

Annual Report 07-08

Mirc Electronics Limited



# MIRC ELECTRONICS LIMITED

## NOTICE

NOTICE is hereby given that the 27<sup>th</sup> Annual General Meeting of the Members of the **MIRC Electronics Limited** will be held on Monday, the June 30, 2008 at 3.00 p.m. at Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet and Profit & Loss Account for the financial year ended March 31, 2008 and the Report of Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. Vimal Bhandari, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Ranjan Kapur, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s N.M. Raiji & Co., Chartered Accountants as Auditors to hold office from the conclusion of this Meeting until the conclusion of next Annual General Meeting of the Company.

By order of the Board



**Gulu L. Mirchandani**

*Chairman and Managing Director*

Place : Mumbai  
Date : April 29, 2008

Registered office: Mirc Electronics Limited, Onida House, G-1, MIDC, Mahakali Caves Road, Andheri (East), Mumbai - 400 093

### NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING WILL ALSO BE ENTITLED TO APPOINT A PROXY INSTEAD OF HIMSELF TO ATTEND AND VOTE AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. The Register of Members and share transfer books of the Company will remain closed from June 23, 2008 to June 28, 2008 (both days inclusive).
3. All members who have either not received or have not encashed their dividend warrants for the financial years 2000-01, 2001-02, 2002-03, 2003-04, 2004-05, 2005-06 and 2006-07 are requested to approach the Company or its R&T Agents viz. Intime Spectrum Registry Limited located at C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai - 400 078, immediately for collecting their unpaid dividends, if any. During the financial year 2008-09, the Company will be required to transfer to Investor Education and Protection Fund, the unpaid/ unclaimed dividend for the year ended on March 31, 2001. The last date for transferring the unpaid Final dividends for the financial year 2000-01 will be October 26, 2008.
4. Members are hereby informed that in terms of the provisions of section 205A of the Companies Act, 1956, dividend not encashed or claimed within seven years from the date of its transfer to the unpaid dividend account, will be transferred to Investor Education and Protection Fund established by the Government. In terms of the provisions of section 205C of the Companies Act, 1956, no claim shall lie against the Company or the said fund after the said transfer.
5. Members holding the shares in physical form can avail of the nomination facility in terms of section 109A of the Companies Act, 1956, by furnishing Form 2B (in duplicate) to the Company or its R&T Agents. The said form will be made available on request. In case of shares held in demat form, a nomination form will have to be lodged by Members with their Depository Participants.
6. Members holding shares in physical form are requested to inform any change in their addresses immediately and direct all the correspondence relating to shares to the Company or to the Company's R&T Agents. Members holding shares in demat form are requested to address all their correspondence to their respective Depository Participants. Members are also requested to quote their Folio number/ DP ID in all their communications.

7. Details under clause 49 of the Listing Agreement with the Stock Exchange in respect of Directors seeking re-appointment at the Annual General Meeting is separately annexed hereto. The Directors seeking re-appointment has furnished the prescribed declaration under the Companies (Disqualification of Directors under section 274(1)(g) of the Companies Act, 1956) Rules 2003.
8. Members desirous of obtaining any information concerning accounts and operations of the Company are requested to address their questions in writing to the Company Secretary at least 7 days before the date of meeting so that the information required may be made available at the meeting,

**By order of the Board**



**Gulu L. Mirchandani**

*Chairman and Managing Director*

Place : Mumbai  
Date : April 29, 2008

**Details of directors seeking re-appointment in the 27<sup>th</sup> Annual General Meeting:**

Particulars	Directors Liable to retire by rotation	
Name of Director	Mr. Vimal Bhandari	Mr. Ranjan Kapur
Date of Birth	23.08.1958	25.11.1942
Nationality	Indian	Indian
Date of Appointment	16.05.2001	23.08.2004
Qualification	Chartered Accountant	Masters - English from Delhi University and degree is Advanced Advertising Studies from Advertising Agencies Association of America
Shareholding in Co.	Nil	Nil
Area of expertise	Financial Services	Advertising and Marketing
List of directorship details (excluding Pvt. Ltd. Co.)	1) Mirc Electronics Ltd. 2) DCM Siyaram Consolidated Ltd. 3) Eveready Industries India Ltd. 4) Kalpataru Power Transmission Ltd. 5) Cosmo Films Ltd. 6) AEGON Religare Life Insurance Co. Ltd.	1) Mirc Electronics Ltd. 2) Pedilite Industries Ltd. 3) Abbott India Ltd. 4) Hitech Plast Ltd. 5) MIC Electronics Limited 6) Nimbus Communications Ltd.
Chairman/ members of committee of Board of Directors of Companies	<u>Kalpataru Power Transmission Ltd.</u> Member – AC <u>Mirc Electronics Ltd.</u> Chairman – AC Member – RC <u>Cosmo Films Ltd.</u> Member – S&ORC Member - FC	<u>Pedilite Industries Ltd.</u> Member – AC <u>Abbott India Ltd.</u> Member – AC <u>Mirc Electronics Ltd.</u> Member – AC

AC represents Audit Committee

RC represents Remuneration Committee

SIGC represents Shareholders & Investor Grievance Committee

S&ORC represents Strategy & Operations Review Committee

## MIRC ELECTRONICS LIMITED

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

### PROXY FORM

I/We \_\_\_\_\_ of \_\_\_\_\_ having Regd. Folio No. /  
Client ID No. \_\_\_\_\_, holding \_\_\_\_\_ shares and being a member of **MIRC ELECTRONICS LIMITED**,  
MUMBAI hereby appoint \_\_\_\_\_ of \_\_\_\_\_ as my/ our  
proxy to attend and vote for me/ us on my/ our behalf at the 27th Annual General Meeting of the Company to be held on  
Monday, the June 30, 2008 at 3.00 p.m. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2008.

Affix Rs.1  
Revenue stamp

(Signature of the Shareholder)

Note: The proxy must be deposited duly filled and stamped at the Registered Office of the Company not less than 48 hours  
before the time fixed for the meeting.

## MIRC ELECTRONICS LIMITED

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

### ATTENDANCE SLIP

(Please present this slip at the entrance of the Meeting Hall)

I hereby record my presence at the 27th Annual General Meeting of the Company held at Hall of Harmony, Nehru Centre,  
Dr. Annie Besant Road, Worli, Mumbai 400 018 on Monday, the June 30, 2008 at 3.00 p.m.

Regd. Folio No. \_\_\_\_\_ No. of Shares \_\_\_\_\_

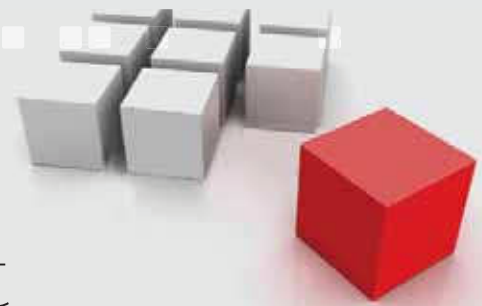
Name of Shareholder \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
(Signature of the Member/ Proxy)  
(To be signed at the time of meeting  
over at the Meeting Hall)



# Inside The Annual Report

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# Paving the way.

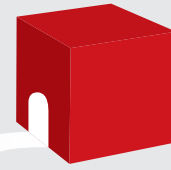
While others saw the glass as half-empty, we saw it half-full.  
While others saw struggle, we saw a revolution.  
While others said it can't be done, we saw a challenge.  
So now we see success, while others see a benchmark.

At Onida, it has been this thought that has always set us apart from the rest. Even during our inception, while we were the first Indian CTV brand, the markets hadn't yet opened up and expensive and 'imported' goods ruled the roost. So we did what came naturally to us – make television with the best of features, customized to the Indian viewing needs. And the rest, as they say is history.

Speaking about today, we are present across categories, 7 to be precise. And each of our products Indianised to be adapted and made more acceptable to our customers. So now people don't just view our television sets, they hear them as well. Our DVDs aren't just a piece of art, they also play scratched discs as well. Our Microwaves aren't just for heating, but to facilitate and even simplify cooking. Our air-conditioners aren't just powerful, they are energy efficient as well. To add to our mantle, we also ventured into cellphones and made them loaded with features, that are unheard of in the respective segments. And of course, all of our products were made accessible to the common man.

None of which would have been possible, had it not been for our eternal belief and having the courage to do what we felt was right. This mantra has been the cornerstone of our philosophy. And we must not forget this, as we charter newer territories, go the extra mile and leave behind an indelible mark for the rest to follow.

# Go where no one goes and leave a trail.



Gulu Mirchandani  
Chairman and Managing Director  
Speaks about applying lateral thinking on product innovation

**What has set MIRC distinct from others is that we have always striven to pave our own road and create our own identity. It is this drive that has been the foundation of the development of all our products.**

The essence is not being different for the sake of it; rather, it follows from the fact that we focus our energies to identify and address those need gaps of the consumers that no one has yet done. Our competitive advantage is rooted in our intrinsic understanding of the unique market dynamics of the durables category in India and the distinct usage habits of the Indian consumers.

**It takes courage to do what no one has done before.**

It takes conviction to walk a path that no one has set foot on so far. There are bound to be hurdles and challenges constantly trying to deter you from following your course but it is the power of your conviction to follow your dreams that will keep you going.

This premise is reflected in each of our success stories. When CTVs came to the market in the 80s, they only focused on picture quality. Before we embarked on this venture we asked ourselves, 'Why not give a complete audio / video experience at home as well?' And the result was a product that no one had conceived for the Indian viewers at the time: A CTV with up to 3500 Watts of sound. This was our first milestone which others continue to follow twenty years down the line as well.

We have taken a similar onus of re-defining the category driver, with the launch of our LCDs. At a time when all the others were hinging on picture clarity, we went ahead and created an LCD with the highest inbuilt sound output than any available in the world today. It is because the viewing impact is incomplete without the drama and power of sound. Moreover, we brought a breath of fresh air with our range of unique design bezels at a time when the entire category was saturated with LCD sets caught in the monotony of plain black finish only.

When we launched our range of DVD Players, we were clear on bringing a proposition that addressed a significant need gap of the Indian home video viewers. In India, consumers prefer renting a movie DVD or a VCD than buying them for one time viewing. Therefore each disc in circulation would have been played a lot of times and developed scratches from sustained and repeated usage. It is with this insight that we developed our range of DVD Players designed to play even scratched discs smoothly.





Our state-of-the-art range of air-conditioners also stand testimony to the relentless quest for perfection. Onida air- conditioners are way ahead of their time and the competition. Besides being tested to provide powerful cooling in your home even at 48 degrees, it uses lesser power than any other air-conditioners in the country. The Bureau of Energy Efficiency rated an EER of 3.5 which not only makes it the highest given to any air-conditioners but also the only air-conditioners at present to be already compliant with the standard norm for the year 2010.

When we at Mirc Electronics decided to set foot in the Microwave Ovens category, we did so with the objective of developing a kitchen aid which would help the woman of the house to cook the daily Indian home food without the hassle of smoke and heat but without any compromise on the taste or hygiene of the quality of dishes. Hence, we have been the only company to do extensive research and introduce Black Beauty – a product which has 32 inbuilt Indian Daily Cook Menus unlike any other microwave oven available in the market today.

We realize that the dusty and sweaty tropical conditions in our country, make clothes easily and extremely soiled. And that is the reason we have plans for launching a one-of-a-kind Washing Machine this year which will maximize the usage of the power of water to get the cleanest wash by rinsing away the most adamant dirt and grime settled on the clothes.

Our recent most venture has been our foray into mobile handsets. Here again, we are entering a category that seems already over-saturated with global players and features. However, we identified our space as that of making handsets with distinct benefits and not 'just another cellphone'. One of the Onida handsets has a unique benefit of battery stand-by time of over 3 weeks while being completely affordable for the upcoming aspiring populace. Further, we offer a phone with unique accessory of changeable covers to choose from to suit the mood and occasion which is sure to have a special appeal for the younger users. Again a simple thought that sets a benchmark for the rest to follow.

**The journey of a thousand miles begins with one step.**

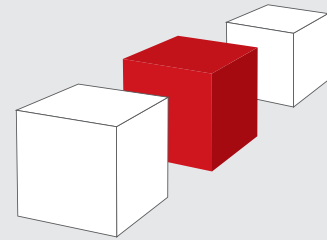
Over the years our philosophy has helped us grow from strength to strength. And it continues to act as the guiding star in each of our daily undertakings. This earnestness of our intent of forever innovating, by keeping the customer at the centre of whatever we do, keeps up our drive and motivation to set sight on newer heights to scale, where others are yet to tread.

**This brings to mind a quote from Ralph Waldo Emerson, which I would like to share:**

"Whatever you do, you need courage. Whatever course you decide upon, there is always someone to tell you that you are wrong. There are always difficulties arising that tempt you to believe your critics are right."

But as long as we continue to remain true to our commitment, we are certain to have the courage to charter our course to create our own destiny.

# Have the courage and the heart to see it through.



Vijay Mansukhani  
Managing Director

Talks about how to have a competitive advantage in a complex market

**When the philosophy of creating one's own road is ingrained in one's DNA, one also needs a special set of powers to ensure that vision and reality meet. To this end, I shall elaborate on the following:**

## **Recognizing the need to be proactive:**

In a world which is getting smaller by the day and technology which becomes commonplace, a first mover advantage is essential. This applies to new product design, thinking differently in a product category which is already cluttered, communicating the product differentiators effectively and moving faster than the competition. And when we all recognise this, all of us will be proactive in the way we approach our work; this difference will set us apart.

## **Understanding the consumer:**

We have always been known for products, which come from a deep consumer insight. This has not only been our philosophy but also our expertise. However, we cannot rest on our laurels and lose touch with the consumer. It is he who sets us apart and we must always listen to him. Thus, a need to make sure our newer products are all tailored to a distinct consumer requirement, all our communication is clear and to the point and our after sales service is a 'wow' experience. We cannot just keep the consumer satisfied; we need to keep him delighted. Thus, we make sure that all our products give a price value proposition which the consumer is comfortable with. That does not mean that our products are pegged lower than others; it just means that the perceived benefits derived out of our products are more. In a competitive retail scenario, our promotions match up to what the customer really wants, so that the price value equation gets a further boost.

## **Courage and conviction:**

Once we are reasonably sure of what we should be doing; we have the courage and the heart to see it through. It is here that we all work as a team, boost morale and make sure that today's dream becomes tomorrow's reality. It is walking this distance fully that sets apart between success and failure. Venturing in an already cluttered mobile phone market requires courage. However, we are sure that we have products which will delight consumers, and thus have conviction enough to enter this market at this stage. In fact, courage is in our DNA.

## **Sharpening the Saw:**

As enlisted in '7 habits of highly effective people', this is the last but the most important habit. We make sure that our skill set, our knowledge set, the infrastructure that we operate on benchmark itself against the best in the world. We already have in place a series of training programmes that one undergoes right from the time one joins the company.

All of us must ensure that we make full use of these, keeping in mind our core philosophy.

The header features a decorative background on the left with a grid of squares in various shades of gray. On the right, there are several 3D cubes; some are white and arranged in a stepped pattern, while one prominent cube is red and sits slightly apart from the others.

# 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, LCDs, DVD players and recorders, air – conditioners, washing machines, microwave ovens, mobiles 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 plant at Roorkee, Uttaranchal, with an existing capacity of 5,00,000 CTVs per annum

## Our Achievements

- From being a predominantly television manufacturing company, Mirc now derives 47% of its revenues from the non-television segment
- Mirc Electronics has developed 'Xaria' - the first and only LCD to be indigenously manufactured in India. Its a product crafted to make Indians proud of the "Made in India" label.
- It has also created an industry benchmark of introducing the world's first LCD with 400W pulsating sound
- Mirc Electronics also boasts of the most uniquely designed range of DVD players launched under the sub-brand name of 'Candy' that comes in a funky shape and a range of tempting colours to choose from
- Onida Microwave is the only brand which has 32 in-built Daily Cook Menus customized for Indian cooking

## Our Recognitions

- Onida enjoys a strong equity among consumers making it one of the leading brands in India.
- Onida has jumped 26 positions to retain its 2nd most trusted brand in the durable category 2nd year in a row in the Brand Equity - The Economic Times Survey 2007.
- Onida has also been recognized as the 2nd Most Preferred CTV brand by CNBC Awaaz

## Our Reach

- Wide coverage in 450 cities and towns through 33 branch offices and over 3,000 authorised dealers across the country
- Products exported to Middle East, SAARC and African countries
- Headquarters in Mumbai (India), with branch offices across India and representative offices in the UAE and China



# Financial Highlights

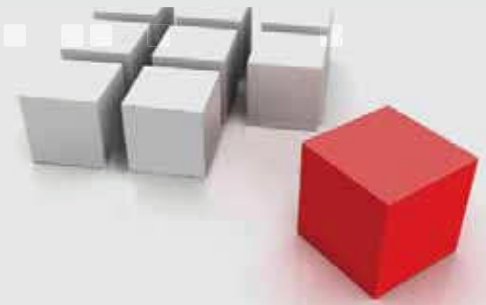
## Balance Sheet

(Rs. in cr)

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
<b>Sources of Funds</b>								
Equity Share Capital	7.02	7.02	7.02	14.05	14.05	14.19	14.19	14.19
Share Capital Suspenses Account	-	-	-	-	0.15	-	-	-
Reserves & Surplus	200.20	163.12	207.64	173.52	180.62	201.28	222.08	240.06
Net Worth	156.38	170.14	214.66	187.57	194.82	215.47	236.27	254.25
Secured Loans	133.44	97.73	60.86	90.56	126.32	135.45	116.37	103.72
Unsecured Loans	74.24	65.57	60.32	25.03	74.93	30.74	45.52	95.84
<b>Total Loans</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>	<b>199.56</b>
Deferred Tax Liability	-	13.96	14.54	18.56	13.87	19.41	19.55	16.89
<b>Total Liabilities</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>470.70</b>
<b>Application of Funds</b>								
Gross Block	181.07	188.46	199.29	263.40	295.75	321.71	340.15	343.45
Depreciation	41.82	51.02	61.27	74.45	93.18	114.96	134.10	153.71
Net Block	139.25	137.44	138.02	188.95	202.57	206.75	206.05	189.74
Capital Wip	4.09	14.66	39.80	-	4.35	0.43	0.13	1.93
<b>NB + CWIP</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>	<b>191.67</b>
Investment	5.30	4.77	8.72	8.66	20.88	21.14	26.00	26.00
Deferred Tax Assets	-	0.06	0.06	-	-	-	-	-
<b>Current Assets</b>								
Inventories	135.90	107.74	124.03	93.78	164.25	174.88	230.34	292.57
Debtors	83.23	94.67	77.75	84.05	90.34	113.12	104.21	133.69
Cash & Bank Balances	11.55	15.57	9.99	7.12	20.80	36.72	16.76	19.46
Loans & Advances	89.68	85.93	97.64	89.69	54.30	46.49	76.43	79.98
<b>Total Current Assets</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>525.70</b>
<b>Current Liabilities</b>								
Liabilities	100.43	104.00	128.01	132.35	135.52	182.89	239.37	253.34
Provisions	4.51	9.44	17.62	18.19	12.03	15.56	2.84	19.33
<b>Total Current Liabilities</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>272.67</b>
<b>Net Current Assets</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>	<b>253.03</b>
Misc. Expenditure	50.84	-	-	-	-	-	-	-
<b>Total Assets</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>470.70</b>

## Profit and loss account

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
<b>Sales</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>	<b>1655.06</b>
Excise	59.84	59.60	76.64	74.57	99.55	122.91	137.09	126.68
<b>Net Sales</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>	<b>1528.38</b>
Service Income	8.53	10.71	3.96	2.10	-	-	-	-
Other Income	8.54	0.86	0.64	7.18	3.22	4.66	4.07	3.70
<b>Total Income</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>	<b>1532.08</b>
Material Consumed	249.59	288.47	369.81	391.95	488.30	514.48	605.86	621.24
Cost Of Traded Goods Sold	224.79	220.54	277.02	308.60	328.65	376.47	545.01	542.20
Personnel Expenses	29.36	36.17	43.07	41.96	45.23	59.94	69.41	66.00
Freight & Forwarding Expenses	18.88	17.24	23.27	25.61	34.10	45.47	58.55	64.25
Advertisement Expenses	30.49	34.68	47.93	50.09	50.43	66.83	68.22	63.91
Other Expenses	47.29	51.18	55.85	51.28	76.51	71.01	79.49	86.81
<b>Total Cost</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>1444.41</b>
<b>PBDIT</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>	<b>87.67</b>
Interest	21.32	13.87	10.16	6.38	12.94	17.65	20.28	23.18
<b>PBDT</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>	<b>64.49</b>
Depreciation	8.38	9.50	10.37	13.19	19.38	22.50	19.74	23.94
<b>PBT</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>	<b>40.55</b>
Tax	6.03	7.15	10.54	9.38	12.81	17.82	17.29	5.97
<b>PAT</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>	<b>34.58</b>
Equity Dividend	7.02	7.02	14.05	14.05	8.52	10.65	10.65	14.20
Year End Price (Rs.)	461.20	405.55	349.50	25.70	21.45	19.25	17.40	16.95
Market capitalisation (Rs. / Cr)	323.76	284.70	490.70	361.19	301.46	273.35	247.08	240.69



# Our Drivers

## 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 worldclass systems and procedures that bring in the delight of stakeholders

## Mission

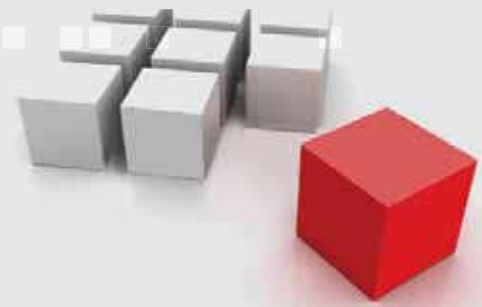
To benefit society at large through innovation, quality, productivity, human development and growth, and to generate sustained surpluses, always striving for excellence, within the framework of law and with pride in ethical values

## 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, and 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 32 years of experience and proven expertise in driving 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 and Akasaka Electronics 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 IL&FS 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 spearheaded 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 27<sup>th</sup> Annual Report and the audited accounts of the Company for the financial year ended March 31, 2008.

### Financial results

(Rupees in crores)

Parameters	2007-08	2006-07
Turnover	1655.06	1650.99
Profit before tax	40.55	51.42
Provision for taxation	5.96	17.30
Profit after tax	34.59	34.12
Profit available for appropriation	175.41	157.23
Interim dividend	-	10.65
Final dividend – proposed	14.20	-
Tax on dividend	2.41	1.49
Transfer to general reserve	4.50	4.27
Surplus carried to balance sheet	154.30	140.82

### Financial performance

During the financial year 2007-08, the turnover of the Company stood at Rs. 1655 crore as against Rs. 1651 crore in the previous year. The profit before tax stood at Rs. 40.55 crore as against Rs. 51.42 crore in the previous financial year. The profit after tax for the financial year ended March 31, 2008 stood at Rs. 34.59 crore as against Rs. 34.12 crore in the previous financial year. Your directors are confident of improving their performance in the ensuing year. In this direction the company has launched an exclusive world class LCD under the XARIA range. The company has also added to its product portfolio state-of-the art Onida Mobile Phones. These initiatives taken by the management are likely to accelerate the pace of growth

of the company and consequently its performance in the coming years.

#### Dividend

Keeping in view the positive outlook for your company's future, your Board of Directors in their meeting held on April 29, 2008 have recommended 100% dividend on equity share of Re. 1/- each for the financial year ended March 31, 2008, and seek your approval for the same.

#### Transfer to reserves

Your Directors have proposed to transfer Rs. 4.50 crores to the general reserves this year, thus leaving a balance of Rs.154.30 crores to be retained in the Profit and Loss account.

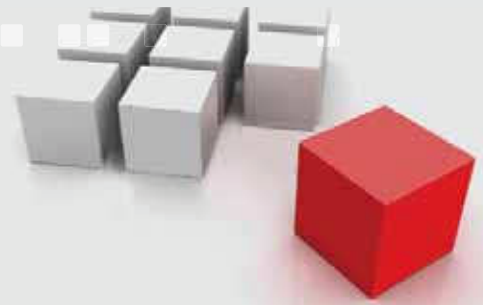
### Subsidiary Company

The audited statement of accounts of Company's subsidiary viz. Akasaka Electronics Limited together with the Report of Directors and Auditors as required under section 212 of the Companies Act, 1956 are attached to this report.

### Consolidated Financial Statements

In compliance with the Accounting Standard 21 and the Listing Agreement entered into with the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited, this annual report includes the consolidated financial statements of Mrc Electronics Limited and its subsidiary, Akasaka Electronics Limited (previously known as Imercius





Technologies (India) Limited, for the financial year 2007-08.

### 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, 2008 is annexed hereto.

### Directors

In accordance with the provisions of the Companies Act, 1956, and the Articles of Association of the company, Mr. Vimal Bhandari and Mr. Ranjan Kapur, Non-Executive Directors, retire by rotation at the forthcoming Annual General Meeting and, being eligible, have offered themselves for re-appointment.

A brief resume of above directors as required by clause 49 of the Listing Agreement with the Stock Exchanges, is provided in the notice convening the Annual General Meeting, enclosed separately.

### 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 March 31, 2008, 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 March 31, 2008 on a going concern basis.

### Corporate Governance

The Company believes in abiding by the Code of Corporate Governance so as to be a responsible corporate citizen and to serve the best interests of all the stakeholders, viz, the employees, shareholders, customers, vendors and society at large. The Company seeks to achieve this goal by being transparent in its business dealings by disclosure of all relevant information in an easily understood manner, and by being fair to all stakeholders, by ensuring that the Company's activities are managed by a professionally competent and independent Board of Directors.

The report of Corporate Governance as stipulated under clause 49 of the Listing Agreement forms part of Annual Report. The Chief Executive Officer's declaration regarding compliance of Code of Business Conduct and Ethics for Board members and senior management personnel forms part of Report on Corporate Governance.

The requisite certificate from the Auditors of the Company, M/s N. M

Raiji & Company, Chartered Accountants, Mumbai confirming the compliance with the conditions of Corporate Governance as stipulated under the aforesaid clause 49 of the Listing Agreement, is annexed to this report.

### Management discussion and analysis

A detailed review of operations, performance and future outlook of the Company is given separately under the head Management Discussion and Analysis.

### 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.

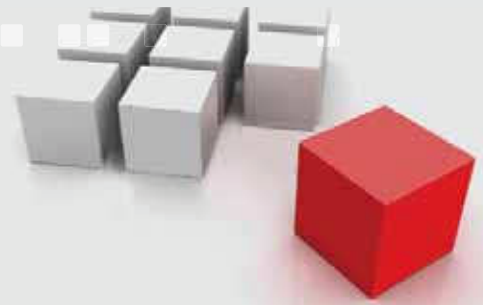
### Electronic filing

Since SEBI has stipulated 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.onida.com](http://www.onida.com).

### Listing fees

The equity shares of the company are listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited. 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) Limited and National Securities Depository Limited for trading in electronic form.

### Auditors

Messrs. N. M Rajji & Company, Chartered Accountants, the Statutory Auditors of the Company, hold office upto the conclusion of the forthcoming Annual General Meeting and have given their consent for re-appointment as statutory auditors of the company. It is proposed to re-appoint them as auditors for the financial year 2008-09 and fix their remuneration.

The Company has received a written confirmation from Messrs. N. M Rajji & 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.

The report of auditor is self-explanatory and does not require any further explanation.

### 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. Ninoj 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.

### 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

Mrc 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 valuable support and above all its valued customers, who by their patronage of the Company's products have helped the Company 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

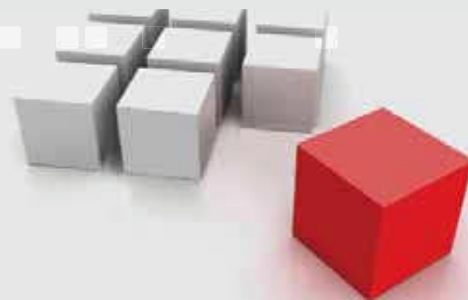
**G. L. Mirchandani**

*Chairman and Managing Director*

Date : April 29, 2008

Place : Mumbai

# 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, microwave ovens and air-conditioners

- 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)

		2007-08	2006-07
1	Capital	120.18	50.38
2	Recurring	863.82	548.63
3	Total	984.00	599.01
4	Percentage of research & development as expenditure to total turnover	0.59	0.36

### 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: -

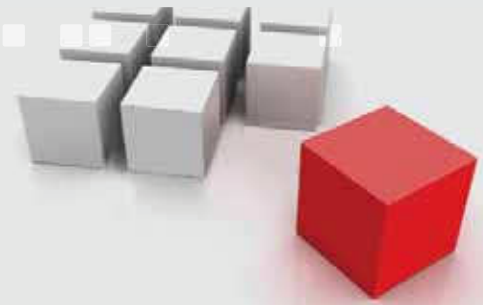
The company believes in offering world class technological products to its valued customers. With this objective, the Research and Development personnel of the company periodically visit foreign exhibitions and trade shows to understand the latest technology used in electronic products. Besides the Research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



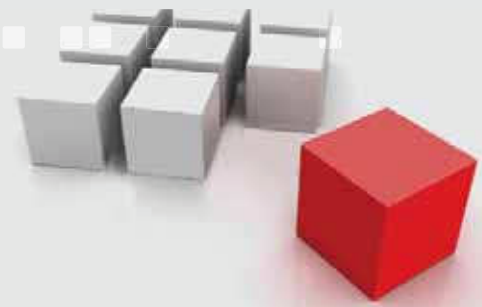
b) Benefits derived as a result of above efforts:

# Management Discussion And Analysis Report

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## I. Opportunities



emphasized 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.

**DVD Players :** 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.

## II. Threats:

- Mrc 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, Mrc 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 moved up, which is a cause of concern. Hence the Company's future profitability may come under pressure. However, Mrc is confident that interest rates will come down on par with prevailing international rates.
- The entry of cheap Chinese products through organised retail continues to be a threat to domestic players like Onida. Amidst 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 different and that hasn't worked in the extremely competitive market like that of India.

- Cyclicalities could trigger an industry recession.
- Exchange schemes and pricing may have a negative industry impact.

## 3. Future Outlook

The worldwide electronics industry is experiencing phenomenal and remarkable changes these days. It is distinguished by fast technological advances and has grown rapidly than most other industries over the past 30 years. Voluminous production is slowly and gradually moving towards low cost destinations, which in turn are the markets which offer the most long term potential. In today's age of competition, electronic products manufacturers are under constant pressure to develop new and innovative products in shorter time cycles, at reduced cost, and with improved quality.

The global electronics industry is driven by demand for the products, which are durable, lighter, cheaper and better than the ones they replace. To meet up the growing market demands, industry is slowly and gradually shifting its base to

Asia Pacific countries, which is now the prominent source of electronic goods and is soon going to turn out to be the primary destination for consumer electronics. There is an estimation that within 20 years, two-thirds of the electronics industry will be four times as big as today and half of it will move into Asia.

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 introduced a hightech world class LCD which is considered the best in the industry.

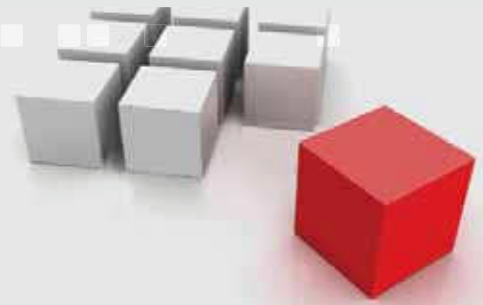
The company has also positioned IGO – its exclusive brand customized for the rural market, which is growing aggressively at a pace of 25% annually.

## 4. Risks and Concerns

Mrc strengthened its viability through a continuous risk identification and management process. Its ability to remain competitive was influenced by a speedy adaptation to changing technologies as well as the upgraded value of competing products.

Mrc enjoys an integrated counter risk approach to increasing competition. For instance its Board of Directors is responsible for monitoring ongoing risks while its management council is responsible for the implementation of initiatives and on-going risk mitigation.

The Company is aware that as it increases its operational efficiency and reduces cost, the prospects of doing so through



the most predictable route declines. In view of this, the Company strengthened a system of forecasting and cost budgeting, which ensured optimum utilisation of resources.

Looking ahead, in response to emerging global opportunities, Mrc expects to raise its international focus and rationalize its excessive dependence on the Indian geography. It would be relevant to mention that macro economic factors like economic slow down, poor & sluggish demand, unforeseen political / social upheavals and natural calamity may affect Mrc's business and that of the industry at large.

### 5. 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 unauthorized use or disposition and that transactions are authorized, 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.

### 6. Operational and financial performance

During the financial year 2007-08 under review, the turnover of the Company increased from Rs. 1650.99 crore in the previous year to Rs. 1655.06 crore. The profit before tax stood at Rs. 40.55 crore as against Rs. 51.42 crore in the previous financial year. The profit after tax for the financial year ended March 31, 2008 stood at Rs. 34.59 crore as against Rs. 34.12 crore in the previous financial year.

### 7. Developments in human resources/industrial relations

At Mrc, 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 Mrc 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 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 fulfillment.
- 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 1867 employees on its payroll as on 31st March, 2008.

### 8. 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 ended 31st March 2008.

#### 9. 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 statement herein, which may undergo changes in future on the basis of subsequent developments, information or events.

On behalf of the Board,

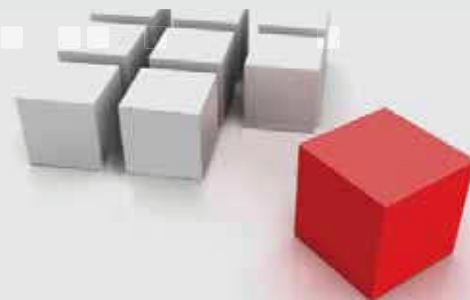
**G.L. Mirchandani**  
*Chairman & Managing Director*

Date : April 29, 2008

Place : Mumbai



# Corporate Governance Report



Pursuant to Clause 49 of the Listing Agreement entered with Stock Exchanges, the company's policies on Corporate Governance and compliance thereof in respect of specific areas, as applicable for the financial year ended March 31, 2008, are set out for the information of shareholders and investors of the Company.

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

The Company believes in abiding by the Code of Corporate Governance so as to be a responsible corporate citizen and to serve the best interests of all the stakeholders, viz., the employees, shareholders, customers, vendors and society at large. The Company seeks to achieve this goal by

being transparent in its business dealings by disclosure of all relevant information in an easily understood manner, and by being fair to all stakeholders, by ensuring that the Company's activities are managed by a professionally competent and independent Board of Directors.

Over the years, governance process and systems have been strengthened at company. In addition to complying with statutory requirements, effective governance systems and practices *inter alia* towards transparency, disclosures, internal controls and promotions of ethics at work place have been institutionalised. Mrc recognises that good Corporate Governance is continuing exercise and reiterates its commitment to pursue highest standards of Corporate Governance in the

overall interest of all the stakeholders.

## II. Board of Directors

### A] Composition and Category of Board

The Company's policy is to maintain optimum combination of executive and non-executive directors in compliance of the requirements of Clause 49(I)(A) of the Listing Agreement. The present strength of the Board of Directors is six Directors, which comprises two promoters cum executive directors and four Independent non-executive directors. The chairman is executive director.

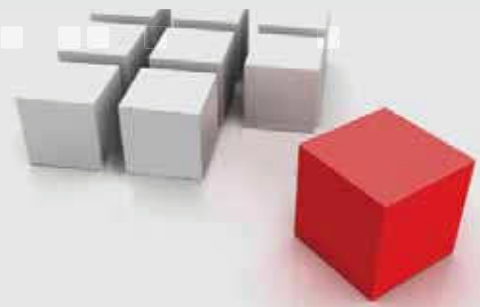
Four Board Meetings were held during the financial year ended on March 31, 2008 i.e. on May 08, 2007, July 30, 2007, October 30, 2007 and January 23, 2008. The interval between any two meetings was not more than four calendar months.

Board of the Company is constituted as under:

Name	Category	Attendance Particulars			No. of Directorships and Committee Memberships/Chairmanships including Mrc		
		Number of Board Meetings		Last AGM			
		Held	Attended		Directorship	Committee Chairmanship	Committee Membership
Mr. Gulu L. Mrchandani	Promoter [CMD]	4	3	Yes	9	Nil	2
Mr. Vijay J. Mansukhani	Promoter [MD]	4	4	Yes	3	Nil	Nil
Mr. Manoj Maheshwari	I & NED*	4	3	Yes	7	1	4
Mr. Vimal Bhandari	I & NED*	4	3	Yes	6	1	1
Mr. Harsh Mariwala	I & NED*	4	4	No	6	2	Nil
Mr. Ranjan Kapur	I & NED*	4	2	Yes	6	Nil	3

\* Independent & Non Executive Director





Note : As detailed in table above, none of the Directors is a member of more than 10 Board level Committees of public Companies in which they are Directors, nor is Chairman of more than five such committees.

#### **B] Non-executive Directors' Compensation and disclosures**

All fees /compensation, if any paid to non-executive directors, including independent directors, are fixed by the Board of Directors or its committee thereof and previously approved by the shareholders in general meeting.

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 Non-Executive Directors are paid sitting fees of Rs. 5000/- per meeting for attending all Board Meetings and Audit Committee Meetings.

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. 8,00,000/- on an annual basis provided that the total commission payable to such directors does not exceed 1% of the net profits of the Company. None of the Non-Executive Director is holding any shares in the Company.

#### **C] Code of Conduct**

The Company has laid down a Code of Business Ethics and Conduct for all its board members and senior management personnel for avoidance of conflicts of interest. The Code of Business Ethics and Conduct is posted on the Company's website. 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 Members and senior management personnel have affirmed compliance with the Code of Business Ethics and Conduct of M/s Electronics Limited for the year ended March 31, 2008"*

**G. Sundar**

*Chief Executive Officer*

### **III. Audit Committee**

#### **Constitution of Audit Committee:**

The composition, role and powers of the Audit Committee meets the requirements of Clause 49 of the Listing Agreement as well as Section 292A of the Companies Act, 1956. Audit Committee comprises Mr. Vimal Bhandari, Chairman, Mr. Ranjan Kapur and Mr. Manoj Maheshwari. All are

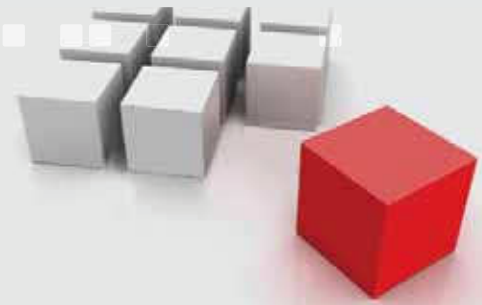
non-executive Directors of the Company. Mr. Anoop Pillai - Company Secretary and Head Legal, acts as the Secretary to the committee.

Mr. Vimal Bhandari is a Chartered Accountant from the ICAI, New Delhi. All the members of the Audit Committee are financially literate and one of the members possesses excellent accounting and financial management expertise. At the Annual General Meeting held on September 27, 2007, Mr. Vimal Bhandari, the Chairman of the Audit Committee was present for replying to the shareholders' queries.

#### **Meetings of Audit Committee during 2007-08**

The Audit Committee met four times during the year on May 05, 2007, July 30, 2007, October 30, 2007 and January 23, 2008. Mr. Gulu L. Mrchandani, CMD, Mr. Vijay J Mansukhani, MD and Mr. G. Sundar, 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	4
Mr. Manoj Maheshwari	4	3
Mr. Ranjan Kapur	4	2



### **Powers of Audit Committee**

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.

### **Role of Audit Committee**

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, re-appointment and, if required, the replacement or removal of the Statutory Auditors 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 look into the reasons for substantial defaults in the payments to the depositors, debenture holders, shareholders (in case of non payment of declared dividend) and the creditors.
12. To review the functioning of the Whistle Blower Mechanism.
13. Carrying out any other function as mentioned in the terms of reference of the Audit Committee.

#### Review of information by Audit Committee

The following information are 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.

#### 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. Gulu L. Mrchandani, CMD and Mr. Vijay J. Mansukhani, MD. The Remuneration Committee has been constituted to recommend / review the remuneration and increments of Executive Directors 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.

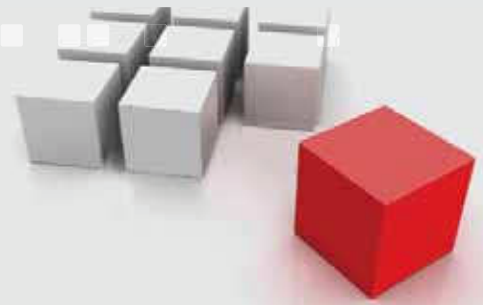
#### Remuneration policy

Mrc'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 details of remuneration paid to the Directors are as follows:

Sl. No.	Director	Relation with MRC	Inter-se Relation	Remuneration paid during 2007-08			
				Sitting fees	Salary & perquisites	Commission	Total
1.	Mr. G. L. Mrchandani	Promoter [CMD]	Brother in law of Sl. No. 2	Nil	9597638	4603000	14200638
2.	Mr. V. J. Mansukhani	Promoter [MD]	Brother in law of Sl. No. 1	Nil	9616149	4603000	14219149
3.	Mr. Harsh Mariwala	I & NED*	NA	20000	Nil	200000	220000
4.	Mr. Vimal Bhandari	I & NED*	NA	35000	Nil	200000	235000
5.	Mr. Manoj Maheshwari	I & NED*	NA	30000	Nil	200000	230000
6.	Mr. Ranjan Kapur	I & NED*	NA	20000	Nil	200000	220000

\* Independent & Non Executive Director



## V. Shareholders' and Investors' Grievances Committee

Shareholders' and Investors' Grievances Committee (SIGC) comprises Mr. Harsh Mariwala, Mr. Gulu L. Mrchandani, and Mr. Vijay J. Mansukhani. The Committee is mainly responsible to 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. This Committee is also authorised to approve the transfer /transmission 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 i.e. Intime Spectrum Registry Limited 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. Mr. Anoop Pillai, Company Secretary and Head – Legal, has been nominated as the Compliance Officer of the Company.

Name	Shareholders' Investors' Grievance Committee meetings	
	Held	Attended
Mr. Harsh Mariwala	12	12
Mr. Gulu L. Mrchandani	12	12
Mr. Vijay J. Mansukhani	12	12

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

No. of complaints received:	238
No. of complaints resolved:	238
No. of complaints pending:	Nil

### Subsidiary Monitoring Framework

Mrc Electronics Limited has a subsidiary viz. Akasaka Electronics Limited (Previously known as Imercius Technologies (India) Limited) incorporated on May 24, 2002.

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 per cent 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 subsidiary is monitored *inter-alia* by the following means:

- Financial Statements and in particular the investments made by the unlisted subsidiary company are reviewed by the Audit Committee of the Company.
- All minutes of the Board meetings of the subsidiary company are placed before the Company's board for its regular review.

## 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 meeting of	Date	Time
2006-07	Amar Gian Grover Auditorium, Lala Lajpat Rai College, Near Haji Ali, Mumbai -34	AGM	27.09.07	03.00 p.m.
2005-06	Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai -18	AGM	27.09.06	11.00 a.m.
2004-05	Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai -18	AGM	30.01.06	11.30 a.m.

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

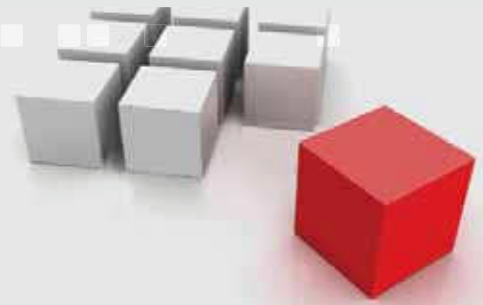
Year	Brief particulars of the resolution
2006-07	No Special Resolution passed
2005-06	No Special Resolution passed
2004-05	<ul style="list-style-type: none"><li>i) Payment of commission at the rate not exceeding one per cent of the net profits of the Company in each year to the Directors (other than the Directors who are either in whole-time employment of the Company or Managing Director of the Company) for a period of five years.</li><li>ii) To appoint Mr. Kaval G. Mrchandani, a relative of Mr. G.L. Mrchandani, CMD of the Company, in the management cadre, under Section 314 (1B) of the Companies Act, 1956.</li></ul>

No resolutions were passed through postal ballot during the preceding financial year 2007-08. All the resolutions in the AGM were passed through a show of hands.

## 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 are tabled before the Audit 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.



#### **Status of regulatory compliances**

The Company has complied with all the requirements of the Listing Agreements as well as the regulations and guidelines of SEBI and other statutory authorities. Consequently, there are no strictures or penalties imposed on any matter relating to capital markets during the last three years.

#### **Whistle Blower Mechanism**

In addition to complying mandatory requirements of Clause 49 of the Listing Agreement, the Board has also adopted the Whistle Blower Policy in its meeting held on January 23, 2007. The Company promotes ethical behaviour in all its business activities and has put in place mechanism of reporting illegal and unethical behaviour. Employees are free to report violation of laws, rules, regulations and unethical conduct to their immediate supervisor /notified person. The report received from any employee will be reviewed by the Chief Ethics Counsellor. The Directors and management are obligated to maintain confidentiality of such reporting and ensure the whistle blower are not subjected to any discriminatory practices.

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.

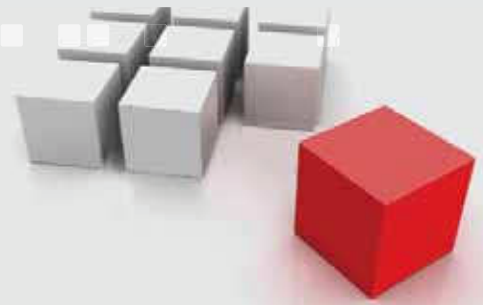
In terms of SEBI notifications and Listing Agreement, the company has been complying with the provisions of Clause 51 of the Listing Agreement pertaining to the Electronic Data Information Filing and Retrieval System [EDIFAR]. The audited financial results for the financial year ended March 31, 2008 will be uploaded on the SEBI website and the Company's website viz. [www.onida.com](http://www.onida.com) within the prescribed time limit.

#### **IX. General Shareholders Information:**

##### **Details of Directors retiring by rotation:**

##### **A] 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 IL&FS 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. The details of chairmanships and memberships in Committees of Mr. Bhandari is as follows: -



Name of the company	Board position held	Committee position
AEGON India Pvt. Ltd.	Director	
DCM Shriram Consolidated Ltd.	Director	
Eveready Industries India Ltd.	Director	
AEGON Religare Life Insurance Co. Ltd.	Director	
Religare AEGON Asset Management Co. Pvt. Ltd.	Director	
Religare AEGON Trustee Co. Pvt. Ltd.	Director	
Kalpataru Power Transmission Ltd.	Director	M - Audit Committee
Mrc Electronics Ltd.	Director	C – Audit Committee M – Remuneration Committee
Cosmo Films Ltd.	Director	M – Strategy and Operations Review Committee M - Finance Committee

Mr. Vimal Bhandari does not hold any share in Mrc Electronics Limited as on March 31, 2008.

Note : Here "C" refers "Chairmanship" and "M" refers "Membership".

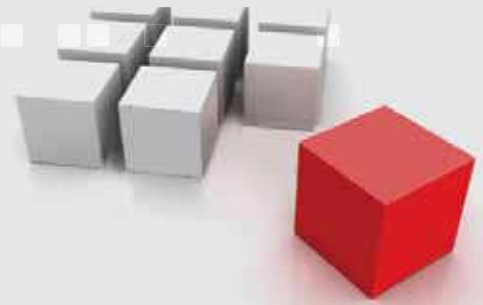
#### **B] Mr. Ranjan Kapur**

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. The details of directorships and memberships in Committees of companies of Mr. Ranjan Kapur are as follows:-

Name of the company	Board position held	Committee position
Pidilite Industries Ltd.	Director	M - Audit Committee
Abbott India Ltd.	Director	M - Audit Committee
Mrc Electronics Ltd.	Director	M - Audit Committee
Hitech Plast Ltd.	Director	
MC Electronics Ltd.	Director	
Nimbus Communications Ltd.	Director	
Group M Media India Pvt. Ltd.	Director	
Bates India Pvt. Ltd.	Director	
141 Sercon	Director	
Tagit (India) Pvt. Ltd.	Director	
EON Premedia Pvt. Ltd.	Director	
Annik Technology Services Pvt. Ltd.	Director	

Mr. Ranjan Kapur does not hold any share in Mrc Electronics Limited as on March 31, 2008.

Note : Here "C" refers "Chairmanship" and "M" refers "Membership".



#### Other Details for shareholders:

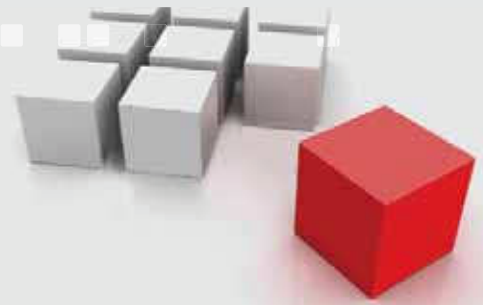
AGM Date, time and Venue	June 30, 2008 at 03.00 p.m.
	Hall of Harmony, Nehru Centre, Dr. Annie Basant Road, Worli, Mumbai – 400 018
Financial year	April 01 – March 31
Book Closure:	June 23, 2008 to June 28, 2008 (Both days inclusive)
Dividend payment date: [if declared]	On or after June 30, 2008
Listing on Stock Exchange	Bombay Stock Exchange Limited and National Stock Exchange of India Limited. Listing fees for the year 2008-09 have been paid. Company has been delisted from the Stock Exchanges of Delhi, Chennai, Bangalore & Ahmedabad. The Company's application to the Calcutta Stock Exchange for delisting is at advanced stage of delisting.
Stock code at BSE	500279
Stock symbol at NSE	MIRCELECTR
ISIN of the Company	INE831A01028
Corporate Identification No. (CIN)	L32300MH1981PLC023637

#### Unclaimed dividends:

Pursuant to the provisions of the Companies Act, 1956, dividends lying unclaimed for a period of 7 years from the date of their transfer to unpaid /unclaimed dividend account have to be transferred to the Investor Education and Protection Fund (IEPF) constituted and administered by the Central Government. 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	Final	September 25, 2001	October 26, 2008
2001-02	Final	September 30, 2002	October 31, 2009
2002-03	Final	August 25, 2003	September 25, 2010
2003-04	Final	August 12, 2004	September 12, 2011
2004-05	Final	January 30, 2006	March 02, 2013
2005-06	Final	September 27, 2006	October 28, 2013
2006-07	Interim	March 12, 2007	April 12, 2014

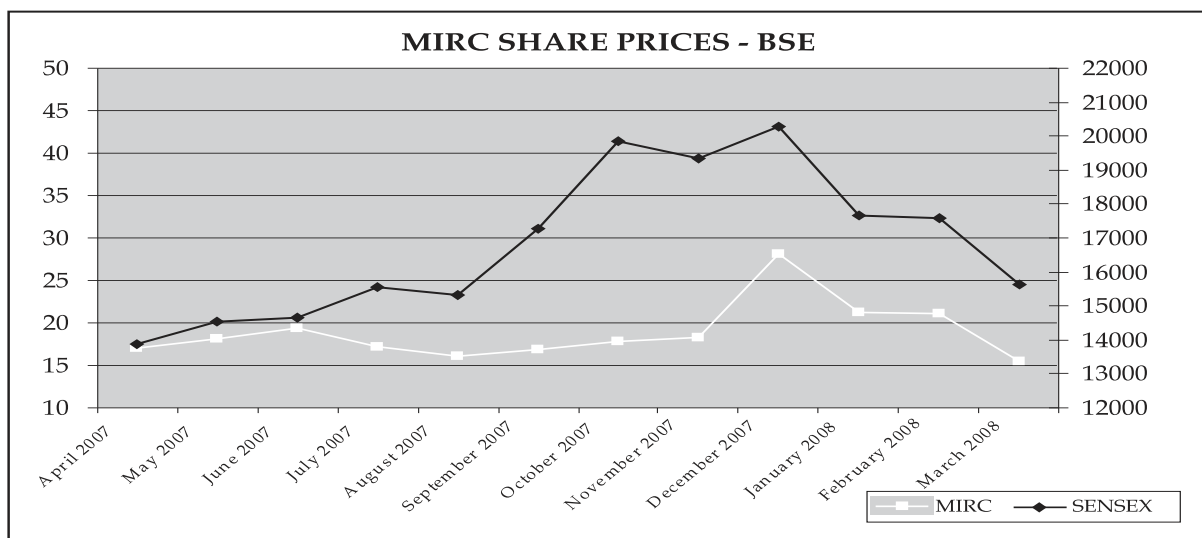


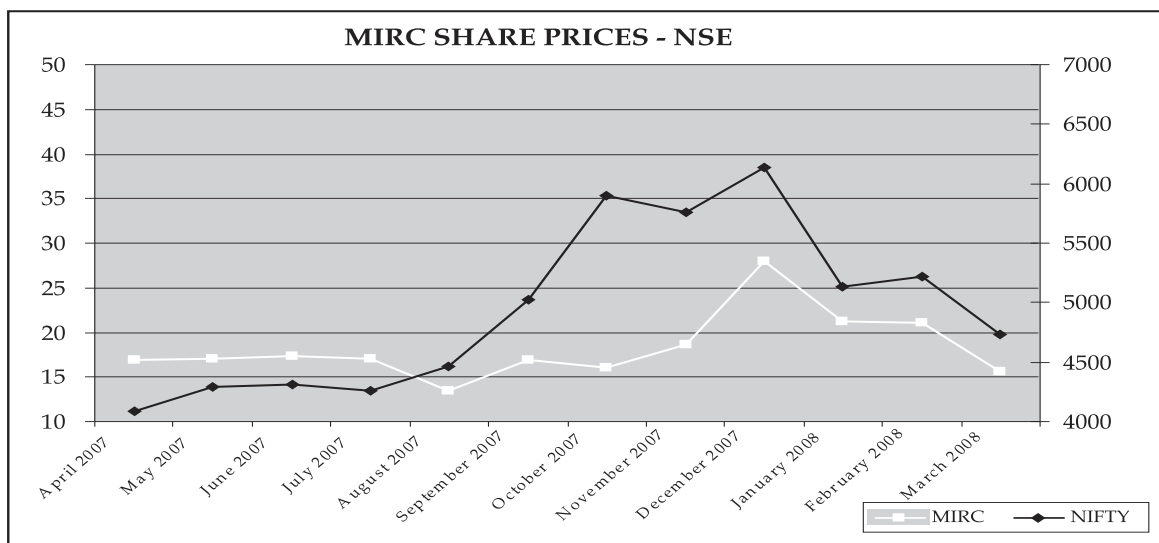


## Market Price Data:

Month	Stock Exchange					
	BSE			NSE		
	Share price		Sensex	Share price		Nifty
	High (Rs.)	Low (Rs.)	Close	High (Rs.)	Low (Rs.)	Close
April 2007	19.40	17.00	13872.37	19.85	16.95	4087.90
May 2007	21.25	18.05	14544.46	21.20	17.10	4295.80
June 2007	19.20	17.30	14650.51	19.20	17.30	4318.30
July 2007	19.20	17.15	15550.99	19.25	17.10	4258.85
August 2007	17.60	16.05	15318.60	17.65	13.40	4464.00
September 2007	24.65	16.95	17291.10	24.70	16.90	5021.35
October 2007	26.30	17.75	19837.99	26.35	16.00	5900.65
November 2007	35.30	18.25	19363.19	35.55	18.60	5762.75
December 2007	38.90	28.15	20286.99	39.20	28.00	6138.60
January 2008	41.85	21.30	17648.71	41.20	21.25	5137.45
February 2008	26.05	21.10	17578.72	26.25	21.15	5223.50
March 2008	22.80	15.50	15644.44	23.00	15.60	4734.50

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





#### Registrar & Share Transfer Agent

M/s. Intime Spectrum Registry Limited

C - 13, Pannalal Silk Mills Compound, Lal Bahadur Shastri Marg, Bhandup (West),

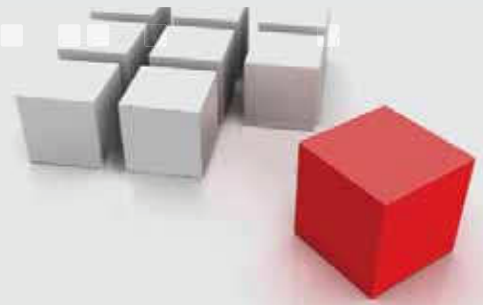
Mumbai - 400 078. Ph.: 022-25946970-78

#### Share transfer system

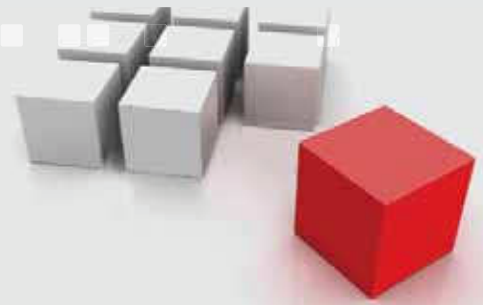
The Registrar and Share Transfer Agent registers the share transfers in physical form within 15 days from the receipt of the completed documents. Invalid share transfers are returned within 15 days of receipt. All requests for de-materialisation of shares are processed and confirmation is given to the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

#### Distribution schedule as on March 31, 2008

Equity shares held	Shareholders	percent of shareholders	Shares	percent of shareholding
1-5000	78750	99.087	27287984	19.217
5001-10000	383	0.482	2879665	2.028
10001-20000	176	0.221	2677201	1.885
20001-30000	52	0.065	1312759	0.924
30001-40000	21	0.026	730505	0.514
40001-50000	20	0.025	947649	0.667
50001-100000	40	0.05	2869927	2.021
100001 and above	34	0.043	103293894	72.742
<b>Total</b>	<b>79476</b>	<b>100</b>	<b>141999584</b>	<b>100</b>

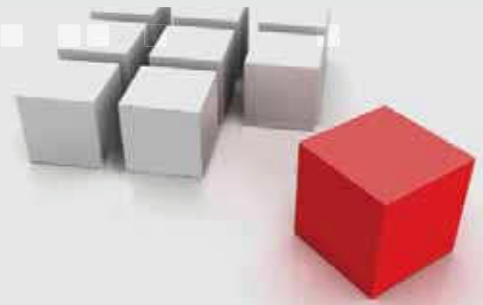


Category		Number of shares	Percentage of Holding
<b>A</b>	<b>Promoter's Holding</b>		
1	Indian Promoter	78142821	55.03
2	Foreign Promoter	0	0
	<b>Sub Total (A)</b>	<b>78142821</b>	<b>55.03</b>
<b>B</b>	<b>Non Promoter's Holding</b>		
	<b>Institutional Investors</b>		
1	Mutual funds/UTI	2750	0.00
2	Financial institutions/banks	7208	0.01
3	Insurance Companies	2583585	1.82
4	Foreign institutional investors	10912009	7.68
	<b>Non Institutional Investors</b>		
1	Bodies Corporate	13008829	9.16
2	Individuals	35213436	24.80
3	Clearing members	1388228	0.98
4	Non-resident Indians	740718	0.52
	<b>Sub Total (B)</b>	<b>63856763</b>	<b>44.97</b>
	<b>Grand Total (A + B)</b>	<b>141999584</b>	<b>100.00</b>



Person's constituting group coming within the definition of "group" as defined in the Monopolies and Restrictive Trade Practices Act, 1969, for the purpose of Regulation 3(1)(e)(i) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, include the following:

S. No	Name of the Company
1	Guviso Holdings Private Limited
2	Akasaka Electronics Limited
3	Adino Electronics Limited
4	Akman Dquay Securities Private Limited
5	Bombay Container Terminals Private Limited
6	Fiona Engineering Industries Private Limited
7	Gulita Securities Limited
8	IWAI Electronics Private Limited
9	Fractal Analytics Limited
10	Matrix Corporate Consultants Pvt. Ltd.
11	M/s Akman Associates
12	Mr. Gulu L. Mrchandani
13	Mr. Vijay J. Mansukhani
14	Mr. Sonu L. Mrchandani
15	Mrs. Gita G. Mrchandani
16	Mrs. Marissa V. Mansukhani
17	Mrs. Soni S. Mrchandani
18	Mr. Sasha G. Mrchandani
19	Mr. Kaval G. Mrchandani
20	Mr. Akshay V. Mansukhani
21	Ms. Ayesha V. Mansukhani
22	Mr. Karan S. Mrchandani
23	Mr. Varun S. Mrchandani
24	Mrs. Gopika Mrchandani
25	Mrs. Ranjana R. Salvi
26	Mr. Ranjit Salvi



#### **Dematerialisation of shares and liquidity**

As at March 31, 2008, 95.36% (135 404319 shaes) of shareholding were held in dematerialised form with NSDL and CDSL, while 4.64% (6595265 shaes) were held in physical form.

#### **Outstanding GDRs / ADRs / Warrants**

There are no outstanding GDRs/ADRs/warrants or any convertible instruments, as on March 31, 2008, likely to have an impact on the equity share capital of the Company.

#### **Plant Locations**

- |  |   |  |
|--|---|--|
| 1. Village Kudus<br>Bhiwandi Wada Road<br>Taluka Wada<br>Thane – 421 312 | 2. B-204/205<br>Phase – II<br>Noida – 201 305 | 3. Khasra No.158,<br>VIII. Raipur, Pargana<br>Bhagwanpur,<br>Roorkee, District Haridwar<br>Uttaranchal |
|--|---|--|

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

#### **Address for correspondence**

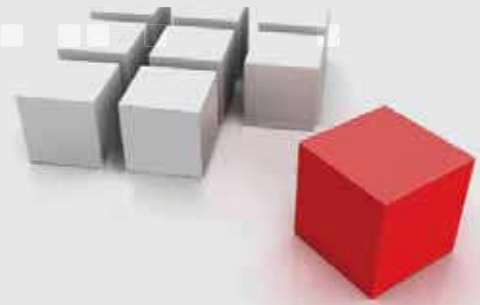
Mrc Electronics Limited  
Onida House, G1, MDC,  
Mahakali Caves Road  
Andheri (East), Mumbai - 400 093

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

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

Place : Mumbai

Date : April 29, 2008



### (CEO/ CFO Certificate under clause 49 of the Listing Agreement)

We, G. Sundar, Chief Executive Officer and Satrajit Ray, Chief Financial Officer of Mrc Electronics Limited hereby certify to Board that :

- a. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2008 and that to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit committee that:
  - (i) there are no significant changes in internal control over financial reporting during the year;
  - (ii) there have been no significant changes in accounting policies during the year which are required to be disclosed in the notes to the financial statements; and
  - (iii) there have been no instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

sd/-  
**G. Sundar**  
Chief Executive Officer

sd/-  
**Satrajit Ray**  
Chief Financial Officer

Date : April 29, 2008  
Place : Mumbai

### (Auditors certificate of Corporate Governance)

To the members of Mrc Electronics Limited

We have examined the compliance of conditions of corporate governance by Mrc Electronics Limited for the year ended March 31, 2008, 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.

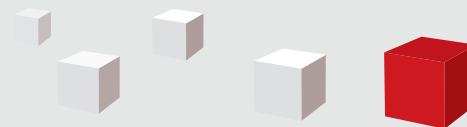
In our opinion and to the best of our information and explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of corporate governance as stipulated in clause 49 of the Listing Agreement.

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 & Company**  
Chartered Accountants

**J.M. Gandhi**  
Partner  
MNo.37924

Date : April 29, 2008  
Place : Mumbai



## MIRC ELECTRONICS LIMITED • Auditors' Report

### To the members of Mirc Electronics Limited

We have audited the attached Balance Sheet of MIRC Electronics Limited, as at March 31, 2008 and also the related Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's 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;

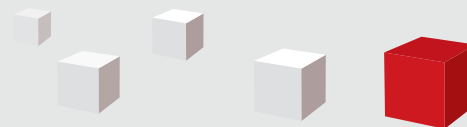
- (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- (v) On the basis of written representations received from the directors as on March 31, 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2008 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said 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, 2008;
  - (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, April 29, 2008

Membership No: 37924

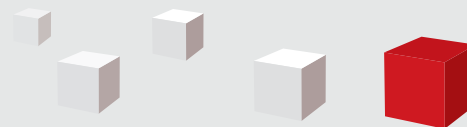


## MIRC ELECTRONICS LIMITED • Annexure to the Auditors' report

### Referred to in paragraph 3 of the Auditors report of even date of MIRC Electronics Limited for the year ended March 31, 2008.

- (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. 78.19 lacs and Rs. 70.69 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. 564 lacs and Rs. 76.60 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.





## MIRC ELECTRONICS LIMITED • Annexure to the Auditors' report

- 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.

- 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)	218.99
Central Excise	1998-1999	High Court	14.04
Central Excise	1997-2000, 1998-1999	Commissioner	246.96
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)	2644.42
Sales Tax	1999-2002	Board of Madhya Pradesh Commercial Taxes, Bhopal	10.01



## MIRC ELECTRONICS LIMITED • Annexure to the Auditors' report

(x)	The Company does not have accumulated losses and has not incurred cash losses during the financial year and immediately preceding financial year.		applied for the purpose for which they were raised other than amounts temporarily invested pending utilisation of the funds for the stated use.
(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.	(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.
(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.	(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.
(xiii)	The Company is not a chit fund or a nidhi/mutual fund benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.	(xix)	According to the information and explanations given to us the Company has not issued any secured debentures, which are outstanding during the year.
(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.	(xx)	During the period covered by our audit report, the Company has not raised any money by way a public issue;
(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.	(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.
(xvi)	In our opinion and on the basis of the information and explanation given to us, the term loans have been		

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

**J. M. Gandhi**  
Partner

Mumbai, April 29, 2008

Membership No: 37924



# MIRC ELECTRONICS LIMITED • Balance Sheet as at

(Rupees in Lacs)


	Schedule	31st March, 2008	31st March, 2007
<b>SOURCES OF FUNDS</b>			
Shareholders Funds			
Capital	1	1419.35	1419.35
Reserves and Surplus	2	24005.19	22207.94
		25424.54	23627.29
Loan Funds			
Secured	3	10372.26	11636.46
Unsecured	4	9584.00	4552.00
		19956.26	16188.46
Deferred Tax Liabilities (Net)		1689.40	1955.49
(Refer Note 18 of Schedule 21)			
<b>Total</b>		<b>47070.20</b>	<b>41771.24</b>
<b>APPLICATION OF FUNDS</b>			
Fixed Assets	5		
Gross Block		34344.91	34015.53
Less: Depreciation		15371.28	13410.47
Net Block		18973.63	20605.06
Capital Work in Progress including Capital Advance		193.80	12.88
		19167.43	20617.94
Investments	6	2600.18	2599.77
Current Assets, Loans and Advances			
Inventories	7	29257.09	23034.51
Sundry Debtors	8	13368.80	10421.46
Cash and Bank Balances	9	1946.05	1675.71
Loans and Advances	10	7997.97	7642.69
		52569.91	42774.37
Less: Current Liabilities and Provisions			
Liabilities	11	25333.82	23937.32
Provisions	12	1933.50	283.52
		27267.32	24220.84
Net Current Assets		25302.59	18553.53
<b>Total</b>		<b>47070.20</b>	<b>41771.24</b>
Notes Forming Part of The Accounts	21		

As per our Report attached  
For **N.M. Raiji & Co.,**  
Chartered Accountants

  
**J.M. Gandhi**  
Partner

Mumbai, April 29, 2008

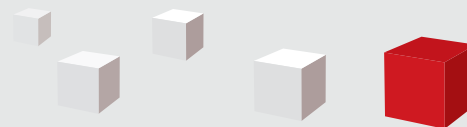
  
**Satrajit Ray**  
Chief Financial Officer

  
**Anoop Pillai**  
Company Secretary and Head Legal

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

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

  
**V.J. Mansukhani**  
Managing Director



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

(Rupees in Lacs)


	Schedule	31st March, 2008	31st March, 2007
<b>INCOME</b>			
Gross Sales	13	165506.03	165099.42
Less: Excise Duty on Sales		12667.64	13709.15
Net Sales		152838.39	151390.27
Other Income	14	369.61	406.49
<b>Total</b>		<b>153208.00</b>	<b>151796.76</b>
<b>EXPENDITURE</b>			
Materials Consumed	16	63822.22	61433.27
Cost of Traded Goods Sold	17	54219.60	54500.53
Personnel Expenses	18	6600.22	6607.36
Depreciation	5	2393.57	1973.93
Financial Expenses	19	2318.28	2028.02
Other Expenses	20	21496.98	20959.35
		150850.87	147502.46
(Less)/Add: (Accretion) / Decretion in Stocks	15	(1697.99)	(847.29)
<b>Total</b>		<b>149152.88</b>	<b>146655.17</b>
<b>PROFIT BEFORE TAX</b>		<b>4055.12</b>	<b>5141.59</b>
Fringe Benefit Tax		117.60	125.44
Current Tax (Including Wealth Tax)		745.04	1590.32
Deferred Tax		(266.09)	14.31
<b>PROFIT AFTER TAX</b>		<b>3458.57</b>	<b>3411.52</b>
Surplus brought forward from previous Year		14082.31	12312.15
<b>Total</b>		<b>17540.88</b>	<b>15723.67</b>
<b>APPROPRIATIONS</b>			
Dividend on Equity Shares			
Interim Dividend		—	1065.00
Final Equity Dividend - Proposed		1420.00	—
Tax on Dividends		241.33	149.37
Transfer to General Reserve		450.00	427.00
Surplus carried to Balance Sheet		15429.55	14082.30
<b>Total</b>		<b>17540.88</b>	<b>15723.67</b>
Notes forming part of the Accounts	21		
Basic & diluted earnings per share (Rs.)		2.44	2.40

As per our Report attached  
For **N.M. Raiji & Co.,**  
Chartered Accountants

  
**J.M. Gandhi**  
Partner

Mumbai, April 29, 2008

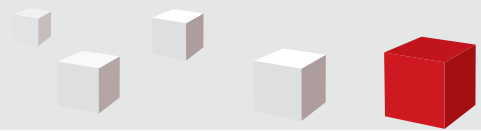
  
**Satrajit Ray**  
Chief Financial Officer

  
**Anoop Pillai**  
Company Secretary and Head Legal

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

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

  
**V.J. Mansukhani**  
Managing Director



# MIRC ELECTRONICS LIMITED • Schedules forming part of the Balance Sheet

(Rupees in Lacs)

	31st March, 2008	31st March, 2007
<b>Schedule -1 SHARE CAPITAL</b>		
Authorised		
15,00,00,000 Equity Shares of Re.1/- each (Previous year 15,00,00,000 Equity Shares of Re.1/- each)	1 500.00	1 500.00
20,00,000 Preference Shares of Rs.100/- each (Previous year 20,00,000 Preference Shares of Rs.100/- each)	2000.00	2000.00
	3500.00	3500.00
Issued, Subscribed and Paid Up		
14,19,99,584 Equity Shares of Re.1/- each fully paid up	1 419.99	1 419.99
Less: Calls in arrears	0.64	0.64
	1 419.35	1 419.35
Notes: Of the above		
• 7,48,96,575 (Previous year 7,48,96,575) Equity Shares are held by the Holding Company, Guviso Holdings 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>1 419.35</b>	<b>1 419.35</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	8117.18	7807.07
Add : Transfer from Profit & Loss Account	450.00	427.00
Less : Impact of Transitional Provision of AS 15	—	116.89
	8567.18	8117.18
Profit and Loss Account	15429.55	14082.30
<b>Total</b>	<b>24005.19</b>	<b>22207.94</b>

<b>Schedule - 3 SECURED LOANS</b>		
From Banks		
Cash Credit	9072.26	6110.18
Long Term Loan	1 300.00	2500.00
Foreign Currency Loan	—	3026.28
<b>Total</b>	<b>10372.26</b>	<b>11636.46</b>

Of the above Rs.10272.26 (Previous year : Rs.5126.27) 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
- 2) Long Term Loan from State Bank of India is secured by first charge by way of mortgage on Company's Fixed Assets at Wada factory



## MIRC ELECTRONICS LIMITED • Schedules forming part of the Balance Sheet

(Rupees in Lacs)

	31st March, 2008	31st March, 2007
<b>Schedule - 4 UNSECURED LOANS</b>		
Term Loan From Banks	9500.00	4000.00
From Others - Intercompany Deposits	76.60	552.00
Sales Tax Deferment Loan	7.40	—
<b>Total</b>	<b>9584.00</b>	<b>4552.00</b>

Of the above, Rs.4084.00 (Previous year : Rs.4552.00) is repayable within one year.

### Schedule - 5 FIXED ASSETS - [Refer Note 1 (C) of Schedule 21]

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK
	As at 01.04.2007	Additions/ Adjustments	Deletions/ Adjustments	As at 31.03.2008	Upto 01.04.2007	For the Year	Deletions/ Adjustments	Upto 31.03.2008	As on 31.03.2008
<b>INTANGIBLE ASSETS</b>									
R & D Software	45.11 (32.94)	2.36 (12.17)	— —	47.47 (45.11)	19.76 (15.20)	9.72 (4.56)	— —	29.48 (19.76)	17.99 (25.35)
<b>TANGIBLE ASSETS</b>									
Leasehold land	760.22 (737.05)	— (23.17)	— —	760.22 (760.22)	71.24 (61.57)	9.67 (9.67)	— —	80.91 (71.24)	679.31 (688.98)
Freehold land	1169.12 (643.80)	— (525.32)	— —	1169.12 (1169.12)	— —	— —	— —	— —	1169.12 (1169.12)
Buildings	9151.35 (8980.02)	50.41 (171.33)	— —	9201.76 (9151.35)	1529.69 (1239.40)	293.74 (290.29)	— —	1823.43 (1529.69)	7378.33 (7621.66)
Plant and Machinery and Electrical Fittings	20745.84 (19703.95)	595.97 (1074.27)	372.17 (32.38)	20969.64 (20745.84)	10511.36 (8996.80)	1929.90 (1543.32)	360.03 (28.76)	12081.23 (10511.36)	8,888.41 (10234.48)
Furniture, Fixtures and Equipments	1117.56 (1050.24)	21.59 (79.51)	60.40 (12.19)	1078.75 (1117.56)	668.00 (605.91)	88.70 (71.36)	56.26 (9.27)	700.44 (668.00)	378.31 (449.56)
Motor Vehicles	279.18 (311.22)	— —	26.20 (32.04)	252.98 (279.18)	161.23 (152.47)	27.02 (27.59)	16.47 (18.83)	171.78 (161.23)	81.20 (117.95)
R & D - Building	157.08 (157.08)	— —	— —	157.08 (157.08)	64.28 (59.03)	5.25 (5.25)	— —	69.53 (64.28)	87.55 (92.80)
R & D - Plant and Machinery and Electrical Fittings	472.50 (445.63)	117.73 (28.60)	— (1.73)	590.23 (472.50)	312.73 (299.33)	21.99 (15.04)	— (1.64)	334.72 (312.73)	255.51 (159.77)
R & D - Furniture, Fixture and Equipments	117.57 (108.62)	0.09 (9.61)	— (0.66)	117.66 (117.57)	72.18 (65.92)	7.58 (6.85)	— (0.59)	79.76 (72.18)	37.90 (45.39)
<b>Total</b>	<b>34015.53</b> (32170.55)	<b>788.15</b> (1923.98)	<b>458.77</b> (79.00)	<b>34344.91</b> (34015.53)	<b>13410.47</b> (11495.63)	<b>2393.57</b> (1973.93)	<b>432.76</b> (59.09)	<b>15371.28</b> (13410.47)	<b>18973.63</b> (20605.06)
Capital Work-in-Progress									<b>193.80</b> (12.88)
<b>Total</b>									<b>19167.43</b> (20617.94)

- Note :**
- The additions to fixed assets during the year includes foreign exchange loss of Rs.Nil (Previous year - loss of Rs.51.33)
  - Figures in bracket are as on 31st March, 2007.
  - Capital Work-In-Progress includes pre-operative expenses of Rs. 6.60 towards salary and Rs.1.49 towards other expenses (Previous year Rs. Nil).



# MIRC ELECTRONICS LIMITED • Schedules forming part of the Balance Sheet

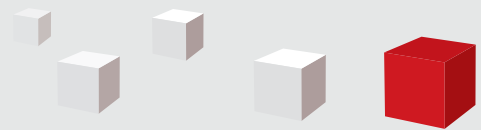
(Rupees in Lacs)

	Face Value (Rs.)	31st March, 2008 Nos.		31st March, 2007 Nos.	
<b>SCHEDULE - 6 INVESTMENTS</b>					
(Unquoted and Fully Paid unless otherwise stated)					
<b>LONG TERM INVESTMENTS (AT COST)</b>					
<b>IN SUBSIDIARY COMPANIES (in Equity Shares)</b>					
Akasaka Electronics Limited (Refer Note 3)	10	7176000	2523.00	4230000	423.00
Imercius Technologies (India) Limited (Refer Note 2)		—	—	21000000	2100.00
	(A)		2523.00		2523.00
<b>CURRENT INVESTMENTS (AT COST)</b>					
<b>NON-TRADE INVESTMENTS (in Equity Shares)</b>					
Kongarar Textiles Limited	10	2600	1.17	2600	1.17
Menon Pistons Limited (Quoted)	10	118745	83.12	118745	83.12
Onida Finance Limited	10	468400	139.60	468400	139.60
			223.89		223.89
Less: Provision for diminution in the value of Investments			146.71		147.12
	(B)		77.18		76.77
<b>Total</b>	(A+ B)		<b>2600.18</b>		<b>2599.77</b>
Notes:					
Aggregate of Quoted Investments					
Cost			83.12		83.12
Market Value			77.18		76.77
Aggregate of Unquoted Investments					
Cost			2663.77		2663.77

## Notes :

- During the year following units were purchased and sold.
 

	Units
ICICI Prudential Liquid - Super IP	2328148467.25
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
Reliance Mutual Fund	12046265.66
- As per scheme of Amalgamation approved by the shareholders & High Court vide its order dated July 27, 2007, Akasaka Electronics Limited has been amalgamated with Imercius Technologies (India) Limited in pursuance of which 6 shares were issued for every 5 shares of Akasaka Electronics Limited and reduction of Imercius Technologies (India) Limited was also carried out, consequent to which number of shares outstanding is reduced from 2,10,00,000 to 21,00,000. The scheme also provides for consolidation of shares to Rs.10 per share.
- As per the application made to Government of India - Ministry of Corporate Affairs, Registrar of Companies, Maharashtra, Mumbai, the name of the amalgamated company Imercius Technologies (India) Limited, referred in note 2 above has been changed to Akasaka Electronics Limited with effect from 4.10.2007.



MIRC ELECTRONICS LIMITED • Schedules forming part of the Balance Sheet

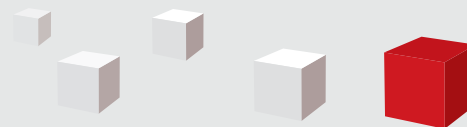
(Rupees in Lacs)

	31st March, 2008	31st March, 2007
<b>Schedule - 7 INVENTORIES</b>		
Raw Materials including Packing Materials and Service Spares	9251.08	7648.15
Stores and Spares	214.09	312.22
Semi Finished Goods	1543.98	1732.46
Finished Goods: Manufactured	6387.51	4501.04
Traded	9023.99	5334.80
Goods in transit	2836.44	3505.84
<b>Total</b>	<b>29257.09</b>	<b>23034.51</b>

<b>Schedule - 8 SUNDRY DEBTORS</b>		
Debts outstanding for a period exceeding six months	769.40	520.02
Other Debts	13278.83	10358.70
	14048.23	10878.72
Less: Provision for Doubtful Debts	679.43	457.26
<b>Total</b>	<b>13368.80</b>	<b>10421.46</b>
Considered Good - Secured	282.06	108.34
Considered Good - Unsecured	13086.73	10313.12
Considered Doubtful - Unsecured	679.43	457.26
	14048.22	10878.72

<b>Schedule - 9 CASH AND BANK BALANCES</b>		
Cash on hand	22.97	10.07
Cheques on hand	-	10.94
Bank Remittances in Transit	1686.93	1244.01
Balances with Scheduled Banks:		
Current Accounts	160.51	395.71
Fixed Deposit Accounts	0.19	0.98
Balances with Non-scheduled Banks		
HSBC Bank Middle East - AED Current Account (Maximum amount outstanding during the year Rs. 31.98 previous year Rs.34.90)	8.78	2.28
HSBC Bank Middle East - USD Call Deposit Account (Maximum amount outstanding during the year Rs.139.70 previous year Rs.113.15)	66.67	11.72
<b>Total</b>	<b>1946.05</b>	<b>1675.71</b>





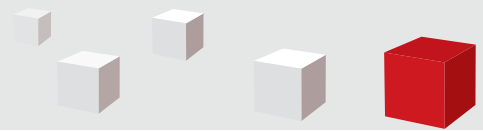
MIRC ELECTRONICS LIMITED • Schedules forming part of the Balance Sheet

(Rupees in Lacs)

	31st March, 2008		31st March, 2007	
<b>Schedule - 10 LOANS AND ADVANCES</b>				
(Refer Note 8 of Schedule 21)				
(Unsecured - considered good unless otherwise stated)				
Loans		288.24		231.02
Advances recoverable in cash or kind or for value to be received		6507.21		6856.57
Advance Income-tax (Net of Provisions)		374.93		—
Balance with Excise and Customs Authorities		827.59		555.10
<b>Total</b>		<b>7997.97</b>		<b>7642.69</b>

<b>Schedule - 11 CURRENT LIABILITIES</b>				
Acceptances		11 547.42		10073.02
Sundry Creditors (Refer note 7 (b) of Schedule 21)		5419.00		3085.41
Advances from Customers		503.92		523.68
Unclaimed Dividend Accounts (Refer note 7 (c) of Schedule 21)		90.90		313.47
Other Liabilities		7396.43		9538.79
Interest accrued but not due		94.10		120.66
Deposits from Dealers		282.05		282.29
<b>Total</b>		<b>25333.82</b>		<b>23937.32</b>

<b>Schedule - 12 PROVISIONS</b>				
Proposed Dividends		1 420.00		—
Tax on Proposed Dividends		241.33		—
Provision for Income-tax (Net of Advances)		—		42.92
Provision for Retirement Benefits		272.17		240.60
<b>Total</b>		<b>1933.50</b>		<b>283.52</b>



MIRC ELECTRONICS LIMITED • Schedules forming part of the Profit and Loss Account

(Rupees in Lacs)

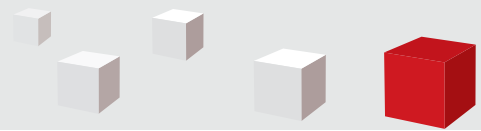
	2007-08	2006-07
<b>Schedule - 13 SALES</b>		
Sales	165407.38	165026.18
Export Benefits received	98.65	73.24
<b>Total</b>	<b>165506.03</b>	<b>165099.42</b>

<b>Schedule - 14 OTHER INCOME</b>		
Dividend Income	6.82	16.50
Interest Income - Gross [Tax deducted at source Rs. 1.36, (previous year Rs. 5.76)]	6.79	30.91
Profit on Sale of Assets	3.98	0.48
Profit on Sale of Investment	—	4.12
Interest on Income Tax Refund	24.15	61.54
Sales Tax Refund	26.21	46.02
Write back of provision against investments	0.42	—
Miscellaneous Income	301.24	246.92
<b>Total</b>	<b>369.61</b>	<b>406.49</b>

<b>Schedule - 15 (ACCRETION)/DECRETION IN STOCKS</b>		
Opening Stock - Semi-finished Goods	1732.46	1408.81
Finished Goods	4501.04	3977.40
Less:	6233.50	5386.21
Closing Stock - Semi-finished Goods	1543.98	1732.46
Finished Goods	6387.51	4501.04
	7931.49	6233.50
<b>Total</b>	<b>(1697.99)</b>	<b>(847.29)</b>

<b>Schedule 16 MATERIALS CONSUMED</b>		
Opening Stock	7648.15	6766.26
Add : Purchases	65425.15	62315.16
	73073.30	69081.42
Less : Closing Stock	9251.08	7648.15
<b>Total</b>	<b>63822.22</b>	<b>61433.27</b>

<b>Schedule - 17 COST OF TRADED GOODS SOLD</b>		
Opening Stock	5334.80	3893.50
Add : Purchases	57908.79	55941.83
	63243.59	59835.33
Less : Closing Stock	9023.99	5334.80
<b>Total</b>	<b>54219.60</b>	<b>54500.53</b>



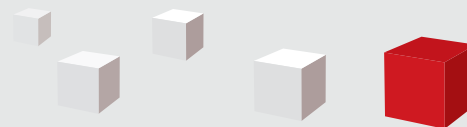
**MIRC ELECTRONICS LIMITED • Schedules forming part of the Profit and Loss Account**

(Rupees in Lacs)

	2007-08	2006-07
<b>Schedule - 18 PERSONNEL EXPENSES</b>		
Salaries, Wages and Bonus	51 59.38	51 50.34
Contribution to Provident Fund and Gratuity	425.83	407.42
Staff Welfare Expenses	101 5.01	1049.60
<b>Total</b>	<b>6600.22</b>	<b>6607.36</b>

<b>Schedule - 19 FINANCIAL EXPENSES</b>		
Interest - Fixed Loans	1 463.73	1 199.01
- Others	854.55	829.01
<b>Total</b>	<b>2318.28</b>	<b>2028.02</b>

<b>Schedule - 20 OTHER EXPENSES</b>		
Power and Fuel	665.71	719.05
Rent	676.16	482.40
Rates and Taxes	198.32	471.91
Repairs to:		
- Plant and Machinery	430.19	229.01
- Building	25.23	68.21
- Others	438.79	481.46
Insurance Charges	124.46	127.63
Freight and Forwarding Expenses	6 425.45	5 855.34
Advertisement	6 390.96	6 821.83
Sales Commission	183.51	305.81
Service Charges	1 341.78	1 501.94
Travelling and Conveyance	1 075.92	1 339.07
Loss on Sale of Assets	14.00	11.12
Provision for Doubtful Debts	220.42	—
Bad debts written off	11.04	303.71
Provision for Doubtful Debts	(11.04)	(268.38)
	—	35.33
Provision for Diminution in value of investment	—	6.35
Research & Development Expenditure	819.28	516.94
Miscellaneous Expenses	2 466.80	1 985.95
(Refer Note 9 of Schedule 21)		
<b>Total</b>	<b>21 496.98</b>	<b>20 959.35</b>

Schedule – 21 **NOTES FORMING PART OF ACCOUNTS****1. SIGNIFICANT ACCOUNTING POLICIES****a) Basis of Accounting**

The financial statements have been prepared as per historical cost convention and in accordance with the generally accepted accounting principles in India, the provisions of the Companies Act, 1956 and the applicable accounting standards issued by the Institute of Chartered Accountants of India.

**b) Revenue Recognition**

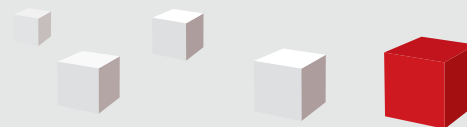
- i) Income from sale of goods is recognised upon transfer of significant risk and rewards of ownership of the goods to the customer which generally coincides with delivery and acceptance of goods sold. Sales are recorded net of sales tax / value added tax. Turnover includes related export benefits. The Excise duty recovered is presented as a reduction from gross turnover.
- ii) Interest income is recognised on accrual basis.
- iii) Dividend income is accounted when the right to receive the payment is established.
- iv) Claims which are not of material nature / insurance claims, export benefits, government grants, refund of sales tax / excise / custom duty are accounted for when no significant uncertainties are attached to eventual receipt.

**c) Fixed Assets and Depreciation**

- i) Fixed Assets are stated at cost of acquisition or construction, net of modvat / cenvat, less accumulated depreciation and accumulated impairment losses, if any. Cost of acquisition comprises of all costs incurred to bring the assets to their location & working condition up to the date the assets are put to use. All costs, including financing costs till commencement of commercial production, net charges on foreign exchange contracts & adjustment arising from exchange rate variations attributable to the fixed assets acquired from a country outside India are capitalised.
- ii) Machinery / insurance spares which are specific and identifiable to the assets are capitalised.
- iii) Preoperative expenditure during construction period / trial run, direct expenses as well as clearly identifiable indirect expenses incurred on the projects during the period of construction are being capitalised alongwith the respective assets.
- iv) The company provides depreciation as under :
  - a) For assets acquired on or after 01/01/1987 on straight-line method, in accordance with Schedule XIV of the Companies Act, 1956.
  - b) For assets acquired prior to 01/01/1987 on written down value basis, in accordance with Schedule XIV of the Companies Act, 1956.
  - c) Accelerated depreciation has been provided on fixed asset which have become obsolete, to reduce the value to estimated realisable value.
  - d) Capital items costing less than Rs.5000 have been charged to Profit and Loss Account at the time of purchase itself.
  - e) Leasehold Land is amortised over the period of lease.
  - f) The company capitalises software where it is reasonably estimated that the software has an enduring useful life. Software is depreciated over an estimated useful life of 5 years.

**d) Impairment of Assets**

An asset is considered as impaired in accordance with Accounting Standard (AS)-28 on "Impairment of Assets". Impairment is ascertained at each balance sheet date in respect of Cash Generating Units. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.



**e) Investments**

(Rupees in Lacs)

Investments are classified as current or long term in accordance with Accounting Standard (AS)-13 on "Accounting for Investments".

Current investments are stated at lower of cost and fair value. Any reduction in the carrying amount and any reversal of such reductions are charged or credited to the Profit and Loss Account.

Long term investments are stated at cost. Provision is made to recognize a decline, other than temporary, in the value of such investments.

**f) 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 taxable profits to utilise them.

**g) Inventories**

Stock in trade is valued at lower of cost & net realisable value. Stock of consumable stores, spares and furnace oil are valued at cost.

Cost is computed based on moving weighted average in respect of all procured materials and comprises of materials and appropriate share of utilities and other overheads in respect of work -in -process and finished goods. Costs also includes all charges incurred for bringing the inventories to their present location & condition.

**h) Sales Promotion**

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

**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 arising during the year has been charged off to the Profit & Loss Account pursuant to the notification issued by ICAI.

ii) Monetary foreign currency assets and liabilities are translated into rupees at the exchange rate prevailing at the Balance sheet date. Exchange differences are dealt with in the Profit and Loss Account.

iii) Non monetary items such as investments are carried at historical cost using exchange rates on the date of transaction.

iv) In case of forward contracts (for hedging purposes) the premium or discount arising at inception is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the Profit and Loss Account.

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.

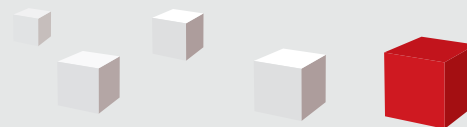
Capital expenditure on research and development is shown as an addition to fixed assets.

**k) Retirement benefits**

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

Gratuity and Leave Encashment - Gratuity & Leave Encashment has been provided in accordance with Accounting Standards (AS) - 15 "Employee Benefits".

Superannuation - Superannuation is provided on the basis of premium paid on the policy taken under Group Superannuation Scheme from Life Insurance Corporation of India.



(Rupees in Lacs)

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 a credit of Rs. 312.32 (previous year debit Rs. 289.90)

3. **Contingent Liabilities**

Particulars	31st March 2008		31st March 2007	
a) Guarantees given to Bank against which Rs. Nil (previous year Rs. Nil) has been deposited as margin money		123.49		81.51
b) Guarantees given to bank on behalf of subsidiary companies Akasaka Electronics Limited		1870.00		1320.00
c) Income tax demands in respect of which appeals have been filed		2064.80		2086.58
d) Excise and Custom Duty in respect of which appeals have been filed		339.39		161.85
e) Claims made against the Company not acknowledged as debts		4960.02		2348.19
4. Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances)		110.20		248.50

5. **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		8.00%		8.00%
Discount rate Current year		8.00%		8.00%
Rate of Return on Plan Assets Previous year		8.00%		—
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%



(Rupees in Lacs)

## c) Reconciliation of Benefit Obligation:

Particulars	Gratuity	Leave Encashment
Liability at the beginning of the year	423.18	157.09
Interest cost	33.85	12.57
Current Service Cost	45.10	18.42
Benefit Paid	(47.90)	(46.57)
Actuarial (Gain) / Loss on Obligations	114.90	(19.78)
Liability at the end of the year	569.13	—
Fair Value of Plan Assets at the end of the year	418.70	—
Amount recognised and disclosed under the head "Provisions for Employee Benefits"	150.43	—
Liability at the end of the year recognised and disclosed under the head "Provisions for Employee Benefits"	—	121.73

## d) Reconciliation of Fair value of Plan Assets:

Particulars	Gratuity
Fair Value of Plan Assets at the beginning of the year	339.66
Expected Return on Plan Assets	27.17
Contributions	99.77
Benefit Paid	(47.90)
Actuarial (Gain) / Loss on Obligations	114.90
Fair Value of Plan Assets at the end of the year	418.70
Total Actuarial Gain / (Loss) recognized	(114.90)

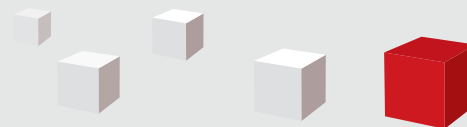
## e) Return on Plan Assets:

Particulars	Gratuity
Expected Return on Plan Assets	27.17
Actuarial Gain / (Loss) on Plan Assets	—
Actual Return on Plan Assets	27.17

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

Particulars	Gratuity	Leave Encashment
Current Service Cost	45.10	18.42
Interest Cost	33.85	12.57
Expected Return on Plan Assets	(27.17)	—
Net Actuarial (Gain) / Loss recognized	114.90	(19.79)
Expenses recognised in Profit and Loss Account	166.68	11.20

6. Research and development expenses consist of personnel expenses, depreciation and other expenses of Rs.535.14 (previous year Rs.333.44), Rs.44.54 (previous year Rs.31.70) and Rs.284.14 (previous year Rs.183.50) respectively.



(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, 2008 to be credited to Investor Education and Protection Fund.

**8. Loans and Advances:**

Particulars	31st March 2008		31st March 2007	
Include loans and advances given to :				
a) Subsidiary Company Advances				
Akasaka Electronics Limited (excluding capital advances)		70.69		64.60
Maximum amount outstanding during the year Rs. 78.19 (previous year Rs. 631.10)				

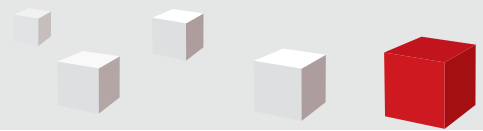
**9. Miscellaneous Expenses charged to Profit and Loss Account includes**

Particulars	2007-08		2006-07	
Remuneration to Auditors (excluding Service Tax) :				
a) Audit fees		17.50		17.00
b) Other Services (Certification, Tax Audit etc.)		4.78		5.75
c) Out of pocket expenses		0.77		0.56
<b>Total</b>		<b>23.05</b>		<b>23.31</b>

**10. Payments to Directors**

Particulars	2007-08		2006-07	
Remuneration to Directors				
a) Salaries		161.28		145.92
b) Commission to Chairman and Managing Director and Managing Director		92.06		113.40
Commission to Non-Executive Director		8.00		8.00
c) Contribution to Provident Fund and other funds		27.22		24.62
d) Other Perquisites		3.64		2.06
<b>Total</b>		<b>292.20</b>		<b>294.00</b>





(Rupees in Lacs)

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

	2007-08	2006-07
<b>Profit before taxes as per Profit and Loss Account</b>	<b>4055.12</b>	<b>5141.59</b>
<b>Add :</b>		
Managerial Remuneration	192.14	172.60
Commission to Chairman and Managing Director and Managing Director	92.06	113.40
Loss on sale of Fixed Assets u/s 350	14.00	11.12
Provision - Others	246.65	222.04
Decrease in value of investment	—	6.35
Commission to Non-Executive Directors	8.00	8.00
	<b>552.85</b>	<b>533.51</b>
<b>Less :</b>		
Profit on sale of Fixed Assets	3.98	0.48
Increase in value of investment	0.42	—
Profit on sale of Investment	—	4.12
	<b>4.40</b>	<b>4.60</b>
<b>Net Profit as per Sec. 309 (5)</b>	<b>4603.57</b>	<b>5670.50</b>
<b>Commission payable to</b>		
Chairman and Managing Director @ 1% of Net profit as per Sec.309(5)	46.03	56.70
Managing Director @ 1% of Net profit as per Sec.309(5)	46.03	56.70
Non-Executive Directors	8.00	8.00

**11. Material Consumed**

Sr. No.	Particulars	Quantity (Nos)	2007-08	Quantity (Nos)	2006-07
a)	Picture Tubes for Colour Televisions	1217288	17071.19	1094538	18981.25
b)	Imported Components and Parts for Colour Televisions etc.		29037.08		20958.47
c)	Others		17713.95		21493.55
	<b>Total</b>		<b>63822.22</b>		<b>61433.27</b>

**12. Value of Material Consumed**

Sr. No.	Particulars	%	2007-08	%	2006-07
a)	Imported	65	41668.62	54	33465.98
b)	Indigenous	35	22153.60	46	27967.29
	<b>Total</b>	<b>100</b>	<b>63822.22</b>	<b>100</b>	<b>61433.27</b>



(Rupees in Lacs)

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

Sr. No.	Particulars	2007-08	2006-07
i)	Raw Materials (Incl.In Transit)	54035.32	32048.78
ii)	Capital Goods	558.27	590.91

14. Earnings in Foreign Currency on account of

Sr. No.	Particulars	2007-08	2006-07
i)	Exports (At FOB Value)	2787.50	2722.47

15. Expenditure in Foreign Currency on account of

Sr. No.	Particulars	2007-08	2006-07
i)	Royalty	17.83	73.82
ii)	Professional Fees	26.94	47.97
iii)	Financial Expenses	353.43	436.50
iv)	Personnel Expenses	138.73	193.68
v)	Freight and Forwarding	120.26	64.54
vi)	Travelling and conveyance	33.22	93.02
vii)	Advertisement	100.68	105.08
viii)	Others	136.89	151.79
	<b>Total</b>	<b>927.98</b>	<b>1166.40</b>

16. 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.

17. No forward exchange contracts are outstanding on the balance sheet date which are entered to hedge foreign exchange exposures of the Company.

18. a. Provision for Taxation comprises of current tax Rs.745.04 and deferred tax asset of Rs.266.09. The current tax includes wealth tax of Rs.1.45.

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, 2008	31st March, 2007
	<b>Deferred Tax Liabilities</b>		
1	Related to Fixed Assets	2233.61	2441.40
2	Related to Others	263.59	248.81
	<b>Total (A)</b>	<b>2497.20</b>	<b>2690.21</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	371.90	300.22
3	Related to Leave Encashment	110.44	109.04
4	Related to Arrears of Salary	-	-
	<b>Total (B)</b>	<b>807.80</b>	<b>734.72</b>
	<b>Net Liability (A) - (B)</b>	<b>1689.40</b>	<b>1955.49</b>



(Rupees in Lacs)

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

	31st March, 2008		31st March, 2007	
PAT		3458.57		3411.52
Number of shares as on 31.03.2008		141999584		141999584
Basic / Diluted Earnings Per Share		2.44		2.40

20. 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)	40180 (41316)	2619.83 (3013.39)	907564 (851975)	882762 (853111)	55633.11 (59713.31)	64982 (40180)	4636.19 (2619.83)
2.	Washing Machines	780000 (780000)	380000 (380000)	5589 (7111)	312.11 (344.78)	100932 (108956)	99460 (110478)	4094.03 (4950.82)	7061 (5589)	263.90 (312.11)
3.	Air-Conditioners	300000 (300000)	100000 (100000)	11068 (5502)	1553.72 (611.00)	77869 (45934)	79357 (40368)	12808.47 (5981.58)	9580 (11068)	1446.55 (1553.72)
4.	TV Components, Spares and Others	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)	- -	(N.A.) (N.A.)	N.A. (N.A.)	18981.13 (22468.10)	N.A. (N.A.)	- -
5.	Electronic Tuners	3720000 (3720000)	3720000 (3720000)	36756 (14911)	15.38 (8.23)	1268783 (1422842)	1197253 (1400637)	706.07 (910.90)	108286 (36756)	40.87 (15.38)
	<b>TOTAL A</b>				<b>4501.04</b>			<b>92222.81</b>		<b>6387.51</b>
					(3977.40)			(94024.71)		(4501.04)

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	31671 (30395)	1609.77 (1554.34)	623271 (670096)	25940.78 (30179.60)	627184 (668820)	32484.21 (38284.05)	27758 (31671)	1538.58 (1609.77)
2	Washing Machines	5194 (3287)	270.86 (134.39)	107935 (53803)	3945.40 (1856.07)	99282 (51896)	5785.49 (2863.11)	13847 (5194)	679.57 (270.86)
3	Air Conditioners	13215 (10762)	1551.96 (1145.28)	117400 (75226)	13395.76 (8334.14)	95292 (72773)	14329.41 (11135.37)	35323 (13215)	4231.09 (1551.96)
4	DVD	64935 (41518)	1156.50 (557.97)	748867 (674688)	8998.58 (11206.21)	725272 (651271)	15333.10 (14628.36)	88530 (64935)	1247.24 (1156.50)
5	Microwave Ovens	13479 (7406)	444.70 (269.05)	131948 (64348)	3047.69 (2051.36)	104110 (58275)	3934.22 (2825.20)	41317 (13479)	1005.97 (444.70)
6	Service / Others	N.A. (N.A.)	301.01 (232.48)	N.A. (N.A.)	2580.58 (2314.45)	N.A. (N.A.)	1416.79 (1338.62)	N.A. (N.A.)	321.54 (301.01)
	<b>TOTAL B</b>		<b>5334.80</b>		<b>57908.79</b>		<b>73283.22</b>		<b>9023.99</b>
			(3893.50)		(55941.83)		(71074.71)		(5334.80)
	<b>TOTAL A + B</b>		<b>9835.84</b>		<b>57908.79</b>		<b>165506.03</b>		<b>15411.50</b>
			(7870.90)		(55941.83)		(165099.42)		(9835.84)

1. Figures in brackets are in respect of previous year.

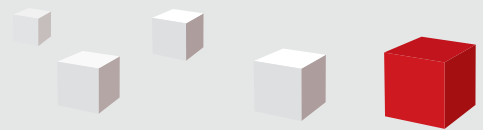
2. The purchase cost of spares used in services has been included in 'Cost of Raw Material Consumed' Schedule.

**21. 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**

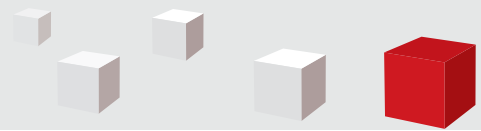
Particulars	Holding Company	Subsidiaries	Key management Personnel	Relatives of key management personnel	Enterprise over which any person described in (3) & (4) is able to exercise significant influence
	(1)	(2)	(3)	(4)	(5)
<b>Transactions during 1.4.07-31.03.08</b>					
Purchase of goods, services, spares and fixed assets					
Akasaka Electronics Limited	-	1075.12 (1137.17)	-	-	-
Iwai Electronics Pvt Limited	-	-	-	-	1032.65 (900.26)
Adino Telecom Limited	-	-	-	-	0.32 -
Sale of goods, fixed assets, spares and services					
Akasaka Electronics Limited	-	15.67 (5.55)	-	-	-
Iwai Electronics Pvt Limited	-	-	-	-	8.60 (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)
Inter Corporate Deposits given					
Akasaka Electronics Limited	-	13.00	-	-	-
	-	-	-	-	-
Imercius Technologies (India) Limited	-	-	-	-	-
	-	(172.85)	-	-	-
Inter Corporate Deposits given repaid					
Akasaka Electronics Limited	-	7.75	-	-	-
	-	-	-	-	-
Imercius Technologies (India) Limited	-	-	-	-	-
	-	(593.00)	-	-	-
Adino Telecom Limited	-	-	-	-	-
	-	-	-	-	(25.00)
Inter Corporate Deposits taken					
Guviso Holdings Pvt. Limited	70.75	-	-	-	-
	(1025.00)	-	-	-	-
Inter Corporate Deposits taken repaid					
Guviso Holdings Pvt. Limited	546.15	-	-	-	-
	(1547.50)	-	-	-	-
Interest paid / payable					
Inter Corporate Deposits / loans					
Guviso Holdings Pvt. Limited	23.21	-	-	-	-
	(33.61)	-	-	-	-
Interest due and received on					
Inter Corporate Deposits / loans / advances					
Iwai Electronics Pvt. Limited	-	-	-	-	6.00
	-	-	-	-	(6.00)
Adino Telecom Limited	-	-	-	-	-
	-	-	-	-	(1.00)
Rent paid					
G.L.Mirchandani	-	-	8.12	-	-
	-	-	(4.93)	-	-
Gita Mirchandani	-	-	-	40.55	-
	-	-	-	(23.35)	-
Marissa Mansukhani	-	-	-	4.09	-
	-	-	-	(2.01)	-
Akshay Mansukhani	-	-	-	0.48	-
	-	-	-	(0.35)	-
Ayesha Mansukhani	-	-	-	0.48	-
	-	-	-	(0.35)	-
G.L.Mirchandani (HUF)	-	-	-	22.15	-
	-	-	-	(12.52)	-
V.J.Mansukhani (HUF)	-	-	-	1.43	-
	-	-	-	(1.04)	-
Refund of rent deposit					
G.L.Mirchandani	-	-	9.53	-	-
	-	-	-	-	-
Gita Mirchandani	-	-	-	41.36	-
	-	-	-	-	-
Akshay Mansukhani	-	-	-	0.22	-
	-	-	-	-	-
Ayesha Mansukhani	-	-	-	0.22	-
	-	-	-	-	-
G.L.Mirchandani (HUF)	-	-	-	23.97	-
	-	-	-	-	-
V.J.Mansukhani (HUF)	-	-	-	0.65	-
	-	-	-	-	-



# 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
Payment of Rent deposit					
Gita Mirchandani	-	-	-	0.15	-
	-	-	-	-	-
Marissa Mansukhani	-	-	-	0.07	-
	-	-	-	-	-
G.L.Mirchandani (HUF)	-	-	-	0.07	-
	-	-	-	-	-
Rent received					
Adino Telecom Limited	-	-	-	-	0.41
	-	-	-	-	(2.61)
Investment					
Imercius Technologies (India) Limited	-	-	-	-	-
	-	(500.00)	-	-	-
Acceptances made on behalf					
Adino Telecom Limited	-	-	-	-	-
	-	-	-	-	(105.20)
Remuneration					
Managerial Remuneration	-	-	284.20	-	-
(Refer Note 10 of Schedule 21)	-	-	(286.01)	-	-
Kaval Mirchandani	-	-	-	19.00	-
	-	-	-	(19.00)	-
Sasha Mirchandani	-	-	-	4.87	-
	-	-	-	(19.79)	-

## Closing Balance as at 31st March 2008

<b>Receivable</b>					
Imercius Technologies (India) Limited	-	-	-	-	-
Inter Corporate Deposits	-	(63.00)	-	-	-
Advances given	-	-	-	-	-
	-	(1.60)	-	-	-
	-	-	-	-	-
	-	(64.60)	-	-	-
G.L. Mirchandani					
Rent Deposit	-	-	8.12	-	-
	-	-	(17.65)	-	-
Gita Mirchandani					
Rent Deposit	-	-	-	39.35	-
	-	-	-	(80.56)	-
Marissa Mansukhani					
Rent Deposit	-	-	-	4.09	-
	-	-	-	(4.02)	-
Akshay Mansukhani					
Rent Deposit	-	-	-	0.49	-
	-	-	-	(0.71)	-
Ayesha Mansukhani					
Rent Deposit	-	-	-	0.49	-
	-	-	-	(0.71)	-
G.L.Mirchandani (HUF)					
Rent Deposit	-	-	-	22.15	-
	-	-	-	(46.04)	-
V.J.Mansukhani (HUF)					
Rent Deposit	-	-	-	1.43	-
	-	-	-	(2.08)	-
Adino Telecom Limited					
Creditors	-	-	-	-	0.17
	-	-	-	-	-



## 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)
Iwai Electronics Pvt. Limited	-	-	-	-	50.00
Advances given	-	-	-	-	-
Creditors	-	-	-	-	-2.67
	-	-	-	-	-
	-	-	-	-	47.33
	-	-	-	-	-
<b>Payable</b>					
Guviso Holdings Pvt. Limited	76.60	-	-	-	-
Inter Corporate Deposits taken	(552.00)	-	-	-	-
Interest on inter corporate deposit	23.21	-	-	-	-
	-	-	-	-	-
	99.81	-	-	-	-
	(552.00)	-	-	-	-
Akasaka Electronics Limited	-	121.46	-	-	-
Creditors	-	(59.95)	-	-	-
Advances given	-	2.44	-	-	-
	-	-	-	-	-
Inter Corporate Deposits Given	-	68.25	-	-	-
	-	-	-	-	-
	-	50.77	-	-	-
	-	(59.95)	-	-	-
Iwai Electronics Pvt. Limited	-	-	-	-	-
Creditors	-	-	-	-	-
	-	-	-	-	(6.41)

### Names of related parties & description of relationship :

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

Note : Figures in brackets – March 2007

## 22. Balance Sheet Abstract and Company's General Business Profile

Registration No. (CIN) L32300MH1981PLC023637

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

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

Paid-up Capital			1	4	1	9	3	5	Reserve & Surplus				2	4	0	0	5	1	9	
Secured Loans			1	0	3	7	2	2	6	Unsecured Loans					9	5	8	4	0	0
Deferred Tax Liability (Net)					1	6	8	9	4	0										

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

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

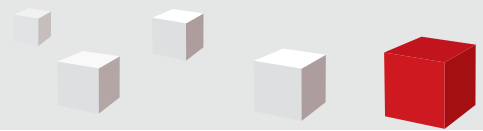
23. Previous year's figures have been rearranged and regrouped wherever necessary.

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

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

**Anoop Pillai**  
*Company Secretary and Head Legal*

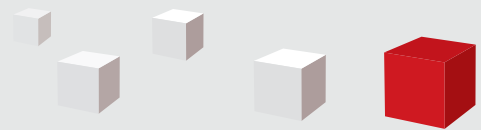




MIRC ELECTRONICS LIMITED • Cash Flow Statement for the year ended

(Rupees in Lacs)

	31st March, 2008		31st March, 2007	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before tax & Extraordinary Item		4055.12		5141.59
Adjustments for :				
Depreciation	2393.57		1973.93	
Unrealised Foreign Exchange Fluctuations	130.15		37.58	
(Increase)/Diminution in value of Investments	(0.41)		6.35	
Interest	2318.28		2028.02	
Interest Income	(6.79)		(30.91)	
Dividend Income	(6.82)		(16.50)	
(Profit)/Loss on Sale of Fixed Assets (Net)	10.02		10.64	
(Profit) on Sale of Investments (Net)	—		(4.12)	
		4838.00		4004.99
Operating Profit before Working Capital changes		8893.13		9146.58
Adjustments for :				
Trade and Other receivables	(2383.36)		(2767.02)	
Inventories	(6222.58)		(5546.45)	
Trade Payables	650.77		5254.26	
		(7955.16)		(3059.21)
Cash Generated from Operations		937.97		6087.37
Direct Taxes (Paid) / Refund Received		(928.55)		(1753.63)
Net Cash Used In Operating Activities.....(A)		9.41		4333.74
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Payment for Purchase of Fixed Assets		(788.15)		(1895.37)
Purchase of Investments		—		(11.55)
Proceeds from Sale of Fixed Assets		16.00		9.27
Proceeds from Sale of Investments		—		23.08
Movement of Capital Advances		(180.92)		—
Movement in Loans		—		(53.25)
Interest Received		6.79		31.24
Dividend Received		6.82		16.50
Net Cash Used In Investing Activities.....(B)		(939.46)		(1880.08)



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

(Rupees in Lacs)

	31st March, 2008		31st March, 2007	
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Movement in Term Loans		(902.19)		1793.56
Movement in Short Term Loans		4669.99		(2271.81)
Interest Paid		(2344.85)		(2058.75)
Dividends paid		(222.56)		(1913.37)
<b>Net Cash Used In Financing Activities....(C)</b>		<b>1200.39</b>		<b>(4450.37)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		<b>270.34</b>		<b>(1996.71)</b>
<b>Cash and Cash Equivalents as at 01.04.2007</b>		<b>1675.71</b>		<b>3672.42</b>
<b>(Opening Balance)</b>				
<b>Cash and Cash Equivalents as at 31.03.2008</b>		<b>1946.05</b>		<b>1675.71</b>
<b>(Closing Balance)</b>				

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 and Head Legal

Mumbai, April 29, 2008

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

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

**V.J.Mansukhani**  
Managing Director



(Rupees in Lacs)

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

1. Name of the Subsidiary	Akasaka Electronics Limited
2. Financial Year of the Subsidiary ended on	31st March, 2008
3. Share of the Subsidiary held by the Company on the above date :	
(a) Number and Face Value	71,76,000 Rs.10
(b) Extend of holding	87.97%
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, 2008	-
(b) Not dealt with in the accounts of the Company for the year ended 31st March, 2008	96.57
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, 2008	
(b) Not dealt with in the accounts of the Company for the year ended 31st March, 2008	536.12
<b>Statement regarding Subsidiary Companies as on 31st March, 2008</b>	
(a) Issued and Subscribed Share Capital	815.75
(b) Reserves	1025.99
(c) Total Assets	2699.35
(d) Total Liabilities	857.61
(e) Investments	-
(f) Turnover	2440.32
(g) Profit Before Taxation	126.62
(h) Provision for Tax	(16.84)
(i) Profit After Taxation	109.78
(j) Proposed Dividend	-



## AKASAKA ELECTRONICS LIMITED • Directors' Report

To  
The Members,  
Your Director's have pleasure in presenting their Sixth Annual Report with the audited accounts for the financial year ended March 31, 2008.

1. Financial Highlights	(Rs.in lacs)	
Particulars	2007-08	2006-07
Gross income	2654.30	2978.22
Expenditure	2502.71	2893.41
Prior Period Adjustment	(24.97)	-
<b>Profit before tax</b>	<b>126.62</b>	<b>84.81</b>
Current tax	(14.35)	2.75
Deferred tax	-	143.88
Fringe Benefit Tax	(2.49)	(2.06)
<b>Profit after tax</b>	<b>109.78</b>	<b>229.38</b>
Surplus carried to Balance Sheet	719.22	609.44

### 2. Operations

During the under review, income from operations stood at Rs.2879.53 lacs as compared to Rs. 3240.67 lacs in previous year. The profit before tax stood at Rs.126.62 lacs (Previous year Rs.84.81 lacs) and profit after tax stood at Rs.109.78 lacs (Previous year Rs.229.38 lacs). Your directors are confident of improving the performance of the company going forward.

### 3. Dividend

In order to conserve the resources of the company, your directors do not recommend any dividend for the financial year ended on 31st March, 2008.

### 4. Directors

During the year, Mrs. Gita G. Mirchandani and Mrs. Massia V. Mansukhani were appointed as additional directors of the Company with effect from October 8, 2007, and pursuant to provisions of section 260 of the Companies Act, 1956, their offices expire on the date of ensuing Annual General Meeting of the Company. Notices have been received from two members pursuant to the provisions of Section 257 of the Companies Act 1956, proposing the candidatures of the above directors for appointment in the ensuing Annual General meeting. Your Directors propose to appoint them as directors of the Company liable to retire by rotation.

Mr. Vijay J. Mansukhani, Director of the Company retires by rotation and being eligible offers himself for re-appointment. Your Directors recommended his reappointment.

### 5. Directors' responsibility statement

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

- in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- we 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 that period;
- we have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- we have prepared the annual accounts on a going concern basis.

### 6. Fixed Deposits

Your company has not accepted any fixed deposits and, as such, no amount of principal or interest was outstanding on the date of the Balance Sheet.

### 7. Auditors

M/s. B.K. Khare & Co., Chartered Accountants, Mumbai the Statutory Auditors of the Company, hold office upto the conclusion of the forthcoming Annual General Meeting and have given their consent for re-appointment as statutory

auditors of the company. It is proposed to re-appoint them as auditors for the financial year 2008-09 and fix their remuneration.

The company has received a written confirmation from M/s. B.K. Khare & 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.

The report of auditor is self-explanatory and does not require any further explanation.

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

The Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is annexed hereto.

### 9. Personnel

The relations between the management and the employees continued to remain cordial during the year. There were no employees covered under Particulars of employees pursuant to Section 217 (2A) of the Companies Act, 1956.

### 10. Registered office of the Company

During the year under review the Company has shifted its registered office to 13-A, Nand Bhavan Industrial Estate, Mahakali Caves Road, Andheri (E), Mumbai 400 093 with effect from 08.10.2007.


### 11. Acknowledgement

Your Directors take this opportunity to acknowledge the invaluable support extended to the Company by its customers, vendors, banks, regulatory and governmental authorities and the investors. Your directors place on record their appreciation of their commitment and contribution made by all employees at all levels, who, through their competence, hard work, solidarity, co-operation and support have enabled the company to grow.

For and on behalf of Board of  
Akasaka Electronics Limited

Place: Mumbai

Date: April 29, 2008

  
Gulu L. Mirchandani  
Chairman

### Annexure to the Directors' Reports

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

#### 1. Conservation of energy

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

#### 2. Technological absorption

Your Company has not imported any technology.

#### 3. Research and development

Your Company is not conducting any research and development activities at present.

#### 4. Foreign exchange earnings and outgo

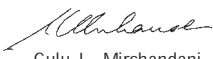
(Rs. in lacs)

Year	2007-08	2006-07
Foreign exchange earnings	5.43	93.98
Foreign exchange outgo (including capital goods and imported software packages)	100.96	1.95

For and on behalf of Board of  
Akasaka Electronics Limited

Place: Mumbai

Date: April 29, 2008

  
Gulu L. Mirchandani  
Chairman



## AKASAKA ELECTRONICS LIMITED • Auditors' Report

We have audited the attached Balance Sheet of Akasaka Electronics Limited as on March 31, 2008 and also the Profit and Loss Account for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date. 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 (Auditor's Report) Order, 2003 issued by the Government of India, in terms of Section 227(4A) of the Companies Act, 1956, we enclosed in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order on the basis of such checks of the books and records as were considered appropriate, and according to the information and explanations given to us in the course of the audit.

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

1. 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.
2. In our opinion, the company has kept proper books of accounts as required by law so far as appears from our examination of the books.
3. In our opinion, the Profit and Loss Account and the Balance Sheet comply with the Accounting Standards referred to in the Section 211(3C) of the Companies Act, 1956.
4. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account of the Company.
5. Subject to the above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (i) In the case of Balance Sheet, of the state of affairs of the Company as on March 31, 2008;
  - (ii) In the case of Profit and Loss Account, of the profit for the year ended on that date; and
  - (iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For B. K. KHARE & COMPANY

CHARTERED ACCOUNTANTS

SANTOSH PARAB

PARTNER

M. No. 047942

Place: Mumbai

Date: 29 April, 2008

### Annexure to the Auditors' Report (Referred to in paragraph 3 of our report of even date)

1. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
2. The Company has verified some fixed assets during the year based on a regular programme of verification which in our opinion is reasonable having regard to the size of the company and the nature of its assets.
3. During the year, the company has not disposed off any major part of the plant and machinery. The company had decided to discontinue its operations of Business Process Management & Customer Contract services (Service Division) and hence has decided to dispose the assets of this division. This disposal is not expected to have any major impact on other operations of the company.
4. The management at reasonable intervals has physically verified the inventory.
5. The procedures of physical verification of inventory followed by the management are reasonable in relation to the size of the Company and the nature of its business.
6. On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. No material discrepancies were noticed on verification between the physical stocks and the book records.
7. According to the information and explanations given to us there are no parties listed in the registers maintained under Section 301 of the Companies Act, 1956. Hence, disclosure requirements under sub-paragraphs (iii) and (iv) of the Clause 4 of the Order with respect to transactions with parties under Section 301 of the Companies Act are not applicable.
8. The Company has taken unsecured loans from the Holding company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount during the year as well as the outstanding as at the balance sheet date of such loan is Rs. 68.25 lacs. Interest for the current year has been waived by the Holding Company. Other terms of the said loans are not, prima facie, prejudicial to the interest of the company. The company is repaying the principal amounts as per agreement.
9. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchase of inventory and fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any major weakness in the internal controls.
10. The Company has not accepted any deposits from the public.
11. In our opinion, the internal audit system of the company is generally commensurate with the size and nature of the company's business.
12. It has been informed to us that the Central Government has prescribed maintenance of cost records for the product manufactured by the Company, under section 209(1)(d) of the Companies Act, 1956. We have reviewed the books of accounts maintained by the Company relating to manufacture of printed circuit boards and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of these records with a view to determining whether they are accurate or complete.
13. The Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues applicable to it.
14. According to the information and explanations given to us, no undisputed amounts payable in respects of income-tax wealth tax, sales tax, custom duty and excise duty were outstanding, as on March 31, 2008, for a period more than six months from the date they became payable.
15. 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.)
Central Excise	1991-92, 1992-93.	CESTAT	9.79
Central Excise	1995-96, 1996-97, 1997-98, 1999-00.	CESTAT	13.01

16. There are no accumulated losses in the Company. The Company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding year.
17. The Company has not borrowed from financial institutions/debenture issue. The company is regularly repaying term loan installments due to the bank. The cash credit facility with the bank is within the sanctioned limit.
18. The Company has not given any guarantee for loans taken by others from bank or financial institutions.
19. According to the information and explanations given to us, we are of the opinion that no short-term funds have been utilized for long-term investment.
20. We have not observed any fraud on or by the company during the year under audit.
21. Sub paragraphs (xii), (xiv), (xviii), (xix) and (xx) of the Clause 4 of the Order are not applicable to the Company.

For B. K. KHARE & COMPANY

CHARTERED ACCOUNTANTS

SANTOSH PARAB

PARTNER

M. No. 047942

Place: Mumbai

Date: 29 April, 2008

# AKASAKA ELECTRONICS LIMITED .

## Balance Sheet as at

	SCH	31st March 2008	31st March 2007
<b>SOURCES OF FUNDS :</b>	<b>NO.</b>		
SHAREHOLDERS' FUNDS :			
SHARE CAPITAL	1	815.75	815.75
RESERVES AND SURPLUS	2	1,025.99	916.21
		1,841.74	1,731.96
LOAN FUNDS :			
SECURED LOANS	3	14.17	200.87
UNSECURED LOANS	4	68.25	63.00
		82.42	263.87
		<b>1,924.16</b>	<b>1,995.83</b>
<b>APPLICATION OF FUNDS :</b>			
FIXED ASSETS :	5		
GROSS BLOCK		3,297.47	3,138.55
LESS : DEPRECIATION		2,159.73	1,864.01
NET BLOCK		1,137.74	1,274.54
CAPITAL WORK-IN-PROGRESS		22.94	-
		1,160.68	1,274.54
CURRENT ASSETS, LOANS AND ADVANCES :			
INVENTORIES	6	536.40	490.68
SUNDRY DEBTORS	7	376.74	400.82
CASH AND BANK BALANCES	8	111.01	19.85
LOANS AND ADVANCES	9	514.52	441.92
OTHER CURRENT ASSET	10	-	1.00
		1,538.67	1,354.27
LESS: CURRENT LIABILITIES & PROVISIONS			
CURRENT LIABILITIES	11	426.84	334.42
PROVISIONS	12	348.35	332.79
NET CURRENT ASSETS		763.48	687.06
MISCELLANEOUS EXPENDITURE TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED		-	34.23
		<b>1,924.16</b>	<b>1,995.83</b>
NOTES TO ACCOUNTS	20		

For B. K. Khare & Co.

Chartered Accountants

  
Santosh Parab

Partner

M.No.47942

Mumbai, April 29, 2008

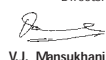
For and on behalf of the Board of Directors

  
S.G. Mirchandani

Director

  
G.L. Mirchandani

Director

  
V.J. Mansukhani

Director

## Profit and Loss Account for the year ended

	Schedule	31st March 2008	31st March 2007
<b>INCOME :</b>	<b>NO.</b>		
Sales / Income from operations (Gross)	13	2,879.53	3,240.67
Less : Excise Duty on sales		439.21	453.15
Turnover (Net)		2,440.32	2,787.52
Other Income	14	213.98	190.70
		<b>2,654.30</b>	<b>2,978.22</b>
<b>EXPENDITURE :</b>			
Material Consumed	16	1,563.26	1,736.09
Excise Duty		6.11	20.69
Personnel	17	283.80	334.59
Manufacturing, Selling And Administrative Expenses	18	377.77	524.60
Financial Expenses	19	32.02	40.46
Depreciation	5	288.82	293.64
		2,551.78	2,950.07
(Less) / Add : Accretion / Decretion in Stock	15	(49.07)	(56.66)
		2,502.71	2,893.41
<b>PROFIT FOR THE YEAR</b>		<b>151.59</b>	<b>84.81</b>
Prior year adjustment (Net)		24.96	-
<b>PROFIT BEFORE TAX</b>		<b>126.62</b>	<b>84.81</b>
Profit / (Loss) before tax from continuing operations	249.17		222.13
Less: Current Tax - MAT	14.35		(2.75)
	234.82		224.88
Profit / (Loss) before tax from discontinuing operations	(122.55)		(137.31)
Less: Current Tax - MAT	-		0.01
	(122.55)		(137.32)
		112.27	87.56
- Deferred Tax Provision ( See Note No.8 of Schedule 20)		-	(143.88)
- Fringe Benefit Tax	2.49		2.06
		2.49	(141.82)
<b>PROFIT AFTER TAX</b>		<b>109.78</b>	<b>229.38</b>
Add/(Less): Balance brought forward from previous year		609.44	(1,682.46)
Less: Adjustment pursuant to the Scheme of Amalgamation		-	441.26
Add: Balance Akasaka Electronics Ltd. as on 01.04.2006		-	(53.54)
Less: Adjustment on account of Amalgamation		-	(7.66)
Less: Transactional Provision of AS 15 (revised)		-	-
Profit available for appropriation		719.22	609.44
Less : Appropriations			
Transfer to General Reserve		-	-
Proposed Dividend		-	-
Tax on Dividend		-	-
Surplus carried to Balance Sheet		719.22	609.44
NOTES TO ACCOUNTS	20		

For B. K. Khare & Co.

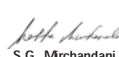
Chartered Accountants

  
Santosh Parab

Partner

M.No.47942

Mumbai, April 29, 2008

  
S.G. Mirchandani

Director

  
G.L. Mirchandani

Director

  
V.J. Mansukhani

Director



## AKASAKA ELECTRONICS LIMITED • Schedules forming part of the Balance Sheet

(Rupees in Lacs)

	31st March 2008	31st March 2007
<b>SCHEDULE 1</b>		
<b>SHARE CAPITAL</b>		
AUTHORISED		
2,10,00,000 Equity Shares of Rs.10/each	2,100.00	2,100.00
Issued, subscribed & paid-up :		
81,57,480 Equity Shares of Rs.10/each fully paid up	815.75	815.75
(Out of above 60,57,480 equity shares are issued to shareholders of erstwhile Akasaka Electronics Ltd pursuant to the scheme of amalgamation without consideration being received in cash) (71,75,994 Equity Shares of Rs. 10 each are held by Mirc Electronics Ltd., the Holding Company)		
<b>SCHEDULE 2</b>		
<b>RESERVES AND SURPLUS</b>		
Capital Redemption Reserve		
Opening Balance	99.23	-
Add : Balance Transferred from Akasaka Electronics Limited	-	99.23
Add : Transferred from General Reserve	-	-
	99.23	99.23
Capital Reserve on Reduction of Share Capital	207.54	207.54
General Reserve		
Opening Balance	-	-
Add : Transferred from Profit & Loss Account	-	-
Add : Balance Transferred from Akasaka Electronics Limited	-	47.42
Less: Adjustment on account of Amalgamation	-	(47.42)
Profit and Loss Account	719.22	609.44
	<b>1,025.99</b>	<b>916.21</b>

	31st March 2008	31st March 2007
<b>SCHEDULE 3</b>		
<b>SECURED LOANS</b>		
CASH CREDIT :		
From Banks * (Debit balance in cash credit is shown under Bank Balances)	14.17	200.87
	<b>14.17</b>	<b>200.87</b>
<b>SCHEDULE 4</b>		
<b>UNSECURED LOANS :</b>		
Inter Corporate Deposit from the Holding Company	68.25	63.00
	<b>68.25</b>	<b>63.00</b>

\*Secured by a first charge on the Company's immovable property situated at Pawane MIDC and all Plant and Machinery on that immovable property and by hypothecation of Raw Material, Work in Progress, Finished Goods, Plant and Machinery, Stores and Spares, Goods in Transit and Book Debts, both future and present and by corporate guarantee of MIRC ELECTRONICS LTD.

<b>SCHEDULE 6</b>		
<b>INVENTORIES</b>		
(as certified by management)		
(See Note 1 (D) of Schedule 18)		
Raw Materials	283.91	294.55
Stores & Spares	21.33	14.05
Work in Process	118.41	122.81
Finished Goods	112.75	59.27
	<b>536.40</b>	<b>490.68</b>

### SCHEDULE 5 : FIXED ASSETS

Sr.	Particulars	Gross Block				Depreciation				Net Block	
		Total 01.4.2007	Additions	Adjustment/ Deletion	Cost 31.03.2008	Total Upto 01.04.2007	For the year*	Adjustment/ Deletion	Up to 31.03.2008	As at 31.03.2008	As at 31.03.2007
1	Land										
	Leasehold	10.56	-	-	10.56	1.92	0.11	-	2.03	8.53	8.64
2	Building	269.27	11.70	-	280.97	95.81	11.99	-	107.79	173.18	173.46
3	Plant & Machinery	1,905.32	113.35	-	2,018.67	1,242.07	177.37	-	1,419.44	599.23	663.24
4	Mould & Dies	235.57	18.67	-	254.24	166.24	21.71	-	187.95	66.29	69.32
5	Electrical Installation	151.42	22.03	7.77	165.67	50.30	11.66	1.48	60.47	105.20	101.12
6	Office Equipment	42.95	0.70	0.30	43.35	13.14	2.26	0.15	15.25	28.10	29.81
7	Furniture & Fixture	114.24	0.09	-	114.33	48.88	7.18	-	56.06	58.27	65.36
8	Computer	390.11	0.45	-	390.56	240.66	63.28	-	303.95	86.62	149.45
9	Laboratory Equipments	0.14	-	-	0.14	0.14	-	-	0.14	-	-
10	Motor Vehicle	18.97	-	-	18.97	4.84	1.80	-	6.64	12.33	14.13
	<b>TOTAL</b>	<b>3,138.55</b>	<b>166.99</b>	<b>8.07</b>	<b>3,297.47</b>	<b>1,864.01</b>	<b>297.36</b>	<b>1.63</b>	<b>2,159.73</b>	<b>1,137.74</b>	<b>1,274.54</b>
	<b>Previous year**</b>	3,178.04	120.16	159.65	3,138.55	1,695.91	293.64	12.54	1,864.01	1,274.54	

\* Depreciation for the year includes depreciation relating to Prior years of Rs.8.61 lacs (Previous Year Rs. NIL)

\*\* Includes assets of Rs 2,624.24 lacs and depreciation of Rs.1,476.34 lacs taken over on merger of erstwhile Akasaka Electronics Ltd.



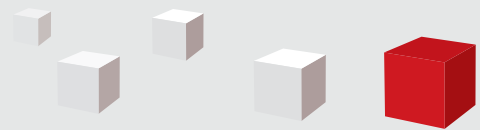
## AKASAKA ELECTRONICS LIMITED • Schedules forming part of the Balance Sheet

(Rupees in Lacs)

	31st March 2008	31st March 2007
<b>SCHEDULE 7</b>		
<b>SUNDRY DEBTORS (UNSECURED)</b>		
Over six months :		
Considered good	3.45	10.54
Considered Doubtful	3.54	-
	6.99	10.54
Others(Considered good) *	373.28	390.28
	380.27	400.82
Less: Provision for doubtful debts	(3.54)	-
	<b>376.74</b>	<b>400.82</b>
*Includes Rs.121. 46 lacs (Previous year Rs. 60.06 lacs) due from Mirc Electronics Ltd, the Holding Company		
<b>SCHEDULE 8</b>		
<b>CASH AND BANK BALANCES</b>		
Cash in hand	0.77	1.53
Balance with Scheduled Banks		
In Fixed Deposit Account	13.88	12.15
(Held as Security against Bank Guarantee)		
In Current Account	14.37	6.17
Debit balance in Cash Credit	82.00	-
	<b>111.01</b>	<b>19.85</b>
<b>SCHEDULE 9</b>		
<b>LOANS AND ADVANCES :</b>		
(Unsecured-considered good unless otherwise stated)		
Advances Recoverable in cash or in kind		
or for value to be received	36.29	20.07
Deposits	68.26	68.05
	104.55	88.12
Less: Provision for doubtful advances / deposits	(11.06)	(11.06)
	93.49	77.06
Advance Taxes Paid	362.85	334.73
Balance with Excise Authorities	58.19	30.13
	<b>514.52</b>	<b>441.92</b>

	31st March 2008	31st March 2007
<b>SCHEDULE 10</b>		
<b>OTHER CURRENT ASSETS :</b>		
Assets held for disposal	-	34.11
Less : Provision for dimunition in value	-	(33.11)
	-	<b>1.00</b>
<b>SCHEDULE 11</b>		
<b>CURRENT LIABILITIES :</b>		
Sundry Creditors (See Note No.5 & 6 of Schedule 20)	291.31	222.20
Other Liabilities * (See Note.17 of schedule 20)	135.52	112.22
	426.84	334.42
* Rs.2.43 lacs (previous year Rs. 1.60 lacs) due to Mirc Electronics Ltd, The Holding Co.		
<b>SCHEDULE 12</b>		
<b>PROVISIONS :</b>		
Provision for Income Tax [including provision for FBT Rs. 7.64 lacs (previous year Rs. 5.15 lacs)]	319.56	302.72
Provision for retirement benefits (see Note No. -- of Schedule 20)	20.35	30.07
Provision for wage revision (See Note No. 12 of Schedule 20)	8.44	-
Provision for Proposed Dividend	-	-
Provision for Tax on Dividend	-	-
	348.35	332.79
<b>SCHEDULE 12</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
(To the extent not written off or adjusted )		
Preliminary Expenses		
As per last Balance Sheet		1.99
Less : Written off During the year	-	(1.00)
Pre-operative Expenses :		
As per last Balance Sheet		66.47
Less : Written off During the year	-	(33.23)
	-	<b>34.23</b>





## AKASAKA ELECTRONICS LIMITED • Schedules forming part of the Profit and Loss Account

(Rupees in Lacs)

	2007-08	2006-07
<b>SCHEDULE 13</b>		
<b>SALES / INCOME FROM OPERATIONS</b>		
Sales (net of returns)	2,879.53	3,147.66
Service Income	-	93.01
	<b>2,879.53</b>	<b>3,240.67</b>
<b>SCHEDULE 14</b>		
<b>OTHER INCOME :</b>		
Tooling Income	8.65	19.75
Sale of Cupric Acid	100.87	110.88
Interest earned on		
- Deposits	1.80	1.18
- Others	1.42	0.05
[Tax deducted at source Rs.0.27 lacs (Previous Year Rs. 0.25 lacs)]		
Foreign Exchange Fluctuation (net)	59.06	36.17
Miscellaneous Receipts	42.19	22.67
	<b>213.98</b>	<b>190.70</b>
<b>SCHEDULE 15</b>		
<b>ACCRETION / DECRETION IN STOCKS</b>		
Opening Stock :		
Work in Process	122.81	-
Finished Goods	59.27	-
Add: On account of Amalgamation		
Work in Process	-	57.01
Finished Goods	-	68.41
	<b>182.08</b>	<b>125.42</b>
Less : Closing Stock		
Work in Process	112.75	122.81
Finished Goods	118.41	59.27
	<b>231.15</b>	<b>182.08</b>
	<b>(49.07)</b>	<b>(56.66)</b>
<b>SCHEDULE 16</b>		
<b>MATERIAL CONSUMED :</b>		
Raw Material Consumed		
Opening Stock	294.55	-
Add: On account of Amalgamation	-	183.50
Add : Purchases	1552.63	1,847.14
	<b>1847.18</b>	<b>2,030.64</b>
Less : Closing Stock	283.91	294.55
	<b>1563.26</b>	<b>1,736.09</b>
	<b>1563.26</b>	<b>1,736.09</b>

	2007-08	2006-07
<b>SCHEDULE 17</b>		
<b>PERSONNEL EXPENSES:</b>		
Salaries, Wages and Bonus*	247.39	297.27
Companies contribution to Provident fund and Other funds	19.37	20.05
Staff Welfare expenses	17.04	17.27
	<b>283.80</b>	<b>334.59</b>
* Includes provision for wage revision Rs. 8.44 lacs (Previous year Rs. NIL)		
<b>SCHEDULE 18</b>		
<b>Manufacturing, Selling and Administrative Expenses:</b>		
Rent	4.64	28.38
Rates and Taxes	17.97	7.12
Electricity	139.08	156.12
Insurance	5.03	7.69
Tooling Expenses	9.93	20.78
Repairs and Maintenance		
Building	1.76	3.21
Plant and Machinery	23.72	42.56
Others	11.30	14.79
	<b>36.78</b>	<b>60.56</b>
Freight Outward	32.39	39.81
Provision for diminution in the value of assets	-	33.11
Provision for doubtful debts	3.54	-
Provision for doubtful deposits	-	11.06
Loss on sale of fixed assets (net)	2.14	-
Bad Debts written off	-	1.06
Miscellaneous Expenses	92.04	124.77
Miscellaneous Expenditure w/off	34.23	34.23
	<b>377.77</b>	<b>524.69</b>
<b>SCHEDULE 19</b>		
<b>FINANCIAL EXPENSES:</b>		
Interest on		
- Fixed Loan	-	3.92
- Cash Credit	13.32	20.47
Other Financial Charges	18.70	16.07
	<b>32.02</b>	<b>40.46</b>



## AKASAKA ELECTRONICS LIMITED • Notes forming part of Accounts

### SCHEDULE 20

#### Notes forming part of accounts

#### 1) Significant accounting policies

##### A) System of accounting

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.

##### B) Inventories

- Raw materials, packing materials and stores & spares are valued at cost on FIFO basis.
- Work in process and finished goods is valued at lower of factory cost or estimated net realisable value. Valuation of finished goods includes excise duty.

##### C) Revenue recognition

- Sales are inclusive of excise duty and are accounted as and when dispatches are made which generally coincide with the transfer of ownership.
- Revenue in respect of job work is recognized on completion of the job.
- Revenue in respect of interest, insurance claims, etc. are recognised to the extent the company is reasonably certain of their ultimate realisation.
- Revenue in respect of Duty draw-back (including custom duty) recognised in the period in which the claim for such draw-back is settled.

##### D) Fixed assets and depreciation

- Fixed assets are stated at actual cost less depreciation. The cost comprises of acquisition cost and any attributable cost of bringing the asset to the condition for its intended use. Depreciation on fixed assets is computed on the straight line method over their estimated useful lives at the rates prescribed under Schedule XIV of the Companies Act, 1956. Individual assets acquired for less than Rs. 5,000 are entirely depreciated in the year of acquisition. Depreciation is charged on pro-rata basis for the assets purchased during the year. All expenses incurred, which were recognized as part of indirect cost incidental and related to the construction of the project, have been allocated to the assets on a reasonable basis.
- Leasehold land is amortised over a period of lease and improvements thereto, are depreciated over a period of lease contract.
- Moulds and dies are depreciated over a period of six years.

##### E) Impairment of assets

An impairment loss is recognised for an asset of identified cash generating unit on the basis of estimates of future cash flows (net of cash outflows) at an appropriate discounting rates as compared to the carrying amount of the asset.

##### F) Foreign currency transactions

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of transaction. Current assets and liabilities in foreign currency are translated at the rates of exchange at the balance sheet date and resultant gain or loss is recognised in the Profit and Loss account.

#### G) Employee Benefits

##### a. Short Term Employee benefits

All short term employee benefit plans such as salaries, wages, bonus, special awards and medical benefits which fall due within 12 months of the period in which the employee renders the related services which entitles him to avail such benefits are recognised on an undiscounted basis and charged to the profit & loss account.

##### b. Defined Contribution Plan

The Company has a statutory scheme of Provident Fund with the Regional Provident Fund Commissioner and contribution of the company is charged to the profit & loss account on accrual basis.

##### c. Defined Benefit Plan

The Company's liability towards gratuity to its employees is covered by a group gratuity policy with LIC of India. The contribution paid / payable to LIC of India is debited to Profit & Loss Account on accrual basis. Liability towards gratuity is provided on the basis of an actuarial valuation using the Projected Unit Credit method and debited to Profit & Loss Account on accrual basis. Thus, charge to the Profit and Loss Account includes premium paid to LIC, current service cost, interest cost, expected return on plan assets and gain/loss in actuarial valuation during the year net of fund value of plan asset as on the balance sheet date. Liability towards leave salary is provided on actuarial basis and it is not funded.

##### H) Custom duty

The company accounts for custom duty on imported goods on clearance of goods from the bonded warehouse.

##### I) 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.

- The name of the company has been changed to "Akasaka Electronics Limited" with effect from October 4, 2007.

#### 3) Employee Benefits

##### a) Principal actuarial assumptions:

Particulars	Gratuity	
	31st March 2008	31st March 2007
Discount rate	8.00%	7.50%
Rate of Return on Plan Assets	8.00%	7.50%
Salary Escalation	5.00%	5.00%

##### b) Reconciliation of Benefit Obligation:

Particulars	Gratuity (Rs. in lacs)	
	31st March 2008	31st March 2007
Liability at the beginning of the year	29.69	27.79
Interest Cost	2.35	2.24
Current Service Cost	2.54	2.11
Benefit Paid	(1.74)	(2.69)
Actuarial (Gain) / Loss on Obligations	(5.21)	0.24
Liability at the end of the year	27.63	29.69
Fair Value of Plan Assets at the end of the year	18.19	12.82
Amount recognised and disclosed under the head "Provisions for Employee Benefits"	9.44	16.87



## AKASAKA ELECTRONICS LIMITED • Notes forming part of Accounts

### c) Reconciliation of Fair value of Plan Assets:

Particulars	Gratuity (Rs. in lacs)	
	31st March 2008	31st March 2007
Fair Value of Plan Assets at the beginning of the year	14.02	11.87
Expected Return on Plan Assets	1.51	0.89
Contributions	5.78	2.81
Benefit Paid	(1.74)	(2.69)
Actuarial (Gain) / Loss on Obligations	1.38	0.24
Fair Value of Plan Assets at the end of the year	18.19	12.82
Total Actuarial Gain / (Loss) recognized	3.82	(0.29)

### d) Return on Plan Assets:

Particulars	Gratuity (Rs. in lacs)	
	31st March 2008	31st March 2007
Expected Return on Plan Assets	1.51	0.89
Actuarial Gain / (Loss) on Plan Assets	(1.38)	(0.05)
Actual Return on Plan Assets	0.13	0.84

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

Particulars	Gratuity (Rs. in lacs)	
	31st March 2008	31st March 2007
Current Service Cost	2.54	2.11
Interest Cost	2.35	2.24
Expected Return on Plan Assets	(1.51)	(0.89)
Net Actuarial (Gain) / Loss recognized	3.82	0.29
Expenses recognized in Profit and Loss Account	0.44	3.75

### f) Employee cost disclosed in Schedule 17 includes

Particulars	(Rs. in lacs)	
	31st March 2008	31st March 2007
Gratuity (net of reversal of provision)	(1.69)	3.93
Leave Encashment (including payments)	0.83	9.26
Provident Fund	26.03	15.85

### 4. The year end foreign currency exposure that have not been hedged by a derivative instrument or otherwise are given below:

Particulars	(Rs. in lacs)	
	31st March 2008	31st March 2007
Amount payable in foreign currency on account of import of Goods and its equivalent Indian Rupees.	Rs.245.22 (US\$ 614,392)	Rs.203.22 (US\$ 441,300) (SG\$ 23,805)
Amount receivable in Foreign Currency on export of goods And its equivalent Indian Rupees.	-	Rs. 0.92 (US\$ 1,800)

(Rupees in Lacs)

- There are no SSI undertakings to whom the company owes any dues, which is outstanding for more than 30 days as on balance sheet date.
- Company is in the process of procuring intimations from suppliers about their status under the 'Micro, Small and Medium Enterprise Development Act, 2006'. In view of this, information required under section 22 of the said Act is not given.
- Miscellaneous Expenses charged to Profit and Loss Account includes Remuneration to Auditors.

Particulars	(Rs. in lacs)	
	31st March 2008	31st March 2007
Audit Fees	1.35	1.28
Other Services (Certification, Tax Audit etc.)	0.25	0.36
Out of Pocket expenses	0.20	0.11

### 8. Deferred Tax liability and assets:

The tax effect of significant timing differences during the year that have resulted in deferred tax assets and liabilities are given below:

I	Deferred Tax Liability	Rs in lacs	
		31st March 2008	31st March 2007
(a)	On account of Fixed assets	105.46	151.09
	<b>TOTAL</b>	<b>105.46</b>	<b>151.09</b>
II	Deferred Tax Asset	Rs in lacs	
		31st March 2008	31st March 2007
(a)	Timing differences on account of allowances /disallowances under Sec.43B	12.52	13.36
(b)	Others disallowances	4.07	-
(c)	Stamp duty	4.07	-
(d)	Accumulated losses to the extend of DTL [Total accumulated loss is Rs. 1,184.14 lacs, (PY Rs.1,517.35lacs)]	84.80	137.73
	<b>TOTAL</b>	<b>105.46</b>	<b>151.09</b>
	<b>Deferred Tax Liability ( Net )</b>	<b>-</b>	<b>-</b>

In accordance with the Accounting Standard 22 on "Accounting for Taxes" (AS 22), deferred tax assets and deferred tax liabilities should be recognised for all timing differences. However, considering the present financial position and the requirements of AS 22 regarding certainty / virtual certainty, the same is not provided for as an asset (net). The same will be reassessed at a subsequent balance sheet and will account for in the year in which conditions of certainty / virtual certainty will be met.

- Balances of Sundry Debtors, Creditors, Loans and Advances and Deposits are subject to confirmation and reconciliation.
- The company has not paid remuneration to any of the Directors.
- Disclosure pursuant to Accounting Standard 24 (AS 24) 'Discounting Operations'

The Board of Directors in their meeting held on January 29, 2007 has decided to discontinue operations of Business Process Management & Customer Contract services (hereinafter referred to as 'Services Division'), which was a separate business segment of the Company. Pursuant thereto, no activities of



## AKASAKA ELECTRONICS LIMITED • Notes forming part of Accounts

(Rupees in Lacs)

Services Division were carried during the current financial year. The impact of the discontinuing of these operations is as follows:

- The carrying amount of assets of Services Division is Rs.263.01lacs and liabilities are Rs.95.47lacs as on March 31, 2008.
- The amount of revenue, expense, pre-tax profit / (loss) of Services Division are as under:

Particulars	(Rs. in lacs)	
	31st March 2008	31st March 2007
Income	1.80	(99.07)
Expense	(124.35)	236.38
Pre tax Profit (Loss)	(122.55)	(137.31)
Income Tax Expenses	-	0.01
Profit / (Loss) after tax	(122.55)	(137.32)

iii) The cash flows during the year of Services Division are as follows:

Particulars	(Rs. in lacs)	
	31st March 2008	31st March 2007
Operating Activity	(8.66)	(87.66)
Investing Activity	1.80	0.87
Financing Activity	5.25	63.00
Net Increase / (Decrease) in cash and cash equivalents	(1.61)	(23.79)

Loss on disposal of Services Division is not expected to be material and it will be booked in the year in which assets would be disposed.

### 11. CONTINGENT LIABILITIES

- Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs.23.10 Lacs (Previous year Rs. 0.15 lacs)
- Excise duty demand contested in appeals Rs.22.80 Lacs (previous year Rs.22.80 lacs) Based on the various legal pronouncements in favour of the company management perceives that the aforesaid liabilities are probable in nature.

12. The company has made a provision of Rs.8.44 lacs for expected future wages dues for wage revision agreement effective from April 1, 2007, which was not finalised as on the balance sheet date. The provision is recognized as it is a obligation and is disclosed under the head " personnel expenses".

13. Information Pursuant To Paragraphs 3 And 4 Of Part II Of Schedule VI Of The Companies Act,1956.

A. Particulars Of Licensed, Installed Capacity And Actual Production: ( In Sq.Mts.)

Rs. In lacs

Class of Goods	2007-2008			2006-2007		
	*Licensed	*Installed	Actual	*Licensed	*Installed	Actual
	Capacity	Capacity	Production	Capacity	Capacity	Production
Printed Circuit Boards	720,000	720,000	364,028	400,000	400,000	391,069

\* As certified by the management

B. Particulars of Opening and Closing Stocks of finished goods(in sq.mts.)

Rs. in lacs

Class of Goods	2007-2008				2006-2007			
	Opening Stock		Closing Stock		Opening Stock		Closing Stock	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Printed Circuit Boards	11,020	59.27	18,847	112.75	13,165	68.42	11,020	59.27

C. Particulars of Sales (in sq. Mts.)

Rs. in lacs

Class of Goods	2007-2008		2006-2007	
	Quantity	Value (Rs.)	Quantity	Value (Rs.)
Printed Circuit Boards	352,902	2,443.38	393,214	2,694.51

D. (i) Details of Raw Material Consumed (in sq. Mts.)

Rs. in lacs

Class of Goods	2007-2008		2006-2007	
	Quantity	Value (Rs.)	Quantity	Value (Rs.)
Copper Clad Laminate	402,653	1414.33	423,827	1,646.32
Others		148.93		89.77
<b>Total</b>	<b>402,653</b>	<b>1563.26</b>	<b>423,827</b>	<b>1,736.09</b>

(ii). Break up of Raw Material Consumed:

Rs. in lacs

Particulars	2007-2008		2006-2007	
	Rupees	%	Rupees	%
Imported	1501.82	96.07	1,679.24	96.73
Indigenous	61.44	3.03	56.85	3.27
<b>Total</b>	<b>1563.26</b>	<b>100.00</b>	<b>1,736.09</b>	<b>100.00</b>



## AKASAKA ELECTRONICS LIMITED • Notes forming part of Accounts

(Rupees in Lacs)

### E. C. I. F. Value Of Imports

	Rs. in lacs	
	2007-2008	2006-2007
Particulars	Rupees	Rupees
a.Raw Materials	1147.12	1594.59
b.Components & Spares	5.40	4.85
c.Capital Goods	99.31	45.36
d.Consumables	3.61	6.05
e.Tools	3.30	16.46
<b>Total</b>	<b>1258.74</b>	<b>1667.31</b>

### G. Earnings in Foreign Currency

	Rs. in lacs	
	2007-2008	2005-2006
Particulars	Rupees	Rupees
Sales	5.43	0.97
Service rendered	-	93.01
<b>Total</b>	<b>5.43</b>	<b>93.98</b>

### F. Expenditure in Foreign Currency (Cash Basis)

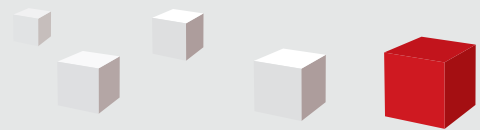
	Rs. in lacs	
	2007-2008	2006-2007
Particulars	Rupees	Rupees
Travelling Expenses	2.46	1.95
Capital expenditure	98.50	-
<b>Total</b>	<b>100.96</b>	<b>1.95</b>

### 14 . Segment reporting

For the year ended 31st March 2008

SEGMENT REPORT			Rs in Lacs
PARTICULARS	SEGMENTS		
	Manufacturing of PCB and related activities	Services Division (*)	Total
<b>REVENUE</b>			
External Sale	2440.32	-	2440.32
Other Income	210.76	-	210.76
Total Revenue	2651.01	-	2651.01
<b>RESULTS</b>			
Segment Results	307.57	(124.35)	183.22
Operating Profit	307.57	(124.35)	183.22
Interest Expense	-	-	32.02
Interest Income	-	-	3.22
Prior Period Expenses	-	-	24.96
Profit Before Tax	-	-	126.62
Tax Expenses (including FBT)	-	-	16.84
Profit after Tax	-	-	109.78
<b>OTHER INFORMATION</b>			
Segment Assets	2436.34	263.01	2699.35
Total Assets	2436.34	263.01	2699.35
Segment Liabilities	750.43	95.47	845.90
Total Liabilities	750.43	95.47	845.90
Capital Expenditure	166.99	-	166.99
Depreciation	214.68	74.14	288.82
Non Cash expenses other than Depreciation	-	34.23	34.23

(\*) Discounting Operation - Refer Note 11 above.



## AKASAKA ELECTRONICS LIMITED • Notes forming part of Accounts

(Rupees in Lacs)

For the year ended 31st March 2007

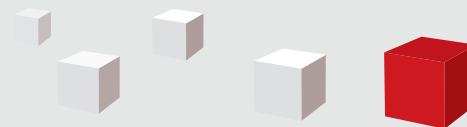
SEGMENT REPORT			Rs in Lacs
PARTICULARS	SEGMENTS		
	Manufacturing of PCB and related activities	Services Division (*)	Total
<b>REVENUE</b>			
External Sale	2694.51	93.01	2787.52
Other Income	184.64	6.06	190.70
Total Revenue	3332.30	99.07	3431.37
<b>RESULTS</b>			
Segment Results	264.10	(140.05)	124.05
Operating Profit	264.10	(140.05)	124.05
Interest Expense	-	-	(40.46)
Interest Income	-	-	1.23
Profit Before Tax	-	-	84.82
Income Tax	-	-	144.56
Profit after Tax	-	-	229.38
<b>OTHER INFORMATION</b>			
Segment Assets	2306.49	322.33	2628.82
Total Assets	2306.49	322.33	2628.82
Segment Liabilities	928.28	78.46	1004.74
Total Liabilities	928.28	78.46	1004.74
Capital Expenditure	120.16	-	120.16
Depreciation	219.50	74.14	293.64
Non Cash expenses other than Depreciation	33.11	34.23	67.34

### 15. Related Party Disclosures

- List and relationship of related parties: Mirc Electronics Ltd., Holding Company. IWAI Electronics Private Ltd., Associate Company
- Transactions with related parties: (Previous year figures are given in brackets)

Sr.	Particulars	(Rs. In lacs)
1	Nature of Relationship:	<b>Mirc Electronics Ltd.</b>
2	Nature of the transactions:	Holding company
(a)	Towards sales to	Rs.1074.54
		(Rs. 1137.89)
(b)	Towards purchase of capital goods	Rs. 0.27
		(Rs. 0.60)
(c)	Borrowing – Inter Corporate Loans	Rs.13.83
		(Rs. 172.85)
(d)	Reimbursement of Expenses	Rs. 0.00
		(Rs. 5.59)
(e)	Guarantee	Corporate guarantee given by Holding Company as security for Cash Credit facility and term loan from banks.
<b>Outstanding amounts as on 31st March, 2008:</b>		
(a)	Sundry Debtors due from	Rs. 121.46
		(Rs. 60.06)
(b)	Amount payable to	Rs.2.44
		(Rs. 0.15)
(c)	Inter Corporate Loans Due to	Rs.68.25
		(Rs. 64.60)

In case of IWAI Electronics Private Ltd., which related, as there are common directors, sale amounting to Rs. 2.73 lacs. (Previous Year Rs. 0.33 lacs) was made during the year



# AKASAKA ELECTRONICS LIMITED • Notes forming part of Accounts

(Rupees in Lacs)

16. Disclosures with respect to earnings per share of the company are:

Particulars	31st March 2008	31st March 2007
Net Profit for the year (Rs in lacs)	109.78	229.38
Weighted Average number of equity shares (Nos.)	8,157,480	8,157,480
Basic & Diluted Earnings per share (Rs.)(Per share)	1.35	2.81
Nominal Value per share.(Rs. Per share).	10.00	10.00

17. No amount is due as on 31st March, 2008 (Previous Year NIL) to be credited to Investor Education Fund and the amount remaining due will be transferred on the respective due dates to the fund.

18. Previous years figures have been rearranged and regrouped wherever necessary.

19. Balance Sheet Abstract and company's General Business Profile.

I. Registration details

Registration No.136009 State Code 11  
Balance Sheet Date 31 03 08  
Date Month Year

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

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

III. Position of Mobilisation & Deployment of Funds (Amount Rs. in lacs)

	Total Liabilities	Total Assets
	1924.16	1924.16
Sources of Funds	Paid-Up Capital	Reserves & Surplus
	815.75	1025.99
	Secured Loans	Unsecured Loans
	14.17	68.25
Application of Funds	Net Fixed Assets	Investments
	1160.68	NIL
	Net Current Assets	Miscellaneous Expenditure
	763.48	NIL
	Accumulated Losses	
	Nil	

IV. Performance of Company (Amount Rs. in lacs )

Gross Revenue	Total Expenditure
2654.30	2502.71
Profit/ (Loss) Before Tax	Profit/ (Loss) After Tax
126.62	109.78
Earnings Per Share in Rs.	Dividend Rate %
1.35	NIL

V Generic Names of three principal Products / Services of Company (As per monetary terms)

Item Code. (ITC Code) N.A  
Product / Service Description IT enabled services  
International Call Centre  
Printed Circuit Board. ( PCB )

Signature to Schedule '1' to '19' forming part of Balance Sheet and Profit & Loss Account As per our report attached

**For B. K. Khare & Co.**  
Chartered Accountants

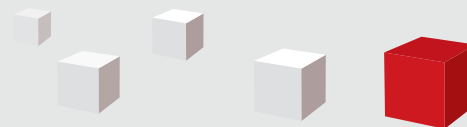
**Santosh Parab**  
Partner  
M.No.47942  
Mumbai,

**S.G. Mirchandani**  
Director

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

**G.L. Mirchandani**  
Director

**V.J. Mansukhani**  
Director



## MIRC ELECTRONICS LIMITED • Consolidated 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, 2008 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 subsidiary, 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, 2008;
  - (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.

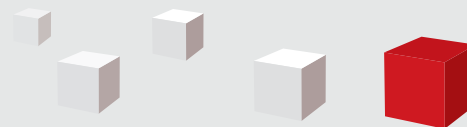
For **N.M. Raiji & Co.,**  
Chartered Accountants

**J. M. Gandhi**  
Partner

Mumbai, April 29, 2008

Membership No: 37924





# MIRC ELECTRONICS LIMITED • Consolidated Balance Sheet As at

(Rupees in Lacs)

	Schedule	31st March, 2008	31st March, 2007
<b>SOURCES OF FUNDS</b>			
Shareholders Funds:			
Capital	1	1419.35	1419.35
Reserves and Surplus	2	23060.39	21170.91
		24479.74	22590.26
Loan Funds			
Secured	3	10386.43	11837.33
Unsecured	4	9584.00	4552.00
		19970.43	16389.33
Minority Interest		222.49	209.28
Deferred Tax Liabilities (Net)		1689.40	1955.49
(Refer note 8 of Schedule 22)			
<b>Total</b>		<b>46362.06</b>	<b>41144.36</b>
<b>APPLICATION OF FUNDS</b>			
Fixed Assets	5		
Gross Block		37608.06	37119.77
Less: Depreciation		17528.92	15272.40
Net Block		20079.14	21847.37
Capital Work in Progress including Capital Advance		216.74	12.88
		20295.88	21860.25
Investments	6	77.18	76.77
Current Assets, Loans and Advances			
Inventories	7	29784.66	23520.70
Sundry Debtors	8	13626.52	10762.33
Cash and Bank Balances	9	2057.07	1695.56
Loans and Advances	10	8124.69	7686.27
		53592.94	43664.86
Less: Current Liabilities and Provisions			
Liabilities	11	25641.65	24210.19
Provisions	12	1962.29	281.57
		27603.94	24491.76
Net Current Assets		25989.00	19173.10
Miscellaneous expenditure to the extent not written off or adjusted	13	-	34.24
<b>Total</b>		<b>46362.06</b>	<b>41144.36</b>
Notes Forming Part of The Accounts	22		

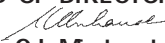
As per our report attached  
For **N. M. Raiji & Co.,**  
Chartered Accountants

**J. M. Gandhi**  
Partner

Mumbai, April 29, 2008

  
**Satrajit Ray**  
Chief Financial Officer

  
**Anoop Pillai**  
Company Secretary and Head Legal

For and on behalf of the  
**BOARD OF DIRECTORS**  
  
**G.L. Mirchandani**  
Chairman and 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, 2008	31st March, 2007
<b>INCOME</b>			
Gross Sales	14	167310.44	167206.92
Less : Excise Duty on Sales		13106.85	14182.99
Net Sales		154203.59	153023.93
Other Income	15	583.59	587.64
<b>Total</b>		<b>154787.18</b>	<b>153611.57</b>
<b>EXPENDITURE</b>			
Materials Consumed	17	64314.70	62036.41
Cost of Traded Goods Sold	18	54219.60	54500.53
Personnel Expenses	19	6884.02	6941.95
Depreciation	5	2682.39	2265.48
Financial Expenses	20	2350.30	2068.48
Other Expenses	21	21880.86	21483.95
		152331.87	149296.80
(Less)/Add: (Accretion) / Decretion in Stocks	16	(1747.06)	(903.95)
<b>Total</b>		<b>150584.81</b>	<b>148392.85</b>
<b>PROFIT FOR THE YEAR</b>		<b>4202.37</b>	<b>5218.72</b>
Prior year Adjustment (net)		(24.96)	-
<b>PROFIT BEFORE TAX</b>		<b>4177.41</b>	<b>5218.72</b>
Fringe Benefit Tax		120.09	127.50
Current Tax (Including Wealth Tax)		759.39	1587.57
Deferred Tax		(266.09)	(129.57)
<b>PROFIT AFTER TAX</b>		<b>3564.02</b>	<b>3633.22</b>
Less : Minority Interest		(13.21)	(27.59)
<b>PROFIT AFTER TAX FOR THE GROUP</b>		<b>3550.81</b>	<b>3605.63</b>
Surplus Brought Forward from previous Year		12522.22	10619.16
Less : Adjustment on account of amalgamation		-	(53.54)
Less : Impact of Transitional provision of AS - 15 (Revised)		-	(7.66)
<b>Total</b>		<b>16073.03</b>	<b>14163.59</b>
<b>APPROPRIATIONS</b>			
Dividend on Equity Shares			
Interim Dividend		-	1065.00
Final Equity Dividend - Proposed		1420.00	-
Tax on Dividends		241.33	149.37
Transfer to General Reserve		450.00	427.00
Surplus carried to Balance Sheet		13961.70	12522.22
<b>Total</b>		<b>16073.03</b>	<b>14163.59</b>
Notes forming part of the accounts	22		
Basic & diluted earnings per share (Rs.)		2.50	2.54

As per our report attached  
For **N. M. Raiji & Co.,**  
Chartered Accountants

**J. M. Gandhi**  
Partner

Mumbai, April 29, 2008

  
**Satrajit Ray**  
Chief Financial Officer

  
**Anoop Pillai**  
Company Secretary and Head Legal

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

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

  
**V. J. Mansukhani**  
Managing Director



# MIRC ELECTRONICS LIMITED • Schedules forming part of the Consolidated Balance Sheet

(Rupees in Lacs)

	31st March, 2008	31st March, 2007
<b>Schedule - 1 SHARE CAPITAL</b>		
Authorised		
15,00,00,000 Equity Shares of Re.1/- each (Previous year 15,00,00,000 Equity Shares of Re.1/- each )	1500.00	1500.00
20,00,000 Preference Shares of Rs.100/- each (Previous year 20,00,000 Preference Shares of Rs.100/- each)	2000.00	2000.00
	3500.00	3500.00
Issued, Subscribed and Paid Up		
14,19,99,584 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 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 Amalgamation	207.54	207.54
Capital Reserve on consolidation		
Opening Balance	222.36	326.26
Add : Adjustment on account of Amalgamation	-	2.68
Add : Adjustment on account of Amalgamation	-	100.96
Less : Adjustment on account of reduction in share capital	-	(207.54)
	222.36	222.36
Share Premium	1.39	1.39
General Reserve		
As per last Balance Sheet	8111.10	7848.42
Add : Transfer from Profit and Loss Account	450.00	427.00
Less : Adjustment on account of Amalgamation	-	(47.42)
Less : Impact of Transitional Provision of AS 15	-	(116.90)
	8561.10	8111.10
Profit and Loss Account	13961.70	12522.22
<b>Total</b>	<b>23060.39</b>	<b>21170.91</b>

<b>Schedule 3 - SECURED LOANS</b>		
From Banks		
Cash Credit	9086.43	6110.18
Long Term Loan	1300.00	2700.87
Foreign Currency Loan	-	3026.28
<b>Total</b>	<b>10386.43</b>	<b>11837.33</b>

Of the above, Rs.10272.26 (Previous year : Rs.5126.27 ) is repayable within one year



## MIRC ELECTRONICS LIMITED • Schedules forming part of the Consolidated Balance Sheet

(Rupees in Lacs)

	31st March, 2008	31st March, 2007
<b>Schedule 4 - UNSECURED LOANS</b>		
Term Loan From Banks	9500.00	4000.00
From Others - Intercompany Deposits	76.60	552.00
Sales Tax Deferment Loan	7.40	-
<b>Total</b>	<b>9584.00</b>	<b>4552.00</b>

Of the above, Rs.4084.00 (Previous year : Rs.4552.00) is repayable within one year.

### Schedule -- 5 FIXED ASSETS (Refer Note 1 (iii) of Schedule 22)

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK
	As at 01.04.2007	Additions/ Adjustments	Deletions/ Adjustments	As at 31.03.2008	Up To 01.04.2007	For the Year	Deletions/ Adjustments	Upto 31.03.2008	As on 31.03.2008
<b>INTANGIBLE ASSETS</b>									
R&D Software	45.11 (32.94)	2.36 (12.17)	- -	47.47 (45.11)	19.76 (15.20)	9.72 (4.56)	- -	29.48 (19.76)	17.99 (25.35)
<b>TANGIBLE ASSETS</b>									
Leasehold land	770.78 (747.61)	- (23.17)	- -	770.78 (770.78)	80.05 (66.82)	9.78 (13.23)	- -	89.83 (80.05)	680.95 (690.73)
Freehold land	1169.12 (643.80)	- (525.32)	- -	1169.12 (1169.12)	- -	- -	- -	- -	1169.12 (1169.12)
Buildings	9420.61 (9249.28)	62.11 (171.33)	- -	9482.72 (9420.61)	1,618.58 (1319.99)	305.73 (298.59)	- -	1924.31 (1618.58)	7558.41 (7802.03)
Plant and Machinery and Electrical Fittings	23410.70 (22420.25)	750.01 (1182.48)	379.94 (192.03)	23780.77 (23410.70)	12211.76 (10553.06)	2140.64 (1813.00)	361.52 (154.30)	13990.88 (12211.76)	9789.89 (11198.94)
Furniture, Fixtures and Equipments	1257.90 (1188.18)	22.83 (81.91)	60.70 (12.19)	1220.03 (1257.90)	726.98 (656.67)	161.42 (79.58)	56.41 (9.27)	831.99 (726.98)	388.05 (530.91)
Motor Vehicles	298.40 (330.44)	- -	26.20 (32.04)	272.20 (298.40)	166.09 (155.53)	28.82 (29.39)	16.47 (18.83)	178.44 (166.09)	93.76 (132.31)
R & D - Building	157.08 (157.08)	- -	- -	157.08 (157.08)	64.28 (59.03)	5.25 (5.25)	- -	69.53 (64.28)	87.55 (92.80)
R & D - Plant and Machinery and Electrical Fittings	472.49 (445.62)	117.73 (28.60)	- (1.73)	590.22 (472.49)	312.73 (299.33)	21.99 (15.04)	- (1.64)	334.72 (312.73)	255.50 (159.76)
R & D - Furniture, Fixture and Equipments	117.57 (108.62)	0.09 (9.61)	- (0.66)	117.66 (117.57)	72.18 (65.92)	7.58 (6.85)	- (0.59)	79.76 (72.18)	37.90 (45.39)
<b>Total</b>	<b>37119.77</b> (35323.83)	<b>955.13</b> (2034.59)	<b>466.84</b> (238.65)	<b>37608.06</b> (37119.77)	<b>15272.40</b> (13191.56)	<b>2690.92</b> (2265.48)	<b>434.40</b> (184.63)	<b>17528.92</b> (15272.40)	<b>20079.14</b> (21847.37)
Capital Work-in-progress									<b>216.74</b> (12.88)
<b>Total</b>									<b>20295.88</b> (21860.25)

- Note :**
- The additions to fixed assets during the year includes foreign exchange loss of Rs.Nil (Previous year loss of Rs.51.33)
  - Figures in brackets are as on 31st March, 2007
  - Capital Work-In-Progress includes pre-operative expenses of Rs.6.60 towards salary and Rs.1.49 towards other expenses (Previous year Rs. Nil).
  - Depreciation for the year includes depreciation relating to prior year of Rs.8.61 (previous year Rs.Nil)



## MIRC ELECTRONICS LIMITED • Schedules forming part of the Consolidated Balance Sheet

(Rupees in Lacs)

Schedule - 6 INVESTMENTS	Face Value (Rs.)	31st March, 2008		31st March, 2007	
		Nos.		Nos.	
Non-Trade Investments (in Equity Shares)					
Kongarar Textiles Limited	10	2600	1.17	2600	1.17
Menon Pistons Limited (Quoted)	10	118745	83.12	118745	83.12
Onida Finance Limited	10	468400	139.60	468400	139.60
			223.89		223.89
Less: Provision for diminution in the value of Investments			146.71		147.12
<b>Total</b>			<b>77.18</b>		<b>76.77</b>

Notes ::

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

	Units
ICICI Prudential Liquid - Super IP	2328148467.25
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
Reliance Mutual Fund	12046265.66

Schedule - 7 INVENTORIES				
Raw Materials including Packing Materials and Service Spares		9526.16		7938.21
Stores and Spares		235.42		326.27
Semi Finished Goods		1662.39		1855.27
Finished Goods : Manufactured		6500.26		4560.31
: Traded		9023.99		5334.80
Goods in transit		2836.44		3505.84
<b>Total</b>		<b>29784.66</b>		<b>23520.70</b>

Schedule - 8 SUNDRY DEBTORS				
Debts outstanding for a period exceeding six months		776.39		530.56
Other Debts		13533.10		10689.03
		14309.49		11219.59
Less : Provision for Doubtful Debts		682.97		457.26
<b>Total</b>		<b>13626.52</b>		<b>10762.33</b>
Considered Good - Secured		282.06		108.34
Considered Good - Unsecured		13086.73		10653.99
Considered Doubtful - Unsecured		682.97		457.26
		14048.22		11219.59



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

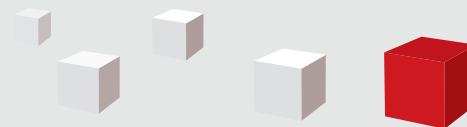
(Rupees in Lacs)

	31st March, 2008	31st March, 2007
<b>Schedule - 9 CASH AND BANK BALANCES</b>		
Cash on hand	23.74	11.60
Cheques on hand	-	10.94
Bank Remittances in Transit	1686.93	1244.01
Balances with Scheduled Banks:		
Current Accounts	256.88	401.88
Fixed Deposit Accounts	14.07	13.13
Balances with Non - scheduled Banks		
HSBC Bank Middle East - AED Current Account (Maximum amount outstanding during the year Rs. 25.98 previous year Rs.34.90)	8.78	2.28
HSBC Bank Middle East - USD Call Deposit Account (Maximum amount outstanding during the year Rs.137.28 previous year Rs.113.15)	66.67	11.72
<b>Total</b>	<b>2057.07</b>	<b>1695.56</b>

<b>Schedule - 10 LOANS AND ADVANCES</b>		
(Refer Note 5 (a) of Schedule 22)		
(Unsecured - considered good unless otherwise stated)		
Loans	288.24	231.02
Advances recoverable in cash or kind or for value to be received	6532.45	6870.03
Advance Income-tax (Net of Provisions)	418.22	-
Balance with Excise and Customs Authorities	885.78	585.23
<b>Total</b>	<b>8124.69</b>	<b>7686.28</b>

<b>Schedule - 11 CURRENT LIABILITIES</b>		
Acceptances	11547.42	10073.02
Sundry Creditors (Refer note 5 (b) of Schedule 22)	5591.30	3246.06
Advances from Customers	503.92	523.68
Unclaimed Dividend Accounts (Refer note 5 (c) of Schedule 22)	90.90	313.47
Other Liabilities	7531.96	9651.01
Interest accrued but not due	94.10	120.66
Deposits from Dealers	282.05	282.29
<b>Total</b>	<b>25641.65</b>	<b>24210.19</b>

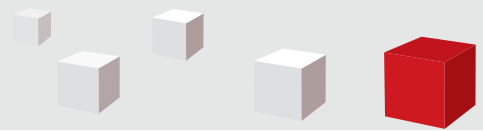
<b>Schedule - 12 PROVISIONS</b>		
Proposed Dividends	1420.00	-
Tax on Proposed Dividends	241.33	-
Provision for Income-tax (Net of Advances)	-	10.90
Provision for Retirement Benefits	300.96	270.67
<b>Total</b>	<b>1962.29</b>	<b>281.57</b>



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

(Rupees in Lacs)

	31st March, 2008		31st March, 2007	
<b>Schedule - 13 MISCELLANEOUS EXPENDITURE</b>				
(To the extent not written off or adjusted)				
Preliminary / Public issue Expenses				
As per last Balance Sheet	0.99		1.99	
Less : Written off during the year	0.99		1.00	
		-		0.99
Pre-operative Expenses				
As per last Balance Sheet	33.25		66.48	
Less : Written off during the year	33.25		33.23	
		-		33.25
<b>Total</b>		-		<b>34.24</b>



**MIRC ELECTRONICS LIMITED • Schedules forming Part of the Consolidated Profit and Loss Account**

(Rupees in Lacs)

	2007-2008	2006-2007
<b>Schedule - 14 SALES</b>		
Sales	167211.79	167040.67
Service income	-	93.01
Export Benefits received	98.65	73.24
<b>Total</b>	<b>167310.44</b>	<b>167206.92</b>

<b>Schedule - 15 OTHER INCOME</b>		
Dividend Income	6.82	16.50
Interest Income-Gross [(Tax deducted at source Rs.1.62 (previous year Rs.5.76))]	10.00	32.09
Profit on Sale of Assets	3.99	0.48
Profit on Sale of Investment	-	4.12
Interest on Income Tax Refund	24.16	61.59
Sales Tax Refund	26.21	46.02
Write back of provision against investments	0.42	-
Miscellaneous Income	503.35	416.64
Tooling Income	8.64	10.20
<b>Total</b>	<b>583.59</b>	<b>587.64</b>

<b>Schedule - 16 (ACCRETION)/DECRETION IN STOCKS</b>		
Opening Stock - Semi-finished Goods	1855.27	1465.82
Finished Goods	4560.31	4045.81
Less:	6415.58	5511.63
Closing Stock - Semi-finished Goods	1662.39	1855.27
Finished Goods	6500.26	4560.31
	8162.65	6415.58
<b>Total</b>	<b>(1747.06)</b>	<b>(903.95)</b>

<b>SCHEDULE - 17 MATERIALS CONSUMED</b>		
Opening Stock	7938.21	6945.49
Add : Purchases	65902.65	63029.13
	73840.86	69974.62
Less : Closing Stock	9526.16	7938.21
<b>Total</b>	<b>64314.70</b>	<b>62036.41</b>





MIRC ELECTRONICS LIMITED • Schedules forming Part of the Consolidated Profit and Loss Account

(Rupees in Lacs)

	2007-2008	2006-2007
<b>Schedule - 18 COST OF TRADED GOODS SOLD</b>		
Opening Stock	5334.80	3893.50
Add : Purchases	57908.79	55941.83
	63243.59	59835.33
Less: Closing Stock	9023.99	5334.80
<b>Total</b>	<b>54219.60</b>	<b>54500.53</b>

<b>Schedule - 19 PERSONNEL EXPENSES</b>		
Salaries, Wages and Bonus	5406.77	5447.61
Contribution to Provident Fund and Gratuity	445.20	427.47
Staff Welfare Expenses	1032.05	1066.87
<b>Total</b>	<b>6884.02</b>	<b>6941.95</b>

<b>Schedule - 20 FINANCIAL EXPENSES</b>		
Interest - Fixed Loans	1463.73	1202.93
- Others	886.57	865.55
<b>Total</b>	<b>2350.30</b>	<b>2068.48</b>

<b>Schedule - 21 OTHER EXPENSES</b>		
Power and Fuel	804.79	875.17
Rent	680.80	510.78
Rates and Taxes	216.29	479.03
Repairs to:		
- Plant and Machinery	453.91	271.57
- Building	26.99	71.42
- Others	450.09	496.25
Insurance Charges	129.49	135.32
Freight and Forwarding Expenses	6457.84	5895.15
Advertisement	6390.96	6821.83
Sales Commission	183.51	305.81
Service Charges	1341.78	1501.94
Travelling and Conveyance	1075.92	1353.56
Loss on Sale of Assets	16.14	11.12
Provision for Doubtful Debts	223.96	-
Bad debts written off	11.04	304.77
Provision for Doubtful Debts	(11.04)	(268.38)
	-	36.39
Provision for Diminution in value of investment	-	6.35
Tooling expenses	9.93	20.78
Excise duty	6.11	33.11
Miscellaneous Expenditure write off	34.23	34.23
Research and Development Expenditure	819.28	516.94
Miscellaneous Expenses	2558.84	2107.20
(Refer Note 6 of schedule 22)		
<b>Total</b>	<b>21880.86</b>	<b>21483.95</b>



(Rupees in Lacs)

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 Akasaka Electronics Limited The Consolidated Financial statements have been prepared on the following basis :

- a) The subsidiaries are consolidated on line by line basis in accordance with the principles laid down in Accounting Standard (AS)-21 on "Consolidated Financial Statements". Inter-company transactions and balances resulting unrealised profits are eliminated in full. Unrealised losses resulting from such transactions are also eliminated unless cost can not be recovered.
- 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, 2008.
- c) The excess of the Company's portion of equity and reserve of the subsidiary as at the date of it's 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 minority's 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, 2008
Akasaka Electronics Limited	87.97

As per application made to Government of India – Ministry of Corporate Affairs, Registrar of Companies, Maharashtra, Mumbai, the name of amalgamated company Imercius Technologies (India) Limited has been changed to Akasaka Electronics Limited w.e.f. 4.10.2007.

ii) **Inventories**

Stock in trade is valued at lower of cost and net realisable value. Stock of consumable stores, spares and furnace oil are valued at cost

Cost is computed based on moving weighted average in respect of all procured materials and comprises of materials and appropriate share of utilities and other overheads in respect of work-in-process and finished goods. Costs also includes all charges incurred for bringing the inventories to their present location and condition.

In case of subsidiary company Akasaka Electronics Limited, Semi finished goods of manufacturing division of an aggregate value of Rs.118.41 (Previous Year Rs.122.81) are valued at lower of factory cost or estimated net realisable value.

iii) **Fixed Assets and Depreciation**

- i) Fixed Assets are stated at cost of acquisition or construction, net of modvat / cenvat, less accumulated depreciation and accumulated impairment losses, if any. Cost of aquisition comprises of all costs incurred to bring the assets to their location and working condition up to the date the assets are put to use. All costs, including financing costs till commencement of commercial production, net charges on foreign exchange contracts and adjustment arising from exchange rate variations attributable to the fixed assets acquired from a country outside India are capitalised.
- ii) Machinery / Insurance spares which are specific and identifiable to the assets are capitalised.
- iii) Preoperative expenditure during construction period / trial run, direct expenses as well as clearly identifiable indirect expenses incurred on the projects during the period of construction are being capitalised alongwith the respective assets.



(Rupees in Lacs)

- iv) The company provides depreciation as under :
  - a) For assets acquired on or after 01/01/1987 on straight-line method, in accordance with Schedule XIV of the Companies Act, 1956.
  - b) For assets acquired prior to 01/01/1987 on Written Down Value basis, in accordance with Schedule XIV of the Companies Act, 1956.
  - c) Accelerated depreciation has been provided on Fixed Asset which have become obsolete, to reduce the value to estimated realisable value.
  - d) Capital items costing less than Rs. 5000 have been charged to Profit and Loss Account at the time of purchase itself.
  - e) Leasehold Land is amortised over the period of lease.
  - f) The company capitalises software where it is reasonably estimated that the software has an enduring useful life. Software is depreciated over an estimated useful life of five years.
- iv) **Impairment of Assets**

An asset is considered as impaired in accordance with Accounting Standard (AS)-28 on "Impairment of Assets". Impairment is ascertained at each balance sheet date in respect of Cash Generating Units. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.
- v) **Investments**

Investments are classified as current or long term in accordance with Accounting Standard (AS)-13 on "Accounting for Investments".

Current Investments are stated at lower of cost and fair value. Any reduction in the carrying amount and any reversal of such reductions are charged or credited to the Profit and Loss Account.

Long term investments are stated at cost. Provision is made to recognize a decline, other than temporary, in the value of such Investments.
- vi) **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 taxable profits to utilise them.
- vii) **Foreign Currency Transactions**

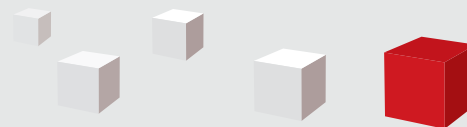
Transactions in foreign currency are recorded at the exchange rate prevailing at transaction date.

  - i) Exchange differences relating to fixed assets arising during the year has been charged off to the Profit and Loss Account pursuant to the notification issued by ICAI.
  - ii) Monetary foreign currency assets and liabilities are translated into rupees and at the exchange rate prevailing at the Balance Sheet date. Exchange differences are dealt with in the Profit & Loss Account.
  - iii) Non monetary items such as investments are carried at historical cost using exchange rates on the date of transaction.
  - iv) In case of forward contracts (for hedging purposes) the premium or discount arising at inception is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the Profit and Loss Account.

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.
- viii) **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.



(Rupees in Lacs)

**ix) 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 and Akasaka Electronics Limited.

**2. Contingent Liabilities**

Particulars		31st March 2008		31st March 2007	
i)	Guarantees given to Bank against which Rs.Nil (Previous Year Rs. Nil) has been deposited as margin money		123.49		81.51
ii)	Guarantees given to bank on behalf of subsidiary company		1870.00		1320.00
iii)	Income tax demands in respect of which appeals have been filed		2064.80		2086.58
iv)	Excise & Custom Duty in respect of which appeals have been filed		362.19		184.65
v)	Claims made against the Company not acknowledged as debts		4960.02		2348.19

Particulars		31st March 2008		31st March 2007	
3.	Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances)		133.30		248.65

**4. Employee benefits**

**a) Description of the Plan :**

Gratuity -

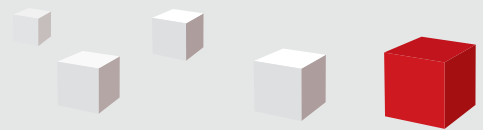
Company has covered its gratuity liability by a Group Gratuity Policy named 'Employee Group Gratuity Assurance Scheme' issued by LIC of India. Under the plan, employee at retirement is eligible for benefit which will be equal to 15 days salary for each completed year of service. In other words, the policy 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		8% / 7.50%		8.00%
Discount rate Current year		8.00%		8.00%
Rate of Return on Plan Assets Previous year		8.00%		-
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%



(Rupees in Lacs)

**c) Reconciliation of Benefit Obligation:**

Particulars	Gratuity	Leave Encashment
Liability at the beginning of the year	452.87	157.09
Interest cost	36.20	12.57
Current Service Cost	47.64	18.42
Benefit Paid	(49.64)	(46.57)
Actuarial (Gain) / Loss on Obligations	120.11	(19.78)
Liability at the end of the year	596.76	-
Fair Value of Plan Assets at the end of the year	436.89	-
Amount recognised and disclosed under the head "Provisions for Employee Benefits"	(159.88)	-
Liability at the end of the year recognised and disclosed under the head "Provisions for Employee Benefits"	-	(121.73)

**d) Reconciliation of Fair value of Plan Assets:**

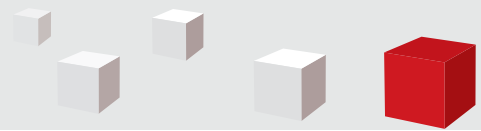
Particulars	Gratuity
Fair Value of Plan Assets at the beginning of the year	353.68
Expected Return on Plan Assets	28.68
Contributions	105.55
Benefit Paid	(49.64)
Actuarial (Gain) / Loss on Obligations	1.38
Fair Value of Plan Assets at the end of the year	436.89
Total Actuarial Gain / (Loss) recognized	(118.72)

**e) Return on Plan Assets:**

Particulars	Gratuity
Expected Return on Plan Assets	28.68
Actuarial Gain / (Loss) on Plan Assets	(1.43)
Actual Return on Plan Assets	27.30

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

Particulars	Gratuity	Leave Encashment
Current Service Cost	47.64	18.42
Interest Cost	36.20	12.57
Expected Return on Plan Assets	(28.68)	-
Net Actuarial (Gain) / Loss recognized	118.72	(19.78)
Expenses recognised in Profit and Loss Account	167.12	11.20



## MIRC ELECTRONICS LIMITED • Notes to the Consolidated Financial Statements

(Rupees in Lacs)

5. 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, 2008 to be credited to Investor Education and Protection Fund.

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

Particulars	2007-08	2006-07
Remuneration to Auditors :		
i) Audit fees	18.85	18.28
ii) Other Services (Certification, Tax Audit etc.)	5.03	6.11
iii) Out of pocket expenses	0.97	0.67
<b>Total</b>	<b>24.85</b>	<b>25.06</b>

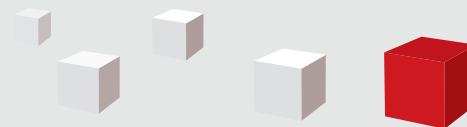
### 7. Payments to Directors

Particulars	2007-08	2006-07
Remuneration to Directors :		
i) Salaries	161.28	145.92
ii) Commission to Chairman & Managing Director & Managing Director	92.06	113.41
iii) Commission to Non Executive Directors	8.00	8.00
iv) Contribution to Provident Fund and other funds	27.22	24.62
v) Other Perquisites	3.64	2.06
<b>Total</b>	<b>292.20</b>	<b>294.01</b>

8. Provision for Taxation comprises of current tax Rs. 759.39 and deferred tax asset of Rs. 266.09. The current tax includes wealth tax of Rs.1.45.

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

Nature of expenses / Income	2007-08	2006-07
<b>Deferred Tax Liabilities</b>		
Related To Fixed Assets	2339.07	2592.49
Related To Others	263.59	248.81
<b>Total (A)</b>	<b>2602.66</b>	<b>2841.30</b>
<b>Less : Deferred Tax Assets</b>		
Disallowance under section 43B of Income Tax Act, 1961	346.12	338.82
Unabsorbed losses / Depreciation of erstwhile Imercius Technologies (India) Limited	84.80	137.73
Provision for doubtful Debts	371.90	300.22
Related to Leave Encashment	110.44	109.04
Related To Others	-	-
<b>Total (B)</b>	<b>913.26</b>	<b>885.81</b>
<b>Net Liability (A) - (B)</b>	<b>1689.40</b>	<b>1955.49</b>



(Rupees in Lacs)

9. No forward exchange contracts are outstanding on the balance sheet date which are entered to hedge foreign exchange exposures of the Company

**10. Disclosure pursuant to Accounting Standard (AS) – 24 'Discounting Operations'**

The Board of Directors in their meeting held on January 29, 2007 has decided to discontinue operations of Business Process Management & Customer Contract services (hereinafter referred to as 'Services Division') which was a separate business segment of the Company. Pursuant thereto, no activities of Services Division were carried during the current financial year. The impact of the discontinuing of these operations is as follows:

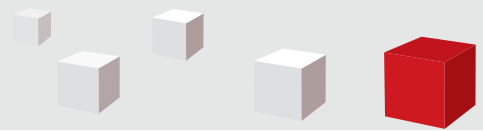
- I) The carrying amount of assets of Services Division is Rs. 263.01 and liabilities are Rs. 95.47 as on March 31, 2008.  
 II) The amount of revenue, expense, pre-tax profit / (loss) of Services Division are as under:

Particulars	31st March 2008		31st March 2007	
Income		1.80		99.07
Expense		(124.35)		236.38
Pre-tax Profit (Loss)		(122.55)		(137.31)
Income Tax Expenses		-		0.01
Profit / (Loss) after tax		(122.55)		(137.32)

- III) The cash flows during the year of Services Division are as follows:

Particulars	31st March 2008		31st March 2007	
Operating Activity		(8.66)		(87.66)
Investing Activity		1.80		0.87
Financing Activity		5.25		63.00
Net Increase / (Decrease) in cash and cash equivalents		(1.61)		(23.79)

Loss on disposal of Services Division is not expected to be material and it will be booked in the year in which assets would be disposed



(Rupees in Lacs)

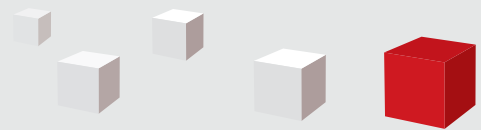
# 11. Related party Disclosure

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

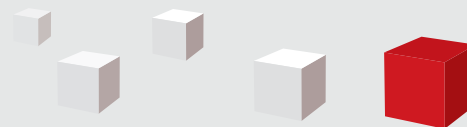
Particulars	Holding Company	Key management Personnel	Relatives of key management personnel	Enterprise over which any person described in (2) & (3) is able to exercise significant influence
	(1)	(2)	(3)	(4)
<b>Transactions during 1.4.07-31.03.08</b>				
Purchase of goods, services, spares and fixed assets				
Iwai Electronics Pvt Limited	-	-	-	1032.65 (900.26)
Adino Telecom Limited	-	-	-	0.32 -
Sale of goods, fixed assets, spares and services				
Iwai Electronics Pvt. Limited	-	-	-	8.60 (4.88)
Adino Telecom Limited	-	-	-	- (0.75)
Inter Corporate Deposits given repaid				
Adino Telecom Limited	-	-	-	- (25.00)
Inter Corporate Deposits taken				
Guviso Holdings Pvt. Limited	70.75 (1025.00)	- -	- -	- -
Inter Corporate Deposits taken repaid				
Guviso Holdings Pvt. Limited	546.15 (1547.50)	- -	- -	- -
Interest paid / payable				
Inter Corporate Deposits / loans				
Guviso Holdings Pvt. Limited	23.21 (33.61)	- -	- -	- -
Interest due & received on Inter Corporate Deposits / loans / advances				
Iwai Electronics Pvt. Limited	-	-	-	6.00 (6.00)





MIRC ELECTRONICS LIMITED • Notes to the Consolidated Financial Statements

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)
Adino Telecom Limited	-	-	-	-
	-	-	-	(1.00)
Rent paid				
G.L.Mirchandani	-	8.12	-	-
	-	(4.93)	-	-
Gita Mirchandani	-	-	40.55	-
	-	-	(23.35)	-
Marissa Mansukhani	-	-	4.09	-
	-	-	(2.01)	-
Akshay Mansukhani	-	-	0.48	-
	-	-	(0.35)	-
Ayesha Mansukhani	-	-	0.48	-
	-	-	(0.35)	-
G.L.Mirchandani (HUF)	-	-	22.15	-
	-	-	(12.52)	-
V.J.Mansukhani (HUF)	-	-	1.43	-
	-	-	(1.04)	-
Refund of rent deposit				
G.L.Mirchandani	-	9.53	-	-
	-	-	-	-
Gita Mirchandani	-	-	41.36	-
	-	-	-	-
Akshay Mansukhani	-	-	0.22	-
	-	-	-	-
Ayesha Mansukhani	-	-	0.22	-
	-	-	-	-
G.L.Mirchandani (HUF)	-	-	23.97	-
	-	-	-	-
V.J.Mansukhani (HUF)	-	-	0.65	-
	-	-	-	-
Payment of rent deposit				
Gita Mirchandani	-	-	0.15	-
	-	-	-	-

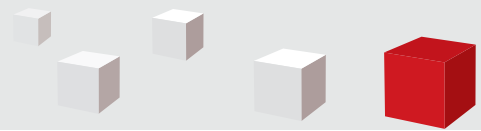


MIRC ELECTRONICS LIMITED • Notes to the Consolidated Financial Statements

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)
Marissa Mansukhani	-	-	0.07	-
	-	-	-	-
G.L.Mirchandani (HUF)	-	-	0.07	-
	-	-	-	-
Rent received				
Adino Telecom Limited	-	-	-	0.41
	-	-	-	(2.61)
Acceptances made on behalf				
Adino Telecom Limited	-	-	-	-
	-	-	-	(105.20)
Remuneration				
Managerial Remuneration	-	284.20	-	-
(Refer Note 7 of Schedule 21 )	-	(286.01)	-	-
Kaval Mirchandani	-	-	19.00	-
	-	-	(19.00)	-
Sasha Mirchandani	-	-	4.87	-
	-	-	(19.79)	-

**Closing Balance as at 31st March 2008**

Receivable				
G.L.Mirchandani				
Rent Deposit	-	8.12	-	-
	-	(17.65)	-	-
Gita Mirchandani				
Rent Deposit	-	-	39.35	-
	-	-	(80.56)	-
Marissa Mansukhani				
Rent Deposit	-	-	4.09	-
	-	-	(4.02)	-
Akshay Mansukhani				
Rent Deposit	-	-	0.49	-
	-	-	(0.71)	-



MIRC ELECTRONICS LIMITED • Notes to the Consolidated Financial Statements

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)
Ayesha Mansukhani				
Rent Deposit	-	-	0.49	-
	-	-	(0.71)	-
G.L.Mirchandani (HUF)				
Rent Deposit	-	-	22.15	-
	-	-	(46.04)	-
V.J.Mansukhani (HUF)				
Rent Deposit	-	-	1.43	-
	-	-	(2.08)	-
Adino Telecom Limited				
Creditors	-	-	-	0.17
	-	-	-	-
Iwai Electronics Pvt. Limited				
Advances given	-	-	-	50.00
	-	-	-	-
Creditors	-	-	-	-2.67
	-	-	-	-
	-	-	-	47.33
	-	-	-	-
<b>Payable</b>				
Guviso Holdings Pvt. Limited				
Inter Corporate Deposits taken	76.60	-	-	-
	(552.00)	-	-	-
Intrest on inter corporate deposit	23.21	-	-	-
	-	-	-	-
	99.81	-	-	-
	(552.00)	-	-	-
Iwai Electronics Pvt. Limited				
Creditors	-	-	-	-
	-	-	-	(6.41)



## MIRC ELECTRONICS LIMITED • Notes to the Consolidated Financial Statements

(Rupees in Lacs)

### Names of related parties & description of relationship :

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

12. The Consolidated Group is mainly engaged in Consumer Durables business and components.As per Accounting Standard on Segment Accounting(AS17), a reportable segment is identified if its revenue from sale to its external customer exceeds 10% or more of total revenue.Since sale of components does not exceed 10% of total revenue, it is not identified as a separate segment

13. 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

**Satrajit Ray**  
Chief Financial Officer

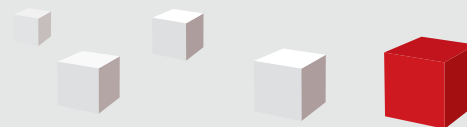
**Anoop Pillai**  
Company Secretary and Head Legal

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

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

**V.J.Mansukhani**  
Managing Director

Mumbai, April 29, 2008



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

(Rupees in Lacs)

	31st March, 2008		31st March, 2007	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before tax & Extraordinary Item		4198.44		5218.72
Adjustments for :				
Depreciation	2691.00		2265.48	
Unrealised Foreign Exchange Fluctuations	130.15		(2.27)	
(Increase)/Diminution in value of Investments	(0.41)		13.76	
Interest	2350.30		2068.48	
Interest Income	(10.00)		(32.09)	
Dividend Income	(6.82)		(16.50)	
(Profit)/Loss on Sale of Fixed Assets (Net)	12.15		10.64	
(Profit)/Loss on Sale of Investments (Net)	-		(4.12)	
Miscellaneous Expenditure	-		34.23	
		5166.37		4337.61
Operating Profit before Working Capital changes		9364.82		9556.33
Adjustments for :				
Trade and Other receivables	(2269.40)		(2815.99)	
Inventories	(6263.96)		(5709.24)	
Trade Payables	712.84		5278.70	
		(7820.51)		(3246.53)
Cash Generated from Operations		1544.30		6309.80
Direct Taxes (Paid)/Refund Received		(1042.50)		(1766.40)
Net cash used in operating activities.....(a)		501.80		4543.40
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Payment for Purchase of Fixed Assets		(955.13)		(2004.19)
Purchase of Investments		-		-
Proceeds from Sale of Fixed Assets		20.29		43.38
Movement of Capital Advances		(203.86)		-
Movement in Loans		-		-
(Profit)/Loss on Sale of Investments (Net)		-		4.12
Interest Received		10.00		32.42
Dividend Received		6.82		16.50
Net cash used in investing activities.....(b)		(1121.88)		(1907.77)



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

*(Rupees in Lacs)*

	31st March, 2008		31st March, 2007	
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Movement in Term Loans		(1103.16)		1770.85
Movement in Short Term Loans		4684.18		(2398.18)
Interest Paid		(2376.87)		(2099.22)
Dividends paid		(222.57)		(1913.37)
<b>Net cash used in Financing Activities....(c)</b>		<b>981.58</b>		<b>(4639.92)</b>
<b>Net Increase/(decrease) in cash and cash equivalents</b>		<b>361.50</b>		<b>(2004.29)</b>
Cash and cash equivalents as at 01.04.2007 (Opening Balance)		1695.56		3699.85
Cash And Cash Equivalents As At 31.03.2008 (Closing Balance)		2057.07		1695.56

As per our Report attached  
For **N.M. Raiji & Co.,**  
*Chartered Accountants*

**J.M. Gandhi**  
Partner

**Satrajit Ray**  
Chief Financial Officer

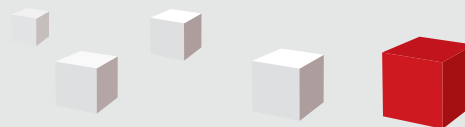
**Anoop Pillai**  
Company Secretary and Head Legal

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

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

**V.J. Mansukhani**  
Managing Director

Mumbai, April 29, 2008



## 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. Raiji & Co., Chartered Accountants

## Bankers

State Bank of India

ICICI Bank Limited

HDFC Bank Limited

IDBI 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 - 201 305

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

## Website

<http://www.onida.com>

## Registrar and share transfer agents

Intime Spectrum Registry Limited, C13 Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (west), Mumbai - 400078

Phone No. 25946970 - 78

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.

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## NOTES

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