform to realise the goals of the company and catapult the organisation into the elite league of companies which grace the hall of fame of the corporate world.

The company's HR wing takes a proactive role in responding to genuine grievances of employees to foster a warm and positive relationship between the management and employees, increase job satisfaction and ensure that employees can add value to their lives.

The human resource approach of the company embodies the following:

- A unique variable pay plan linked to the company's profitability for executives.

- A highly conducive and enabling work atmosphere. A well-designed safe campus.

- Empowering our employees to innovate in an open, informed and challenging work place. Encouraging the richness of ideas, approaches and points of view within a work environment, conducive to both superior performance and personal fulfilment.

- Conducting and facilitating need-based training empowered by structured career plans that optimise individual potential.

- Stress upon lateral thinking across all levels.

The management is continuously working on the development of human capital to enhance responsiveness, efficiency and effectiveness in an ever-changing business environment. Employee performance is continuously evaluated against the agreed KRAs as well as the feedback on behavioural competencies. The company had about 2,087 employees on its payroll as on 31st March, 2007.

### **Material, financial and commercial transactions involving senior management**

The company has a Code of Corporate Governance, stipulating that senior management personnel shall make disclosures to the Board of Directors regarding any material, financial and/or

commercial transactions in which they are interested, which may have a potential conflict with the interest of the company. In terms of the said code, senior management personnel have confirmed to the Board that they had no such dealings/transactions with the company during the financial year, which ended in 31st March, 2007.

### **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.

The company assumes no responsibility in respect of forward looking statements herein, which may undergo changes in future on the basis of subsequent developments, information or events.

On behalf of the Board of Directors



**G. L. Mirchandani**

*Chairman and Managing Director*

Mumbai, 23rd August, 2007

# CORPORATE GOVERNANCE REPORT

In compliance with the Corporate Governance requirements as per the format stipulated by SEBI and incorporated in the amended Clause 49 of the Listing Agreement with the Stock Exchange, the company's policies on Corporate Governance and compliance thereof in respect of specific areas, as applicable, for the year ended 31st March, 2007, are set out for the information of shareholders and investors of the company.

## I. Company's philosophy on code of Corporate Governance

In order to ensure sustainable returns to all stakeholders of the business, it is imperative, especially for large organisations, to adopt and follow certain policies, procedures and processes, which together constitute a code of Corporate Governance. It is important that such a code is institutionalised to ensure transparency, consistency and uniformity of decision-making processes and actions. Mirc has always believed in such a sound code of Corporate Governance as a tool for the highest standards of management and business integrity, and as a result implemented a series of initiatives:

- Composition of the Board of Directors [e.g., the majority of the Board members

are Independent Directors].

- Constitution of various Board Committees for the oversight and guidance concerning key decisions and the soundness of decision-making processes connected with the functioning of the company. [e.g. Audit Committee, Remuneration Committee, Finance Committee, Shareholders and Investor Grievance Committee etc.].
- Timely dissemination of information to investors.
- Mirc code of business ethics and conduct.
- Mirc employees [Dealing Securities and Prevention on Insider Trading] Rules, 2002.
- Mirc Whistle Blower Policy.
- Mirc Risk Assessment and Mitigation Policy.

Mirc recognises that good Corporate Governance is a continuing exercise and is committed to achieve the highest standards of Corporate Governance.

## II. Board of Directors

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 of corporate performance, authorise and monitor strategic investments, ensure regulatory compliance and safeguard the shareholders' interest. These Board members ensure that their other responsibilities do not impinge on their responsibility as Directors of Mirc.

### A] Composition and Category

The Board comprises eminent persons with considerable professional expertise and experience in business and industry, finance, management and marketing. The composition of the Board of Directors with reference to a number of Executive and Non-Executive Directors, meets with the requirements of Clause 49(I) (A) of the Listing Agreement.

The present strength of the Board of Directors is six, whose composition is given below:

- Two promoters, Executive Directors
- Four Independent, Non-Executive Directors

None of the Directors on the Board is a member of more than ten Committees and Chairman of more than five committees across all companies in which they are Directors. None of the Independent Directors are holding any share in the company.



Mirc's Board is constituted as under:

Name	Category of Directorship	No of outside Directorship held	As Chairman/ Member of Board Committees other than Mirc Electronics Ltd.	
			Chairman	Member
Mr. Gulu L. Mirchandani	Chairman & Managing Director [Promoter]	9	Nil	3
Mr. Vijay J. Mansukhani	Managing Director [Promoter]	3	Nil	Nil
Mr. Manoj Maheshwari	Independent & Non-Executive Director	5	1	4
Mr. Vimal Bhandari	Independent & Non-Executive Director	4	Nil	1
Mr. Harsh Mariwala	Independent & Non-Executive Director	5	1	Nil
Mr. Ranjan Kapur	Independent & Non-Executive Director	4	Nil	2

**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 the Audit Committee, Shareholders and Investors' Grievance Committee and Remuneration Committee are considered for the purpose of Committee positions as per Listing Agreement.

## B] Board meetings during 2006-07

The Board meets at least once a quarter to review the quarterly performance and the financial results. The Board meetings are generally scheduled well in advance and the notice of each Board meeting is given in writing to each Director.

During the financial year 2006-07, the Board met on six occasions on 29th May, 2006, 28th July, 2006, 22nd November, 2006, 27th November, 2006, 23rd January, 2007 and 12th March, 2007. 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	6	6	Yes
Mr. V. J. Mansukhani	6	6	Yes
Mr. Manoj Maheshwari	6	4	Yes
Mr. Vimal Bhandari	6	4	Yes
Mr. Harsh Mariwala	6	1	No
Mr. Ranjan Kapur	6	5	No

### Board committees

To facilitate focused attention, the Board delegates specific matters to the Committees set up for the purpose.

These committees prepare the groundwork for decision-making and report it at the subsequent Board meeting. In this regard the Board has constituted the Audit Committee, Remuneration Committee, Shareholders' and Investors' Grievance Committee and the Finance Committee. The Directors of the Company have been intimating about their position in the Committees of other Companies and have also been notifying changes as and when they take place.

### Selection of agenda items

All the items on the agenda are accompanied by notes giving comprehensive information on the related subject. The agenda and the relevant notes are sent in advance separately to each director and only in exceptional cases; the same is tabled at the meeting. The Board is also free to recommend the inclusion of any matter for discussion in consultation with the Chairman. The members of the Board enjoy a complete access to all the information of the company. The senior management is invited to attend these Board meetings to provide additional inputs.

The Board is given detailed presentations covering finance, sales, marketing, and operations of the Company before taking on record the financial results of the Company for the preceding quarter at each of the pre-scheduled Board meetings.

The Chairman of the Board, the Managing Director, the Chief Executive Officer and the Company Secretary and Heal Legal, in consultation with the other concerned team members of the senior management, finalise the agenda papers of the Board meetings.

### Recording minutes of proceedings at Board and Committee meetings

The Company Secretary and Head Legal record the minutes of the proceedings of each Board and Committee meeting. Draft minutes are circulated to all the members of the Board / Committee in advance for their comments. The minutes of proceedings of the Board meetings are entered in the Minutes book after they are confirmed by the Board and signed by the Chairman immediately.

### Compliance

Based on the reports received from the functional heads of the Company, the Chief Executive Officer has been reporting to the Board periodically about the compliance position in respect of the

laws applicable to the company.

### Code of Conduct

The Company has laid down a Code of Conduct for all its Board members and senior management personnel for avoidance conflicts of interest. The Code of Conduct is posted on the Company's website [www.truthatonida.com](http://www.truthatonida.com). The code has been circulated to all the members of the Board and the Senior Management and the compliance of the same has been affirmed by them. There are no commercial or material financial transactions, with the senior management personnel, where there is a personal interest that may have in a potential conflict with the interest of the company at large. A declaration signed by the Chief Executive Officer is given below:

*"I hereby confirm that:*

*As provided under Clause 49 of the Listing Agreement with the stock exchanges, all Board and senior management personnel have affirmed compliance with the code of business ethics and the conduct of Mirc Electronics Ltd. for the year ended 31st March, 2007."*

**G. Sundar**

*Chief Executive Officer.*



### III. Audit Committee

#### AJ Constitution of Audit Committee:

The company's Audit Committee was constituted on 16th May, 2001. The Chairman of the Audit Committee is Mr. Vimal Bhandari, who is an Independent Director. Mr. Vimal Bhandari is a Chartered Accountant from the Institute of Chartered Accountants of India, New Delhi. The other members comprise two Non-Executive and Independent Directors namely, Mr. Ranjan Kapur and Mr. Manoj Maheshwari. All the members of the Audit Committee are financially literate and one of the members possesses excellent accounting and financial management expertise. The composition and terms of reference, role and powers of the Audit Committee meet the requirements of Clause 49 of the Listing Agreement as well as Section 292A of the Companies Act, 1956. Mr. Anoop Pillai, Company Secretary and Head Legal, acts as the Secretary to the Committee. At the Annual General Meeting held on 27th September, 2006, Mr. Vimal Bhandari, the Chairman of the Audit Committee was present for replying to the shareholders' queries.

The Board has delegated the following powers to the Audit Committee:

1. To investigate any activity within its terms of reference.

2. To seek information from any employee.
3. To obtain external legal or other professional advice.
4. To secure the attendance of outsiders with relevant expertise, if considered necessary.

The role of the Audit Committee includes the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, reappointment and, if required, the replacement or removal of the Statutory Auditor and fixation of audit fees.
3. Approval of payment to the statutory auditors for any other services rendered by them.
4. Reviewing with the management, the annual financial statement before submission to the Board for approval, with particular reference to:
  - a) matters required to be included in the Directors' Responsibility Statement which forms part of the Directors' Report pursuant to sub-section 2AA of Section 217 of the Companies Act, 1956.

- b) changes, if any, in the accounting policies and practices and reasons for the same.

- c) major accounting entries involving estimates based on the exercise of judgment by the management.

- d) significant adjustments made in the financial statements arising out of the findings of the audit.

- e) compliance with the listing and other legal requirements relating to financial statements.

- f) disclosure of any related party transactions.

- g) qualifications in the draft audit report.

5. Reviewing with the management, the quarterly financial statements before submission to the Board for approval.

6. Reviewing with the management, performance of statutory and internal auditors and adequacy of the internal control systems.

7. Reviewing the adequacy of the internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, the reporting structure coverage and the frequency of internal audit.

8. Discussion with the internal auditors any significant findings and follow-up thereon.

9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of the internal control systems of a material nature and reporting the matter to the Board.

10. Discussion with statutory auditors before the audit commences, about the nature and scope of the audit as well as post-audit discussions to ascertain any area of concern.

11. To review the functioning of the Whistle Blower Mechanism.

12. Carrying out any other function as mentioned in the terms of reference of the Audit Committee.

The following information is reviewed by the Audit Committee on a mandatory basis:

1. Management discussion and analysis of the financial condition and results of operations;
2. Statement of significant related party

transactions as defined by the Audit Committee, submitted by the management;

3. Management letters/letters of internal control weaknesses issued by the Statutory Auditors;

4. Internal audit reports relating to internal control weaknesses; and

5. The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.

#### Audit Committee Meetings during 2006-07

The Audit Committee met four times during the year under review on the following dates viz. 29th May, 2006, 28th July, 2006, 27th November 2006 and 23rd January, 2007. Mr. Gulu L. Mirchandani, Chairman and Managing Director, and Mr. Vijay J Mansukhani, Managing Director, the Chief Executive Officer are permanent invitees to the Audit Committee meetings. The General Manager – finance, the Internal Auditors, the Statutory Auditors and Vice Presidents of various functions are also invited to the Committee as and when necessary.

The attendance of each Audit Committee member in the above meeting is given hereunder:

Name	Audit Committee meetings	
	Held	Attended
Mr. Vimal Bhandari	4	3
Mr. Manoj Maheshwari	4	3
Mr. Ranjan Kapur	4	3

#### IV. Remuneration Committee

The Board has constituted a Remuneration Committee comprising five Directors out of whom three are Non-Executive Independent Directors namely Mr. Harsh Mariwala, Mr. Vimal Bhandari, Mr. Manoj Maheshwari and two other Executive Directors namely Mr. G.L. Mirchandani, Chairman and Managing Director and Mr. V.J. Mansukhani, Managing Director. The Remuneration Committee has been constituted to recommend / review the remuneration and increments of the Managing Director and Wholtime Director of the company, based on their performance and defined assessment criteria. The Committee has also structured a performance-oriented compensation policy for its senior management and staff.



### Remuneration policy

Mirc's Executive Directors have been appointed on a contractual basis after the approval of shareholders in the General meeting. The remuneration package of the Executive Directors is determined by the Remuneration Committee within the permissible limits,

as approved by the shareholders in the General meeting, and as per applicable provisions of the Companies Act, 1956.

The remuneration comprises basic salary, allowances, perquisites and commissions as approved by the shareholders. The Remuneration Committee also decides and

recommends annual increments. The elements of the remuneration package of the Non-Executive Directors consist of annual commission in addition to sitting fees. The same has also been approved by the shareholders in the Annual General Meeting of the Company held on 30th January, 2006.

The details of remuneration paid to the Directors are as follows:

Director	Relation with Mirc	Remuneration paid during 2006-07			
		Sitting fees	Salary and perquisites	Commission	Total
Mr. Gulu L. Mirchandani	Promoter [Chairman and Managing Director]	Nil	8647220	5671531	14318751
Mr. Vijay J. Mansukhani	Promoter [Managing Director]	Nil	8612855	5671531	14284386
Mr. Harsh Mariwala	Independent and Non-Executive Director	5000	Nil	200000	205000
Mr. Vimal Bhandari	-- do --	35000	Nil	200000	235000
Mr. Manoj Maheshwari	-- do --	35000	Nil	200000	235000
Mr. Ranjan Kapur	-- do --	40000	Nil	200000	240000

### Criteria of payments to Non-Executive Directors

The Non-Executive Directors are paid sitting fees of Rs. 5000 for attending each meeting of the Board. The Company is availing the professional expertise of the Non-Executive Directors through their participation in the Board meetings. The Non-Executive Directors are paid collectively a commission amounting to Rs. 800000 on an annual basis provided that the total commission payable to such Directors does not exceed 1% of the net profits of the Company.

## V. Shareholders' and Investors' Grievances Committee

A Board committee under the chairmanship of a Non-Executive Director has been formed to specifically look into the redressal of the shareholders' and investors' complaints like transfer of shares, non-receipt of balance sheet and non-receipt of declared dividend, etc. Mirc's Shareholders and Investors' Grievance Committee comprises 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 Committee oversees the performance of the Registrars and Share Transfer Agents and also monitors the implementation of the Company's Code of Conduct for prohibition of insider trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 1992.

The meetings are held each month and Mr. Harsh Mariwala is the Chairman of the Committee.

Name	Shareholders'/Investors' Grievance Committee meetings	
	Held	Attended
Mr. Harsh Mariwala	12	12
Mr. V. J. Mansukhani	12	12
Mr. G.L. Mirchandani	12	12

The Committee meets at frequent intervals to consider share transfers, investor complaints and other matters as delegated to it by the Board of Directors. All valid transfer of shares received during 2006-07 have been approved/ratified and attended to by the Committee in accordance with the delegation of authority conferred on the said Committee by the Board.

Mr. Anoop Pillai, Company Secretary and Head Legal, has been nominated as the Compliance Officer of the Company.

#### Investor Grievance Redressal:

The total number of complaints and requests received and resolved to the satisfaction of the investors during the year under review is as under:

No. of complaints and requests received:	2214
No. of complaints and requests resolved:	2214
No. of complaints and requests pending:	Nil

#### Whistle Blower Mechanism

Although this is a non-mandatory requirement under Clause 49 of the Listing Agreement, the Board of Directors of the Company have in their meeting held on 23rd January, 2007, adopted the Whistle Blower Policy of Mirc Electronics Limited for setting the highest standards of Corporate Governance within the Company. The Whistle Blower policy of Mirc provides a mechanism to all employees for reporting any irregularity or fraud taking place in the Company due to certain unethical practices followed by some employees / officials of the Company.

Any employee having authentic knowledge of any irregularity, fraud etc. can approach the Chief Ethics Counsellor and report about the irregularity for taking corrective steps. Such employees are protected from disciplinary action or any kind of unfair treatment.

#### Subsidiary monitoring framework

Mirc Electronics Limited has two subsidiaries, Akasaka Electronics Limited and Imercius Technologies (India) Limited.

The revised Clause 49 defines a 'material non-listed Indian subsidiary' as an unlisted subsidiary incorporated in India, whose turnover or net-worth [i.e. paid-up capital and free reserves] exceeds 20 percent of the consolidated turnover or net-worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

The company does not have a material non-listed subsidiary within the meaning of the above definition.

The performance and management of the subsidiaries is monitored inter-alia by the following means:

a) Financial statements and in particular the investments made by the unlisted



subsidiary companies are reviewed on a quarterly basis by the Audit Committee of the Company.

b) All minutes of the Board meetings of the subsidiary companies are placed before the Company's Board for its regular review.

c) A statement containing all significant transactions and arrangements entered into by the unlisted subsidiary Companies is placed before the Board for its review.

Brief of the Company's subsidiaries as on 31st March, 2007 are as under:

S. No.	Name of subsidiary	Date of incorporation
1.	Akasaka Electronics Limited *	31st July, 1986
2.	Imercius Technologies (India) Limited	24th May, 2002

\*On 23rd February, 2007 the subsidiaries, Akasaka Electronics Limited and Imercius Technologies (India) Limited had approached the Hon'ble Bombay High Court for approval of the scheme of amalgamation of Akasaka Electronics Limited with Imercius Technologies (India) Limited. The Hon'ble High Court approved the scheme vide order dated 27th July, 2007, in view of which Akasaka Electronics Ltd. has amalgamated with Imercius Technologies [India] Ltd.

## VI: General Body meetings


The location, time and date where the last three Annual General Meetings of the company were held are given hereunder:-

Year	Location	Type of meeting	Date	Time
2005-06	Hall of Harmony, Nehru Centre, Dr. Annie Basant Road Worli, Mumbai	Annual General Meeting	27th September, 2006	11.00 a.m.
2004-05	Hall of Harmony, Nehru Centre, Dr. Annie Basant Road, Worli, Mumbai	Annual General Meeting	30th January, 2006	11.30 a.m.
2003-04	Dinanath Mangeshkar Natyagriha, Vile Parle (W), Mumbai	Annual General Meeting	12th August, 2004	11.00 a.m.

All the resolutions in the AGM were passed through a show of hands.

The details of Special Resolutions passed in the last three Annual General Meetings:

Year	Brief particulars of the resolution
2005-06	No Special Resolution passed
2004-05	i) Payment of commission at the rate not exceeding one percent of the net profits of the Company in each year to the Directors (other than the Directors who are either in whole-time employment of the Company or Managing Director of the Company) for a period of five years. ii) To appoint Mr. Kaval G. Mirchandani, a relative of Mr. G.L. Mirchandani, CMD of the Company, in the management cadre, under Section 314 (1B) of the Companies Act, 1956.
2003-04	i) Appointment of Mr. Sasha G. Mirchandani, a relative of Mr. G.L. Mirchandani, CMD of the Company, in the management cadre, under Section 314 (1B) of the Companies Act, 1956.



No resolutions were passed through postal ballot during the preceding three Annual General Meetings of the company.

In terms of SEBI notifications and the amendment to the provisions of the Listing Agreement, the company has been complying with the provisions of Clause 51 of the Listing Agreement pertaining to the Electronic Data Information Filing and Retrieval System [EDIFAR]. The audited financial results for the financial year ended 31st March, 2007 will be uploaded on the SEBI website and the Company's website viz. [www.truthatonida.com](http://www.truthatonida.com) within the prescribed time limit.

## VII. Disclosures

### Materially significant related party transactions

None of the transactions that transpired between the company and its promoters, Directors, management or their relatives were in a potential conflict with the interest of the company. The details of transactions with the related parties in the manner required to be tabled before the Audit Committee as per the revised Clause 49 of the Listing Agreement, are placed before the Committee on a quarterly basis. The register of contracts containing the transactions in which the Directors are

interested was placed regularly before the Board. There were no pecuniary transactions directly with the Independent / Non-Executive Directors, other than the payment of remuneration.

### Accounting treatment and significant accounting policies

In the preparation of the financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India. The significant accounting policies which are consistently applied are set out in the Annexure to the notes to the accounts.

### Risk evaluation and management

The evaluation and management of business risk is an ongoing process within the company. All risk management aspects are incorporated in a comprehensive risk-warning system. During the year under review, a detailed exercise on 'risk assessment and management' was carried out covering the entire gamut of business operations.

### Status of regulatory compliances

The company has complied with all the requirements of the Listing Agreements entered into with the Stock Exchanges as well as the regulations and guidelines of SEBI. Consequently, there are no strictures or penalties imposed on any

matter relating to capital markets during the last three years.

The Board hereby confirms that no personnel have been denied access to the Audit Committee or to the Chief Ethics Counsellor under the Whistle Blower policy mechanism.

A Management Discussion and Analysis Report forms part of the annual report and includes discussion on various matters specified under Clause 49[IV][F] of the Listing Agreement.

## VIII. Means of communication

The audited financial results of the company [quarterly as well as yearly] were published in the English newspaper '*Business Standard*' / '*Free Press*' and '*Sakal*' / '*Nav Shakti*', a vernacular newspaper. All material information about the company was sent through facsimile to the stock exchanges where the company's shares are listed and released for dissemination to the public at large. The results are also displayed promptly on the company's website [www.truthatonida.com](http://www.truthatonida.com).

## IX. Shareholders:

### Reappointment of Directors retiring by rotation

The Directors who retire by rotation at the ensuing Annual General Meeting



and who are eligible for reappointment are Mr. Harsh Mariwala and Mr. Manoj Maheshwari. A brief profile of the above directors is given hereunder for kind perusal of the shareholders.

#### A] Mr. Harsh Mariwala

Mr. Harsh Mariwala is an entrepreneur

of repute, with interests in consumer products and other fields. He is a graduate from the 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.

The details of directorships and memberships of Committees of Mr. Harsh Mariwala is as follows:

Name of the company	Committee position	Board position held
Marico Industries Limited	Nil	Chairman
Cadbury India Limited	Nil	Director
Kaya Skin Care Limited	Chairman – Audit Committee	Director
Hindustan Polymides and Fibers Limited	Nil	Director
Mirc Electronics Limited	Chairman – Shareholders and Investor Grievance Committee, Remuneration Committee	Director
MIC Electronics Limited	Nil	Director
Bombay Oil Industries Private Limited	Nil	Director
Scientific Precision Private Limited	Nil	Director

Mr. Harsh Mariwala does not hold any shares in Mirc Electronics Limited as on 31st March, 2007.

Besides the above, Mr. Harsh Mariwala is also on the Board of the following Companies incorporated outside India.

1. Marico Bangladesh Limited
2. MBL Industries Limited
3. Sundari LLC
4. Marico Middle East, FZE
5. Kaya Middle East, FZE
6. MEL Consumer Care, SAE

### B] Mr. Manoj Maheshwari

Mr. Manoj Maheshwari is an entrepreneur with interests in consumer products, pharmaceuticals and chemical industries. He is a graduate from the Bombay University with a major in Chemistry and is a postgraduate 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

The details of directorships and memberships in Committees of companies of Mr. Manoj Maheshwari are as follows:

Name of the company	Committee position	Board position
Hind Syntex Limited	Member - Shareholder & Investor Grievance Committee	Director
Mirc Electronics Limited	Member – Audit Committee, Remuneration Committee and Shareholder & Investor Grievance Committee	Director
Hamilton & Co. Limited	Member - Audit Committee	Director
RPG Life Sciences Limited	Nil	Director
DGP Hinoday Industries Limited	Chairman – Audit Committee	Director
Ador Welding Limited	Member - Remuneration Committee and Audit Committee	Director
Madan Investments Private Limited	Nil	Director
Maheshwari Investors Private Limited	Nil	Director
Maheshwari Intrafin (India) Private Limited	Nil	Director
Karjan Investments Private Limited	Nil	Director
Bombay Gas Cablecom Private Limited	Nil	Alternate Director
Gopal Traders Private Limited	Nil	Director
MW.Com Private Limited	Nil	Director
Aurovision Private Limited	Nil	Chairman
mKhoj Solutions Private Limited	Nil	Director

Mr. Manoj Maheshwari does not hold any shares in Mirc Electronics Limited as on 31st March, 2007.



## X. General shareholders' information:

### Annual General Meeting:

Date and time	27th September, 2007 at 3 p.m.
Venue	Amar Gian Grover Auditorium Lala Lajpat Rai College Near Haji Ali, Mumbai 400 034.

### Financial calendar (tentative):

Results for the quarter ending 30th June, 2007	: Last week of July, 2007
Results for the half-year ending 30th September, 2007	: Last week of November, 2007
Results for the quarter ending 31st December, 2007	: Last week of January, 2008
Results for the year ending 31st March, 2008	: Last week of May, 2008
<b>Book Closure</b>	: 24th September, 2007 to 27th September, 2007 (Both days inclusive)
<b>Dividend payment date: [if declared]</b>	Not applicable

### Stock Exchanges where the Company's shares are listed:

The equity shares of your Company are listed with the Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

Note : (i) Annual listing fees for the year 2007-08 (as applicable) have been paid to the Stock Exchanges.

(ii) The Company's equity shares have been delisted from the Stock Exchanges of Delhi, Chennai, Bangalore and Ahmedabad. The Company's application to the Calcutta Stock Exchange for delisting is in an 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 and transmitting to his name. Members are requested to write to the Registrar and Share Transfer Agents to avail of this facility.

### Depository services

For guidance on depository services, shareholders may write to the Registrar and Share Transfer Agent of the company viz. Intime Spectrum Registry Ltd. 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](mailto:info@nsdl.co.in), website: [www.nsdl.com](http://www.nsdl.com) or Central Depository Services (India) Limited, Phiroze Jeejeebhoy Towers, 28th Floor, Dalal Street, Mumbai 400 023, email: [investors@cdslindia.com](mailto:investors@cdslindia.com), website: [www.cdslindia.com](http://www.cdslindia.com)

### Unclaimed dividends

Pursuant to the provisions of the Companies Act, 1956, dividends lying unclaimed for a period of seven years from the date of their declaration have to be transferred to the Investor Education and Protection Fund constituted and administered by the Central Government. Unclaimed dividend for the financial year 1999-00 (1st interim, 2nd interim, 3rd interim and final dividend was transferred to the said fund in August 2006, November 2006, February 2007 and May 2007 respectively in accordance with the

current regulations. The following table gives the dates of the dividend declaration or payment since 1998 and the corresponding dates when unclaimed dividends are due to be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government along with the total unclaimed dividend amount with respect to each dividend. No claim would lie against the IEPF or the company after the said transfer.

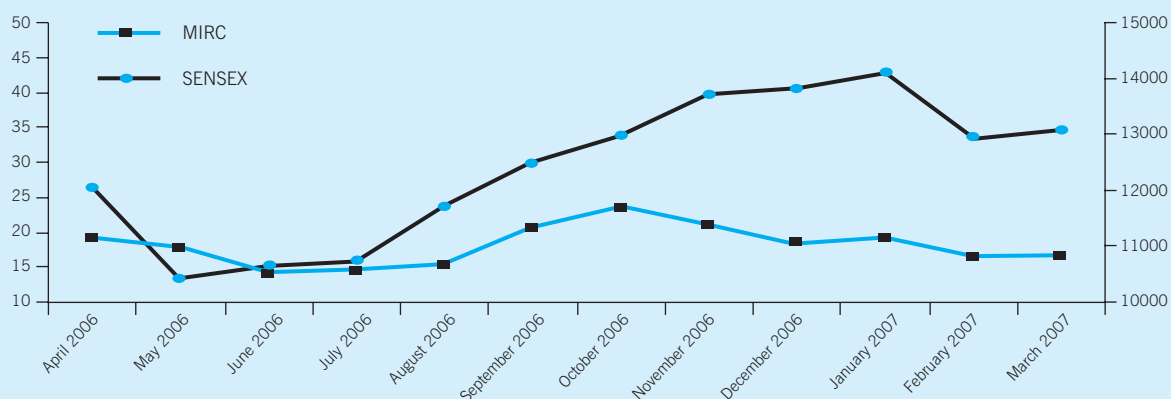
Year	Dividend	Date of declaration	Last date of transfer to the Investor Education & Protection Fund
2000-01	1st interim	31st July, 2000	12th September, 2007
	2nd interim	31st October, 2000	13th December, 2007
	3rd interim	30th January, 2001	2nd March, 2008
	Final	25th September, 2001	26th October, 2008
2001-02	Final	30th September, 2002	31st October, 2009
2002-03	Final	25th August, 2003	25th September, 2010
2003-04	Final	12th August, 2004	12th September, 2011
2004-05	Final	30th January, 2006	2nd March, 2013
2005-06	Final	27th September, 2006	28th October, 2013
2006-07	Interim	12th March, 2007	12th April, 2014



Market price data (source: [www.bseindia.com](http://www.bseindia.com), [www.nseindia.com](http://www.nseindia.com))

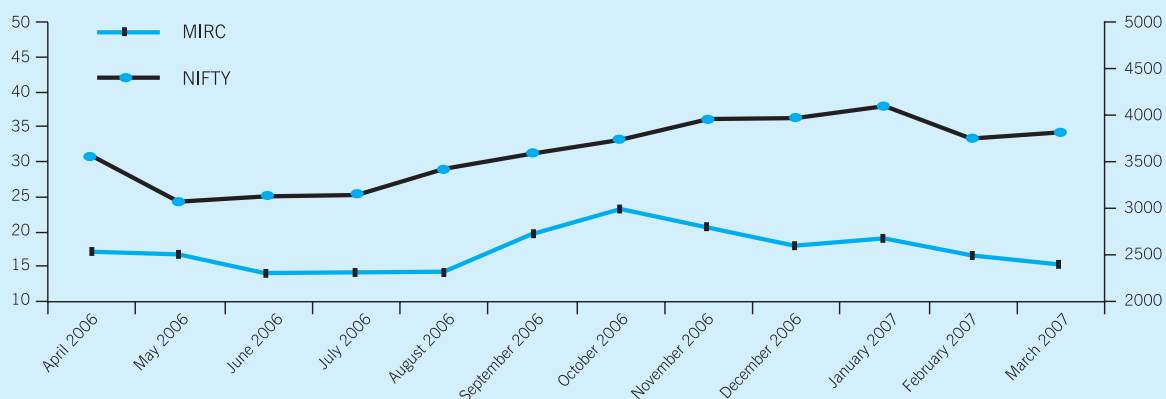
Month	Stock Exchange					
	Bombay Stock Exchange Ltd.			National Stock Exchange of India Ltd.		
	Share price		Sensex	Share price		Nifty
	High (Rs.)	Low (Rs.)	Close	High (Rs.)	Low (Rs.)	Close
April 2006	25.45	19.10	12042.56	25.40	17.00	3557.60
May 2006	24.45	17.50	10398.61	24.40	16.50	3071.05
June 2006	19.90	14.30	10609.25	19.75	14.10	3128.20
July 2006	17.30	14.50	10743.88	17.80	14.15	3143.20
August 2006	23.70	15.25	11699.05	23.70	14.10	3413.90
September 2006	25.05	20.45	12454.42	25.15	19.50	3588.40
October 2006	30.00	23.25	12961.90	29.75	23.10	3744.10
November 2006	24.90	20.85	13696.31	24.80	20.55	3954.50
December 2006	22.55	18.50	13786.91	22.95	17.90	3966.40
January 2007	21.90	18.95	14090.92	21.85	18.90	4082.70
February 2007	20.50	16.25	12938.09	19.70	16.65	3745.30
March 2007	18.25	16.50	13072.10	18.25	15.30	3821.55

MIRC share prices - BSE





MIRC share prices - NSE



### Share transfer system

The Registrar and Share Transfer Agent register the share transfers in physical form within 15 days from the receipt of the completed documents. Invalid share transfers are returned within 15 days of receipt. All requests for de-materialisation of shares are processed and confirmation is given to the respective depositories i.e. National Securities Depository Limited and Central Depository Services (India) Limited. The Company also offers transfer cum demat facility.

### Registrar & Share Transfer Agent:

M/s. Intime Spectrum Registry Limited  
C13, Pannalal Silk Mills Compound  
Lal Bahadur Shastri Marg, Bhandup (W), Mumbai 400 078.  
Telephone: 25963838

### Distribution schedule as on 31st March, 2007

Equity shares held	Shareholders	percent of shareholders	Shares	percent of shareholding
1-5000	68871	98.89	25537439	17.98
5001-10000	432	0.62	3271432	2.30
10001-20000	190	0.27	2875764	2.03
20001-30000	56	0.08	1388254	0.98
30001-40000	19	0.03	692517	0.49
40001-50000	18	0.03	836241	0.59
50001-100000	22	0.03	1535463	1.08
100001 and above	38	0.05	105862474	74.55
<b>Total</b>	<b>69646</b>	<b>100.00</b>	<b>141999584</b>	<b>100.00</b>



### Shareholding pattern as on 31st March, 2007

Category code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialised form	Total shareholding as a percent of the total number of shares	
					As a percent of (A+B)	As a percent of (A+B+C)
<b>(A)</b>	<b>Shareholding of promoter and promoter group</b>					
<b>(1)</b>	<b>Indian</b>					
(a)	Individuals/ Hindu undivided family	20	1883231	1855508	1.33	1.33
(b)	Central Government/ State Government(s)	–	–	–	–	–
(c)	Bodies corporate	4	75833090	75826735	53.40	53.40
(d)	Financial institutions/ banks	–	–	–	–	–
	<b>Sub-total (A)(1)</b>	<b>24</b>	<b>77716321</b>	<b>77682243</b>	<b>54.73</b>	<b>54.73</b>
<b>(2)</b>	<b>Foreign</b>					
(a)	Individuals (Non-resident individuals/ foreign individuals)	–	–	–	–	–
(b)	Bodies corporate	–	–	–	–	–
(c)	Institutions	–	–	–	–	–
	<b>Sub-total (A)(2)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
	<b>Total shareholding of promoter and promoter group (A)= (A)(1)+(A)(2)</b>	<b>24</b>	<b>77716321</b>	<b>77682243</b>	<b>54.73</b>	<b>54.73</b>
<b>(B)</b>	<b>Public shareholding</b>					
<b>(1)</b>	<b>Institutions</b>					
(a)	Mutual funds/ UTI	5	2750	750	–	–
(b)	Financial institutions/ banks	13	8708	8485	0.01	0.01
(c)	Central Government/ State Government(s)					
(d)	Venture capital funds					
(e)	Insurance Companies	2	3058585	3058585	2.15	2.15
(f)	Foreign institutional investors	17	13987118	13970118	9.85	9.85
(g)	Foreign venture capital investors					
	<b>Sub-total (B)(1)</b>	<b>37</b>	<b>17057161</b>	<b>17037938</b>	<b>12.01</b>	<b>12.01</b>

Category code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialised form	Total shareholding as a percent of the total number of shares	
					As a percent of (A+B)	As a percent of (A+B+C)
<b>(2)</b>	<b>Non-institutions</b>					
(a)	Bodies Corporate	969	12753227	12698187	8.98	8.98
(b)	Individuals -					
	i. Individual shareholders holding nominal share capital up to Rs. 1 lac.	68385	31683078	24719966	22.31	22.31
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lac.	8	2061271	2061271	1.45	1.45
(c)	Others					
(c-i)	Clearing members	53	233384	233384	0.16	0.16
(c-ii)	Non-resident Indians	170	495142	495142	0.35	0.35
	<b>Sub-total (B)(2)</b>	<b>69585</b>	<b>47226102</b>	<b>40207950</b>	<b>33.26</b>	<b>33.26</b>
	<b>Total public shareholding (B)= (B)(1)+(B)(2)</b>	<b>69622</b>	<b>64283263</b>	<b>57245888</b>	<b>45.27</b>	<b>45.27</b>
	<b>Total (A)+(B)</b>	<b>69646</b>	<b>141999584</b>	<b>134928131</b>	<b>100.00</b>	<b>100.00</b>
<b>(C)</b>	<b>Shares held by custodians and against which depository receipts have been issued</b>				Nil	
	<b>Grand total (A)+(B)+(C)</b>	<b>69646</b>	<b>141999584</b>	<b>134928131</b>	<b>100.00</b>	<b>100.00</b>

As per regulation 3 of the SEBI Takeover Code, 1992, as amended upto date, group companies would include Akasaka Electronics Ltd., Imercius Technologies [India] Ltd., Guviso Holdings Pvt. Ltd., Gulita Securities Ltd., Adino Electronics Ltd., Onida Credit & Investments Ltd.

#### Dematerialisation of shares and liquidity

The Company entered into agreements with the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As at 31st March, 2007, 95.03 per cent of the Company's total shares (134941645 shares) were held in dematerialised form while 4.97 per cent (7057939 shares) were held in physical form.



There are no outstanding GDRs /ADRs/ warrants or any convertible instruments, as on 31st March, 2007, likely to have an impact on the equity share capital of the Company.

**Address for correspondence**

Mirc Electronics Ltd.  
Onida House  
G1, MIDC, Mahakali Caves Road  
Andheri (East), Mumbai 400 093

**Plant location**

Village Kudus  
Bhiwandi Wada Road  
Taluka Wada  
District Thane

B-204/205  
Phase - II  
Noida - 201305

Khasra No.158,  
Vill. Raipur,  
Pargana-Bhagwanpur,  
Roorkee, District Haridwar,  
Uttaranchal

Website: [www.truthatonida.com](http://www.truthatonida.com)

## Compliance certificate of the auditors

The Statutory Auditors have certified that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges and the same is annexed to the Directors' Report and Management Discussion and Analysis.

**CEO/CFO certification**

As required by Clause 49 of the Listing Agreement, the CEO/CFO have granted their certificate to the Board of Directors.

**Declaration**

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, all Board members and senior management personnel have affirmed compliance with the Company's code of business conduct and ethics for the year ended 31st March, 2007.

For and on behalf of the  
**Board of Directors**

**G. L. Mirchandani**

*Chairman and Managing Director*

Mumbai, 23 August, 2007



## MIRC ELECTRONICS LIMITED • Auditors' Certificate

To, the Members of Mirc Electronics Limited

We have examined the compliance of conditions of Corporate Governance by MIRC Electronics Limited for the year ended 31st March, 2007, as stipulated in Clause 49 of the listing Agreement of the said company with the Stock Exchange (s) 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.

In our opinion and to the best of our information and explanations given to us and the representations made by the Directors and the Management, we certify that the company

has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the listing Agreement.

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

For **N. M. RAIJI & CO.,**  
*Chartered Accountants*

**J. M. Gandhi**  
*Partner*

Mumbai, August 23, 2007

Membership No.: 37924

### To the members of Mirc Electronics Limited

We have audited the attached Balance Sheet of Mirc Electronics Limited, as at March 31, 2007 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors' Report) Order, 2003, as amended by the Companies (Auditors' Report) Order, 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) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
- iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the

books of account;

- iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- v) *Attention is drawn to note no. 8 of Schedule 21 regarding non-provision of diminution in the value of investment in one of the subsidiaries in view of the scheme of amalgamation of the said subsidiary with other subsidiary;*
- vi) On the basis of written representations received from the directors as on March 31, 2007 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2007 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, 2007;
  - b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
  - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For N. M. Raiji & Co.  
Chartered Accountants



J. M. Gandhi  
Partner

Mumbai, May 8, 2007

Membership No: 37924



## MIRC ELECTRONICS LIMITED • 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 March 31, 2007.

- 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 programme 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) Inventories have been physically verified by the Management, during the year. In our opinion, the frequency of verification is reasonable.
- 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 companies covered in the register maintained under Section 301 of the Companies Act, 1956. The aggregate maximum amount during the year and outstanding amount as at the balance sheet date of such loans are Rs. 631.10 lacs and Rs. 64.60 lacs respectively.
- b) In case of outstanding amount from one of the subsidiaries, interest for the year has been waived by the Management. In our opinion and according to the information and explanations given to us, the rate of interest (on the loan other than referred before) and other terms and conditions on which said loans have been granted are not, prima facie, prejudicial to the interest of the Company.
- c) After considering waiver of interest by the Company, there are no overdue amounts of principal and interest in respect of loans granted.
- d) The Company has taken unsecured loan from a company covered in the register maintained under section 301 of the companies Act, 1956. The maximum amount during the year and outstanding amount as at the balance sheet date of such loans are Rs.1,258 lacs and Rs.552 lacs respectively.
- e) 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.
- f) The company is repaying the principal amounts as stipulated and has been regular in the payment of interest thereon.
- iv) 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 system.
- v) 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 of the Companies Act, 1956 have been properly entered in the said register.
- b) During the year, there are transactions of purchase of materials and services from two 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 made at prevailing market prices except for purchases of special nature wherein comparative prices of similar goods are not available. Also, there are transactions of sale of spares to two parties covered under section 301 of the Companies Act, 1956 exceeding Rupees five lacs. These are entered at prices which are reasonable having regard to the prevailing market prices at the time of sale.
- vi) 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.
- vii) In our opinion, the Company has a system of internal audit, which is commensurate with its size and nature of its business.
- viii) 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, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.

- ix) a) According to the information and explanation provided to us, during the year the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including amount of provident fund, investor education and 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, undisputed sales tax of Rs. 0.64 lacs was in arrears as at March 31, 2007 for a period of more than six months from the date the same became payable.
- b) 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	1991-1992, 1994-1995	High Court	206.84
Income Tax	1990-1991, 1992-1993, 1993-1994, 1996-1997	ITAT	465.72
Income Tax	2003-2004	CIT (A)	124.85
Central Excise	1998-1999	High Court	14.04
Central Excise	1997-2000, 1998-1999	Commissioner	70.42
Central Excise	1999-2000	Joint Commissioner (Appeals)	29.80
Customs	1998-1999	Commissioner	35.77
Sales Tax	2000-2001	Joint Commissioner of Appeals	5.49
Sales Tax	1997-2002	Commissioner	12.83
Sales Tax	1997-1998	Deputy Commissioner	2.23
Sales Tax	1998-1999, 1999-2000, 2000-2001, 2002-2003	Tribunal	44.43
Sales Tax	1997-2005	AC/ACCT (Appellate)	598.73
Sales Tax	1999-2002	Board of Madhya Pradesh Commercial Taxes, Bhopal	10.01

- x) The company does not have accumulated losses and has not incurred cash losses during the financial year and immediately preceding financial year.
- xi) 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.

- xii) 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.
- xiii) The Company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, and debentures. However, it has dealings in Mutual Fund Units during the year. For the transactions in Mutual fund units the Company has maintained proper records and has made timely entries therein. All the shares, securities and other investments are held by the company in its own name.
- xv) 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 its subsidiaries from bank is not, prima facie, prejudicial to the interest of the Company.
- xvi) 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 utilisation of the funds for the stated use.
- xvii) 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.
- xviii) 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 Companies Act, 1956.
- xix) According to the information and explanations given to us the Company has not issued any secured debentures, which are outstanding during the year.
- xx) During the period covered by our audit report, the Company has not raised any money by way a public issue;
- xxi) 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, May 8, 2007

Membership No: 37924



# MIRC ELECTRONICS LIMITED • Balance Sheet as at

(Rupees in Lacs)

Schedule	31st March, 2007	31st March, 2006
<b>SOURCES OF FUNDS</b>		
Shareholders Funds		
Capital 1	1419.35	1419.35
Reserves and Surplus 2	22207.94	20127.68
	23627.29	21547.03
Loan Funds		
Secured 3	11636.46	13544.96
Unsecured 4	4552.00	3074.50
	16188.46	16619.46
Deferred Tax Liabilities (Net)	1955.49	1941.18
(Refer Note 19 of Schedule 21)		
<b>Total</b>	<b>41771.24</b>	<b>40107.67</b>
<b>APPLICATION OF FUNDS</b>		
Fixed Assets 5		
Gross Block	34015.53	32170.55
Less: Depreciation	13410.47	11495.63
Net Block	20605.06	20674.92
Capital Work in Progress including Capital Advance	12.88	43.30
	20617.94	20718.22
Investments 6	2599.77	2113.53
Current Assets, Loans and Advances		
Inventories 7	23034.51	17488.06
Sundry Debtors 8	10421.46	11311.71
Cash and Bank Balances 9	1675.71	3672.42
Loans and Advances 10	7642.69	4649.24
	42774.37	37121.43
Less: Current Liabilities and Provisions		
Liabilities 11	23937.32	18289.15
Provisions 12	283.52	1556.36
	24220.84	19845.51
Net Current Assets	18553.53	17275.92
<b>Total</b>	<b>41771.24</b>	<b>40107.67</b>
Notes forming part of the Accounts 21		

As per our report attached.

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

**J. M. Gandhi**  
Partner

Mumbai, May 8, 2007

**Satrajit Ray**  
Chief Financial Officer

**Anoop Pillai**  
Company Secretary & Head Legal

For and on behalf of the  
**BOARD OF DIRECTORS**

**G. L. Mirchandani**  
Chairman & Managing Director

**V. J. Mansukhani**  
Managing Director

**MIRC ELECTRONICS LIMITED • Profit and Loss Account for the year ended**
*(Rupees in Lacs)*

	Schedule	31st March, 2007	31st March, 2006
<b>INCOME</b>			
Sales / Income from Operations (Gross)	13	165099.42	134321.05
Less : Excise Duty on Sales		13709.15	12291.02
Sales / Income from Operations (Net)		151390.27	122030.03
Other Income	14	406.49	466.45
<b>Total</b>		<b>151,796.76</b>	<b>122496.48</b>
<b>EXPENDITURE</b>			
Materials Consumed	16	61433.27	52073.30
Cost of Traded Goods Sold	17	54500.53	37646.75
Personnel Expenses	18	6940.80	5993.92
Depreciation	5	1973.93	2250.43
Financial Expenses	19	2028.02	1764.93
Other Expenses	20	20625.91	18331.38
		<b>147502.46</b>	<b>118060.71</b>
(Less)/Add:(Accretion) / Decretion in Stocks	15	(847.29)	(625.38)
<b>Total</b>		<b>146655.17</b>	<b>117435.33</b>
<b>PROFIT BEFORE TAX</b>		<b>5141.59</b>	<b>5061.15</b>
Fringe Benefit Tax		125.44	166.98
Current Tax (Including Wealth Tax)		1590.32	1060.29
Deferred Tax		14.31	554.63
<b>PROFIT AFTER TAX</b>		<b>3411.52</b>	<b>3279.25</b>
Surplus Brought Forward from previous Year		12312.15	10657.27
<b>Total</b>		<b>15723.67</b>	<b>13936.52</b>
<b>APPROPRIATIONS</b>			
Dividend on Equity Shares			
Interim Dividend		1065.00	–
Final Equity Dividend - Proposed		–	1065.00
Tax on Dividends		149.37	149.37
Transfer to General Reserve		427.00	410.00
Surplus carried to Balance Sheet		14082.30	12312.15
<b>Total</b>		<b>15723.67</b>	<b>13936.52</b>
Notes forming part of the Accounts	21		
Basic & diluted earnings per share (Rs.)		2.40	2.31

As per our report attached.

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



**J. M. Gandhi**  
Partner

Mumbai, May 8, 2007



**Satrajit Ray**  
Chief Financial Officer



**Anoop Pillai**  
Company Secretary & Head Legal

For and on behalf of the  
**BOARD OF DIRECTORS**



**G. L. Mirchandani**  
Chairman & Managing Director



**V. J. Mansukhani**  
Managing Director



**MIRC ELECTRONICS LIMITED • Schedules forming part of the Balance Sheet as at**

(Rupees in Lacs)

	31st March, 2007		31st March, 2006	
<b>Schedule – 1 SHARE CAPITAL</b>				
Authorised				
15,00,00,000 Equity Shares of Re.1/- each		1500.00		1500.00
(Previous year 15,00,00,000 Equity Shares 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				
14,19,99,584 Equity Shares of Re.1/- each fully paid up	1419.99		1419.99	
Less: Calls in arrears	0.64		0.64	
		1419.35		1419.35
Notes: Of the above				
• 7,48,96,575 (Previous year 7,48,96,575) Equity Shares are held by the Holding Company, Guviso Holdings Pvt. Limited.				
• 9,36,95,620 (Converted into Face value of Re.1/-) Equity Shares are allotted as fully paid Bonus Shares by capitalisation of General Reserve and Capital Redemption Reserve.				
• 14,59,464 Equity Shares were allotted as per the scheme of Amalgamation of Onida Savak Limited with the Company				
<b>Total</b>		<b>1419.35</b>		<b>1419.35</b>
<b>Schedule – 2 RESERVES AND SURPLUS</b>				
Capital Reserve		7.07		7.07
Share Premium		1.39		1.39
General Reserve				
As per last Balance Sheet	7807.07		7397.07	
Add: Transfer from Profit & Loss Account	427.00		410.00	
Less: Impact of Transitional Provision of AS 15 (Refer Note No. 5(I))	116.89		–	
		8117.18		7807.07
Profit and Loss Account		14082.30		12312.15
<b>Total</b>		<b>22207.94</b>		<b>20127.68</b>
<b>Schedule – 3 SECURED LOANS</b>				
From Banks				
Cash Credit		6110.18		6621.69
Long Term Loan		2500.00		2000.98
Long Term Foreign Currency Loan		3026.28		4922.29
<b>Total</b>		<b>11636.46</b>		<b>13544.96</b>

Of the above Rs.5126.27 (Previous year : Rs.9875.58) 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 immovable and movable properties and further secured by the corporate guarantee of the Holding Company.

(Rupees in Lacs)

- 2) Long term Loan from UTI Bank Limited is secured by way of sub servient charge on all movable Plant & Machinery / Furniture & Fixtures etc.
- 3) Long term foreign currency loan from HDFC Bank Limited is secured by first charge on Fixed Assets at Wada Factory

	31st March, 2007	31st March, 2006
<b>Schedule – 4 UNSECURED LOANS</b>		
Short Term Loan From Banks	4000.00	2000.00
From Others - Intercompany Deposits	552.00	1074.50
<b>Total</b>	<b>4552.00</b>	<b>3074.50</b>

Of the above, Rs.4552.00 (Previous year : Rs.2074.50) is repayable within one year.

<b>Schedule – 5 FIXED ASSETS</b>									
DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK
	As at 01.04.2006	Additions / Adjustments	Deletions/ Adjustments	As at 31.03.2007	Up to 01.04.2006	For the Year	Deletions/ Adjustments	Upto 31.03.2007	As on 31.03.2007
<b>INTANGIBLE ASSETS</b>									
R & D Software	32.94	12.17	–	45.11	15.20	4.56	–	19.76	25.35
	24.57	8.37	–	32.94	11.64	3.56	–	15.20	17.74
<b>TANGIBLE ASSETS</b>									
Leasehold land	737.05	23.17	–	760.22	61.57	9.67	–	71.24	688.98
	382.70	–	(354.35)	737.05	52.17	9.39	(0.01)	61.57	675.48
Freehold land	643.80	525.32	–	1169.12	–	–	–	–	1169.12
	992.05	6.10	354.35	643.80	0.01	–	0.01	–	643.80
Buildings	8980.02	171.33	–	9151.35	1239.40	290.29	–	1529.69	7621.66
	7568.40	1411.62	–	8980.02	974.93	264.47	–	1239.40	7740.62
Plant and Machinery	19703.95	1074.27	32.38	20745.84	8996.80	1543.32	28.76	10511.36	10234.48
and Electrical Fittings	18519.53	1238.36	53.94	19703.95	7188.26	1849.55	41.01	8996.80	10707.15
Furniture, Fixtures	1050.24	79.51	12.19	1117.56	605.91	71.36	9.27	668.00	449.56
and Equipments	1028.11	29.24	7.11	1050.24	548.56	59.58	2.23	605.91	444.33
Motor Vehicles	311.22	–	32.04	279.18	152.47	27.59	18.83	161.23	117.95
	367.73	–	56.51	311.22	151.49	31.02	30.04	152.47	158.75
R & D – Building	157.08	–	–	157.08	59.03	5.25	–	64.28	92.80
	157.08	–	–	157.08	53.78	5.25	–	59.03	98.05
R & D – Plant and Machinery	445.63	28.60	1.73	472.50	299.33	15.04	1.64	312.73	159.77
and Electrical Fittings	425.95	20.08	0.40	445.63	277.25	22.09	0.01	299.33	146.30
R & D – Furniture, Fixture	108.62	9.61	0.66	117.57	65.92	6.85	0.59	72.18	45.39
and Equipments	108.62	–	–	108.62	60.40	5.52	–	65.92	42.70
<b>Total</b>	<b>32170.55</b>	<b>1923.98</b>	<b>79.00</b>	<b>34015.53</b>	<b>11495.63</b>	<b>1973.93</b>	<b>59.09</b>	<b>13410.47</b>	<b>20605.06</b>
	<b>29574.74</b>	<b>2713.77</b>	<b>117.96</b>	<b>32170.55</b>	<b>9318.49</b>	<b>2250.43</b>	<b>73.29</b>	<b>11495.63</b>	<b>20674.92</b>
Capital Work-in-Progress									12.88
									43.30
<b>Total</b>									<b>20617.94</b>
									<b>20718.22</b>

Note: 1. The additions to fixed assets during the year includes foreign exchange loss of Rs. 51.33 (Previous year loss of Rs.33.94)

2. Figures in italics are as on 31st March, 2006



**MIRC ELECTRONICS LIMITED • Schedules forming part of the Balance Sheet as at**

(Rupees in Lacs)

	Face Value (Rs.)	31st March, 2007 Nos.		31st March, 2006 Nos.	
<b>Schedule – 6 INVESTMENTS</b>					
(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) Limited	10	21000000	2100.00	16000000	1600.00
	(A)		2523.00		2023.00
CURRENT INVESTMENTS (AT COST)					
NON-TRADE INVESTMENTS (in Equity Shares)					
BPL Engineering Limited (Quoted)	10	–	–	23100	17.32
D.G.P. Windsor Limited (Quoted)	10	–	–	300	0.38
Punjab Woolcombers Limited (Quoted)	10	–	–	1400	1.26
Kongarar Textiles Limited	10	2600	1.17	2600	1.17
Menon Pistons Limited (Quoted)	10	118745	83.12	125400	87.78
Onida Finance Limited	10	468400	139.60	468400	139.60
NON-TRADE INVESTMENTS (in Units)					
UTI Mastergain 92 (Quoted)		–	–	39700	4.88
			223.89		252.39
Less: Provision for diminution in the value of Investments			147.12		161.86
	(B)		76.77		90.53
<b>Total</b>	<b>(A+B)</b>		<b>2599.77</b>		<b>2113.53</b>
Notes:					
Aggregate of Quoted Investments					
Cost			83.12		111.62
Market Value			76.77		100.37
Aggregate of Unquoted Investments					
Cost			2663.77		2163.77

**Notes :**

1) During the year following units were purchased and sold.	Units
ICICI Prudential Liquid - Super IP	2316298614.66
DSP Merrill Lynch Liquidity Fund	32441617.57
Kotak Liquid - Institutional Premium	22080290.47
HDFC Cash Management - Savings Plan	55051772.79
Principal Cash Management Fund - Inst Premium Plan	28198026.14
2) During the year 28900 units not transferred in the name of the company has been written off.	

(Rupees in Lacs)

	31st March, 2007		31st March, 2006	
<b>Schedule – 7 INVENTORIES</b>				
Raw Materials including Packing Materials and Service Spares		7648.15		6766.26
Stores & Spares		312.22		137.66
Semi Finished Goods		1732.46		1408.81
Finished Goods: Manufactured		4501.04		3977.40
Traded		5334.80		3893.50
Goods in transit		3505.84		1304.43
<b>Total</b>		<b>23034.51</b>		<b>17488.06</b>

<b>Schedule – 8 SUNDRY DEBTORS</b>				
Debts outstanding for a period exceeding six months		520.02		1509.83
Other Debts		10358.70		10527.52
		10878.72		12037.35
Less: Provision for Doubtful Debts		457.26		725.64
<b>Total</b>		<b>10421.46</b>		<b>11311.71</b>
Considered Good - Secured	108.34		121.06	
Considered Good - Unsecured	10313.12		11190.65	
Considered Doubtful - Unsecured	457.26		725.64	
	10878.72		12037.35	

<b>Schedule – 9 CASH AND BANK BALANCES</b>				
Cash on hand		10.07		25.59
Cheques on hand		10.94		0.44
Bank Remittances in Transit		1244.01		2161.24
Balances with Scheduled Banks:				
Current Accounts		395.71		174.20
Fixed Deposit Accounts		0.98		1305.56
Balances with Non - scheduled Bank:				
HSBC Bank Middle East - AED Current Account (Maximum amount outstanding during the year Rs. 34.90 previous year Rs.25.60)		2.28		5.39
HSBC Bank Middle East - USD Call Deposit Account (Maximum amount outstanding during the year Rs.113.15 previous year Rs.137.64)		11.72		–
<b>Total</b>		<b>1675.71</b>		<b>3672.42</b>



**MIRC ELECTRONICS LIMITED • Schedules forming part of the Balance Sheet as at**

(Rupees in Lacs)

	31st March, 2007		31st March, 2006	
<b>Schedule – 10 LOANS AND ADVANCES</b>				
(Refer Note 9 of Schedule 21)				
(Unsecured - considered good unless otherwise stated)				
Loans		231.02		126.85
Advances recoverable in cash or kind or for value to be received		6856.57		3787.28
Advance Income-tax (Net of Provisions)		–		154.66
Balance with Excise and Customs Authorities		555.10		580.45
<b>Total</b>		<b>7642.69</b>		<b>4649.24</b>

<b>Schedule – 11 CURRENT LIABILITIES</b>				
Acceptances		10073.02		8521.63
Sundry Creditors (Refer note 7 (b) of Schedule 21)		3085.41		3567.66
Advances from Customers		523.68		615.88
Unclaimed Dividend Accounts (Refer note 7 (c) of Schedule 21)		313.47		96.84
Other Liabilities		9538.79		5077.28
Interest accrued but not due		120.66		151.40
Deposits from Dealers		282.29		258.46
<b>Total</b>		<b>23937.32</b>		<b>18289.15</b>

<b>Schedule – 12 PROVISIONS</b>				
Proposed Dividends		–		1065.00
Tax on Proposed Dividends		–		149.37
Provision for Income-tax (Net of Advances)		42.92		–
Provision for Retirement Benefits		240.60		341.99
<b>Total</b>		<b>283.52</b>		<b>1556.36</b>

(Rupees in Lacs)

	31st March, 2007		31st March, 2006	
<b>Schedule – 13 SALES / INCOME FROM OPERATIONS</b>				
Sales		165026.18		133997.24
Export Benefits received		73.24		323.81
<b>Total</b>		<b>165099.42</b>		<b>134321.05</b>

<b>Schedule – 14 OTHER INCOME</b>				
Dividend Income (include Rs. Nil (previous year Rs.42.30) received from Akasaka Electronics Limited, a Subsidiary Company)		16.50		53.16
Interest Income-Gross (Tax deducted at source Rs.5.76, (previous year Rs.2.87))		30.91		9.45
Profit on Sale of Assets		0.48		0.42
Profit on Sale of Investment		4.12		–
Interest on Income Tax Refund		61.54		90.21
Sales Tax Refund		46.02		27.89
Write back of provision againsts investments		–		25.91
Miscellaneous Income		246.92		259.41
<b>Total</b>		<b>406.49</b>		<b>466.45</b>

<b>Schedule – 15 (ACCRETION) / DECRETION IN STOCKS</b>				
Opening Stock - Semi-finished Goods	1408.81		1347.45	
Finished Goods	3977.40		3413.38	
		5386.21		4760.83
Less:				
Closing Stock - Semi-finished Goods	1732.46		1408.81	
Finished Goods	4501.04		3977.40	
		6233.50		5386.21
<b>Total</b>		<b>(847.29)</b>		<b>(625.38)</b>

<b>Schedule – 16 MATERIALS CONSUMED</b>				
Opening Stock		6766.26		6766.51
Add: Purchases		62315.16		52073.05
		69081.42		58839.56
Less: Closing Stock		7648.15		6766.26
<b>Total</b>		<b>61433.27</b>		<b>52073.30</b>

<b>Schedule – 17 COST OF TRADED GOODS SOLD</b>				
Opening Stock		3893.50		3252.52
Add: Purchases		55941.83		38287.73
		59835.33		41540.25
Less: Closing Stock		5334.80		3893.50
<b>Total</b>		<b>54500.53</b>		<b>37646.75</b>



**MIRC ELECTRONICS LIMITED • Schedules forming part of the Profit and Loss Account for the year ended**

(Rupees in Lacs)

	31st March, 2007		31st March, 2006	
<b>Schedule – 18 PERSONNEL EXPENSES</b>				
Salaries, Wages and Bonus		5461.18		4490.45
Contribution to Provident Fund and Gratuity		416.68		452.32
Staff Welfare Expenses		1062.94		1051.15
<b>Total</b>		<b>6940.80</b>		<b>5993.92</b>

<b>Schedule – 19 FINANCIAL EXPENSES</b>				
Interest - Fixed Loans		1199.01		1029.69
- Others		829.01		735.24
<b>Total</b>		<b>2028.02</b>		<b>1764.93</b>

<b>Schedule – 20 OTHER EXPENSES</b>				
Power and Fuel		719.06		597.87
Rent		484.49		373.23
Rates and Taxes		473.06		518.51
Repairs to:				
- Plant and Machinery		229.17		282.03
- Building		68.24		26.80
- Others		483.08		383.25
Insurance Charges		127.63		100.38
Freight and Forwarding Expenses		5855.37		4546.80
Advertisement		6821.83		6682.80
Sales Commission		305.81		169.54
Service Charges		1501.94		759.83
Travelling & Conveyance		1376.08		1122.54
Loss on Sale of Assets		11.12		13.32
Bad debts written off	303.71		439.10	
Less: Provision for Doubtful Debts	(268.38)		(107.10)	
		35.33		332.00
Provision for Diminution in value of investment		6.35		–
Miscellaneous Expenses (Refer Note 10 of Schedule 21)		2127.35		2422.48
<b>Total</b>		<b>20625.91</b>		<b>18331.38</b>

## 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 and recognises income and expenditure on accrual basis except in case of i) Export Benefits / Government grants (ii) Refund of Sales Tax / Excise Duty.

## 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 and 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 obsolete, to reduce the value to estimated realisable value.

Forward cover premium capitalised is depreciated over the remaining useful life of the relevant assets. Capital items costing less than Rs. 0.01 have been charged to Profit and 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 recognised 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 discounted 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 and 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 future taxable profits to utilise them.

## f) Inventories

Maintenance 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 Account at the time of purchase itself.

**h) Revenue Recognition**

**i) Sales and Related Income :**

Sales are recognised on despatch and are recorded net of trade discount, rebates, sales tax but includes 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 forward exchange contracts to hedge the liabilities / assets 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) Monetary assets and liabilities at the rates prevailing on the balance sheet date.**

**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 and 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 and 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 their actuarial valuation.

2. 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) is credited to the respective expense / income heads in the Profit and Loss Account. The net amount of this difference and amortisation aggregates to Rs. 289.90 (previous year debit Rs. 550.95)

(Rupees in Lacs)

## 3. Contingent Liabilities

Particulars	31st March, 2007		31st March, 2006	
a) Acceptance on behalf of third parties		–		1216.05
b) Guarantees given to Bank against which Rs.Nil (previous year Rs.Nil) has been deposited as margin money		81.51		76.23
c) Guarantees given to bank on behalf of subsidiary companies Akasaka Electronics Limited		1320.00		1320.00
Imercius Technologies (India) Limited		–		210.00
d) Income tax demands in respect of which appeals have been filed		2086.58		1678.24
e) Excise and Custom Duty in respect of which appeals have been filed		161.85		118.04
f) Claims made against the Company not acknowledged as debts		2348.19		1766.11

4. Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances)		248.50		474.70
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5. I) The company has opted for an early adoption of the revised Accounting Standard (AS-15) "Employee Benefits" wef 1.4.2006. The liability as on 1.4.2006 and the charge for the period are worked out as per the provision of revised standard. The additional liability at the beginning of the year as on 1.4.2006 of Rs. 116.89 lacs has been adjusted from the opening revenue reserve as per the transitional provision of the standard. On account of the revised AS 15, profit before tax for the year is lower by Rs.147 lacs.

## II) Employee benefits

- a) Description of the Plan :

Gratuity -

Company has covered its gratuity liability by a Group Gratuity Policy named 'Employee Group Gratuity Assurance Scheme' issued by LIC of India. Under the plan, employee at retirement is eligible for benefit which will be equal to 15 days salary for each completed year of service. In other words, the policy is a defined benefit plan. Accordingly, the aforesaid insurance policy is the plan asset.

Leave encashment -

The leave encashment benefit scheme is a defined benefit plan and is wholly unfunded. Hence, there are no plan assets attributable to the obligation.

- b) Principal actuarial assumptions

Particulars	Gratuity		Leave Encashment	
Discount rate Previous year		7.50%		7.50%
Discount rate Current year		8.00%		8.00%
Rate of Return on Plan Assets Previous year		7.50%		–
Rate of Return on Plan Assets Current year		8.00%		–
Salary Escalation Previous Year		5.00%		5.00%
Salary Escalation Current year		5.00%		5.00%

## c) Reconciliation of Benefit Obligation

(Rupees in Lacs)

Particulars	Gratuity	Leave Encashment
Liability at the beginning of the year	250.68	114.20
Interest cost	20.90	8.56
Current Service Cost	27.96	11.99
Benefit Paid	(52.01)	(57.16)
Actuarial (Gain) / Loss on Obligations	175.65	79.50
Liability at the end of the year	423.18	–
Fair Value of Plan Assets at the end of the year	339.66	–
Amount recognised and disclosed under the head “Provisions for Employee Benefits”	(171.43)	–
Liability at the end of the year recognised and disclosed under the head “Provisions for Employee Benefits”	–	157.09

## d) Reconciliation of Fair value of Plan Assets

Particulars	Gratuity
Fair Value of Plan Assets at the beginning of the year	221.79
Expected Return on Plan Assets	16.63
Contributions	149.03
Benefit Paid	(52.01)
Actuarial (Gain) / Loss on Obligations	4.21
Fair Value of Plan Assets at the end of the year	339.66
Total Actuarial Gain / (Loss) recognised	(171.43)

## e) Return on Plan Assets

Particulars	Gratuity
Expected Return on Plan Assets	16.63
Actuarial Gain / (Loss) on Plan Assets	4.22
Actual Return on Plan Assets	20.85

## f) Expenses recognised in the Profit and Loss Account under the head Personnel Expenses

Particulars	Gratuity	Leave Encashment
Current Service Cost	27.96	11.99
Interest Cost	20.89	8.56
Expected Return on Plan Assets	(16.63)	–
Net Actuarial (Gain) / Loss recognised	171.43	79.50
Expenses recognised in Profit and Loss Account	203.65	100.05

6. Personnel Expenses, Depreciation and Other Expenses include Rs.333.43 (previous year Rs.311.82), Rs.31.70 (previous year Rs. 36.42) and Rs.183.50 (previous year Rs.80.06) respectively in respect of Research and Development Expenditure.

(Rupees in Lacs)

7. a) Balances of Sundry Debtors, Creditors, Loans and Advances and Deposits are subject to confirmation and reconciliation.  
 b) There are no Small Scale undertakings to whom amounts are outstanding for more than thirty days as per the management of the Company on which the auditors have relied.  
 c) There is no amount due and outstanding, as at 31st March, 2007 to be credited to Investor Education and Protection Fund.
8. The Board of Directors and Shareholders of Akasaka Electronics Limited (AEL) has approved the amalgamation of the Company into Imercius Technologies (India) Limited (ITIL) with effect from 1.4.2006. Pending approval of the scheme of amalgamation by the High Court, no effect has been given to the merger in these financial statements. The Company has an investment of Rs. 2165 lacs in ITIL and Rs. 423 lacs in AEL. The merged Company will have positive net worth and will have profitable business and hence no provision for the diminution has been made against the investment in ITIL.

#### 9. Loans and Advances

Particulars	31st March, 2007		31st March, 2006	
Include loans and advances given to :				
a) Subsidiary Company Advances				
i) Akasaka Electronics Limited (excluding capital advances)		—		—
Maximum amount outstanding during the year Rs.Nil (previous year Rs.9.58)				
ii) Imercius Technologies (India) Limited		64.60		484.75
Maximum amount outstanding during the year Rs.631.10 (Previous year Rs.484.75)				

#### 10. Miscellaneous Expenses charged to Profit and Loss Account includes

Particulars	2006-07		2005-06	
Remuneration to Auditors (excluding Service Tax) :				
a) Audit fees		17.00		17.00
b) Other Services (Certification, Tax Audit etc.)		5.75		4.75
c) Out of pocket expenses		0.56		0.50
<b>Total</b>		<b>23.31</b>		<b>22.25</b>

#### 11. Payments to Directors

Particulars	2006-07		2005-06	
Remuneration to Directors				
a) Salaries		145.92		130.56
b) Commission to Managing and Wholetime Director		113.40		117.90
Commission to Non Executive Director		8.00		8.03
c) Contribution to Provident Fund and other funds		24.62		22.03
d) Other Perquisites		2.06		1.91
<b>Total</b>		<b>294.00</b>		<b>280.43</b>



## MIRC ELECTRONICS LIMITED • Notes forming part of Accounts

Computation of Net Profit in accordance with Section 309(5) of the Companies Act, 1956

(Rupees in Lacs)

Particulars	2006-07	2005-06
<b>Profit before taxes as per Profit and Loss A/c.</b>	<b>5141.59</b>	<b>5061.15</b>
<b>Add:</b>		
Managerial Remuneration	172.60	154.49
Commission to Managing and wholetime Director	113.40	117.90
Loss on sale of Fixed Assets u/s 350	11.12	13.32
Compensation on voluntary retirement	–	11.26
Provision - Others	222.04	555.85
Decrease in value of investment	6.35	–
Commision to Non-Executive directors	8.00	8.03
	<b>533.51</b>	<b>860.85</b>
<b>Less:</b>		
Profit on sale of Fixed Assets	0.48	0.42
Increase in value of investment	–	25.90
Profit on sale of Investment	4.12	–
	<b>4.60</b>	<b>26.32</b>
<b>Net Profit as per Sec.309 (5)</b>	<b>5670.50</b>	<b>5895.68</b>
Commission payable to		
Managing Director @1% of Net profit as per Sec.309(5)	56.70	58.95
Whole time Director @1% of Net profit as per Sec.309(5)	56.70	58.95
Non Executive Directors	8.00	8.03

### 12. Material Consumed

Sr. No.	Particulars	Quantity (Nos)	2006-07	Quantity (Nos)	2005-06
a)	Picture Tubes for Colour Televisions	1094538	18981.25	1033998	20332.80
b)	Imported Components and Parts for Colour Televisions etc.		20958.47		15166.95
c)	Others		21493.55		16573.55
	<b>Total</b>		<b>61433.27</b>		<b>52073.30</b>

### 13. Value of Material Consumed

Sr. No.	Particulars	%	2006-07	%	2005-06
a)	Imported	54	33465.98	48	27806.60
b)	Indigenous	46	27967.29	52	24266.70
	<b>Total</b>	<b>100</b>	<b>61433.27</b>	<b>100</b>	<b>52073.30</b>

### 14. Value of Imports (On C.I.F. basis)

Sr. No.	Particulars	2006-07	2005-06
a)	Raw Materials (Incl.In Transit)	32048.78	20944.92
b)	Capital Goods	590.91	702.67

### 15. Earnings in Foreign Currency on account of

Sr. No.	Particulars	2006-07	2005-06
a)	Exports (At FOB Value)	2722.47	4983.57

## 16. Expenditure in Foreign Currency on account of (On payment basis)

Particulars	2006-07	2005-06
i) Royalty	73.82	63.88
ii) Professional Fees	47.97	64.89
iii) Financial Expenses	7.23	7.04
iv) Personal Expenses	193.68	167.53
v) Freight and Forwarding	737.74	538.89
vi) Travelling and Conveyance	93.02	90.33
vii) Advertisement	105.08	84.02
viii) Others	151.79	224.22

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

18. Following are the details of forward exchange contracts outstanding on the balance sheet date which are entered to hedge foreign exchange exposures of the Company.

Sr. No.	Hedged Items	Currency	Amount in foreign currency	Forward Exchange Rate per unit of foreign currency	Amount
1.	Acceptances	USD	201.96	44.85	9057.68
2.	Secured Loans	USD	66.75	45.34	3026.28
	<b>Total</b>		<b>268.72</b>		<b>12083.95</b>

19. a. Provision for Taxation comprises of current tax Rs.1590.32 and deferred tax Rs.14.31. The current tax includes wealth tax of Rs.1.82, interest on advance tax short paid Rs.6.88 and short provision of earlier years Rs.34.44

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

Sr. No.	Nature of expenses / income	31st March, 2007	31st March, 2006
	<b>Deferred Tax Liabilities</b>		
1.	Related to Fixed Assets	2441.40	2514.20
2.	Related to Others	248.81	129.01
	<b>Total (A)</b>	<b>2690.21</b>	<b>2643.21</b>
	<b>Less : Deferred Tax Assets</b>		
1.	Disallowance under section 43B of Income Tax Act 1961	325.46	325.46
2.	Provision for doubtful Debts	300.22	287.68
3.	Related to Leave Encashment	109.04	72.07
4.	Related to Arrears of Salary	—	16.82
	<b>Total (B)</b>	<b>734.72</b>	<b>702.03</b>
	<b>Net Liability (A) - (B)</b>	<b>1955.49</b>	<b>1941.18</b>



(Rupees in Lacs)

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

	31st March, 2007	31st March, 2006
PAT	3411.52	3279.25
Number of shares as on 31.03.2007	141999584	141999584
Basic / Diluted Earnings Per Share	2.40	2.31

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 Qty (Nos.)	Sales		Closing Stock	
				Qty (Nos.)	Value (Rs.lacs)		Qty (Nos.)	Value (Rs.lacs)	Qty (Nos.)	Value (Rs.lacs)
1.	Televisions	2300000 (2300000)	3000000 (3000000)	41316 (42163)	3013.39 (2739.01)	851975 (914486)	853111 (915333)	59713.31 (68864.90)	40180 (41316)	2619.83 (3013.39)
2.	Washing Machines	780000 (780000)	380000 (380000)	7111 (16763)	344.78 (390.93)	108956 (78356)	110478 (88008)	4950.82 (4175.82)	5589 (7111)	312.11 (344.78)
3.	Air-Conditioners	300000 (300000)	100000 (100000)	5502 (1401)	611.00 (199.83)	45934 (21181)	40368 (17080)	5981.58 (2647.49)	11068 (5502)	1553.72 (611.00)
4.	TV Components, Spares & Others	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)	– (2.92)	N.A. (N.A.)	N.A. (N.A.)	22468.10 (10683.93)	N.A. (N.A.)	– (–)
5.	Electronic Tuners	3720000 (3720000)	3720000 (3720000)	14911 (119909)	8.23 (80.69)	1422482 (2094464)	1400637 (2199462)	910.90 (969.02)	36756 (14911)	15.38 (8.23)
	<b>Total A</b>				<b>3977.40 (3413.38)</b>			<b>94024.71 (87341.16)</b>		<b>4501.04 (3977.40)</b>

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, internal transfer, 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) Set top box 10,00,000 Nos. d) CD/VCD/DVD players - 12,50,000 Nos. e) Tape Recorder 6,00,000 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.

(Rupees in Lacs)

## 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	30395 (34865)	1554.34 (1436.62)	670096 (401706)	30179.60 (19077.86)	668820 (406176)	38284.05 (22397.47)	31671 (30395)	1609.77 (1554.34)
2.	Washing Machines	3287 (6780)	134.39 (238.13)	53803 (28069)	1856.07 (1191.35)	51896 (31562)	2863.11 (1603.23)	5194 (3287)	270.86 (134.39)
3.	Air Conditioners	10762 (2707)	1145.28 (378.48)	75226 (49060)	8334.14 (5975.11)	72773 (41005)	11135.37 (6801.86)	13215 (10762)	1551.96 (1145.28)
4.	DVD	41518 (48669)	557.97 (935.44)	674688 (525672)	11206.21 (9344.65)	651271 (532823)	14628.36 (13501.58)	64935 (41518)	1156.50 (557.97)
5.	Microwave Ovens	7406 (2491)	269.04 (73.98)	64348 (36835)	2051.36 (1168.16)	58275 (31920)	2825.20 (1471.12)	13479 (7406)	444.70 (269.04)
6.	Service / Others	N.A. (N.A.)	232.48 (189.87)	N.A. (N.A.)	2314.45 (1530.60)	N.A. (N.A.)	1338.62 (1204.63)	N.A. (N.A.)	301.01 (232.48)
	<b>Total B</b>		<b>3893.50</b> <b>(3252.52)</b>		<b>55941.83</b> <b>(38287.73)</b>		<b>71074.71</b> <b>(46979.89)</b>		<b>5334.80</b> <b>(3893.50)</b>
	<b>Total A + B</b>		<b>7870.90</b> <b>(6665.90)</b>		<b>55941.83</b> <b>(38287.73)</b>		<b>165099.42</b> <b>(134321.05)</b>		<b>9835.84</b> <b>(7870.90)</b>

- Figures in brackets are in respect of previous year.
- The purchase cost of spares used in services has been included in 'Cost of Raw Material Consumed' Schedule.
- VCD is included in others being insignificant in nature.

## 22. Related party Disclosure

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

## a) Ordinary course of business

Particulars	Holding Company	Subsidiaries	Key management Personnel	Relatives of key management personnel	Enterprise over which any person described in (3) & (4) is able to exercise significant influence
	(1)	(2)	(3)	(4)	(5)
<b>Transactions during 1.4.06-31.03.07</b>					
Purchase of goods, services, spares and fixed assets					
Akasaka Electronics Limited	—	1137.17	—	—	—
Iwai Electronics Pvt.Limited	—	—	—	—	900.26
Sale of goods, fixed assets, spares and services					
Akasaka Electronics Limited	—	5.55	—	—	—
Iwai Electronics Pvt. Limited	—	—	—	—	4.88
Adino Telecom Limited	—	—	—	—	0.75



**MIRC ELECTRONICS LIMITED • Notes forming part of Accounts**

(Rupees in Lacs)

Particulars	Holding Company	Subsidiaries	Key management Personnel	Relatives of key management personnel	Enterprise over which any person described in (3) & (4) is able to exercise significant influence
	(1)	(2)	(3)	(4)	(5)
<b>Transactions during 1.4.06-31.03.07</b>					
Inter Corporate Deposits given					
Imercius Technologies (India) Limited	–	172.85	–	–	–
Inter Corporate Deposits given repaid					
Imercius Technologies (India) Limited	–	593.00	–	–	–
Adino Telecom Limited	–	–	–	–	25.00
Inter Corporate Deposits taken					
Guviso Holdings Pvt. Limited	1025.00	–	–	–	–
Inter Corporate Deposits repaid					
Guviso Holdings Pvt. Limited	1547.50	–	–	–	–
Interest paid					
Inter Corporate Deposits / loans					
Guviso Holdings Pvt. Limited	33.61	–	–	–	–
Interest due & received on					
Inter Corporate Deposits / loans / advances					
Iwai Electronics Pvt. Limited	–	–	–	–	6.00
Adino Telecom Limited	–	–	–	–	1.00
Acceptances made on behalf					
Adino Telecom Limited	–	–	–	–	105.20
Rent paid					
G.L.Mirchandani	–	–	4.93	–	–
Gita Mirchandani	–	–	–	23.35	–
Marissa Mansukhani	–	–	–	2.01	–
Akshay Mansukhani	–	–	–	0.35	–
Ayesha Mansukhani	–	–	–	0.35	–
G.L.Mirchandani (HUF)	–	–	–	12.52	–
V.J.Mansukhani (HUF)	–	–	–	1.04	–
Rent received					
Adino Telecom Limited	–	–	–	–	2.61
Remuneration					
Managerial Remuneration	–	–	286.01	–	–
(Refer Note 11 of Schedule 21)					
Kaval Mirchandani	–	–	–	19.00	–
Sasha Mirchandani	–	–	–	19.79	–
Investment					
Imercius Technologies (India) Limited	–	500.00	–	–	–

(Rupees in Lacs)

Particulars	Holding Company	Subsidiaries	Key management Personnel	Relatives of key management personnel	Enterprise over which any person described in (3) & (4) is able to exercise significant influence
	(1)	(2)	(3)	(4)	(5)
<b>Closing balance as at 31st March, 2007</b>					
<b>Receivable</b>					
Inter Corporate Deposits					
Imercius Technologies (India) Limited	–	64.60	–	–	–
Adino Telecom Limited	–	(484.75)	–	–	–
	–	–	–	–	(25.00)
Rent deposits					
G.L.Mirchandani	–	–	17.65	–	–
Gita Mirchandani	–	–	(17.65)	–	–
Marissa Mansukhani	–	–	–	80.56	–
Akshay Mansukhani	–	–	–	(80.56)	–
Ayesha Mansukhani	–	–	–	4.02	–
G.L.Mirchandani (HUF)	–	–	–	(4.02)	–
V.J.Mansukhani (HUF)	–	–	–	0.71	–
	–	–	–	(0.71)	–
	–	–	–	0.71	–
	–	–	–	(0.71)	–
	–	–	–	46.04	–
	–	–	–	(46.04)	–
	–	–	–	2.08	–
	–	–	–	(2.08)	–
Advances					
Iwai Electronics Pvt.Limited	–	–	–	–	–
	–	–	–	–	(37.42)
Others					
Adino Telecom Limited	–	–	–	–	–
	–	–	–	–	(4.11)
<b>Payable</b>					
Inter Corporate Deposits					
Guviso Holdings Pvt. Limited	552.00	–	–	–	–
	(1074.50)	–	–	–	–
Creditors					
Akasaka Electronics Limited	–	59.95	–	–	–
Iwai Electronics Pvt. Limited	–	(11.20)	–	–	–
	–	–	–	–	6.41
Others					
Guviso Holdings Pvt. Limited	–	–	–	–	–
	(4.82)	–	–	–	–



**Names of related parties & description of relationship**

1. Holding Company	Guviso Holdings Pvt. Limited
2. Subsidiaries	Akasaka Electronics Limited Imercius Technologies (India) Limited
3. Key Management Personnel	Mr.G.L.Mirchandani (Chairman & Managing Director of Mirc Electronics Limited) Mr.V.J.Mansukhani (Whole time Director of Mirc Electronics Limited)
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 significant influence	Iwai Electronics Pvt. Limited Adino Telecom Limited

## 23. Balance Sheet Abstract and Company's General business Profile

(Rupees in Lacs)

## I. Registration Details

Registration No. (CIN) L32300MH1981PLC023637

Balance Sheet Date 

3	1
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0	3
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2	0	0	7
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Date                      Month                      Year

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

Public Issue <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L	Rights Issue <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L
					N	I	L										
					N	I	L										
Bonus Issue <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L	Private Placement <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L
					N	I	L										
					N	I	L										

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

Total Liabilities <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td>4</td><td>1</td><td>7</td><td>7</td><td>1</td><td>2</td><td>4</td></tr></table>		4	1	7	7	1	2	4	Total Assets <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td>4</td><td>1</td><td>7</td><td>7</td><td>1</td><td>2</td><td>4</td></tr></table>		4	1	7	7	1	2	4
	4	1	7	7	1	2	4										
	4	1	7	7	1	2	4										

## Sources of Funds

Paid-up Capital <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td></td><td>1</td><td>4</td><td>1</td><td>9</td><td>3</td><td>5</td></tr></table>			1	4	1	9	3	5	Reserves & Surplus <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td>2</td><td>2</td><td>2</td><td>0</td><td>7</td><td>9</td><td>4</td></tr></table>		2	2	2	0	7	9	4
		1	4	1	9	3	5										
	2	2	2	0	7	9	4										
Secured Loans <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td>1</td><td>1</td><td>6</td><td>3</td><td>6</td><td>4</td><td>6</td></tr></table>		1	1	6	3	6	4	6	Unsecured Loans <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td></td><td>4</td><td>5</td><td>5</td><td>2</td><td>0</td><td>0</td></tr></table>			4	5	5	2	0	0
	1	1	6	3	6	4	6										
		4	5	5	2	0	0										
Deferred Tax Liability (Net) <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td></td><td>1</td><td>9</td><td>5</td><td>5</td><td>4</td><td>9</td></tr></table>			1	9	5	5	4	9									
		1	9	5	5	4	9										

## Application of Funds

Net Fixed Assets <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td>2</td><td>0</td><td>6</td><td>1</td><td>7</td><td>9</td><td>4</td></tr></table>		2	0	6	1	7	9	4	Investments <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td></td><td>2</td><td>5</td><td>9</td><td>9</td><td>7</td><td>7</td></tr></table>			2	5	9	9	7	7
	2	0	6	1	7	9	4										
		2	5	9	9	7	7										
Net Current Assets <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td>1</td><td>8</td><td>5</td><td>5</td><td>3</td><td>5</td><td>3</td></tr></table>		1	8	5	5	3	5	3	Accumulated Losses <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L
	1	8	5	5	3	5	3										
					N	I	L										

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

Gross Revenue <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>1</td><td>5</td><td>1</td><td>7</td><td>9</td><td>6</td><td>7</td><td>6</td></tr></table>	1	5	1	7	9	6	7	6	Total Expenditure <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>1</td><td>4</td><td>6</td><td>6</td><td>5</td><td>5</td><td>1</td><td>7</td></tr></table>	1	4	6	6	5	5	1	7
1	5	1	7	9	6	7	6										
1	4	6	6	5	5	1	7										
Profit/Loss Before Tax <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td></td><td>5</td><td>1</td><td>4</td><td>1</td><td>5</td><td>9</td></tr></table>			5	1	4	1	5	9	Profit/Loss After Tax <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td></td><td>3</td><td>4</td><td>1</td><td>1</td><td>5</td><td>2</td></tr></table>			3	4	1	1	5	2
		5	1	4	1	5	9										
		3	4	1	1	5	2										
Earnings Per Share in Rs. <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td></td><td></td><td></td><td>2</td><td>.</td><td>4</td><td>0</td></tr></table>					2	.	4	0	Dividend Rate% <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td>7</td><td>5</td></tr></table>							7	5
				2	.	4	0										
						7	5										

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

Item Code No. (ITC Code) Product Description

<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>8</td><td>5</td><td>2</td><td>8</td></tr></table>	8	5	2	8	COLOUR TELEVISION RECEIVERS
8	5	2	8		
<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>8</td><td>4</td><td>1</td><td>5</td></tr></table>	8	4	1	5	AIR CONDITIONERS
8	4	1	5		
<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>8</td><td>5</td><td>2</td><td>1</td></tr></table>	8	5	2	1	DVD PLAYERS
8	5	2	1		

24. Previous year's figures have been rearranged and regrouped wherever necessary.

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

As per our report attached.

For N. M. Raiji & Co.  
Chartered AccountantsJ. M. Gandhi  
PartnerSatrajit Ray  
Chief Financial OfficerAnoop Pillai  
Company Secretary & Head LegalFor and on behalf of the  
BOARD OF DIRECTORSG. L. Mirchandani  
Chairman & Managing DirectorV. J. Mansukhani  
Managing Director

Mumbai, May 8, 2007



# MIRC ELECTRONICS LIMITED • Cash Flow Statement for the year ended

(Rupees in Lacs)

	31st March, 2007		31st March, 2006	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before tax & Extraordinary Item		5141.59		5061.15
Adjustments for				
Depreciation	1973.93		2250.43	
Unrealised Foreign Exchange Fluctuations	37.58		(64.98)	
(Increase)/Diminution in value of Investments	6.35		(25.91)	
Interest	2028.02		1764.92	
Interest Income	(30.91)		(9.45)	
Dividend Income	(16.50)		(53.16)	
(Profit)/Loss on Sale of Fixed Assets (Net)	10.64		12.90	
(Profit) on Sale of Investments (Net)	(4.12)		—	
		4004.99		3874.75
<b>Operating Profit before Working Capital changes</b>		<b>9146.58</b>		<b>8935.90</b>
Adjustments for				
Trade and Other receivables	(2767.02)		(1313.22)	
Inventories	(5546.45)		(1063.29)	
Trade Payables	5254.26		4875.74	
		(3059.21)		2499.23
<b>Cash Generated from Operations</b>		<b>6087.37</b>		<b>11435.13</b>
Direct Taxes (Paid)/Refund Received including FBT		(1753.63)		(999.32)
<b>Net Cash used in investing Activities.....(A)</b>		<b>4333.74</b>		<b>10435.81</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Payment for Purchase of Fixed Assets		(1895.37)		(2235.21)
Purchase of Investments		(11.55)		—
Proceeds from Sale of Fixed Assets		9.27		31.77
Proceeds from Sale of Investments		23.08		—
Movement in Loans		(53.25)		(508.27)
Interest Received		31.24		18.18
Dividend Received		16.50		53.16
<b>Net Cash used in investing Activities.....(B)</b>		<b>(1880.08)</b>		<b>(2640.37)</b>

(Rupees in Lacs)

	31st March, 2007	31st March, 2006
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Movement in Term Loans	1793.56	(3940.65)
Movement in Short Term Loans	(2271.81)	422.51
Interest Paid	(2058.75)	(1735.40)
Dividends paid	(1913.37)	(949.91)
<b>Net cash used in financing Activities....(C)</b>	<b>(4450.37)</b>	<b>(6203.45)</b>
<b>Net Increase / (Decrease) in cash and cash equivalents</b>	<b>(1996.71)</b>	<b>1591.99</b>
Cash and cash equivalents as at 01.04.2006 (Opening Balance)	3672.42	2080.43
Cash and cash equivalents as at 31.03.2007 (Closing Balance)	1675.71	3672.42

As per our report attached.

For **N. M. Raiji & Co.**  
Chartered Accountants**J. M. Gandhi**  
Partner**Satrajit Ray**  
Chief Financial Officer**Anoop Pillai**  
Company Secretary & Head LegalFor and on behalf of the  
**BOARD OF DIRECTORS****G. L. Mirchandani**  
Chairman & Managing Director**V. J. Mansukhani**  
Managing Director

Mumbai, May 8, 2007



## MIRC ELECTRONICS LIMITED • Section 212

### Statement Pursuant to Section 212 of the Companies Act 1956, relating to Subsidiary Companies

(Rupees in Lacs)

1. Name of the Subsidiary	Akasaka Electronics Limited	Imercius Technologies (India) Limited
2. Financial Year of the Subsidiary ended on	31st March, 2007	31st March, 2007
3. Share of the Subsidiary held by the Company on the above date :		
(a) Number and Face Vale	42,30,000 Rs.10/-	2,10,00,000 Rs.10/-
(b) Extend of holding	83.80%	100%
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 31st March, 2007	—	—
(b) Not dealt with in the accounts of the Company for the year ended 31st March, 2007	236.06	(139.46)
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 31st March, 2007	—	—
(b) Not dealt with in the accounts of the Company for the year ended 31st March, 2007	403.11	(1,682.46)
<b>Statement regarding Subsidiary Companies as on 31st March, 2007</b>		
(a) Issued & Subscribed Share Capital	504.79	2100.00
(b) Reserves	861.96	(1821.91)
(c) Total Assets	2306.48	356.56
(d) Total Liabilities	939.73	78.46
(e) Investments	—	—
(f) Turnover	2694.51	93.01
(g) Profit Before Taxation	224.25	(139.45)
(h) Provision for Tax	(57.44)	(0.01)
(I) Profit After Taxation	281.69	(139.46)
(j) Proposed Dividend	—	—

## 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 Subsidiary (together 'Group') as at March 31, 2007, 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.
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 statements 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 statements of manufacturing division of the subsidiary company. 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 subsidiary 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 statements 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 March 31, 2007;
  - (b) in the case of Consolidated Profit and Loss Account, of the consolidated profits of the Group for the year ended on that date; and
  - (c) In the case of Consolidated Cash Flow Statement, of the consolidated cash flows of the Group for the year ended on that date.

For N. M. Raiji & Co.  
Chartered Accountants



J. M. Gandhi  
Partner

Mumbai, August 23, 2007

Membership No: 37924



# **MIRC ELECTRONICS LIMITED • Consolidated Balance Sheet** As at

(Rupees in Lacs)

Schedule	31st March, 2007		31st March, 2006	
SOURCES OF FUNDS				
Shareholders Funds				
Capital	1	1419.35		1419.35
Reserves and Surplus	2	21170.91		18901.53
			22590.26	20320.88
Loan Funds				
Secured Loans	3	11837.33		13894.91
Unsecured Loans	4	4552.00		3074.50
			16389.33	16969.41
Minority Interest			209.28	184.37
Deferred Tax Liability (Net) (Refer Note 12 of Schedule 22)			1955.49	2088.95
Total			41144.36	39563.61
APPLICATION OF FUNDS				
Fixed Assets	5			
Gross Block		37119.77		35323.83
Less: Depreciation		15272.40		13191.56
Net Block		21847.37		22132.27
Capital Work in Progress		12.88		43.30
			21860.25	22175.57
Investments	6		76.77	90.53
Current Assets, Loans and advances				
Inventories	7	23520.70		17811.45
Sundry Debtors	8	10762.33		11493.25
Cash and Bank Balances	9	1695.56		3699.85
Loans and Advances	10	7686.27		4390.99
		43664.86		37395.54
Less: Current Liabilities and Provisions				
Liabilities	11	24210.19		18596.89
Provisions	12	281.57		1569.61
		24491.76		20166.50
Net Current Assets			19173.10	17229.04
Miscellaneous Expenditure to the extent not Written off or adjusted	13		34.24	68.47
Total			41144.36	39563.61
Notes forming part of the Accounts	22			

As per our report attached.

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

**J. M. Gandhi**  
Partner

Mumbai, August 23, 2007

**Satrajit Ray**  
Chief Financial Officer

**Anoop Pillai**  
Company Secretary & Head Legal

For and on behalf of the  
**BOARD OF DIRECTORS**

**G. L. Mirchandani**  
Chairman & Managing Director

**V. J. Mansukhani**  
Managing Director

## MIRC ELECTRONICS LIMITED • Consolidated Profit and Loss Account For the year ended

(Rupees in Lacs)

Schedule	31st March, 2007	31st March, 2006
<b>INCOME</b>		
Sales and Related Income (Gross) 14	167206.92	135855.54
Less: Excise Duty on Sales	14182.99	12610.18
Sales and Related Income (Net)	153023.93	123245.36
Other Income 15	587.64	541.55
<b>Total</b>	<b>153611.57</b>	<b>123786.91</b>
<b>EXPENDITURE</b>		
Materials Consumed 17	62036.41	52410.62
Cost of Traded Goods Sold 18	54500.53	37646.75
Personnel Expenses 19	7275.39	6593.06
Depreciation 5	2265.48	2516.76
Financial Expenses 20	2068.48	1798.07
Other Expenses 21	21150.51	18941.07
	149296.80	119906.33
(Less)/Add:(Accretion) / Decretion in Stocks 16	(903.95)	(592.48)
<b>Total</b>	<b>148392.85</b>	<b>119313.85</b>
<b>PROFIT BEFORE TAX</b>	<b>5218.72</b>	<b>4473.06</b>
Provision for Taxation		
Fringe Benefit Tax	127.50	173.10
Current Tax (Including Wealth Tax)	1587.57	1102.62
Deferred Tax	(129.57)	545.12
<b>PROFIT AFTER TAX</b>	<b>3633.22</b>	<b>2652.22</b>
Less: Minority Interest	(27.59)	(8.28)
<b>PROFIT AFTER TAX FOR THE GROUP</b>	<b>3605.63</b>	<b>2643.94</b>
Surplus Brought Forward from previous year	10619.16	
Less : Adjustment on account of amalgamation (Refer Note 2(e) of Schedule 22)	(53.54)	
Less : Impact of Transitional Provision of AS 15 (Revised) (Refer Note 7 of Schedule 22)	(7.66)	
	10557.96	9599.59
<b>Total</b>	<b>14163.59</b>	<b>12243.53</b>
<b>APPROPRIATIONS</b>		
Interim Dividend	1065.00	–
Final Equity Dividend - Proposed	–	1065.00
Tax on dividend	149.37	149.37
Transfer to:		
General Reserve	427.00	410.00
Surplus carried to Balance Sheet	12522.22	10619.16
<b>Total</b>	<b>14163.59</b>	<b>12243.53</b>
Notes forming part of the Accounts 22		

As per our report attached.

For N. M. Raiji & Co.  
Chartered Accountants



J. M. Gandhi  
Partner



Satrajit Ray  
Chief Financial Officer



Anoop Pillai  
Company Secretary & Head Legal

For and on behalf of the  
BOARD OF DIRECTORS



G. L. Mirchandani  
Chairman & Managing Director



V. J. Mansukhani  
Managing Director

Mumbai, August 23, 2007



**MIRC ELECTRONICS LIMITED • Schedules forming part of the Consolidated Balance Sheet as at**

(Rupees in Lacs)

	31st March, 2007		31st March, 2006	
<b>Schedule – 1 SHARE CAPITAL</b>				
Authorised				
15,00,00,000 Equity Shares of Re.1/- each		1500.00		1500.00
(Previous year 15,00,00,000 Equity Shares 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				
14,19,99,584 Equity Shares of Re.1/- each fully paid up	1419.99		1419.99	
(Previous year 14,05,40,126 Equity Shares of Re.1/- each fully paid up)				
Less: Calls in arrears	0.64		0.64	
		1419.35		1419.35
Notes: Of the above				
• 7,48,96,575 (Previous year 7,48,96,575) Equity Shares are held by the Holding Company, Guviso Holdings Pvt. Limited.				
<b>Total</b>		<b>1419.35</b>		<b>1419.35</b>

<b>Schedule – 2 RESERVES AND SURPLUS</b>				
Capital Reserve		7.07		7.07
Capital Redemption Reserve		99.23		99.23
Capital Reserve on consolidation				
Opening Balance	326.26			
Add: Adjustment on account of Amalgamation (Refer Note 2(i) of Sch.22)	2.68			
Add: Adjustment on account of Amalgamation (Refer Note 2(e) of Sch.22)	100.96			
Less: Adjustment on account of Reduction in Capital (Refer Note 2(h) of Sch.22)	(207.54)			
		222.36		326.26
Capital Reserve on Amalgamation		207.54		–
Share Premium		1.39		1.39
General Reserve				
As per last Balance Sheet	7848.42		7438.42	
Less: Adjustment on account of amalgamation (Refer Note 2(e) of Schedule 22)	(47.42)		–	
Add: Transfer from Profit & Loss Account	427.00		410.00	
Less: Impact of Transitional Provision of AS 15 (Revised) (Refer Note 7 of Schedule 22)	(116.90)		–	
		8111.10		7848.42
Profit and Loss Account		12522.22		10619.16
<b>Total</b>		<b>21170.91</b>		<b>18901.53</b>

(Rupees in Lacs)

	31st March, 2007	31st March, 2006
<b>Schedule – 3 SECURED LOANS</b>		
From Banks		
Cash Credit	6110.18	–
Long Term Loan	2700.87	13894.91
Long Term Foreign Currency Loan	3026.28	–
<b>Total</b>	<b>11837.33</b>	<b>13894.91</b>

Of the above, Rs. 5126.27 (Previous year: Rs. 10001.95) is repayable within one year.

<b>Schedule – 4 UNSECURED LOANS</b>		
Short Term Loan From Banks	4000.00	2000.00
From Others - Intercompany Deposits	552.00	1074.50
<b>Total</b>	<b>4552.00</b>	<b>3074.50</b>

Of the above, Rs. 4552.00 (Previous year: Rs.2074.50) is repayable within one year.

<b>Schedule – 5 FIXED ASSETS</b>									
DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK
	As at 01.04.2006	Additions / Adjustments	Deletions/ Adjustments	As at 31.03.2007	Up to 01.04.2006	For the Year	Deletions/ Adjustments	Upto 31.03.2007	As on 31.03.2007
<b>INTANGIBLE ASSETS</b>									
R & D Software	32.94	12.17	–	45.11	15.20	4.56	–	19.76	25.35
	24.57	8.37	–	32.94	11.64	3.56	–	15.20	17.74
<b>TANGIBLE ASSETS</b>									
Leasehold land	747.61	23.17	–	770.78	66.82	13.23	–	80.05	690.73
	393.26	–	(354.35)	747.61	53.86	12.95	(0.01)	66.82	680.79
Freehold land	643.80	525.32	–	1169.12	–	–	–	–	1169.12
	992.05	6.10	354.35	643.80	0.01	–	0.01	–	643.80
Buildings	9249.28	171.33	–	9420.61	1319.99	298.59	–	1618.58	7802.03
	7837.66	1411.62	–	9249.28	1047.22	272.77	–	1319.99	7929.29
Plant and Machinery and Electrical Fittings	22420.25	1182.48	192.03	23410.70	10553.06	1813.00	154.30	12211.76	11198.95
	21019.08	1487.66	86.49	22420.25	8527.17	2094.75	68.86	10553.06	11867.19
Furniture, Fixtures and Equipment	1188.18	81.91	12.19	1257.90	656.67	79.58	9.27	726.98	530.92
	1163.10	35.70	10.62	1188.18	592.41	67.41	3.15	656.67	531.51
Motor Vehicles	330.44	–	32.04	298.40	155.53	29.39	18.83	166.09	132.31
	376.25	10.70	56.51	330.44	153.11	32.46	30.04	155.53	174.91
R & D - Building	157.08	–	–	157.08	59.03	5.25	–	64.28	92.80
	157.08	–	–	157.08	53.78	5.25	–	59.03	98.05
R & D - Plant and Machinery and Electrical Fittings	445.62	28.60	1.73	472.49	299.33	15.04	1.64	312.73	159.76
	425.94	20.08	0.40	445.62	277.25	22.09	0.01	299.33	146.29
R & D - Furniture, Fixture and Equipments	108.62	9.61	0.66	117.57	65.92	6.85	0.59	72.18	45.39
	108.62	–	–	108.62	60.40	5.52	–	65.92	42.70
<b>Total</b>	<b>35323.83</b>	<b>2034.59</b>	<b>238.65</b>	<b>37119.77</b>	<b>13191.56</b>	<b>2265.48</b>	<b>184.63</b>	<b>15272.40</b>	<b>21847.37</b>
	<b>32497.62</b>	<b>2980.23</b>	<b>154.02</b>	<b>35323.83</b>	<b>10776.86</b>	<b>2516.76</b>	<b>102.06</b>	<b>13191.56</b>	<b>22132.27</b>
Capital Work-in-progress									12.88
									43.30
<b>Total</b>									<b>21860.25</b>
									<b>22175.57</b>

**Note:** 1. The additions to fixed assets during the year includes foreign exchange loss of Rs.51.33 (Previous year loss of Rs.33.94)

2. Figures in italics are as on 31st March, 2006



**MIRC ELECTRONICS LIMITED • Schedules forming part of the Consolidated Balance Sheet as at**

(Rupees in Lacs)

	31st March, 2007		31st March, 2006	
<b>Schedule – 6 INVESTMENTS</b>				
Non-Trade Investments (in Equity Shares)		223.89		247.51
Non-Trade Investments (in Units)		–		4.88
		223.89		252.39
Less: Provision for diminution in the value of Investments		147.12		161.86
<b>Total</b>		<b>76.77</b>		<b>90.53</b>

**Notes :**

1) During the year following units were purchased and sold.	Units
ICICI Prudential Liquid - Super IP	2316298614.66
DSP Merrill Lynch Liquidity Fund	32441617.57
Kotak Liquid - Institutional Premium	22080290.47
HDFC Cash Management - Savings Plan	55051772.79
Principal Cash Management Fund - Inst Premium Plan	28198026.14
2) During the year 28,900 Units of UTI Mastergain 92 not transferred in the name of the Company has been written off.	

<b>Schedule – 7 INVENTORIES</b>				
Raw Materials including Packing Materials and Service Spares		7938.21		6945.49
Stores & Spares		326.27		156.40
Semi Finished Goods		1855.27		1465.81
Finished Goods : Manufactured		4560.31		4045.82
: Traded		5334.80		3893.50
Goods in transit		3505.84		1304.43
<b>Total</b>		<b>23520.70</b>		<b>17811.45</b>

<b>Schedule – 8 SUNDRY DEBTORS</b>				
Debts outstanding for a period exceeding six months		530.56		1519.36
Other Debts		10689.03		10699.53
		11219.59		12218.89
Less: Provision for Doubtful Debts		457.26		725.64
<b>Total</b>		<b>10762.33</b>		<b>11493.25</b>
Considered Good - Secured	108.34		121.06	
Considered Good - Unsecured	10653.99		11372.19	
Considered Doubtful - Unsecured	457.26		725.64	
	<b>11219.59</b>		<b>12218.89</b>	

(Rupees in Lacs)

	31st March, 2007		31st March, 2006	
<b>Schedule – 9 CASH AND BANK BALANCES</b>				
Cash on hand		11.60		26.21
Cheques on hand		10.94		0.44
Bank Remittances in Transit		1244.01		2161.24
Balances with Scheduled Banks:				
Current Accounts		401.88		189.51
Fixed Deposit Accounts		13.13		1317.06
Balances with Non - scheduled Banks:				
HSBC Bank Middle East - AED Current Account (Maximum amount outstanding during the year Rs.21.21; previous year Rs.25.60)		2.28		5.39
HSBC Bank Middle East - USD Call Deposit Account (Maximum amount outstanding during the year Rs.115.24; previous year Rs.137.64)		11.72		–
<b>Total</b>		<b>1695.56</b>		<b>3699.85</b>

<b>Schedule – 10 LOANS AND ADVANCES</b>				
(Refer Note 8 of Schedule 22)				
(Unsecured - considered good unless otherwise stated)				
Loans		231.01		126.85
Advances recoverable in cash or kind or for value to be received		6870.03		3425.20
Advance Income-tax (Net of Provisions)		–		173.64
Balance with Excise and Customs Authorities		585.23		665.30
<b>Total</b>		<b>7686.27</b>		<b>4390.99</b>

<b>Schedule – 11 CURRENT LIABILITIES</b>				
Acceptances		10073.02		8521.63
Sundry Creditors		3246.06		3744.27
Advances from Customers		523.68		615.88
Unclaimed Dividend		313.47		96.84
Other Liabilities		9651.01		5208.41
Interest accrued but not due on loans		120.66		151.40
Deposits from Dealers		282.29		258.46
<b>Total</b>		<b>24210.19</b>		<b>18596.89</b>

<b>Schedule – 12 PROVISIONS</b>				
Proposed Dividends		–		1065.00
Tax on Proposed Dividend		–		149.37
Provision for Income-tax (Net of Advances)		10.90		–
Provision for Retirement Benefits		270.67		355.24
<b>Total</b>		<b>281.57</b>		<b>1569.61</b>



**MIRC ELECTRONICS LIMITED • Schedules forming part of the Consolidated Balance Sheet as at**

*(Rupees in Lacs)*

	31st March, 2007		31st March, 2006	
<b>Schedule – 13 MISCELLANEOUS EXPENDITURE</b>				
(To the extent not written off or adjusted)				
Preliminary / Public Issue Expenses				
As per last Balance Sheet	1.99		2.99	
Less : Written off during the Year	1.00		1.00	
		0.99		1.99
Preoperative Expenses				
As per last Balance Sheet	66.48		99.71	
Less : Written off during the Year	33.23		33.23	
		33.25		66.48
<b>Total</b>		<b>34.24</b>		<b>68.47</b>

(Rupees in Lacs)

	31st March, 2007		31st March, 2006	
<b>Schedule – 14 SALES AND RELATED INCOME</b>				
Sales		167040.67		135405.16
Service Income		93.01		126.57
Export Benefit received		73.24		323.81
<b>Total</b>		<b>167206.92</b>		<b>135855.54</b>

<b>Schedule – 15 OTHER INCOME</b>				
Dividend Income		16.50		10.86
Interest Income		32.09		11.56
Profit on Sale of Assets		0.48		0.49
Profit on Sale of Investment		4.12		–
Writeback of Provision against Investments		–		25.91
Sales tax Refund		46.02		27.89
Interest on Income Tax Refund		61.59		90.22
Miscellaneous Income		416.64		342.50
Jobwork Receipts		–		21.95
Tooling Income		10.20		10.17
<b>Total</b>		<b>587.64</b>		<b>541.55</b>

<b>Schedule – 16 (ACCRETION) / DECRETION IN STOCKS</b>				
Opening Stock - Semi-finished Goods	1465.82		1442.65	
Finished Goods	4045.81		3476.50	
		5511.63		4919.15
Less:				
Closing Stock - Semi-finished Goods	1855.27		1465.81	
Finished Goods	4560.31		4045.82	
		6415.58		5511.63
<b>Total</b>		<b>(903.95)</b>		<b>(592.48)</b>

<b>Schedule – 17 MATERIALS CONSUMED</b>				
Opening Stock		6945.49		6977.72
Add : Purchases		63029.13		52378.39
		69974.62		59356.11
Less: Closing Stock		7938.21		6945.49
<b>Total</b>		<b>62036.41</b>		<b>52410.62</b>

<b>Schedule – 18 COST OF TRADED GOODS SOLD</b>				
Opening Stock		3893.50		3252.52
Add : Purchases		55941.83		38287.73
		59835.33		41540.25
Less: Closing Stock		5334.80		3893.50
<b>Total</b>		<b>54500.53</b>		<b>37646.75</b>



**MIRC ELECTRONICS LIMITED • Schedules forming part of the Consolidated Profit and Loss Account for the year ended**

(Rupees in Lacs)

	31st March, 2007		31st March, 2006	
<b>Schedule – 19 PERSONNEL EXPENSES</b>				
Salaries, Wages and Bonus		5758.45		5027.54
Contribution to Provident Fund and Gratuity		436.73		473.78
Staff Welfare Expenses		1080.21		1091.74
<b>Total</b>		<b>7275.39</b>		<b>6593.06</b>

<b>Schedule – 20 FINANCIAL EXPENSES</b>				
Interest				
- Fixed Loans		1202.93		1042.89
- Others		865.55		755.18
<b>Total</b>		<b>2068.48</b>		<b>1798.07</b>

<b>Schedule – 21 OTHER EXPENSES</b>				
Power and Fuel		875.18		709.27
Rent		512.87		436.41
Rates and Taxes		480.18		520.63
Repairs to:				
Plant and Machinery		271.73		299.53
Building		71.45		28.57
Others		497.87		403.63
Insurance Charges		135.32		107.36
Freight and Forwarding Expenses		5895.18		4573.23
Advertisement		6821.83		6682.80
Sales Commission		305.81		169.54
Service Charges		1501.94		759.83
Travelling & Conveyance		1390.57		1181.31
Miscellaneous Expenditure written off		34.23		34.23
Loss on Sale of Assets		11.12		13.07
Bad debts	304.77		439.10	
Provision for doubtful debts	(268.38)		(107.10)	
		36.39		332.00
Tooling expenses		20.78		11.74
Provision for diminution in value of assets held for disposal		33.11		–
Provision for Diminution in value of investment		6.35		–
Miscellaneous Expenses (Refer Note 9 of Schedule 22)		2248.60		2677.92
<b>Total</b>		<b>21150.51</b>		<b>18941.07</b>

## Schedule – 22 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY AND ITS SUBSIDIARY

## 1. SIGNIFICANT ACCOUNTING POLICIES

## i) Principles of consolidation:

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

- a) The financial statements of the company and its subsidiary company 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 statements of the subsidiary used in the consolidation are drawn upto the same reporting date as that of the parent company i.e. 31st March, 2007.
- c) The excess of the Company's portion of equity and reserve of the subsidiary 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 subsidiary is made; and
  - ii) the minorities' share of movements in equity since the date the parent subsidiary relationship came into existence.
- e) The subsidiary company considered in consolidated statement is:

Name of the Company	Percentage of Holding as on 31st march, 2007
Imercius Technologies (India) Limited	87.97

- f) The group holds 30 percent Equity shares of OFL Capital Corporation Limited The results of this entity are not consolidated as per Accounting Standard 'Accounting of Associates' (AS-23) considering write-off of investments made and loans given by erstwhile Onida Savak Limited 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.

Maintenance 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 subsidiary company Imercius Technologies (India) Limited, Semi finished goods of manufacturing division of an aggregate value of Rs.122.81 (previous Year Rs.57.01) 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 recognised 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 discounted 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.



#### v) Other Significant Accounting Policies

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

### 2. Scheme Of Amalgamation

- During the year one of the subsidiaries of the company, Akasaka Electronics Limited got amalgamated into another subsidiary of the company ie. Imercius Technologies (India) Limited, with the appointed date of April 01, 2006.
- As per the scheme, the undertaking of Akasaka Electronics Limited being all its assets and properties, both movable and immovable, industrial and other licenses, all other interests, rights and powers of every kind etc., and all its debts, liabilities including contingent liabilities, duties and obligations, has been transferred to and vested with the company with effect from April 01, 2006 (the appointed date).
- The amalgamation is accounted for under the Pooling interest method as per the provisions of AS-14 "Accounting for amalgamation" issued by the Institute of Chartered Accountants of India. Accordingly all the liabilities and assets of the transferor company is recorded in the books of the company at its book value as on the appointed date ie April 01, 2006. For the said transfer shareholders of Akasaka Electronics Limited are allotted six shares (of face value Rs.10 each) of the company against every five shares (of face value Rs.10 each) held by the shareholders of Akasaka Electronics Limited. Accordingly 60,57,480 number of shares of aggregate value of Rs. 605.75 lacs have been allotted to shareholders of Akasaka Electronics Limited.
- The summary of Assets and Liabilities acquired and equity shares allotted is given below.

Fixed Assets				1147.92
Current Assets				983.08
<b>Total Assets</b>				<b>2131.00</b>
Less : Loans				349.95
Deferred Tax Liability				147.77
Current liabilities and provisions				540.55
<b>Total Liabilities</b>				<b>1038.27</b>
<b>Net Assets transferred</b>				<b>1092.73</b>
<b>Less: Share capital of Akasaka Electronics Limited extinguished</b>				<b>504.79</b>
<b>Represented by Reserves and Profit and Loss account</b>				<b>587.94</b>
Capital Redemption Reserve		99.23		
General Reserve		47.42		
Profit & Loss Account		441.29		

Equity shares allotted in the ratio of 6 Equity Shares (of Re.10/- each) of Imercius Technologies (India) Limited for every 5 Equity Share of Akasaka Electronics Limited (of Rs.10/- each).				605.75
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- Against the share capital of Rs. 504.79 lacs of Akasaka Electronics Limited, the shares of nominal value Rs. 605.75 lacs of the company has been allotted to the shareholders of Akasaka Electronics Limited. The additional value of share capital issued to the extent of Rs. 100.96 lacs is adjusted from the Revenue reserve of Akasaka Electronics Limited as provided in the scheme. In the consolidated financial statements the said amount is adjusted in Capital Reserve on consolidation.

As per the provision of Accounting Standard - Accounting for Amalgamations (AS-14), the said difference of Rs. 100.96 lacs should have been adjusted against Reserves of the company. However this has been adjusted against General reserve and

(Rupees in Lacs)

- balance in the Profit & Loss to the extent of Rs. 47.42 lacs and Rs. 53.54 lacs respectively of the transferor company
- f. In terms of the scheme, the Equity shares issued on amalgamation by the company shall rank for the dividend, voting rights and in all respects pari-passu with the existing Equity shares of the company.
  - g. The title deed for leasehold land, buildings, licences, agreements, loan documents etc. of the erstwhile Akasaka Electronics Limited are in the process of being transferred.
  - h. The scheme of amalgamation approved by the High Court of Mumbai and the shareholders of the company provides for reduction of capital of Imercius Technologies (India) Limited by reduction of face value of Imercius Technologies (India) Limited shares from Rs.10 to Re.1. As per the provision in the scheme, the value of reduction is set off against the accumulated losses of Imercius Technologies (India) Limited as of April 01, 2006. The balance of Rs. 207.54 lacs after the said set off is credited to Capital reserve. In the consolidated financial statements the said amount is reduced from Capital Reserve on consolidation. The scheme also provides that the face value of Imercius Technologies (India) Limited shares after reduction of capital will get consolidated to Rs.10 per share, consequent to which the number of shares outstanding is reduced from 2,10,00,000 to 21,00,000.
  - i. Consequent to amalgamation 60,57,480 number of shares of Imercius Technologies (India) Limited has been allotted to the company against its holding of 50,47,900 number of shares in Akasaka Electronics Limited. The said allotment has been done subsequent to the Balance Sheet date. However, accounting effect of the same has been given in the current consolidated financial statements. In the amalgamated subsidiary, interest of the company now stands at 87.97 percent. On the basis of the revised holding of the company, minority interest is reduced by Rs.2.68 lacs and correspondingly Capital reserve on consolidation as on April 01, 2006 is increased by an equivalent amount.
3. The standalone accounts of Mirc Electronics Limited was approved by the Board of Directors on May 08, 2007. Subsequently, the pending amalgamation of Akasaka Electronics Limited with Imercius Technologies (India) Limited (both the subsidiaries of the Company) have been approved by Mumbai High Court by its order dated July 27, 2007. Consequent to this the merged accounts of Imercius Technologies (India) Limited and Akasaka Electronics Limited have been approved by the Board of Directors of Imercius Technologies (India) Limited on August 22, 2007. The consolidated accounts have been prepared taking into account the effect of Merger.
  4. 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.293.57 (previous year debited Rs. 553.22)

#### 5. Contingent Liabilities

Particulars	31st March, 2007		31st March, 2006	
i) Acceptance on behalf of third parties		—		1216.05
ii) Guarantees given to Bank against which Rs.Nil (previous year Rs.Nil) has been deposited as margin money		81.51		76.23
iii) Guarantees given to bank on behalf of subsidiary company		1320.00		1530.00
iv) Income tax demands in respect of which appeals have been filed		2086.58		1678.24
v) Excise & Custom Duty in respect of which appeals have been filed		184.65		140.84
vi) Claims made against the Company not acknowledged as debts		2348.19		1766.11

Particulars	31st March, 2007		31st March, 2006	
6. Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances)		248.65		489.51



## 7. Employee benefits

The company has opted for an early adoption of the revised Accounting Standard (AS-15) "Employee Benefits" w.e.f. April 1, 2006. The liability as on April 1, 2006 and the charge for the period are worked out as per the provisions of revised standard. The additional liability at the beginning of the year as on April 1, 2006 of Rs. 124.55 lacs has been adjusted from the opening revenue reserve as per the transitional provision of the standard.

### a) Description of the Plan :

Gratuity -

Company has covered its gratuity liability by a Group Gratuity Policy named 'Employee Group Gratuity Assurance Scheme' issued by LIC of India. Under the plan, employee at retirement is eligible for benefit which will be equal to 15 days salary for each completed year of service. In other words, the policy is a defined benefit plan. Accordingly, the aforesaid insurance policy is the plan asset.

Leave encashment -

The leave encashment benefit scheme is a defined benefit plan and is wholly unfunded. Hence, there are no plan assets attributable to the obligation.

### b) Principal actuarial assumptions

Particulars	Gratuity	Leave Encashment
Discount rate Previous year	7.50%	7.50%
Discount rate Current year	8%/7.50%	8%/7.50%
Rate of Return on Plan Assets Previous year	7.50%	-
Rate of Return on Plan Assets Current year	8.00%	-
Salary Escalation Previous year	5.00%	5.00%
Salary Escalation Current year	5.00%	5.00%

### c) Reconciliation of Benefit Obligation

Particulars	Gratuity	Leave Encashment
Liability at the beginning of the year	278.47	123.08
Interest cost	23.14	9.29
Current Service Cost	30.07	12.79
Benefit Paid	(54.70)	(58.03)
Actuarial (Gain) / Loss on Obligations	175.89	82.14
Liability at the end of the year	452.87	12.18
Fair Value of Plan Assets at the end of the year	352.48	-
Amount recognised and disclosed under the head "Provisions for Employee Benefits"	(154.56)	-
Liability at the end of the year recognised and disclosed under the head "Provisions for Employee Benefits"	-	169.27

(Rupees in Lacs)

## d) Reconciliation of Fair value of Plan Assets

Particulars		Gratuity
Fair Value of Plan Assets at the beginning of the year		233.66
Expected Return on Plan Assets		17.52
Contributions		151.84
Benefit Paid		(54.70)
Actuarial (Gain) / Loss on Obligations		4.45
Fair Value of Plan Assets at the end of the year		352.48
Total Actuarial Gain / (Loss) recognised		(171.72)

## e) Return on Plan Assets

Particulars		Gratuity
Expected Return on Plan Assets		17.52
Actuarial Gain / (Loss) on Plan Assets		4.17
Actual Return on Plan Assets		21.69

## f) Expenses recognised in the Profit and Loss Account under the head Personnel Expenses

Particulars		Gratuity		Leave Encashment
Current Service Cost		30.07		12.79
Interest Cost		23.13		9.30
Expected Return on Plan Assets		(17.52)		–
Net Actuarial (Gain) / Loss recognised		171.72		82.14
Expenses recognised in Profit and Loss Account		207.40		104.22

8. 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, 2007 to be credited to Investor Education and Protection Fund.

## 9. Miscellaneous Expenses charged to Profit and Loss Account includes

Particulars		2006 – 07		2005 – 06
Remuneration to Auditors:				
a) Audit fees		18.28		18.28
b) Other Services (Certification, Tax Audit etc.)		6.11		5.11
c) Out of pocket expenses		0.67		0.65
Total		25.06		24.04

## 10. Payments to Directors

Particulars	2006 – 07	2005 – 06
Remuneration to Directors:		
i) Salaries	145.92	130.56
ii) Commission to Managing & Wholetime Director	113.41	117.91
iii) Commission to Non Executive Directors	8.00	8.03
iv) Contribution to Provident Fund and other funds	24.62	22.03
v) Other Perquisites	2.06	1.91
<b>Total</b>	<b>294.01</b>	<b>280.44</b>

11. Personnel Expenses, Depreciation and other expenses include Rs.333.43 (previous year Rs.311.82) Rs.31.70 (previous year Rs. 36.42) & Rs.183.50 (previous year Rs.80.06) respectively in respect of Research & Development Expenditure.

12. Provision for Taxation comprises of current tax Rs.1587.57 and deferred tax of Rs.-129.57. The current tax includes wealth tax of Rs. 1.82, interest on advance tax short paid Rs.6.88 and short provision of earlier year Rs.34.44.

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

Nature of expenses / Income	2006 – 07	2005 – 06
<b>Deferred Tax Liabilities</b>		
Related To Fixed Assets	2592.49	2664.10
Related To Others	248.81	129.01
<b>Total (A)</b>	<b>2841.30</b>	<b>2793.11</b>
<b>Less : Deferred Tax Assets</b>		
Disallowance under sectin 43B of Income Tax Act 1961	338.82	327.60
Unabsorbed losses / Depreciation of erstwhile Imercius Technologies (India) Limited	137.73	–
Provision for doubtful Debts	300.22	287.68
Related to Leave Encashment	109.04	72.07
Related To Others	–	16.81
<b>Total (B)</b>	<b>885.81</b>	<b>704.16</b>
<b>Net Liability (A) - (B)</b>	<b>1955.49</b>	<b>2088.95</b>

## 13. Foreign Currency exposures that are hedged as at Balance Sheet Date

Forward exchange contracts in respect of -

Sr. No.	Particulars	Currency	Amount in foreign currency	Forward Exchange Rate per unit of foreign currency	Amount
1.	Acceptances	USD	201.96	44.85	9057.68
2.	Secured Loans	USD	66.75	45.34	3026.28
	<b>Total</b>		<b>268.72</b>		<b>12083.95</b>

**14. Related party Disclosure**

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

Particulars	Holding Company	Key management Personnel	Relatives of key management personnel	Enterprise over which any person described in (2) & (3) is able to exercise significant influence
	(1)	(2)	(3)	(4)
<b>Transactions during 2006-07</b>				
Purchase of goods, services, spares and fixed assets	-	-	-	900.26 (1811.92)
Sale of goods, fixed assets, spares and services	-	-	-	5.63 (32.00)
Inter Corporate Deposits given	-	-	-	- (25.00)
Inter Corporate Deposits given repaid	-	-	-	25.00 (60.00)
Inter Corporate Deposits taken	1025.00 (147.00)	-	-	- -
Inter Corporate Deposits repaid	1547.50 (270.00)	-	-	- -
Interest incurred & paid on Inter Corporate Deposits / loans / advances	33.61 (59.88)	-	-	- -
Interest due & received on Inter Corporate Deposits / loans / advances	-	-	-	7.00 (5.20)
Acceptance made	-	-	-	105.20 -
Rent paid	-	4.93 (4.93)	39.63 (39.63)	- -
Rent received	-	-	-	2.61 (3.50)
Remuneration *	-	286.01 (272.41)	38.79 (36.14)	- -
<b>Closing Balance as at 31st March 2007</b>				
<b>Receivable</b>				
Inter Corporate Deposits	-	-	-	- (25.00)
Rent deposits	-	17.65 (17.65)	134.12 (134.12)	- -
Advances	-	-	-	- (37.42)
Others	-	-	-	- (4.11)
<b>Payable</b>				
Inter Corporate Deposits	552.00 (1074.50)	-	-	- -
Creditors	-	-	-	6.41 -
Others	-	-	-	- (4.82)

\* Remuneration to Directors - The same has already been disclosed in point 10 of Schedule 22



(Rupees in Lacs)

**Names of related parties & description of relationship**

1. Holding Company	Guviso Holdings Pvt. Limited
2. Key Management Personnel	Mr.G.L.Mirchandani (Chairman & Managing Director of Mirc Electronics Limited) Mr.V.J.Mansukhani (Whole time Director of Mirc Electronics Limited)
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 2 & 3 is able to exercise significant influence	Iwai Electronics Pvt. Limited Adino Telecom Limited

(Rupees in Lacs)

15. The Consolidated Group is mainly engaged in consumer durable business and components and services related to televisions. Disclosure as regards to "Segment Reporting" Accounting Standards (AS-17)

Particulars	Segments			Eliminations	Total
	Consumer Durables	Service Division	Manufacturing Division(other)		
<b>Revenue</b>					
External Sale	165098.83	93.01	2010.49	–	167202.33
Other Income	401.54	6.06	184.64	–	592.24
Iner-Segment Sale	5.55	–	1137.17	(1142.72)	–
Total Revenue	165505.91	99.07	3332.30	(1142.72)	167794.56
<b>Results</b>					
Segment Results	7,060.65	(140.05)	264.06	–	7184.66
Unallocated Corporate Exp	–	–	–	–	–
Operating Profit	7,060.65	(140.05)	264.06	(7.64)	7177.02
Interest Expense					(2068.48)
Interest Income					110.19
Profit Before Tax					5218.73
Income Tax					(1585.51)
Profit after Tax					3633.22
<b>Other information</b>					
Segment Assets	65992.08	322.33	2306.49	(2984.78)	65636.12
Total Assets	65992.08	322.33	2306.49	(2984.78)	65636.12
Segment Liabilities	42364.79	78.46	928.28	(323.54)	43047.99
Total Liabilities	42364.79	78.46	928.28	(323.54)	43047.99
Capital Expenditure	1936.86	–	120.16	(9.55)	2047.47
Depreciation	1973.93	74.14	219.50	(2.09)	2265.48
Non Cash expenses other than Depreciation	6.35	34.23	33.11	–	73.69

16. Figures pertaining to the subsidiary company 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



**J. M. Gandhi**  
Partner

Mumbai, August 23, 2007



**Satrajit Ray**  
Chief Financial Officer



**Anoop Pillai**  
Company Secretary & Head Legal

For and on behalf of the  
**BOARD OF DIRECTORS**



**G. L. Mirchandani**  
Chairman & Managing Director



**V. J. Mansukhani**  
Managing Director



**MIRC ELECTRONICS LIMITED • Consolidated Cash Flow Statement** for the year ended

(Rupees in Lacs)

	31st March, 2007		31st March, 2006	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before tax & Extraordinary Item		5218.72		4,473.06
Adjustments for:				
Depreciation	2265.48		2516.76	
Unrealised Foreign Exchange Fluctuations	(2.27)		(64.44)	
(Increase)/Decrease in value of Investments	13.76		(25.91)	
Interest	2068.48		1798.07	
Interest Income	(32.09)		(11.56)	
Dividend Income	(16.50)		(10.86)	
(Profit)/Loss on Sale of Fixed Assets (Net)	10.64		12.58	
(Profit)/Loss on Sale of Investments (Net)	(4.12)		—	
Miscellaneous Expenditure	34.23		34.23	
		<b>4337.61</b>		<b>4248.87</b>
<b>Operating Profit before Working Capital changes</b>		<b>9556.33</b>		<b>8721.93</b>
Adjustments for:				
Trade and Other receivables	(2815.99)		(1291.59)	
Inventories	(5709.24)		(1092.69)	
Trade Payables	5278.70		4741.82	
		(3246.53)		2357.54
<b>Cash Generated from Operations</b>		<b>6309.80</b>		<b>11079.47</b>
Direct Taxes (Paid)/Refund Received including FBT.		(1766.40)		(1030.06)
<b>Net cash generated from operating activities.....(A)</b>		<b>4543.40</b>		<b>10049.41</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets		(2004.19)		(2452.46)
Proceeds from Sale of Fixed Assets		43.38		39.38
Capital Advances		—		(42.29)
Movement in Loans		—		(25.00)
(Profit)/Loss on Sale of Investments (Net)		4.12		—
Interest Received		32.42		20.16
Dividend Received		16.50		10.86
<b>Net Cash Used in investing Activities.....(B)</b>		<b>(1907.77)</b>		<b>(2449.35)</b>

(Rupees in Lacs)

	31st March, 2007	31st March, 2006
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Share Premium Received	–	–
Movement in Term Loans	1770.85	(3752.92)
Movement in Short Term Loans	(2398.18)	433.63
Interest Paid	(2099.22)	(1768.55)
Dividends paid	(1913.37)	(956.99)
<b>Net cash used in financing activities....(C)</b>	<b>(4639.92)</b>	<b>(6044.83)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(2004.29)</b>	<b>1555.23</b>
Cash and cash equivalents at 1.04.2006 (Opening Balance)	3699.85	2144.62
Cash and cash equivalents at 31.03.2007 (Closing Balance)	1695.56	3699.85

As per our report attached.

For **N. M. Raiji & Co.**  
Chartered Accountants**J. M. Gandhi**  
Partner

Mumbai, August 23, 2007

**Satrajit Ray**  
Chief Financial Officer**Anoop Pillai**  
Company Secretary & Head LegalFor and on behalf of the  
**BOARD OF DIRECTORS****G. L. Mirchandani**  
Chairman & Managing Director**V. J. Mansukhani**  
Managing Director

# CORPORATE INFORMATION

## Board of Directors

Mr. Gulu L. Mirchandani, Chairman and Managing Director

Mr. Vijay J. Mansukhani, Managing Director

Mr. Manoj Maheshwari, Director

Mr. Vimal Bhandari, Director

Mr. Harsh Mariwala, Director

Mr. Ranjan Kapur, Director

## Auditors

M/s. N.M. Rajji & Co., Chartered Accountants

## Bankers

State Bank of India

ICICI Bank Limited

HDFC Bank Limited

IDBI Bank Limited

Canara Bank

ABN Amro Bank N.V.

## 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.

B-204/205, Phase – II, Noida – 201305

Khasra No.158, Vill - Raipur, Pargana - Bhagwanpur, Roorkee, Dist. Haridwar, Uttaranchal.

## Website

<http://www.truthatonida.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 cautionary 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 uncertainties that could cause actual results to defer materially from those that may be indicated by such statements.

## NOTES

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## NOTES

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# ***Aisi Buland Awaaz, Jo Choo Le Asmaan***



**1000  
Watts**

## **FLAT SUPER BOOM 21**

- 1000 W PMPO Stereo Sound
- External Woofer
- Surround Sound
- 6 - Way Speaker System



## **FLAT DELITE BOOM 21**

- 500 W PMPO Stereo Sound
- External Woofer
- 250 Programmes



## **FLAT DELITE 21**

- 250 W PMPO Stereo Sound
- 250 Programmes
- DNR



## **FLAT STAR 21**

- 200 W PMPO
- 250 Programmes
- AV (In & Out)



## **FLAT CLASSIC 21**

- 120 W PMPO
- 250 Programmes
- DNR

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Registered office:  
Onida House, G-1, MIDC, Mahakali Caves Road, Andheri (E), Mumbai - 400 093.  
Visit us at: [www.onida.com](http://www.onida.com)