



MIRC ELECTRONICS LIMITED

a n n u a l r e p o r t 0 9 - 1 0



Everyday we observe our consumers just as closely as you are doing now.



CORPORATE INFORMATION

Board of Directors

Mr. Gulu L. Mirchandani, Chairman and Managing Director
Mr. Vijay J. Mansukhani, Managing Director
Mr. Manoj Maheshwari, Director
Mr. Vimal Bhandari, Director
Mr. Ranjan Kapur, Director

Company Secretary & Head Legal

Mr. Anoop Pillai

Auditors

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

Bankers

- | | |
|------------------------|--------------------------|
| 1. State Bank of India | 8. Yes Bank Ltd. |
| 2. ICICI Bank Limited | 9. Axis Bank |
| 3. HDFC Bank Limited | 10. State Bank of Mysore |
| 4. IDBI Limited | 11. State Bank of Indore |
| 5. Canara Bank | 12. Bank of Nova Scotia |
| 6. ABN Amro Bank N.V. | 13. Corporation Bank |
| 7. Barclays Bank PLC | 14. Deutsche Bank |

Registered Office

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

Works

1. Village Kudus, Bhiwandi Wada Road, Taluka Wada, Dist. Thane
2. B-204/205, Phase - II, Noida - 201 305
3. Khasra No. 158, Vill - Raipur, Pargana - Bhagwanpur, Roorkee, Dist. Haridwar, Uttaranchal.
4. Khasra No. 399 to 401 & 405 to 410, 158 Kms Milestone, Delhi - Roorkee Highway - NH-58 Village - Mundiyaiki, Pargana - Manglorur, Tehsil - Roorkee, Dist. Hariwar (Uttarakhand) - 247670

Website

www.onida.com

Registrar and Share Transfer Agents

Link Intime India Pvt. Ltd.

C-13, Pannalal Silk Mills Compound, L;B.S. Marg, Bhandup (West),
Mumbai 400 078

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 differ materially from those that may be indicated by such statements.



CHAIRMAN'S NOTE

For what has been one of the toughest and most challenging year globally; where unprecedented events occurred, funding institutions looked the other way, technology broke price barriers, pockets shrunk; the world stared at the state of events with grimace. Much like the country, your company felt the pinch but fortunately had prepared itself for such an occasion by realigning its operational, marketing and financial force, to safeguard against the slowdown. Needless to say, our commitment, our dedication and the passion with which our products are crafted weren't affected by the downturn and rose with rediscovered passion, fervour and dedication.

With the consumers left in a state of flux, there was a rise in the rate of obsolescence and the demand for a change and a fresher outlook towards technology was the order of the day. Your company didn't lose sight of the consumers and embraced the change and set upon the task to increase the relevance of its products in the daily rigmarole of life. Every product before it is conceived has to find a pivotal role in the everyday life of consumers for it to turn into a reality in your company; which has been our core philosophy ever since our inception. Hence we realigned our marketing efforts to highlight the same by moving away from the positioning of envy to the concept of infusing thoughtful innovations and intelligent design.

The first step for which was to take every single one of our products and visualise them in the home of a consumer. Then the features and the design were then conceptualised to add value and blend in with the decor. It is very essential that design acts like the ensemble of the product as consumer durables today are no longer bulky and boxlike but slender, sleek and appealing to the eye.

Along these lines, we revolutionised the DVD player by making Atom; a complete multimedia interface by loading them with a USB, a card reader, feather-touch buttons that fits in the palm of your hand and yet manages to play DVDs, music, movies and pictures from your camera, camcorder or your mobile.

We then realised that consumers look at microwaves only to heat food and prefer making traditional dishes over the stove. So we programmed 123 Indian autocook menus in our Black Beauty Microwave which makes cooking not seem like a chore and then added a mirror finish for panache.

We extended the same towards other categories, for instance with our AC. The need for instant

cooling was addressed by 5 speed icool technology and a leap was taken to address savings. For which, we added a display unit which shows exactly the amount of savings in your AC.

In the area of movies and home entertainment, we managed to add another first to our feather by creating the only Ultra Slim CTV in the country that can play movies through the USB device. Which to my belief is the way of the future.

Although we didn't make the early shift towards the LCD category, it pleases me to inform you that our plans are not to let history repeat as we have planned heavy investments in new products like HD & LED which are the future technologies in the home appliances arena. Speaking about opportunities, we have also identified the Mobile Category as one of our key growth driver. The initial year was spent to set up a strong distribution network across the country to keep up with the competition. We believe that with our new product launches, the category shall see a shift and the numbers shall be in our favour as we have set up a state-of-the-art Research and Development centre in the heart of China to track the latest in cellular technology.

On this note, it gives me immense pleasure to inform that your company has once again stood strong and the Indian economy has embarked on a journey towards growth and the potential of an organised consumer electronic company can only spell success. Your company with your faith can only rise taller and optimally utilise the rebound of the economy. With your trust and leaving no stone unturned, your company shall sustain its growth and continue to be a vital part of the industry.

GULU MIRCHANDANI

Chairman & Managing Director



MANAGING DIRECTOR'S NOTE :

We believe that technology today shouldn't just be used for the purpose of manufacturing but for the sole intent of creating better lives. Our view of technology is a little different from what the world thinks. For starters, technology is not limited to our corporate goals. We heavily bank upon our technological superiority to provide improved and the best standards of living. Moreover, in a competitive and dynamic market situation, cutting-edge technology and innovation play a pivotal role in defining an organization. Hence, innovation isn't just a mere goal for our R&D but also for our product designers, our marketers and our sales as well; for it's only then in a constantly changing world, shall the company be seen in a different light.

Your company has always been a pioneer of futuristic technology. And we intend to keep this culture alive. The R&D team at Onida has identified key areas with potential for growth, and has developed path breaking prototypes in the space of High Definition and LED televisions, to name a few. The operations of our R&D team are focused towards delighting our consumers with new and attractive features, superior technology, thoughtful design and sleek aesthetics, providing absolute value for money. Such quality innovation is something we always adhere to across all our product categories.

The world today is witnessing a paradigm shift in demographics - the consumer has changed. Rest assured your company is in tune with every changing trend. We have young and vibrant people, on board, who have the hunger to perform and achieve, just like the new Indian consumer. We strive to provide these young technocrats with a conducive workplace where they can pursue both personal and professional goals and grow as an overall individual. The aim is to provide a 'fun-at-work' environment to all the employees. Your company works diligently towards employee-empowerment which is a key area for the development of managerial resource. We motivate them to think like entrepreneurs. And it is indeed the way ahead.

Furthermore, front line empowerment - the need of the hour - is the guiding principle to our commitment of providing relevant exposure to all the employees of the organization. 'Employee Welfare' is a top priority at your organization. And with the right mix of experienced leaders and enthusiastic team players, your company is all set to ride the crest of the technology revolution sweeping our country.

Let me assure you that your company is well poised to be the market leader in the electronics sector. All our products are backed with our world-class quality assurance and reflect the character of our organization. Every transaction is a result of our excellence in corporate governance; our strict code of ethics in all our affairs and a strong value system guiding all our endeavours. We are also an organization that is conscious and active towards social responsibilities. Some of our social engagements are employing local villagers in our factories, opening welfare centres for Adivasis etc.

With all the goals set firmly, your company's management is extremely confident that these new formats will only help the company strengthen our customer base and increase profits along the way forward. All this, will reboot, reinvent & reignite the company to do things better & take a leadership role in all that it does.

Thank you.

Vijay Mansukhani
Managing Director

DESIGNED TO GIVE
YOU THE STADIUM-
LIKE EXPERIENCE IN
YOUR HOME.



ONIDA

Theatre



DIAMOND KY ROCK LCD:

Last year we designed a LCD with a sound output of 400W. This year we have raised the bar by designing the KY Rock with 1000W of pulsating sound output. To complete this technological marvel, we have also added on Full HD and packed in a USB 2.0 that allows you to play movies, music, photos and supports mass storage up to 250 GB through the USB.

**DESIGNED TO PLAY
MOVIES DIRECTLY
FROM THE TV.**





MOVIE TV:

We observed that usage of pen drives have increased phenomenally over the years, hence we converted the TV into a media player. So now you can watch movies, play pictures and listen to music directly from your pen drive without having to use any other external device.

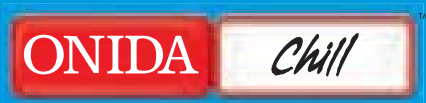


Blu Ray Player:

The Onida Blu Ray Player, made with cutting-edge and futuristic technology delivers the best picture clarity without uncompressing the data - giving you a feeling of actually being a part of the movie.

DESIGNED TO MAKE
YOU EXPERIENCE AND
FEEL THE MOVIE.





5 SPEED iCOOL AC:

We realised that ACs take quite a while to cool and hence got into developing a AC that cools instantly and refreshes you quickly. What's more, we developed it with a 5 star rating to maximise energy savings and added the icool feature. Finally, we also built in an Energy Savings Display that shows how much money you save.



**DESIGNED TO GIVE
YOU INSTANT
COOLING AND GREAT
SAVINGS.**



DESIGNED TO SAVE
35% WATER AND YET
GIVE THE BEST WASH.



ONIDA

Wash

WASHING MACHINE:

Water conservation being a perennial problem in our country, it was time for us to design a washing machine that would contribute to water saving. The result – the Onida Sparkle Washing Machine that saves 35% water as compared to others and yet manages to give you that extra-clean wash.



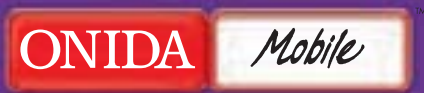
Microwave:

We realised microwaves in India were primarily used for reheating food. So we took it on ourselves to help you actually cook using the microwave and developed the Black Beauty with 32 auto-cook menus which eases the entire process. Of course, an Indian palate is used to so many more tastes and hence we increased it to 123 auto-cook multi-cuisine menus. To appeal to the health conscious in each one of us, we also designed and built-in a 'calorie meter' that indicates how healthy the food you are cooking on our microwave actually is.



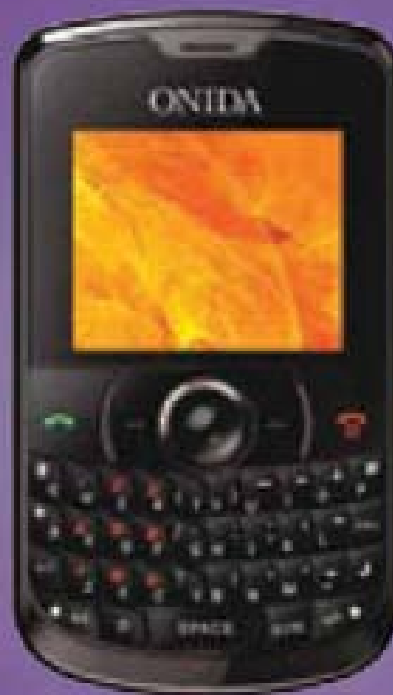
DESIGNED TO COOK
123 MULTI-CUISINES
WITHOUT THE GUILT.





G720:

Imagine a phone that has everything that you'll ever need on the move. Be it a complete media player with a large display, great sound, chat or a mobile tracker, the Onida mobile is simply a must-have for people who make the intelligent choice.



**DESIGNED TO
MAKE A MOBILE
HAVE IT ALL.**



**DESIGNED TO COOK
AND YET NOT MAKE
YOU SWEAT.**





iCOOK:

In conventional flame cooking, a lot of heat gets wasted which causes inconvenience. iCook – A magnetic induction cooker, is a revolution in cooking technology. It makes cooking faster and easier without the hassle caused by excess heat dissipated in the room.



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FINANCIAL HIGHLIGHTS

Balance Sheet

Rs. in Crore

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Sources of Funds								
Equity Share Capital	7.02	14.05	14.05	14.19	14.19	14.19	6.70	14.19
Share Capital Suspense Account	—	—	0.15	—	—	—	26.40	—
Reserves & Surplus	207.64	173.52	180.62	201.28	222.08	240.06	239.47	241.50
Net Worth	214.66	187.57	194.82	215.47	236.27	254.25	272.57	255.69
Secured Loans	60.86	90.56	126.32	135.45	116.37	103.72	74.89	57.27
Unsecured Loans	60.32	25.03	74.93	30.74	45.52	95.84	130.33	76.38
Total Loans	121.18	115.59	201.25	166.19	161.89	199.56	205.22	133.65
Deferred Tax Liability	14.54	18.56	13.87	19.41	19.55	16.89	15.51	15.53
Total Liabilities	350.38	321.71	409.94	401.08	417.71	470.70	493.30	404.87
Application of Funds								
Gross Block	199.29	263.40	295.75	321.71	340.15	343.45	354.93	405.93
Depreciation	61.27	74.45	93.18	114.96	134.10	153.71	171.42	191.15
Net Block	138.02	188.95	202.57	206.75	206.05	189.74	183.51	214.78
Capital Wip	39.80	—	4.35	0.43	0.13	1.93	25.55	0.29
NB + CWIP	177.82	188.95	206.92	207.18	206.18	191.67	209.06	215.07
Investment	8.72	8.66	20.88	21.14	26.00	26.00	26.78	40.14
Deferred Tax Assets	0.06	—	—	—	—	—	—	—
Current Assets								
Inventories	124.03	93.78	164.25	174.88	230.34	292.57	210.41	249.00
Debtors	77.75	84.05	90.34	113.12	104.21	133.69	106.81	87.76
Cash & Bank Balances	9.99	7.12	20.80	36.72	16.76	19.46	9.30	27.64
Loans & Advances	97.64	89.69	54.30	46.49	76.43	67.21	95.84	112.67
Total Current Assets	309.41	274.64	329.69	371.21	427.74	512.93	422.36	477.07
Current Liabilities								
Liabilities	128.01	132.35	135.52	182.89	239.37	240.57	155.14	309.47
Provisions	17.62	18.19	12.03	15.56	2.84	19.33	9.76	17.94
Total Current Liabilities	145.63	150.54	147.55	198.45	242.21	259.90	164.90	327.41
Net Current Assets	163.78	124.10	182.14	172.76	185.53	253.03	257.46	149.66
Total Assets	350.38	321.71	409.94	401.08	417.71	470.70	493.30	404.87
Profit and loss account								
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Sales	980.50	1007.49	1192.51	1343.21	1650.99	1655.06	1517.72	1568.35
Excise	76.64	74.57	99.55	122.91	137.09	126.68	87.29	66.37
Net Sales	903.86	932.92	1092.96	1220.30	1513.90	1528.38	1430.43	1501.98
Service Income	3.96	2.10	—	—	—	—	—	—
Other Income	0.64	7.18	3.22	4.66	4.07	3.70	4.18	3.02
Total Income	908.46	942.20	1096.18	1224.96	1517.97	1532.08	1434.61	1505.00
Material Consumed	369.81	391.95	488.30	514.48	605.86	621.24	553.83	535.99
Cost of Traded Goods Sold	277.02	308.60	328.65	376.47	545.01	542.20	561.96	619.81
Personnel Expenses	43.07	41.96	45.23	59.94	69.41	66.00	67.15	75.41
Freight & Forwarding Expenses	23.27	25.61	34.15	45.47	58.55	64.25	53.30	51.26
Advertisement Expenses	47.93	50.09	50.43	66.83	68.22	63.91	51.86	74.35
Other Expenses	55.85	51.28	76.51	71.01	79.49	86.81	89.32	88.41
Total Cost	816.95	869.49	1023.27	1134.20	1426.54	1444.41	1377.42	1445.23
PBDIT	91.51	72.71	72.91	90.76	91.43	87.67	57.19	59.77
Interest	10.16	6.38	12.94	17.65	20.28	23.18	28.49	17.35
PBDT	81.35	66.33	59.97	73.11	71.15	64.49	28.70	42.42
Depreciation	10.37	13.19	19.38	22.50	19.74	23.94	18.55	19.77
PBT	70.98	53.14	40.59	50.61	51.41	40.55	10.15	22.65
Tax	10.54	9.37	12.81	17.82	17.29	5.97	1.20	4.28
PAT	60.44	43.77	27.78	32.79	34.12	34.58	8.95	18.37
Equity Dividend	14.05	14.05	8.52	10.65	10.65	14.20	5.68	13.46
Preference Dividend	—	—	—	—	—	—	0.67	0.51
Year End Price (Rupees)	349.50	25.70	21.45	19.25	17.40	16.95	8.98	16.35
Market Capitalisation (Rs. in Cr.)	490.70	361.19	301.46	273.35	247.08	240.69	127.52	231.76
EPS	4.30	3.12	1.98	2.31	2.40	2.44	0.58	1.25

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 in 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 as 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 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 30 years of experience and proven expertise in driving the organisational growth through the enhancement of existing growth areas and developing potential opportunities. As the key member in devising and implementing corporate growth strategy for Mirc, he is also involved in the telecom sector. He is the Managing Director of Adino Telecom Limited, a joint venture with Enkay Telecommunications (India) Limited. Mr. Mansukhani is also on the Board of several companies, including 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 one of the largest Life Insurance, Pension and Investment Management Companies in the world. AEGON N.V. has a life insurance joint venture in India.

He is a member of the Listing Committee and the Executive Committee of National Stock Exchange of India Ltd., a member of the National Council on Corporate Governance of CII and

an Executive Committee member of FICCI. Mr. Bhandari has been the functional head of financial services business of ILF&S and played a key role in managing the asset-based activities and the non-fund based advisory activities, encompassing the company valuation, mergers and acquisitions, strategic financial planning, disinvestments and dilutions by recourse to capital markets. Mr. Bhandari has spear-headed various strategic forays into new initiatives such as retail distributions, insurance, merchant banking etc., and is also on the Board of several public limited companies.

Mr. Ranjan Kapur

Mr. Ranjan Kapur holds a Masters degree in English from Delhi University and a degree in Advanced Advertising Studies from the Advertising Agencies Association of America. He is the Country Manager of the WPP Group, one of the world's largest communications company, and the parent of well-known advertising agencies such as JWT, Young & Rubicam and Ogilvy & Mather. Mr. Kapur has almost four decades of marketing communications experience across several countries in East Asia, the US and India. He is currently on the Boards of several WPP operating companies as well as Pidilite Industries Limited and Abbott India Limited among others. He is also on the Managing Committees of the Indian Cancer Society, Bombay First and Marico Innovation Foundation.

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,

We are delighted to present the 29th Annual Report on our business and operations together with the audited accounts of the Company for the financial year ended 31st March, 2010. The financial highlights for the year under review are as under:

Results of Operations

(Rs. in crores)

Particulars	2009-10	2008-09
Turnover	1568.35	1517.72
Profit before tax	22.65	10.15
Provision for taxation	4.28	1.20
Profit after tax	18.37	8.95
Profit available for appropriation	173.29	163.25
Final dividend on equity shares – (proposed)	13.46	5.68
Dividend on preference shares	0.51	0.67
Tax on dividend	2.37	1.08
Transfer to General Reserve	1.84	0.90
Transfer to Capital Redemption Reserve	18.91	–
Surplus carried to balance sheet	136.21	154.92

Performance

During the year under review the turnover of the Company increased from Rs.1517.72 crores to Rs.1568.35 crores. The Profit before tax increased from Rs. 10.15 crores to Rs.22.65 crores registering an increase of 123% and the Profit after tax increased from Rs.8.95 crores to Rs.18.77 crores registering an increase of 105%. Your Directors are confident of improving the performance in the ensuing year.

Redemption of Preference Shares

Pursuant to the scheme of amalgamation of Guviso Holdings Private Limited (Transferor Company) with Mirc Electronics Limited (Transferee Company), as sanctioned by the Hon'ble High Court of Bombay, Company had allotted 1891512, 5% Cumulative Redeemable Preference Shares of Rs. 100/- each to the shareholders of Transferor Company, which were liable to be redeemed on or after 15th October, 2009. Consequently the same were redeemed on 15th October, 2009. The effect of redemption of preference shares has been given in the annual accounts of the Company for this financial year.

Dividend

Your Directors are pleased to recommend payment of dividend on equity share for the financial year ended 31st March, 2010 at Re. 0.95 paise per equity share on the face value of Re. 1/- per share subject to the approval of members of the Company in the ensuing Annual General Meeting.

In respect of 5% Cumulative Redeemable Preference Share, the Board had recommended dividend of Rs. 2.70 per preference share of Rs. 100/- each, for the period from 1st April, 2009 to 14th October, 2009 (i.e. upto the date of redemption). Your ratification is required on the above payment of dividend to the preference shareholders.

Transfer to reserves

Your Directors have proposed to transfer Rs. 183.71 lacs (previous year Rs. 89.54 lacs) to the general reserves out of the profits of Company for the year 2009-10.

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 accordance with Accounting Standard 21 on Consolidated Financial Statements read with Accounting Standard 23 on Accounting for Investments in Associates, and the Listing Agreement entered into with the Stock Exchanges, the audited Consolidated Financial Statement for the financial year ended 31st March, 2010 are provided in this Annual Report.

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, 2010 is annexed hereto.

Directors

In terms of provisions of Section 255 and 256 of the Companies Act, 1956, read with the Articles of Association of the Company, Mr. Vimal Bhandari, Non-Executive and Independent Director, retires by rotation and being eligible offers himself for re-appointment at the ensuing annual general meeting of the Company. A brief resume of Mr. Vimal Bhandari as required under Clause 49 of the Listing Agreement, is provided in the notice convening the Annual General Meeting of the Company.

The tenure of Mr. Gulu L. Mirchandani, Chairman & Managing Director will be expiring on 30th November, 2010. In view of his

DIRECTORS' REPORT

excellent performance, your Directors propose re-appointment of Mr. Gulu L. Mirchandani as Chairman & Managing Director of the Company for a further period of 3 years with effect from 1st December, 2010 to 30th November, 2013 on the existing terms and conditions subject to the approval of Central Government.

Directors' Responsibility Statement

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

- In the preparation of the annual accounts for the year ended 31st March, 2010, the applicable accounting standards have been followed and no material departures have been made from the same;
- They have selected such accounting policies and applied them consistently and made judgements 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;
- 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;
- They have prepared the annual accounts on a going concern basis.

Corporate Governance

Your Company believes in adopting effective Corporate Governance practices. Clause 49 of the Listing Agreement deals with the Corporate Governance Requirements which every listed company is required to comply with. The Company has accordingly taken effective steps to comply with the requirements of the Clause 49 of the Listing Agreement with the Stock Exchanges.

A separate section on the Corporate Governance forming part of the Directors' Report and the certificate from the Company's Auditors M/s. N. M. Raiji & Co., Chartered Accountants, Mumbai confirming compliance with the conditions of Corporate Governance as stipulated under the clause 49 of the Listing Agreement, is annexed to this report for your perusal.

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 the Report on Corporate Governance.

Management Discussion and Analysis

A detailed review of operations, performance and future outlook

of the Company and its business, as stipulated under Clause 49 of the Listing Agreement is presented in a separate section forming part of Annual Report under the head 'Management Discussion and Analysis'.

Group

Pursuant to intimations received from Promoters, the names of the Promoters and entities comprising 'group' as defined under the Monopolies and Restrictive Trade Practices (MRTP) Act, 1969 is disclosed separately in the Annual Report for the purpose of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulation 1997, as amended.

Fixed deposits

The Company has neither invited nor accepted any public deposit within the meaning of Section 58A of the Companies Act, 1956 and rules made thereunder, during the year under review.

Electronic filing

In terms of SEBI notifications and Listing Agreement, the Company had been complying with the provisions of Clause 51 of the Listing Agreement pertaining to the Electronic Data Information Filing and Retrieval System [EDIFAR]. The Company is also uploading the same information on its website viz. www.onida.com within the prescribed time limit.

However in view of deletion of Clause 51 of the Listing Agreement vide SEBI circular No. CIR/CFD/DCR/3/2010 dated 16.04.2010, Company shall be uploading the relevant information as per Clause 52 of the Listing agreement under Corporate Filing and Dissemination System (CFDS) going forward. The said information can also be accessed on the company's website viz. www.onida.com.

Listing fees

The equity shares of the Company are listed on the 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 equity shares are also traded in the dematerialized segment for all investors compulsorily and the Company has entered into agreements with The Central Depository Services (India) Limited and The National Securities Depository Limited for trading in electronic form.

Transfer of Unpaid and Unclaimed Dividend to IEPF

Pursuant to provisions of Section 205A(5) of the Companies Act, 1956, the declared dividend which remained unpaid or unclaimed for a period of 7 years [viz. dividend declared for the F.Y. 2001-02] have been transferred by the Company to

DIRECTORS' REPORT

Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the said Act.

For the purpose of benefiting our shareholders who have not claimed the dividend for the financial year 2002-03, which is due for transfer to IEPF on or after 25th September, 2010, we shall be posting separate letters requesting them once again to claim their unclaimed dividend amount of the said financial year. Such shareholders are requested to write to the Company Secretary for claiming their unpaid/ unclaimed dividend.

Auditors

M/s. N. M. Raiji & Co., Chartered Accountants, the Statutory Auditors of the Company, holds 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 2010-11 and fix their remuneration.

The Company has received a written confirmation from M/s. N. M. Raiji & Co. to the effect that their appointment, if made, would be in conformity with the limits prescribed in Section 224 (1B) of the Companies Act, 1956. The report of the auditors on audited accounts for the financial year 2009-10, is self-explanatory and does not require any further explanation.

The Auditors have further confirmed that they are being subject to Peer Review as per ICAI requirement.

Audit Committee

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

Employee relations and particulars of Employees

Relations between employees and the management continued to be cordial during the year except for a brief period when the management had to declare a lockout in one of its plants due to an illegal strike commenced by workmen of the said plant. In terms of provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, the particulars of employees are set out in Annexure to this Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Annual Report excluding the aforesaid information is being sent to

all members of the Company and others entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at Registered Office of the Company.

Research and Development

Mirc recognises that a vigorously intelligent research initiative enables in not only cost reduction through effective process improvement but also value-addition through sustained ability to put innovative and customised products in line with customer requirements.

We are proud to have a team of dedicated engineers at the Onida Research and Development Centres in Mumbai and Delhi, who facilitate in making state-of-the-art technology products, satisfying customer expectations.

This team conducts research in the areas of:

- Embedded Software
- Industrial Design
- Mechanical Engineering
- Electrical Engineering
- Model Shop etc.

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

We thank our customers, vendors, investors and bankers for their continued support during the year and we place on record our appreciation to the contribution made by our employees at all levels.

We thank the Government of various countries, where we have operations. We also thank the Government of India particularly the Income Tax Department, the Customs and Excise Departments, Ministry of Commerce, Ministry of Finance, the Reserve Bank of India, the State Governments and other government agencies for their support and look forward for their continued support in the future.

On behalf of the Board of Directors

Date: 3rd May 2010
Place: Mumbai

G. L. Mirchandani
Chairman and Managing Director

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 a safe and clean environment and continues to adhere to all regulatory requirements and guidelines. During the FY 2009-10, your Company has implemented innovative measures at Wada factory, to save the environment and to reduce energy consumption, by introducing Solar Panel for process heating, installation of Poly carbonate transparent sheet for Natural light. This has resulted in 10% reduction in energy consumption. For further reduction of energy consumption, your Company has ambitious plans to install Solar LED Street lights, replacement of old Reciprocating compressors with energy efficient Rotary Compressors.

Further, your Company has started procuring P.C.M. (Pre Coated Materials) to avoid printing process with a view to save energy, pollution and reduce water consumption at Noida factory. 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 is also given in order to conserve energy. Your Company's endeavour to introduce energy efficient electronic products has met with success and the Bureau of Energy Efficiency [BEE] has awarded 5-star rating to one of the category of Airconditioners.

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 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:

Green Initiative

A strong initiative was undertaken by the R & D Centre during 2009-10 to meet the stringent requirements of Bureau of Energy Efficiency (BEE) for reducing power consumption. The effort met with very good success and ten LCD TV models qualified for five star rating by BEE.

A 32" Diamond LCD TV model was developed with innovative painting technique applied to transparent front cabinet.

Two Colour TV Models were developed to meet 3 star ratings.

Similarly, air-conditioners were also designed to reduce power consumption and increase the efficiency and a total of 25 models in split ACs qualified for two/ three/ four/ five star and 1 Ton Window AC Model also qualified for two star rating by BEE.

Fully automatic Washing machine was developed and introduced in the market. This model was developed with various options including the curved glass design. One model with innovative user-friendly animated moving display was also developed.

Microwave ovens have been designed for health conscious people with the introduction of unique Calorie meter and were made more user friendly for Indian customer by the introduction of 123 Indian regional menu.

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

The Research and Development initiatives taken by the Company helped in introducing energy efficient products with superior technology. As stated above products were designed 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 in all the categories, which are emerging- technology products gaining popularity in the Indian market. The Company also plans to introduce exciting fully automatic washing machines of advanced technology as this market segment is growing very rapidly. Besides the above, the Company has aggressive growth plan for the recently launched Induction Cooker in the kitchen appliance segment.

ANNEXURE TO THE DIRECTORS' REPORT

d) Expenditure on research and development

(Rs. in lacs)

Particulars of expenditures	2009-10	2008-09
1. Capital	20.27	44.12
2. Recurring	1007.92	1103.24
3. Total	1028.19	1147.36
4. Percentage of research & development as expenditure to total turnover	0.66	0.76

3. Technological Absorption:

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

a) Efforts, in brief, made towards technology absorption, adaptation and innovation:-

The Company believes in offering world-class technological products to its valued customers. With this

objective, the Research and Development personnel of the Company periodically visit foreign exhibitions and trade shows to understand the latest technology used in electronic products. Besides the Research and Development team also works closely with world-class technology developers to understand their technology. Efforts are also made by the team to bring in immaculate features in the products which are consumer-centric.

b) Benefits derived as a result of above efforts:

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

4. Foreign Exchange Earnings and Outgo

(Rs. in lacs)

Year	2009-10	2008-09
Foreign exchange earnings	2596.06	1924.06
Foreign exchange outgo (including capital goods and imported software packages)	78177.67	55827.55

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The management has pleasure in presenting this report in adherence to the Code of Corporate Governance enacted by the Securities and Exchange Board of India under Clause 49 of the Listing agreement.

Economic Review:

Having withered the global recession India's economy is poised for growth at a faster pace in 2010-11 than earlier expected, supported by a global recovery, domestic demand and a double-digit expansion in factory output.

Such expansion is expected to generate greater inflation than previously expected, requiring a steady series of rate rises from the Reserve Bank of India. Asia's third-biggest economy is expected to grow at annual rates above 8 per cent in coming quarters.

According to a study by the McKinsey Global Institute (MGI), 'Bird of Gold': The Rise of India's Consumer Market', Indian incomes are likely to grow three-fold over the next two decades and India will become the world's fifth largest consumer market by 2025.

I. Industry structure and developments

The consumer durables industry consists of durable goods used for domestic purposes such as televisions, LCD TVs, air conditioners, DVD players, washing machines, refrigerators, microwave ovens etc. The growth in the consumer durables sector has been driven primarily by factors such as boom in the real estate/housing industry, higher disposable income, emergence of the retail industry in a big way coupled with rising affluence levels of a large section of the population.

A shift in consumer preferences towards higher-end, technologically advanced branded products has been quite discernable. This shift can be explained by narrowing differentials between the prices of branded and unbranded products added with the high quality of after sales service provided by the branded players. The shift has also been triggered by the availability of foreign branded products in India owing to lower import duties coupled with other liberal measures as introduced by the government.

A combination of changing lifestyles, higher disposable income, greater product awareness and affordable pricing have been instrumental in changing the pattern and amount of consumer expenditure leading to strong growth in the consumer durables industry.

Consumer durables grew at a robust rate of 31.6 percent in January 2010 as against a nominal 2.1 percent posted in the same time last year. In fact, along with the manufacturing sector for capital goods, the manufacturing sector for consumer durables were prime contributors to the robust growth in the Index of Industrial Production (IIP), which grew by 16.7 percent in January 2010.

II. Opportunities and Threats

The key growth drivers for the Indian consumer durables industry:

- **Rise in the share of organised retail:** Approximately 315 hypermarkets are expected to come into existence in Tier-I and Tier-II cities across India by the end of 2011, according to a joint study by consultancy firm KPMG and industry body ASSOCHAM named 'Reinventing India's Retail Sector'. Consultancy firm Technopak has said that the organised modern retail segment in India will grow by over three times during the next five years (from 2010), to reach a figure of US\$ 80 billion. Hence there is great opportunity for growth in this sector in view of the positive developments in organized retail sector.
- **Availability of newer variants of a product:** Consumers are spoilt for choice when it comes to choosing products. Newer variants of a product help a company in getting the attention of consumers who look for innovation in products.
- **Rise in disposable income:** The demand for consumer electronics has been rising with the increase in disposable income coupled with more and more consumers falling under the double income families. The growing Indian middle class is an attraction for companies who are out to woo them.
- **Product pricing:** The consumer durables industry is highly price sensitive, making price the determining factor in increasing volumes, at least for lower range consumers. For middle and upper range consumers, it is the brand name, technology and product features that are important.
- **Availability of financing schemes:** Availability of credit and the structure of the loan determine the affordability of the product. Sale of a particular product is determined by the cost of credit as much as the flexibility of the scheme.
- **Innovative advertising and brand promotion:** Sales promotion measures such as discounts, free gifts and exchange offers help a company in distinguishing itself from others.
- **Festive season sales:** Demand for colour TVs usually pick up during the festive seasons. As a result most companies come out with offers during this period to cash in on the festive mood. This period will continue to be the growth driver for consumer durable companies.
- Emergence of nuclear families.
- Growth of entertainment and Media and the flurry of television channels and the rising penetration of cinemas.
- Electrification in rural India and increasing aspirations of people in rural India.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The consumer durables market in India has seen a proliferation of brands and product categories in recent years. All the major international brands from Japan, Korea, US, Europe and China have launched in India with varying degrees of success. Most brands are still trying to build a pan-India dealer network.

In the times to come the Consumer durables sector is poised for a quantum leap due to technological improvements, falling prices due to competition, aggressive marketing and declining import tariffs.

The changing dynamics of consumer behaviour indicate that luxury goods are now being perceived as necessities with higher disposable incomes being spent on lifestyle products.

In response to the aforesaid opportunities the Company expanded its scope from a single product to a multi-product portfolio, resulting in enhanced possibility to occupy a larger shelf space. It prudently invested its resources to drive its innovation and promote its products.

Threats

- 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. Hence, the company's future profitability may come under pressure.
- Rising inputs costs of raw materials viz. copper and steel will put huge pressure on the margins. Further with the recent increase in excise duties the pressure will be on manufacturers to pass on the burden to consumers which may lead to reduced demand.
- Exchange schemes and pricing could have a negative industry impact.
- The entry of cheap Chinese products through organized retail continues to be a threat to the domestic players like ONIDA. Amid hyped media reports on the invasion of Chinese goods, the consumer is likely to get confused thereby resulting in temporary loss of market share and 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 have been very diffident and that hasn't worked in the extremely competitive market like India.
- The focus of consumers is shifting to energy efficient appliances and providing such appliances at a competitive price will be a challenge.
- Margins are under pressure in view of increase in cost of marketing, advertising and after-sales services.
- Cyclicity has triggered an industry recession.
- The Company faces stiff competition from South Korean companies like LG and Samsung. In 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.

III. Product-wise performance

There was 11% growth in sale of Onida Air-conditioners during the year under review. The sale of Washing machines registered a growth of 5% and the sale of Microwave ovens registered a growth of 8%. The sale of Mobile registered a growth of 26% and the sale of other electronics products registered a growth of 11%. During the year under review, the Company witnessed a moderate de-growth in sales of Colour Televisions and LCDs of 2%. The performance in Mobiles, Air Conditioners and Washing Machine segments marks the advancement of the Company towards becoming a complete home solutions provider.

IV. Outlook

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

The Company has extended its offerings under the Onida brand across products as well as geographical boundaries. The Company expects to increase its presence in these products and emerge as a leading solutions provider for electronic home improvement goods. The Company has also positioned an exclusive brand 'IGO' for the rural market to capture the potential demand from the rural areas, which is growing aggressively.

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

V. Risks and concerns

At MIRC, we have recognized that managing business risk is an integral part of generating substantial and sustainable shareholder value. This positive interpretation of risk reflects the new understanding of the connection between well-managed risk and improved performance. That is, where the management seeks to mobilize the linkage between risk management, achievement of corporate goals and reduced volatility of outcomes. A more dynamic approach to risk management is critical to deliver superior performance and superior returns to shareholders. To this end, the management has always been proactive on risk identification and mitigation.

As part of a comprehensive de-risking strategy, the Company initiated an organized system of forecasting and cost budgeting

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

leading to an optimal utilization of resources. The Company expects to enhance its global presence to rationalize its significant dependence on the Indian geography.

VI. Internal control systems and their adequacy

The management periodically reviews the internal control systems and procedures leading to the orderly and efficient conduct of its business. The internal control structure is adequately designed to ensure effectiveness of its operations in the utilization of funds, safeguarding of assets against unauthorized use or disposition, true and fair reporting and compliance with all the applicable regulatory laws and company rules.

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

Significant findings of the Internal Audit are brought to the notice of the Audit Committee as well as to the Board of Directors of the Company and corrective measures 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.

VII. Operational and financial performance

During the year under review the turnover of the Company increased from Rs.1517.72 crores to Rs.1568.35 crores. The Profit before tax increased from Rs. 10.15 crores to Rs.22.65 crores registering an increase of 123% and the Profit after tax increased from Rs.8.95 crores to Rs.18.37 crores registering an increase of 105%.

VIII. Material developments in Human Resources/ Industrial Relations front, including number of people employed

At MIRC, human capital is considered to be the most valuable resource, since people deliver results. People are nurtured, developed, motivated and rewarded to ensure business growth. The H.R. Cell ensures that the Company attracts right competency, develop them continuously, and keep its employees motivated through implementation of various HR processes.

The objective of the Human resource initiative at Mirc is that all ONIDIANS shall collectively perform to realize the goals of the company and catapult the organization to the elite league of companies which grace the hall of fame of the corporate world.

The Company's H.R. Cell takes a proactive role in responding to genuine grievances of employees to foster a warm 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:

- 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 optimize individual potential.
- A unique variable pay plan linked to company's profitability for executives.
- A highly conducive and enabling work atmosphere. A well-designed safe campus
- 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 agreed KRAs as well as feedback on behavioral competencies. The company had about 1858 employees on its roll as on 31st March, 2010.

IX. Material financial and commercial transactions involving Senior management

The Company has in place a Code of Corporate Governance which stipulates 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, 2010.

X. 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 expectation of future events. The actual results may differ from those expressed or implied in this report due to the influence of external and internal factors beyond the control of the Company.

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

On behalf of the Board of Directors

Date : 3rd May, 2010
Place : Mumbai

Gulu L. Mirchandani
Chairman and Managing Director

CORPORATE GOVERNANCE REPORT

The Corporate Governance Report in compliance with Clause 49 of the Listing Agreement with the Stock Exchanges, as applicable for the year ended 31st March, 2010, are set out below for the information of shareholders and investors of the Company.

I. Company's philosophy on code of Corporate Governance

The Company's philosophy on the corporate governance is based on the following principles:

- Integrity and ethics in all our dealings.
- Have a simple and transparent corporate structure driven solely by business needs.
- Be transparent with a high degree of disclosure and adequate control system.
- Make a clear distinction between personnel conveniences and corporate resources.

Mirc is committed to achieve and maintain the highest standard of Corporate Governance. The Company believes that all its actions must serve the underlying goal of enhancing overall shareholders' value on a sustained basis.

II. Board of Directors

A] Composition of the Board of Directors

At present the Board of Directors comprises five Directors, out of which two directors are promoters cum executive directors and three are non-executive independent directors. The chairman is an executive director. Thus more than 50% of the Board comprises non-executive and independent directors.

During the Financial year 2009-10, six Board Meetings were held on 19th May, 2009 (Adjourned to 23rd May, 2009), 25th June, 2009 (Adjourned to 26th June, 2009), 31st July, 2009, 23rd October, 2009, 7th December, 2009 and 22nd January, 2010. The interval between any two meetings was not more than four calendar months.

The constitution of the Board of Directors, the details of meetings attended by the Directors and the information with regard to their membership of Committees is as under:

Name	Category	Attendance Particulars			No. of Directorships and Committee Memberships/ Chairmanships including MIRC		
		Number of Board Meetings		Last AGM			
		Held	Attended		Directorship	Committee Chairmanship	Committee Membership
Mr. Gulu L. Mirchandani	Promoter [CMD]	6	6	Yes	9	None	2
Mr. Vijay J. Mansukhani	Promoter [MD]	6	6	Yes	3	None	1
Mr. Manoj Maheshwari	I & NED*	6	6	-	7	None	5
Mr. Vimal Bhandari	I & NED*	6	6	Yes	7	1	4
Mr. Ranjan Kapur	I & NED*	6	3	Yes	6	1	4

* Independent & Non-Executive Director

Notes:

1. As detailed in the 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.
2. Only directorship in public limited Companies (listed or unlisted) have been considered.
3. Membership/chairmanship of Audit Committee and Investor Grievance Committee of public companies have been considered.

CORPORATE GOVERNANCE REPORT

B] Role of Independent Directors

The independent directors play an important role in deliberations at the Board and Committee Meetings and bring to the Company their expertise in the fields of finance, management and public policy.

C] Information placed before the Board of Directors

The Board of Directors is provided all the required information wherever applicable and materially significant. This information are submitted either as a part of agenda papers or are tabled in the Course of Board Meeting for enabling them to give their valuable inputs.

D] Code of Conduct

The Board has laid down a Code of Conduct for all Board members and senior management of the Company and it is posted on the website of the Company i.e. www.onida.com. The Code has been circulated to all members of the Board and Senior Management and the compliance of the same has been affirmed by them. A declaration by the Chief Executive Officer of the Company 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 the compliance with the Code of Business Ethics and Conduct of MIRC Electronics Limited for the year ended 31st March, 2010."

Sd/-

G. Sundar, CEO

Committees of the Board:

The Board has established various committees such as Audit Committee, Shareholders & Investors Grievance Committee and Remuneration Committee as per the requirement of Clause 49 of the Listing Agreement. The minutes of committees Meetings are circulated and discussed in the Board Meetings.

III. Audit Committee

Constitution of Audit Committee:

The composition, role and powers of the audit committee meet the requirements of Clause 49 of the Listing Agreement as well as Section 292A of the Companies Act, 1956. Presently, the Audit committee comprises of Mr. Vimal Bhandari, Chairman, Mr. Ranjan Kapur and Mr. Manoj Maheshwari. All are independent 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 18th August 2009, Mr. Vimal Bhandari, the chairman of the audit committee was present to reply to shareholders' queries.

Meetings of Audit Committee during 2009-10

During the financial year 2009-10, the Audit Committee met five times on 19th May, 2009 (Adjourned to 23rd May, 2009), 25th June, 2009, 31st July, 2009, 23rd October 2009 and 22nd January, 2010. Mr. Gulu L. Mirchandani, CMD, Mr. Vijay J. Mansukhani, MD and Mr. G. Sundar, the Chief Executive Officer are permanent invitees to the audit committee meetings. The CFO, the General Manager – Finance, the Internal Auditors, the Statutory Auditors and Vice Presidents of various functions are also invited to the committee meetings as and when necessary. The attendance of each Audit Committee member in the above meetings is given hereunder:-

Name	Audit Committee Meetings (F.Y. 2009-10)	
	Held	Attended
Mr. Vimal Bhandari	5	5
Mr. Manoj Maheshwari	5	5
Mr. Ranjan Kapur	5	3

CORPORATE GOVERNANCE REPORT

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.

Terms of reference 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 statements 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 judgement 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 payment 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.

CORPORATE GOVERNANCE REPORT

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 on 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. Shareholders' and Investors' Grievances Committee (SIGC).

Shareholders' and Investor Grievance Committee comprises of Mr. Ranjan Kapur, Mr. Gulu L. Mirchandani and Mr. Vijay Mansukhani. Mr. Anoop Pillai, Company Secretary and Head Legal, has been nominated as the Compliance Officer of the Company. Mr. Ranjan Kapur, Non-Executive and Independent Director is Chairman of the Committee.

The Committee is entrusted with the responsibility of redressing the shareholders'/ investors' complaints related to transfer of shares, non-receipt of balance sheet and non-receipt of declared dividend and other queries/complaints, if any. This committee also oversees the performance of the Registrar and Share Transfer Agent of the Company relating to the investor services and recommends measures for improvement. The attendance of each Committee member in the meetings during the financial year ended 31st March, 2010 is given hereunder:-

Name	Shareholders'/Investors' Grievance Committee meetings	
	Held	Attended
Mr. Ranjan Kapur	12	11
Mr. Gulu L. Mirchandani	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	:	137
No. of complaints resolved	:	137
No. of complaints pending	:	Nil

V. Remuneration Committee

The Committee is vested with all necessary powers and authority to ensure appropriate disclosure on the remuneration of the Directors and to deal with all elements of the remuneration package of all the directors including but not restricted to the following:

- To review, assess and recommend the appointment and remuneration of executive directors.
- To review the remuneration packages payable to executive directors periodically and recommend suitable revision/increments, whenever required to the Board of Directors.
- To recommend the commission payable to the non-executive director(s) in accordance with and upto the limits laid down under the Companies Act, 1956.
- To carry out such other functions as delegated by the Board from time to time.

CORPORATE GOVERNANCE REPORT

Mr. Harsh Mariwala, Chairman of the Committee had resigned from the Board of the Company w.e.f. 20th February, 2009. In view of this, Committee was reconstituted and Mr. Ranjan Kapur, Non-Executive & Independent Director was appointed as a member and Chairman of the Committee w.e.f. 23rd May 2009.

Presently remuneration committee comprises of five directors out of whom three are Non-Executive Independent Directors viz. Mr. Ranjan Kapur, Mr. Vimal Bhandari and Mr. Manoj Maheshwari and two other Executive Directors namely Mr. Gulu L. Mirchandani, CMD and Mr. Vijay J. Mansukhani, MD.

During the financial year 2009-10, remuneration committee met twice on 23rd May, 2009 and 25th June, 2009. The attendance of each Committee member in said meetings is given hereunder:-

Name	Remuneration Committee meetings (F.Y. 2009-10)	
	Held	Attended
Mr. Manoj Maheshwari	2	2
Mr. Vimal Bhandari	2	2
Mr. Ranjan Kapur	2	0
Mr. Gulu L. Mirchandani	2	2
Mr. Vijay J. Mansukhani	2	2

Remuneration policy

MIRC's Executive Directors have been appointed on a contractual basis subject to 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, subject to approval by the Board and shareholders in the general meeting and as per applicable provisions of the Companies Act, 1956. On account of inadequacy of Profit during last year, Company has obtained necessary Central Government's approvals for payment of excess remuneration to executive directors. And similar approvals have also been taken for the year 2009-10. The remuneration comprises of basic salary, allowances, perquisites and commissions etc. The Remuneration Committee decides and recommends annual increments for executive directors within the limits stipulated by the Board of Directors/Shareholders and other applicable approvals.

The details of remuneration paid to the Directors during the financial year 2009-10 are as follows:

Sl. No.	Director	Relation with MIRC	Inter-se Relation	Remuneration for FY 2009-10				
				Sitting fees	Salary allowance & perquisites	Commission	PF & Annuity	Total
1	Mr. G. L. Mirchandani	Promoter [CMD]	Brother in law of sr. No.2	Nil	1,28,80,000	Nil	15,39,000	1,44,19,000
2	Mr. V. J. Mansukhani	Promoter [MD]	Brother in Law of sr. No.1	Nil	1,09,02,000	Nil	17,01,000	1,26,03,000
3	Mr. Vimal Bhandari	I & NED*	NA	55000	Nil	200000	Nil	255000
4	Mr. Manoj Maheshwari	I & NED*	NA	55000	Nil	200000	Nil	255000
5	Mr. Ranjan Kapur	I & NED*	NA	30000	Nil	200000	Nil	230000

* Independent & Non-Executive Director

Non-Executive Directors' Compensation and disclosures

All fees/ compensation paid to non-executive directors, including independent directors are fixed by remuneration committee and are subject to approval by the shareholders in general meeting.

CORPORATE GOVERNANCE REPORT

The elements of the remuneration package of the Non-Executive Directors consist of annual commission in addition to sitting fees. The same has 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 Board Meetings and Audit Committee Meetings.

The Company is availing 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. 6,00,000/- on an annual basis provided that the total commission payable to such directors collectively does not exceed 1% of the net profits of the Company. None of the Non-Executive Director is holding any shares in the Company.

Subsidiary Monitoring Framework

The Company is having only one subsidiary viz. Akasaka Electronics Limited. The revised Clause 49 defines a 'material non-listed Indian subsidiary' as an unlisted subsidiary incorporated in India, whose turnover or net-worth [i.e. paid-up capital and free reserves] exceeds 20 percent of the consolidated turnover or net-worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year. The Company does not have a material non-listed subsidiary within the meaning of the above definition.

The performance and management of the 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.
- The 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 of meeting	Date	Time
2008-09	Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018	AGM	18.08.09	03.00 p.m.
2007-08	Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018	AGM	30.06.08	03.00 p.m.
2006-07	Amar Gian Grover Auditorium, Lala Lajpat Rai College, Near Haji Ali, Mumbai – 400 034	AGM	27.09.07	03.00 p.m.

In the last annual general meeting held on 18th August, 2009, Company had passed the following special resolutions for seeking approval of members pertaining to:

- Revision in remuneration of Mr. Gulu L. Mirchandani, CMD w.e.f. 01.08.2008.
- Revision in remuneration of Mr. Vijay J. Mansukhani, MD w.e.f. 01.08.2008.
- Re-appointment of Mr. Vijay J. Mansukhani as MD for further period of 3 years w.e.f. 01.04.2009.
- Waiver of excess remuneration paid to Mr. Gulu L. Mirchandani, CMD during FY 2008-09.
- Waiver of excess remuneration paid to Mr. Vijay J. Mansukhani, MD during FY 2008-09.
- Remuneration of Mr. Gulu L. Mirchandani, CMD for the period from 01.04.09 to 30.11.10.
- Remuneration of Mr. Vijay J. Mansukhani, MD for the period from 01.04.09 to 31.03.12.

None of the items transacted at the last Annual General Meeting held on 18th August, 2009 were required to be passed by postal ballot, nor any resolution requiring postal ballot is being proposed at the ensuing Annual General Meeting.

CORPORATE GOVERNANCE REPORT

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 potential conflict with the interest of the Company at large. 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 are placed regularly before the Board for their approval/signature.

Related Party Transactions

The Company follows the following policy in disclosing related party transactions to the Audit Committee:

- A statement in summary form of transactions with related parties in the ordinary course of business is placed periodically before the Audit Committee.
- Details of material individual transactions with related parties, which are not in the normal course of business, if any are placed before the Audit Committee.
- Details of Material individual transactions with related parties or others which were not on arms length basis, with justification thereof are placed before the Audit Committee.

Status of regulatory compliances

The Company has complied with the applicable 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 the Company for any matter relating to capital markets during the last three years.

Whistle Blower Mechanism

In addition to complying with the mandatory requirements of Clause 49 of the Listing Agreement, the Board has also adopted a non-mandatory requirement viz. Whistle Blower Policy, in its meeting held on 23rd January, 2007. The Company promotes ethical behaviour in all its business activities and has put in place a mechanism of reporting illegal and unethical behaviour. Employees are free to report violation of laws, rules, regulation and unethical conduct to their immediate supervisor/ notified person. The report received from any employee is reviewed by the Chief Ethics Counsellor. The Directors and management are obligated to maintain confidentiality of such reporting and ensure that the whistle blower is 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.

Insider Trading Code

The Company has adopted the Mirc Employee (Dealing in Securities & Prevention of Insider Trading) Rules, 2002. In view of SEBI (Prohibition of Insider Trading) Amendment Regulations 2008, the Company has amended its rules accordingly and the same was approved by the Board of Directors of the Company in their meeting held on 23rd January, 2009. This code is applicable to all directors and designated employees. The code ensures prevention and dealing in shares of the Company by persons having access to unpublished price sensitive information. The Company monitors the transactions of insiders/designated employees in terms of the aforesaid rules periodically.

CEO/ Head of Finance certification

The certificate in terms of Clause 49(v) of the Listing Agreement with Stock Exchanges for the financial year ended 31st March, 2010 was placed before the Board of Directors of the Company in their meeting held on 3rd May, 2010. This certificate was signed by the Mr. G. Sundar, C.E.O. and Mr. Manish Desai, G.M – Finance & Accounts.

VIII. Means of communication:

The Company has furnished quarterly financial results along with notes on a regular basis as per the format prescribed in clause 41 of the Listing Agreement within one month from the end of the quarter to the Stock Exchanges in respect of first three quarters in financial year 2009-10. In respect of last quarter of financial year 2009-10, the Company has opted to furnish audited financial results by giving advance intimation to Stock Exchanges and accordingly the Board Meeting for considering the last quarter results and full year results was held on 3rd May, 2010.

CORPORATE GOVERNANCE REPORT

The financial results of the Company [quarterly as well as yearly] were published within 48 hours of conclusion of Board Meeting in the English Newspaper “Financial Express” and “Mumbai Lakshdeep”, a newspaper published in the language of the region where the registered office is situated. The Company informs the Stock Exchanges where its shares are listed, about the date of Board Meeting 7 days in advance and also issues an advertisement in atleast one national newspaper about the Board Meetings.

In terms of SEBI notifications and Listing Agreement, the company had been complying with the provisions of Clause 51 of the Listing Agreement pertaining to the Electronic Data Information Filing and Retrieval System [EDIFAR]. The Company is also uploading the same information on its website viz. www.onida.com within the prescribed time limit.

However in view of deletion of Clause 51 of the Listing Agreement vide SEBI Circular No. CIR/CFD/DCR/3/2010 dated 16.04.2010, the Company shall be uploading the relevant information as per Clause 52 of the Listing agreement under Corporate Filing and Dissemination System (CFDS) going forward.

IX. General Shareholders Information:

Details of Directors retiring by rotation*:

Mr. Vimal Bhandani

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 Private Limited. Mr. Bhandari has been the functional head of financial services business of ILF&S and played a key role in managing the asset-based activities and the non-fund based advisory activities, encompassing the Company valuation, mergers and acquisitions, strategic financial planning, disinvestments and dilutions by recourse to capital markets. Mr. Bhandari has spear-headed various strategic forays into new initiatives such as retail distributions, insurance, merchant banking, etc., and is also on the Board of several public limited companies.

Name of the Company	Board position held	Committee position*
MIRC Electronics Limited	Director	Chairman – Audit Committee
Kalpataru Power Transmission Limited	Director	Member – Audit Committee
DCM Shriram Consolidated Limited	Director	-
Eveready Industries India Limited	Director	-
AEGON Religare Life Insurance Co. Ltd.	Director	Member – Audit & Compliance Committee
Bayer Crop Science Limited	Director	Member – Audit Committee
Patni Computer Systems Limited	Director	Member – Audit Committee

Mr. Vimal Bhandari does not hold any share in MIRC Electronics Limited as on 31st March, 2010.

* Information are provided as per requirement of Clause 49 of the Listing agreement.

Other Details for shareholders:

AGM Date, time and Venue	28 th June, 2010 at 3.00 p.m. Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018
Financial year	April 01 – March 31
Book Closure:	14.06.2010 to 28.06.2010 (Both days inclusive)
Dividend payment date: [if declared]	On or after Tuesday, 29 th June, 2010
Listing on Stock Exchange	Bombay Stock Exchange Limited and National Stock Exchange of India Limited Listing fees for the year 2010-11 have been paid.
Stock code at BSE	500279
Stock symbol at NSE	MIRCELECTR
ISIN of the Company	INE831A01028
Corporate Identification No. (CIN)	L32300MH1981PLC023637

CORPORATE GOVERNANCE REPORT

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
2002-03	Final	25 th August, 2003	25 th September, 2010
2003-04	Final	12 th August, 2004	12 th September, 2011
2004-05	Final	30 th January, 2006	2 nd March, 2013
2005-06	Final	27 th September, 2006	28 th October, 2013
2006-07	Interim	12 th March, 2007	12 th April, 2014
2007-08	Final	30 th June, 2008	31 st July, 2015
2008-09	Final	18 th August, 2009	18 th September, 2016
2009-10*	Interim	14 th October, 2009	14 th November, 2016

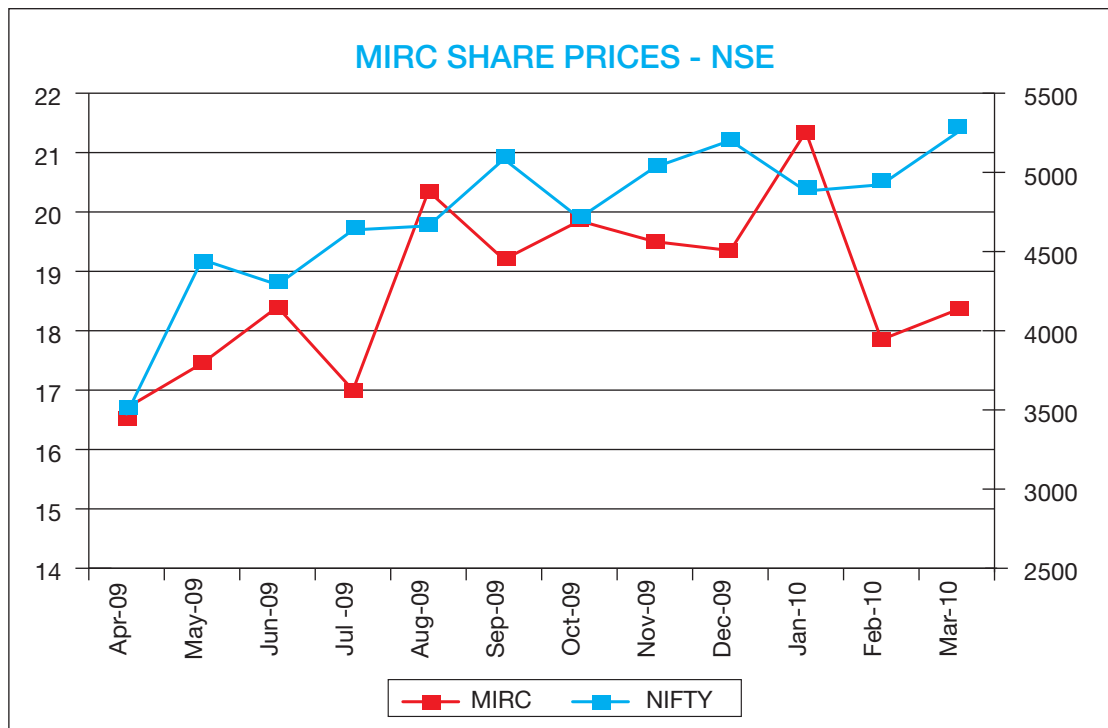
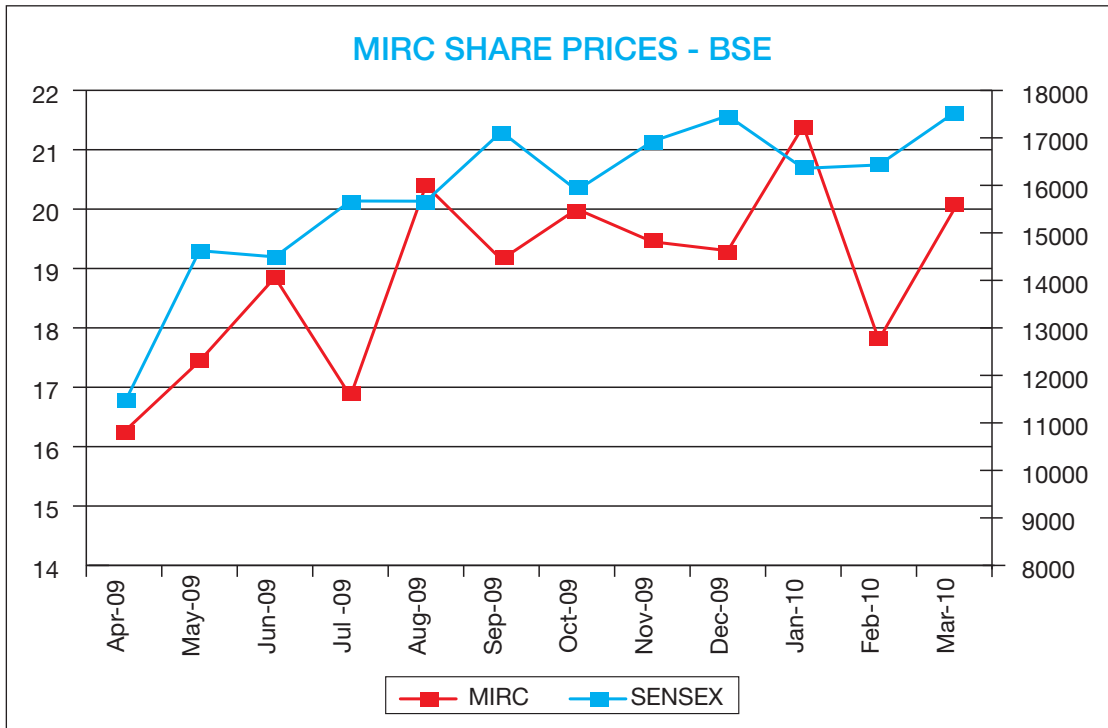
* Dividend paid on redemption of preference shares issued in pursuance of Scheme of Amalgamation of Guviso Holdings Pvt. Ltd. with Mirc Electronics Limited.

Market Price Data: (F.Y. 2009-10)

Month	STOCK EXCHANGE					
	Bombay Stock Exchange Ltd.			National Stock Exchange of India Ltd.		
	Share Price		Sensex	Share Price		Nifty
	High (Rs.)	Low (Rs.)	Close	High (Rs.)	Low (Rs.)	Close
April 2009	16.25	9.00	11,403.25	16.70	8.65	3,473.95
May 2009	17.44	12.80	14,625.25	17.45	12.15	4,448.95
June 2009	18.85	13.50	14,493.84	18.40	13.25	4,291.10
July 2009	16.85	11.28	15,670.31	17.00	11.40	4,636.45
August 2009	20.40	14.10	15,666.64	20.35	14.10	4,662.10
September 2009	19.15	16.95	17,126.84	19.20	16.40	5,083.95
October 2009	20.00	15.30	15,896.28	19.85	15.25	4,711.70
November 2009	19.45	15.00	16,926.22	19.50	15.00	5,032.70
December 2009	19.30	17.05	17,464.81	19.35	17.05	5,201.05
January 2010	21.40	15.90	16,357.96	21.35	15.60	4,882.05
February 2010	17.80	15.80	16,429.55	17.85	15.80	4,922.30
March 2010	20.00	16.25	17,527.77	18.35	16.15	5,249.10

Market price data (source: www.bseindia.com, www.nseindia.com)

CORPORATE GOVERNANCE REPORT



Graphical presentation of Company's High Stock Price Vs. Stock Exchange Index

CORPORATE GOVERNANCE REPORT

Registrar & Share Transfer Agent:

M/s. Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West),
Mumbai - 400 078. Ph.: 022-25946970-78. Fax: 022-25946969
E-mail: mumbai@linkintime.co.in

Share transfer system

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

Distribution schedule as on 31st March, 2010

Equity shares held	Shareholders	% of shareholders	Shares	% of holding
1-5000	74352	99.00	26206924	18.49
5001-10000	390	0.52	2917711	2.06
10001-20000	180	0.24	2710745	1.91
20001-30000	62	0.08	1562040	1.10
30001-40000	22	0.03	788490	0.56
40001-50000	17	0.02	797417	0.56
50001-100000	38	0.05	2780269	1.96
100001 and above	43	0.06	103988082	73.36
Total	75104	100.00	141751678	100.00

Shareholding pattern as on 31st March, 2010

Category		Number of shares	Percentage of Holding
A	Promoter's Holding		
1	Indian Promoter	78125415	55.11
2	Foreign Promoter	0	0
	Sub-Total (A)	78125415	55.11
B	Non-Promoter's Holding		
	Institutional Investors		
1	Mutual funds/ UTI	2700	0.00
2	Financial institutions/ banks	3908	0.00
3	Insurance Companies	2583585	1.82
4	Foreign institutional investors	6553263	4.62
	Non-Institutional Investors		
1	Bodies Corporates	10851398	7.66
2	Clearing members	1023190	0.72
3	Non-resident Indians	771424	0.54
4	Others	41836795	29.53
	Sub-Total (B)	63626263	44.89
	Grand Total (A + B)	141751678	100.00

CORPORATE GOVERNANCE REPORT

Person's constituting group 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:

Sl. No.	Name of the Person
1	Akasaka Electronics Limited
2	Adino Electronics Limited
3	Akman Dquay Securities Private Limited
4	Gulita Wealth Advisors Private Limited
5	Fiona Engineering Industries Private Limited
6	Gulita Securities Limited
7	IWAI Electronics Private Limited
8	M/s Akman Associates
9	Mr. Gulu L. Mirchandani
10	Mr. Vijay J. Mansukhani
11	Mrs. Gita G. Mirchandani
12	Mrs. Marissa V. Mansukhani
13	Mr. Sasha G. Mirchandani
14	Mr. Kaval G. Mirchandani
15	Mr. Akshay V. Mansukhani
16	Ms. Ayesha V. Mansukhani

Dematerialisation of shares and liquidity

As at 31st March, 2010, 89.91% (12,74,44,313 shares) of shareholding were held in dematerialised form with NSDL and CDSL, while 10.09% (1,43,07,365 shares) were held in physical form.

Outstanding GDRs/ ADRs/ Warrants

There are no outstanding GDRs/ ADRs/ Warrants or any convertible instruments, as on 31st March, 2010 likely to have an impact on the equity share capital of the Company.

Plant Locations

- | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>1. Village Kudus
Bhiwandi Wada Road
Taluka Wada
Thane – 421 312</p> | <p>2. B-204/205
Phase – II,
Noida – 201 305</p> |
| <p>3. <u>Roorkee – Plant I</u>
Khasra No.158,
Village- Raipur, Pargana - Bhagwanpur,
Roorkee, District - Haridwar,
Uttaranchal</p> | <p>4. <u>Roorkee – Plant II</u>
Khasra No. 399 to 401 & 405 to 410,
158 KMS Milestone,
Delhi-Roorkee Highway – NH 58, Village – Mundiyaiki,
Pargana–Manglour, Tehsil- Roorkee,
District - Haridwar,
Uttaranchal - 247 670</p> |

Website: www.onida.com

Address for correspondence

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

On behalf of the Board of Directors

Gulu L. Mirchandani
Chairman and Managing Director

Place : Mumbai
Dae : 3rd May 2010

CORPORATE GOVERNANCE REPORT

CEO/ Head of Finance's Certificate under Clause 49 of the Listing Agreement

We, G. Sundar, Chief Executive Officer and Manish Desai, GM – Finance & Accounts of Mirc Electronics Limited hereby certify to the Board that :

- a) We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2010 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 we are aware and the steps we 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.

Date: 03.05.2010

Place: Mumbai

G. Sundar
Chief Executive Officer

Manish Desai
GM – Finance & Accounts

Note: In view of vacation of office of Chief Financial Officer, Mr. Manish Desai, GM - Finance & Accounts was authorised by Board of Directors in their meeting held on 3rd May, 2010 to sign above certificate in the capacity of Head of Finance Function for the time being.

Auditors' Certificate on Corporate Governance

To the members of Mirc Electronics Limited

We have examined the compliance of conditions of corporate governance by the Mirc Electronics Limited for the year ended 31st March, 2010, as stipulated in Clause 49 of the Listing Agreement of the said company with the Stock Exchanges of India.

The compliance of conditions of the corporate governance is the responsibility of the management. Our examination was carried out in accordance with the Guidance Note on certification of Corporate Governance issued by the Institute of Chartered Accountants of India and 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, in all material respect, complied with the conditions of corporate governance as stipulated in Clause 49 of the Listing Agreement.

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

For N.M. Raiji & Co.
Chartered Accountants

Date: 03.05.2010

Place: Mumbai

J.M. Gandhi
Partner
M. No. 37924

AUDITORS' REPORT

To the members of MIRC Electronics Limited

1. We have audited the attached Balance Sheet of MIRC Electronics Limited, as at March 31, 2010 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.
2. We conducted our audit in accordance with standards on auditing 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.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) 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.
4. Further to our comments in the Annexure referred to in paragraph 3 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, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 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, in the manner so required 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, 2010;
 - (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

Place : Mumbai
Date : May 3, 2010

Membership No. 37924
Firm Registration No.108296W

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, 2010.

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| <p>(i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.</p> <p>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.</p> <p>c) The assets disposed off during the year are not significant and therefore do not affect the going concern assumption.</p> <p>(ii) a) Inventories have been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable.</p> <p>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.</p> <p>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.</p> <p>(iii) a) The Company has granted unsecured loan to four parties 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 loan both are Rs. 1362.25 lacs.</p> <p>b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions on which said loans have been granted are not, prima facie, prejudicial to the interest of the Company.</p> <p>c) As per the terms of the loan, principal amount is not due during the year and interest is received as per the terms.</p> | <p>d) The Company has not taken any unsecured loan from parties covered in the register maintained under Section 301 of the Companies Act, 1956.</p> <p>(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.</p> <p>(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.</p> <p>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 and sale of services 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.</p> <p>(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.</p> <p>(vii) In our opinion, the Company has adequate system of internal audit, which is commensurate with its size and nature of its business.</p> <p>(viii) We have broadly reviewed the books of account 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.</p> |
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ANNEXURE TO THE AUDITORS' REPORT

- (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, customs 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, Customs 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	2007-08	Commissioner Income Tax (A)	224.88
Income Tax	2005-06	Commissioner Income Tax	69.27
Central Excise	1998-1999	High Court	62.44
Central Excise	1997-98, 1999-00, 2005-06, 2008-09	Commissioner Central Excise	416.97
Central Excise	1999-00, 2001 to 2005 2005-06	CESTAT	226.41
Customs	1998-99, 2001-02	Commissioner Customs	37.71
Sales Tax	1991-92, 2000-01, 2004-05, 2005-06	High Court	1064.15
Sales Tax	1997-98	Board of Madhya Pradesh Commercial Taxes, Bhopal	9.72
Sales Tax	1992-93, 1993-94, 1995-96 to 2006-07	Commissioner of Sales Tax	193.98
Sales Tax	2007-08	Deputy Commissioner Sales Tax	8.94
Sales Tax	2005-06	ADC – Sales Tax	65.07
Sales Tax	2003-04, 2005-06	Revisional Board	1185.80
Sales Tax	1996-97, 2001-02, 2002-03, 2003-04	Tribunal	130.16
Sales Tax	1995-96, 1996-97, 1997-98, 1998-99, 2000-01, 2006-07	ACCT Appellate	490.13
Sales Tax	1987-88, 2001-02	Joint Commissioner – Sales Tax	0.34

- (x) The company does not have accumulated losses and has not incurred cash losses during the financial year and immediately preceding financial year.
- (xi) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- (xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund or a nidhi/ mutual fund benefit fund/ society. Therefore, the provisions of Clause 4(xiii) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.

ANNEXURE TO THE AUDITORS' REPORT

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| <p>(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.</p> <p>(xv) In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantee for loan taken by its subsidiary from bank is not, prima facie, prejudicial to the interest of the Company.</p> <p>(xvi) In our opinion and on the basis of the information and explanations given to us, the term loans have been applied for the purpose for which they were raised other than amounts temporarily invested pending utilisation of the funds for the stated use.</p> <p>(xvii) On the basis of our examination of the books of account and the information and explanations given to us, we report that the funds raised on short-term basis have not been used for long-term investment.</p> | <p>(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.</p> <p>(xix) According to the information and explanations given to us, the Company has not issued any secured debentures, which are outstanding during the year.</p> <p>(xx) During the period covered by our audit report, the Company has not raised any money by way of public issue.</p> <p>(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.</p> |
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For N.M. Raiji & Co.
Chartered Accountants

J. M. Gandhi
Partner

Place : Mumbai
Date : May 3, 2010

Membership No. 37924
Firm Registration No.108296W

BALANCE SHEET AS AT

Rs. in lacs

		Schedule	31st March, 2010		31st March, 2009	
SOURCES OF FUNDS						
Shareholders Funds						
Capital	1	1419.38		670.39		
Capital Suspense	1A	-		2640.48		
Reserves and Surplus	2	24149.90		23946.88		
			25569.28		27257.75	
Loan Funds						
Secured	3	5726.78		7488.61		
Unsecured	4	7638.00		13033.14		
			13364.78		20521.75	
Deferred Tax Liability (Net)			1552.63		1550.68	
TOTAL			40486.69		49330.18	
APPLICATION OF FUNDS						
Fixed Assets			5			
Gross Block		40592.86		35493.05		
Less: Depreciation		19114.72		17142.07		
Net Block		21478.14		18350.98		
Capital Work-in-Progress including Capital Advance		29.22		2554.55		
			21507.36		20905.53	
Investments	6		4014.00		2678.11	
Current Assets, Loans and Advances						
Inventories	7	24899.91		21041.50		
Sundry Debtors	8	8775.93		10680.70		
Cash and Bank Balances	9	2764.39		930.21		
Loans and Advances	10	11266.66		9584.51		
		47706.89		42236.92		
Less: Current Liabilities and Provisions						
Liabilities	11	30946.96		15514.25		
Provisions	12	1794.60		976.13		
		32741.56		16490.38		
Net Current Assets			14965.33		25746.54	
TOTAL			40486.69		49330.18	
Notes forming part of the Accounts			21			

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

For and on behalf of the
BOARD OF DIRECTORS

J.M. GANDHI
Partner

MANISH DESAI
General Manager - Finance and Accounts

G.L. MIRCHANDANI
Chairman and Managing Director

Mumbai, May 3, 2010

ANOOP PILLAI
Company Secretary and Head Legal

V.J. MANSUKHANI
Managing Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

Rs. in lacs

	Schedule	31st March, 2010		31st March, 2009	
INCOME					
Gross Sales	13		156834.65		151771.59
Less: Excise Duty			6636.76		8728.69
Net Sales			150197.89		143042.90
Other Income	14		302.60		418.19
TOTAL			150500.49		143461.09
EXPENDITURE					
Materials Consumed	16		54652.89		52939.07
Cost of Traded Goods Sold	17		61980.85		56196.34
Personnel Expenses	18		7540.88		6715.43
Depreciation			1977.15		1855.17
Financial Expenses	19		1735.23		2848.88
Other Expenses	20		21402.64		19446.65
			149289.64		140001.54
(Less)/ Add: (Accretion)/ Decretion in Stocks	15		(1054.21)		2443.98
TOTAL			148235.43		142445.52
PROFIT BEFORE TAX					
			2265.06		1015.57
Fringe Benefit Tax			8.66		118.90
Current Tax			417.37		139.95
Deferred Tax			1.95		(138.72)
PROFIT AFTER TAX					
			1837.08		895.44
Surplus Brought Forward from Previous Year			15492.10		15429.55
TOTAL			17329.18		16324.99
APPROPRIATIONS					
Dividend on Shares					
Preference Dividend			51.04		67.37
Equity Dividend			1345.65		568.00
Tax on Dividend			237.37		107.98
Transfer to General Reserve			183.71		89.54
Transfer to Capital Redemption Reserve			1891.51		—
Surplus carried to Balance Sheet			13619.90		15492.10
TOTAL			17329.18		16324.99
Basic and diluted earnings per share (Rs.)			1.25		0.58
Notes forming part of the Accounts	21				

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

For and on behalf of the
BOARD OF DIRECTORS

J.M. GANDHI
Partner

MANISH DESAI
General Manager - Finance and Accounts

G.L. MIRCHANDANI
Chairman and Managing Director

Mumbai, May 3, 2010

ANOOP PILLAI
Company Secretary and Head Legal

V.J. MANSUKHANI
Managing Director

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT

Rs. in lacs

	31st March, 2010	31st March, 2009
SCHEDULE 1 – SHARE CAPITAL		
Authorised		
16,80,20,000 Equity Shares of Re.1 each	1680.20	1680.20
(Previous year 16,80,20,000 Equity Shares of Re.1 each)		
20,00,000 5% Cumulative Redeemable Preference Shares of Rs.100 each	2000.00	2000.00
(Previous year 20,00,000 Preference Shares of Rs.100 each)		
10,000 8% Cumulative Redeemable Preference Shares of Rs.100 each	10.00	10.00
(Previous year 10,000 8% Cumulative Redeemable Preference Shares of Rs.100 each)		
10,00,000 11% Non-Cumulative Redeemable Preference Shares of Rs.100 each	1000.00	1000.00
(Previous year 10,00,000 11% Non-Cumulative Redeemable Preference Shares of Rs.100 each)		
	4690.20	4690.20
Issued, Subscribed and Paid Up		
14,17,51,678 Equity Shares of Re.1 each fully paid-up	1417.52	671.03
(Previous year 6,71,03,009 Equity Shares of Re.1 each fully paid-up)		
Add: 2,48,000 Forfeited Equity Shares of Re.1 each partly paid-up	1.86	–
(Previous year Nil Forfeited Equity Shares of Re.1 each partly paid up)		
Less: Calls in arrears	–	0.64
	1419.38	670.39
Notes: Of the above		
<ul style="list-style-type: none"> 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 Ltd. with the Company. 7,48,96,669 Equity Shares were allotted and 7,48,96,575 Equity Shares were cancelled as per the scheme of Amalgamation of Guviso Holdings Pvt. Ltd. with the Company. 18,91,512 5% Cumulative Redeemable Preference Shares were allotted during the year as per the scheme of amalgamation of Guviso Holdings. Pvt. Ltd. with the Company and were redeemed. 		
TOTAL	1419.38	670.39
SCHEDULE 1A – SHARE CAPITAL SUSPENSE		
Nil Equity Shares of Re.1 each fully paid-up	–	748.97
(Previous Year 7,48,96,669 Equity Shares of Re.1 each fully paid-up)		
Nil 5% Cumulative Redeemable Preference Shares of Rs.100 each	–	1891.51
(Previous year 18,91,512 5% Cumulative Redeemable Preference Shares of Rs.100 each)		
TOTAL	–	2640.48

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT

Rs. in lacs

	31st March, 2010		31st March, 2009	
SCHEDULE 2 – RESERVES AND SURPLUS				
Capital Reserve		7.07		7.07
Capital Redemption Reserve				
As per last Balance Sheet	–		–	
Add: Transfer from Profit and Loss Account	1891.51		–	
		1891.51		–
Share Premium		1.39		1.39
General Reserve				
As per last Balance Sheet	8446.32		8567.18	
Less: Amalgamation adjustment	–		210.40	
Add: Transfer from Profit and Loss Account	183.71		89.54	
		8630.03		8446.32
Profit and Loss Account		13619.90		15492.10
TOTAL		24149.90		23946.88
SCHEDULE 3 – SECURED LOANS				
From Banks				
Cash Credit		2757.83		4998.27
Foreign Currency Loan		2968.95		2490.34
TOTAL		5726.78		7488.61
The above amount of Rs.5726.78 (Previous year : Rs.7488.61) is repayable within one year.				
Notes:				
Cash Credit and Foreign Currency Loan 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.				
SCHEDULE 4 – UNSECURED LOANS				
Term Loan From Banks		7600.00		13000.00
Sales Tax Deferment Loan		38.00		33.14
TOTAL		7638.00		13033.14
The above amount of Rs.7638.00 (Previous year : Rs.7533.14) is repayable within one year.				

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT

Rs. in Lacs

SCHEDULE 5 – FIXED ASSETS - [Refer Note A (III) of Schedule 21]

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK
	As at 01.04.2009	Additions / Adjustments	Deletions / Adjustments	As at 31.03.2010	Upto 01.04.2009	For the Year	Deletions / Adjustments	Upto 31.03.2010	As at 31.03.2010
INTANGIBLE ASSETS									
1 R & D Software	55.27 (47.47)	– (7.80)	– –	55.27 (55.27)	35.33 (29.48)	6.29 (5.85)	– –	41.62 (35.33)	13.65 (19.94)
TANGIBLE ASSETS									
2 Leasehold land	760.22 (760.22)	– –	– –	760.22 (760.22)	90.59 (80.91)	9.68 (9.68)	– –	100.27 (90.59)	659.95 (669.63)
3 Freehold land	1755.94 (1169.12)	20.74 (586.82)	– –	1776.68 (1755.94)	– –	– –	– –	– –	1776.68 (1755.94)
4 Buildings	9215.94 (9201.76)	1007.51 (14.18)	– –	10223.45 (9215.94)	2118.20 (1823.43)	307.34 (294.77)	– –	2425.54 (2118.20)	7797.91 (7097.74)
5 Plant and Machinery and Electrical Fittings	21473.46 (20969.64)	4021.06 (548.63)	0.04 (44.81)	25494.48 (21473.46)	13464.53 (12081.23)	1548.21 (1427.16)	0.04 (43.86)	15012.70 (13464.53)	10481.78 (8008.93)
6 Furniture, Fixtures and Equipments	1088.00 (1078.75)	36.41 (43.85)	1.81 (34.60)	1122.60 (1088.00)	724.20 (700.44)	52.48 (56.37)	1.09 (32.61)	775.59 (724.20)	347.01 (363.80)
7 Motor Vehicles	243.05 (252.98)	– –	4.33 (9.93)	238.72 (243.05)	187.36 (171.78)	16.71 (23.41)	3.37 (7.83)	200.70 (187.36)	38.02 (55.69)
8 R & D - Building	157.08 (157.08)	– –	– –	157.08 (157.08)	74.76 (69.53)	5.25 (5.23)	– –	80.01 (74.76)	77.07 (82.32)
9 R & D - Plant and Machinery and Electrical Fittings	616.30 (590.23)	20.27 (26.10)	– (0.03)	636.57 (616.30)	360.01 (334.72)	26.03 (25.32)	– (0.03)	386.04 (360.01)	250.53 (256.29)
10 R & D - Furniture, Fixture and Equipments	127.79 (117.66)	– (10.22)	– (0.09)	127.79 (127.79)	87.09 (79.76)	5.16 (7.38)	– (0.05)	92.25 (87.09)	35.54 (40.70)
Total	35493.05 (34344.91)	5105.99 (1237.60)	6.18 (89.46)	40592.86 (35493.05)	17142.07 (15371.28)	1977.15 (1855.17)	4.50 (84.38)	19114.72 (17142.07)	21478.14 (18350.98)
Capital Work-in- Progress									29.22 (2554.55)
TOTAL									21507.36 (20905.53)

Note: 1. Capital Work-in-Progress includes pre-operative expenses of Rs.Nil (previous year Rs.75.01) and interest Rs.Nil (previous year Rs.303.08).
2. Figures in brackets are in respect of previous year.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT

Rs. in lacs

SCHEDULE 6 – INVESTMENTS		31st March, 2010		31st March, 2009	
		Nos.		Nos.	
(Unquoted and Fully Paid unless otherwise stated)	Face Value in Rupees				
Long Term Investments (At Cost)					
In Subsidiary Company (In Equity Shares)					
Akasaka Electronics Limited	10.00	8148000	2624.85	8148000	2624.85
	(A)		2624.85		2624.85
Current Investments (At Cost)					
Non-Trade Investments (In Equity Shares)					
Kongarar Textiles Limited	10.00	2600	1.17	2600	1.17
Menon Pistons Limited (Quoted)	10.00	118745	83.12	118745	83.12
Onida Finance Limited	10.00	468400	139.60	468400	139.60
Mutual Funds					
LIC Mutual Fund Floating Rate Fund		50433614	504.34		—
UTI Short Term Income Fund		4209593	500.75		—
Birla Sun Life Savings Fund		1921	0.19		—
Birla Sun Life Floating Rate Fund		3000565	300.75		—
	(B)		1529.92		223.89
Total Investments	(A + B)		4154.77		2848.74
Less: Provision for diminution in the value of Investments	(C)		140.77		170.63
TOTAL	(A+B-C)		4014.00		2678.11
Notes:					
Aggregate of Quoted Investments					
Cost			83.12		83.12
Market Value			90.90		53.26
Aggregate of Unquoted Investments					
Cost			4071.65		2765.62
During the year following units were purchased and sold.		Units			
ICICI Flexible Income Plan		5679299			
ICICI Prudential Institutional Liquid Plan		11000539			
HDFC Floating Rate Income Fund		11913267			
HDFC Cash Management Fund		4846658			
LIC Mutual Fund - Liquid Fund		9108161			
LIC Mutual Fund - Floating Rate Fund		26039071			
LIC Mutual Fund - Savings Plus Fund		10028619			
Reliance Liquidity Fund - Daily Dividend		4998918			
Reliance Money Manager Fund		50050			
Reliance Liquid Fund - Treasury Plan		3925172			
Reliance Medium Term Fund		3514906			
Kotak Liquid Institutional Premium		23717971			
Kotak Flexi Debt Scheme Institutional		28907283			
UTI Liquid Cash Plan Institutional - Daily Income Option		45060			
Birla Sun Life Cash Plus		10184054			
Birla Sun Life Savings Fund		13008389			

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT

Rs. in lacs

	31st March, 2010		31st March, 2009	
SCHEDULE 7 – INVENTORIES				
Raw Materials including Packing Materials and Service Spares		6820.42		6726.13
Stores and Spares		258.28		228.51
Semi Finished Goods		2126.52		1584.62
Finished Goods: Manufactured		4415.20		3902.89
Traded		4994.89		8056.69
Goods in transit		6284.60		542.66
TOTAL		24899.91		21041.50
SCHEDULE 8 – SUNDRY DEBTORS				
Debts outstanding for a period exceeding six months				
Considered Good		124.13		237.37
Considered Doubtful		828.99		773.06
Other Debts - considered good		8651.80		10443.33
		9604.92		11453.76
Less: Provision for Doubtful Debts		828.99		773.06
TOTAL		8775.93		10680.70
SCHEDULE 9 – CASH AND BANK BALANCES				
Cash on hand		6.57		21.67
Cheques on hand		41.15		–
Bank Remittances in Transit		2048.15		715.87
Balances with Scheduled Banks:				
Current Accounts		559.33		179.93
Fixed Deposit Accounts		1.20		0.38
Balances with Non-scheduled Banks				
HSBC Bank Middle East - AED Current Account		13.88		1.87
(Maximum amount outstanding during the year Rs.29.42)				
HSBC Bank Middle East - USD Call Deposit Account		94.11		10.49
(Maximum amount outstanding during the year Rs.143.97)				
TOTAL		2764.39		930.21
SCHEDULE 10 – LOANS AND ADVANCES				
(Refer Note 7 of Schedule 21)				
(Unsecured - considered good unless otherwise stated)				
Loans		1448.94		1544.20
Advances recoverable in cash or kind or for value to be received		9639.22		7821.84
Advance Income-tax (Net of Provisions)		–		8.16
Balance with Excise and Customs Authorities		178.50		210.31
TOTAL		11266.66		9584.51

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT

Rs. in lacs

	31st March, 2010		31st March, 2009	
SCHEDULE 11 – CURRENT LIABILITIES				
Acceptances		10229.45		5086.66
Sundry Creditors (Refer Note 6 (b) of Schedule 21)		12860.83		4892.86
Advances from Customers		576.19		431.92
Unclaimed Dividend Accounts (Refer Note 6 (c) of Schedule 21)		118.12		117.47
Other Liabilities - Expenses		4745.34		3375.35
Other Liabilities - Others		2086.67		1252.30
Interest accrued but not due		53.69		78.42
Deposits from Dealers		276.67		279.27
TOTAL		30946.96		15514.25
SCHEDULE 12 – PROVISIONS				
Proposed Dividend		1346.64		635.37
Tax on Proposed Dividend		228.86		107.98
Provision for Retirement Benefits		214.40		232.78
Provision for tax (net of advance tax)		4.70		—
TOTAL		1794.60		976.13

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

Rs. in lacs

SCHEDULE 13 – SALES	2009-10		2008-09	
Sales		156788.60		151708.43
Export Benefits		46.05		63.16
TOTAL		156834.65		151771.59

SCHEDULE 14 – OTHER INCOME	2009-10		2008-09	
Dividend Income		25.32		5.02
Interest Income - Gross (Tax deducted at source Rs.2.79, (previous year Rs.4.91))		172.22		83.17
Profit on Sale of Assets		0.50		0.57
Interest on Income Tax Refund		1.84		113.40
Sales Tax Refund		5.39		98.09
Write back of Provision against Investments		29.86		–
Miscellaneous Income		67.47		117.94
TOTAL		302.60		418.19

SCHEDULE 15 – (ACCRETION) / DECRETION IN STOCKS - MFG	2009-10		2008-09	
Opening Stock - Semi-finished Goods	1584.62	5487.51	1543.98	7931.49
Finished Goods	3902.89		6387.51	
Less: Closing Stock - Semi-finished Goods	2126.52	6541.72	1584.62	5487.51
Finished Goods	4415.20		3902.89	
TOTAL		(1054.21)		2443.98

SCHEDULE 16 – MATERIALS CONSUMED	2009-10		2008-09	
Opening Stock		6726.13		9251.08
Add: Purchases		54747.18		50414.12
		61473.31		59665.20
Less: Closing Stock		6820.42		6726.13
TOTAL		54652.89		52939.07

SCHEDULE 17 – COST OF TRADED GOODS SOLD	2009-10		2008-09	
Opening Stock		8056.69		9023.99
Add: Purchases		58919.05		55229.04
		66975.74		64253.03
Less: Closing Stock		4994.89		8056.69
TOTAL		61980.85		56196.34

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

Rs. in lacs

SCHEDULE 18 – PERSONNEL EXPENSES	2009-10		2008-09	
Salaries, Wages and Bonus		6100.29		5443.49
Contribution to Provident Fund and Other Funds		360.29		298.18
Staff Welfare Expenses		1080.30		973.76
TOTAL		7540.88		6715.43

SCHEDULE 19 – FINANCIAL EXPENSES				
Interest - Fixed Loans		1319.19		1344.34
- Others		166.06		1157.74
Bank Charges		249.98		346.80
TOTAL		1735.23		2848.88

SCHEDULE 20 – OTHER EXPENSES				
Power and Fuel		756.97		642.78
Rent		820.38		874.87
Rates and Taxes		330.00		294.72
Repairs to:				
- Plant and Machinery		240.71		220.49
- Building		29.72		21.80
- Others		479.42		458.53
Insurance Charges		104.86		109.11
Freight and Forwarding Expenses		5126.41		5329.78
Advertisement		7435.41		5185.76
Sales Commission		175.45		102.80
Service Charges		1644.36		1433.47
Travelling and Conveyance		992.74		1068.57
Loss on Sale of Assets		0.55		3.54
Bad debts written off	223.89			
Less: Provision for Doubtful Debts written back	223.89	-		0.28
Provision for Doubtful Debts		279.82		93.63
Provision for Diminution in value of investments		-		23.93
Research and Development Expenditure (Refer Note 5 of Schedule 21)		965.19		1056.04
Miscellaneous Expenses		2020.65		2526.55
TOTAL		21402.64		19446.65

NOTES FORMING PART OF ACCOUNTS

SCHEDULE 21

Rs. in Lacs

A. Significant Accounting Policies

I. Basis of Accounting

The financial statements have been prepared on an accrual basis under the historical cost convention and in accordance with the generally accepted accounting principles in India and materially comply with the mandatory Accounting Standards notified by the Central Government of India under the Companies (Accounting Standards) Rules, 2006 and with the relevant provisions of the Companies Act, 1956.

II. 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/ Customs duty are accounted for when no significant uncertainties are attached to their eventual receipt.
- v) The Company is entitled to refund of Special Additional Duty (SAD) paid on imported traded goods on sale of such goods within the prescribed time. Accordingly the refund is accrued on sale of such goods. Till such time it is treated as part of inventory cost

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 acquisition comprises of all costs incurred to bring the assets to their location and working condition up to the date 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 upto 31st March, 2007 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 along with 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.

NOTES FORMING PART OF ACCOUNTS

Rs. in Lacs

- 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.

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 recognised whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the greater of 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 recognise a decline, other than temporary, in the value of such investments.

VI. Accounting for Taxes on Income

Tax expenses are charged to Profit and Loss account 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. 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.

VIII. Sales Promotion

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

IX. 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 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.

NOTES FORMING PART OF ACCOUNTS

Rs. in Lacs

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 charged 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 month.

X. 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.

XI. Retirement benefits

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

Gratuity and Leave Encashment – Gratuity and Leave Encashment has been provided in accordance with Accounting Standard (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.

XII. Borrowing cost

Borrowing cost that are attributable to the acquisition or construction of qualifying asset are capitalised as part of such asset.

B. Notes to Accounts

1. The Company enters into forward contract for hedging of foreign currency transaction. The premium/ discount for such transactions are pro-rated over the period of the contract. Such premium/ discount is accounted under material consumption. The exchange gain or loss on account of foreign exchange transactions settlement or on reinstatement at the year end is credited/ debited to the Profit and Loss account.

During the year net credit in respect of foreign exchange fluctuation gain is Rs.2903.71 (previous year debit of Rs.6053.51). Out of this credit of Rs.3072.10 is in respect of raw material purchases, debit of Rs.109.63 is in respect of export of goods (included in miscellaneous expenses), debit of Rs.58.76 is in respect of secured loans (included in financial expenses).

2. Contingent Liabilities

	31st March, 2010		31st March, 2009	
a) Guarantees given to Bank against which Rs. Nil (Previous Year Rs. Nil) has been deposited as margin money		213.98		340.34
b) Guarantees given to bank on behalf of subsidiary companies - Akasaka Electronics Limited		1670.00		1870.00
c) Income tax demands in respect of which appeals have been filed		505.92		1142.73
d) Excise and Customs Duty in respect of which appeals have been filed		798.22		771.65
e) Claims made against the Company not acknowledged as debts		5487.45		2910.84
3. Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances)		322.44		1093.92

NOTES FORMING PART OF ACCOUNTS

Rs. in Lacs

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 Life Insurance Corporation 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 planned assets attributable to the obligation.

b) Principal actuarial assumptions:

Particulars	Gratuity		Leave Encashment	
Discount rate Previous year		7.75%		7.75%
Discount rate Current year		8.00%		8.00%
Rate of Return on Plan Assets Previous year		7.75%		7.75%
Rate of Return on Plan Assets Current year		8.00%		8.00%
Salary Escalation Previous Year		4.00%		4.00%
Salary Escalation Current year		5.00%		5.00%

c) Reconciliation of Benefit Obligation :

Particulars	Gratuity		Leave Encashment	
Liability at the beginning of the year		616.73		194.73
Interest cost		47.79		15.09
Current Service Cost		54.02		18.72
Benefit Paid		(30.48)		(47.82)
Actuarial (Gain)/ Loss on Obligations		36.62		20.03
Liability at the end of the year		724.68		200.75
Fair Value of Plan Assets at the end of the year		711.03		-
Liability at the end of the year recognised and disclosed under the head "Provisions for Employee Benefits"		13.66		200.75

d) Reconciliation of Fair value of Plan Assets :

Particulars	Gratuity	
Fair Value of Plan Assets at the beginning of the year		578.69
Expected Return on Plan Assets		44.85
Contributions		107.34
Benefit Paid		(30.48)
Actuarial Gain/ (Loss) on Obligations		10.63
Fair Value of Plan Assets at the end of the year		711.03
Total Actuarial Gain/ (Loss) recognised		(25.99)

NOTES FORMING PART OF ACCOUNTS

Rs. in Lacs

e) Return on Plan Assets:

Particulars	Gratuity	
Expected Return on Plan Assets		44.85
Actuarial Gain/ (Loss) on Plan Assets		10.63
Actual Return on Plan Assets		55.48

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

Particulars	Gratuity		Leave Encashment	
Current Service Cost		54.02		18.72
Interest Cost		47.79		15.09
Expected Return on Plan Assets		(44.85)		—
Net Actuarial (Gain)/ Loss recognised		25.99		20.03
Expenses recognised in Profit and Loss Account		82.95		53.84

5. Research and development expenses consist of personnel expenses and other expenses of Rs.703.42 (previous year Rs.724.12) and Rs.261.77 (previous year Rs.331.92) respectively. Depreciation on Research and Development assets is Rs.42.73 (previous year Rs.47.20) shown under Fixed Assets.

6. a) Balances of Sundry Debtors, Creditors, Loans and Advances and Deposits are subject to confirmation and reconciliation.
- b) There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2010. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006, has been determined to the extent such parties have been identified on the basis of information available with the Company
- c) There is no amount due and Outstanding, as at 31st March, 2010 to be credited to Investor Education and Protection Fund.

7. Loans and Advances:

Particulars	31st March, 2010		31st March, 2009	
Include loans and advances given to :				
a) Subsidiary Company Advances				
Akasaka Electronics Limited		68.25		70.69
Maximum amount outstanding during the year				
Rs.68.25 (previous year Rs.70.69)				
b) Relatives of Directors				
Maximum amount outstanding during the year		1169.00		1169.00
Rs.1169.00 (previous year Rs.1169.00)				

8. Miscellaneous Expenses charged to Profit and Loss Account includes:

Particulars	2009-10		2008-09	
Remuneration to Auditors (excluding Service Tax):				
Audit fees		17.50		17.50
Other Services (Certification, Tax Audit etc.)		8.14		7.32
Out of pocket expenses		0.32		0.59
Total		25.96		25.41

NOTES FORMING PART OF ACCOUNTS

Rs. in Lacs

9. Payments to Directors:

Particulars	2009-10	2008-09
Remuneration to Directors		
a) Salaries	192.00	190.32
b) Commission to Chairman and Managing Director and Managing Director	—	28.33
Commission to Non Executive Directors	6.00	8.00
c) Contribution to Provident Fund and other funds	32.62	30.46
d) Other Perquisites	45.60	23.40
Total	276.22	280.51
Computation of Net Profit in accordance with Section 309(5) of the Companies Act, 1956:		
Profit before taxes as per Profit and Loss Account	2265.06	1015.57
Add:		
Managerial Remuneration	270.22	244.18
Commission to Chairman and Managing Director and Managing Director	—	28.33
Loss on sale of Fixed Assets u/s 350	0.55	3.54
Provision for Doubtful Debts	279.82	93.62
Decrease in value of investment	—	23.93
Commission to Non-Executive Directors	6.00	8.00
	556.59	401.60
Less:		
Profit on sale of Fixed Assets	0.50	0.57
Increase in value of investment	29.86	—
Bad debts written off	223.89	—
	254.25	0.57
Net Profit as per Section 309 (5)	2567.40	1416.60
Commission payable to		
Chairman and Managing Director @1% of Net profit as per Section 309(5)	—	14.16
Managing Director @1% of Net profit as per Section 309(5)	—	14.16
Non-Executive Directors within 1% of Net Profit as per Section 309(5)	6.00	8.00

NOTES FORMING PART OF ACCOUNTS

Rs. in Lacs

10. Material Consumed:

Sr. No.	Particulars	Quantity (Nos.)	2009-10	Quantity (Nos.)	2008-09
a)	Picture Tubes for Colour Televisions	1270814	22808.19	1232551	18539.79
b)	Imported Components and Parts for Colour Televisions, etc.		16642.10		18396.73
c)	Others		15202.60		16002.55
	Total		54652.89		52939.07

11. Value of Material Consumed:

Sr. No.	Particulars	%	2009-10	%	2008-09
a)	Imported	67	36712.50	61	32228.05
b)	Indigenous	33	17940.39	39	20711.02
	Total	100	54652.89	100	52939.07

12. Value of Imports (on C.I.F. basis):

Sr. No.	Particulars	2009-10	2008-09
i)	Raw Materials (Including In-Transit)	75368.36	52414.55
ii)	Capital Goods	2216.43	2163.01

13. Earnings in Foreign Currency on account of:

Sr. No.	Particulars	2009-10	2008-09
i)	Export (at FOB Value)	2596.06	1924.06

14. Expenditure in Foreign Currency on account of:

Sr. No.	Particulars	2009-10	2008-09
i)	Royalty	0.23	13.49
ii)	Professional Fees	40.46	38.32
iii)	Financial Expenses	69.12	592.66
iv)	Personnel Expenses	171.71	148.55
v)	Freight and Forwarding	40.77	128.60
vi)	Travelling and conveyance	79.28	75.75
vii)	Advertisement	79.13	107.52
viii)	Others	112.18	145.10
	Total	592.88	1249.99

15. 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.

NOTES FORMING PART OF ACCOUNTS

Rs. in Lacs

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

Sr. No.	Hedged Items	Currency	Amount in foreign currency (in lacs)	Forward Exchange Rate per unit of foreign currency	Amount in Indian Rupees
a)	Secured Loans	USD	60.00	49.4825	2968.95

The year end foreign currency exposure that has not been hedged by a derivative instrument or otherwise is given below.

Sr. No.	Particulars	Currency	Amount in foreign currency (in lacs)	Amount in Indian Rupees
a)	Amount payable in foreign currency on account of import of goods and its equivalent Indian Rupees	USD	5.68	255.03
		JPY	598.11	287.69
b)	Amount receivable in foreign currency on export of goods and its equivalent Indian Rupees	USD	0.84	37.91

17. a) Provision for Taxation comprises of current tax Rs. 426.03 and deferred tax Rs. 1.95. The current tax includes wealth tax of Rs.1.02 and Fringe Benefit tax of earlier year short paid of Rs. 8.66.
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, 2010		31st March, 2009	
	Deferred Tax Liabilities				
1.	Related to Fixed Assets		2259.36		2153.09
2.	Related to Others		343.77		264.72
	Total (A)		2603.13		2417.81
	Less: Deferred Tax Assets				
1.	Disallowed expenses as per Income Tax Act, 1961		319.56		322.42
2.	Provision for Doubtful Debts		487.53		403.72
3.	Related to Leave Encashment		243.41		140.99
	Total (B)		1050.50		867.13
	Net Liability (A) - (B)		1552.63		1550.68

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

Particulars	2009-10		2008-09	
Profit after Tax		1837.08		895.44
Less: Preference Dividend		59.72		78.82
Net profit after tax attributable to Equity shareholders		1777.36		816.62
Weighted average number of Equity Shares outstanding		141921541		141999651
Basic/ Diluted Earnings Per Share		1.25		0.58

NOTES FORMING PART OF ACCOUNTS

Rs. in Lacs

19. 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	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	3900000 (3530000)	45634 (64982)	2920.78 (4636.19)	1030563 (1030073)	1013124 (1049421)	58055.23 (61088.76)	63073 (45634)	3879.46 (2920.78)
2.	Washing Machines	520000 (250000)	4895 (7061)	159.82 (263.90)	99596 (90691)	95022 (92857)	3642.41 (3654.45)	9469 (4895)	434.44 (159.82)
3.	Air-Conditioners	500000 (335000)	5873 (9580)	740.64 (1446.55)	6526 (13021)	11765 (16728)	1098.57 (2280.47)	634 (5873)	72.28 (740.64)
4.	TV Components, Spares and Others	N.A. (N.A.)	N.A. (N.A.)	37.89 —	N.A. (N.A.)	N.A. (N.A.)	13635.05 (11418.39)	N.A. (N.A.)	— (37.89)
5.	Electronic Tuners	3720000 (3720000)	108214 (108286)	43.76 (40.87)	1283540 (1303309)	1337839 (1303381)	845.76 (814.03)	53915 (108214)	29.02 (43.76)
	TOTAL A			3902.89 (6387.51)			77277.02 (79255.51)		4415.20 (3902.89)

1. Installed capacity is on single shift basis as certified by the Management upon which the Auditors have relied.
2. The licensed capacities are not applicable in view of the exemption from licensing granted under Notification SO 477 (E) dated 25th July, 1991, issued under Industries (Development and Regulation) Act, 1951.
3. Sales column is adjusted for loss in transit, internal transfer, salvages and free gifts.
4. Company has production facility, for its captive consumption, from its Injection moulding plant (Plastic parts) having installed capacity of 10500 MT and EPS plant (articles of packing goods) having installed capacity of 1000 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.

NOTES FORMING PART OF ACCOUNTS

Rs. 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	23874 (27758)	1368.74 (1538.58)	363662 (338715)	15806.30 (13501.03)	368707 (342599)	17848.29 (16495.95)	18829 (23874)	934.29 (1368.74)
2.	Washing Machines	10577 (13847)	571.32 (679.57)	124815 (108388)	5020.56 (4608.85)	126507 (111658)	6654.03 (6468.91)	8885 (10577)	432.74 (571.32)
3.	Air Conditioners	24710 (35323)	3271.15 (4231.09)	172108 (147008)	19632.88 (19565.77)	179120 (157621)	28317.35 (24129.75)	17698 (24710)	2006.00 (3271.15)
4.	DVD	32969 (88530)	484.59 (1247.24)	505494 (499224)	5727.75 (6248.13)	514112 (554785)	9869.29 (11291.44)	24351 (32969)	294.80 (484.59)
5.	Microwave Ovens	30120 (41317)	1058.58 (1005.97)	77351 (78051)	2168.24 (2182.43)	97524 (89248)	4495.30 (4117.57)	9947 (30120)	338.95 (1058.58)
6.	Mobiles	30105 —	904.17 —	599668 (331658)	8908.01 (6734.06)	576586 (301553)	10421.94 (8349.97)	53187 (30105)	666.61 (904.17)
7.	Service/ Others	N.A. (N.A.)	398.13 (321.53)	N.A. (N.A.)	1655.32 (2388.77)	N.A. (N.A.)	1951.45 (1662.50)	N.A. (N.A.)	321.49 (398.13)
	TOTAL B		8056.69 (9023.99)		58919.05 (55229.04)		79557.63 (72516.09)		4994.89 (8056.69)
	TOTAL A + B		11959.58 (15411.49)		58919.05 (55229.04)		156834.65 (151771.59)		9410.10 (11959.58)

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

20. Related Party Disclosures

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.

Names of related parties and description of relationship:

1.	Holding Company	Guviso Holdings Pvt. Ltd. (amalgamated w.e.f. 15 July, 2008)
2.	Subsidiary	Akasaka Electronics Ltd.
3.	Key Management Personnel	Mr. G.L. Mirchandani - Chairman and 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 and 4 is able to exercise significant influence	Iwai Electronics Pvt. Ltd. Adino Telecom Ltd. Gulita Wealth Advisors Pvt. Ltd. (erstwhile Bombay Container Terminals Pvt. Ltd.)

NOTES FORMING PART OF ACCOUNTS

a) Ordinary course of business

Rs. in Lacs

Particulars	Holding Company	Subsidiary	Key Management Personnel	Relatives of Key Management Personnel	Enterprise over which any person described in (3) and (4) is able to exercise significant influence
	(1)	(2)	(3)	(4)	(5)
Transactions during 01.04.09 to 31.03.10					
Purchase of goods, services, spares and fixed assets					
Akasaka Electronics Ltd.	—	841.25	—	—	—
	—	(902.70)	—	—	—
Iwai Electronics Pvt. Ltd.	—	—	—	—	1298.53
	—	—	—	—	(1010.61)
Adino Telecom Ltd.	—	—	—	—	0.86
	—	—	—	—	(2.22)
Sale of goods, fixed assets, spares and services					
Akasaka Electronics Ltd.	—	10.33	—	—	—
	—	(19.95)	—	—	—
Iwai Electronics Pvt. Ltd.	—	—	—	—	7.63
	—	—	—	—	(11.41)
Adino Telecom Ltd.	—	—	—	—	2.66
	—	—	—	—	—
Inter Corporate Deposits/ Loans given					
Ayesha Mansukhani	—	—	—	—	—
	—	—	—	(393.00)	—
Gita Mirchandani	—	—	—	—	—
	—	—	—	(776.00)	—
Adino Telecom Ltd.	—	—	—	—	—
	—	—	—	—	(125.00)
Inter Corporate Deposits taken					
Guviso Holdings Pvt. Ltd.	—	—	—	—	—
	(949.00)	—	—	—	—
Inter Corporate Deposits taken repaid					
Guviso Holdings Pvt. Ltd.	—	—	—	—	—
	(700.50)	—	—	—	—
Interest paid/ payable Inter Corporate Deposits/ loans					
Guviso Holdings Pvt. Ltd.	—	—	—	—	—
	(6.07)	—	—	—	—
Refund of advance					
Iwai Electronics Pvt. Ltd.	—	—	—	—	—
	—	—	—	—	(50.00)
Interest due and received on Inter Corporate Deposits/ loans/ advances					
Akasaka Electronics Pvt. Ltd.	—	5.46	—	—	—
	—	(5.46)	—	—	—
Iwai Electronics Pvt. Ltd.	—	—	—	—	—
	—	—	—	—	(2.92)
Adino Telecom Ltd.	—	—	—	—	18.75
	—	—	—	—	(13.30)
Ayesha Mansukhani	—	—	—	35.37	—
	—	—	—	(22.31)	—
Gita Mirchandani	—	—	—	69.84	—
	—	—	—	(44.05)	—
Rent paid					
G.L. Mirchandani	—	—	4.75	—	—
	—	—	(6.59)	—	—
Gita Mirchandani	—	—	—	20.72	—
	—	—	—	(30.67)	—

NOTES FORMING PART OF ACCOUNTS

Rs. in Lacs

Particulars	Holding Company	Subsidiary	Key Management Personnel	Relatives of Key Management Personnel	Enterprise over which any person described in (3) and (4) is able to exercise significant influence
	(1)	(2)	(3)	(4)	(5)
Marissa Mansukhani	—	—	—	4.09	—
Akshay Mansukhani	—	—	—	(4.09)	—
Ayesha Mansukhani	—	—	—	0.89	—
G.L. Mirchandani (HUF)	—	—	—	(0.75)	—
V.J. Mansukhani (HUF)	—	—	—	0.89	—
Gulita Wealth Advisors Pvt. Ltd.	—	—	—	(0.75)	—
	—	—	—	10.38	—
	—	—	—	(16.06)	—
	—	—	—	2.59	—
	—	—	—	(2.21)	—
	—	—	—	—	30.00
	—	—	—	—	(20.00)
Rent received	—	—	—	—	—
Adino Telecom Limited	—	—	—	—	8.16
	—	—	—	—	(0.54)
Payment of Rent deposit	—	—	—	—	—
G.L. Mirchandani	—	—	(111.70)	—	—
Gita Mirchandani	—	—	—	—	—
Akshay Mansukhani	—	—	—	(585.07)	—
Ayesha Mansukhani	—	—	—	(0.40)	—
G.L. Mirchandani (HUF)	—	—	—	(0.40)	—
V.J. Mansukhani (HUF)	—	—	—	—	—
Gulita Wealth Advisors Pvt. Ltd.	—	—	—	(323.45)	—
	—	—	—	(1.17)	—
	—	—	—	—	(1000.00)
Remuneration	—	—	—	—	—
Managerial Remuneration	—	—	270.22	—	—
	—	—	(272.51)	—	—
Kaval Mirchandani	—	—	—	24.00	—
	—	—	—	(24.00)	—

b) Individual transactions with related parties, which are not in the normal course of business.

Particulars	Holding Company	Subsidiary	Key Management Personnel	Relatives of Key Management Personnel	Enterprise over which any person described in (3) and (4) is able to exercise significant influence
	(1)	(2)	(3)	(4)	(5)
Transactions during 1.4.09 to 31.03.10	Nil	Nil	Nil	Nil	Nil

c) Individual transactions with related parties, which are not on arms length basis and the justification for such transactions by the management.

Particulars	Holding Company	Subsidiary	Key Management Personnel	Relatives of Key Management Personnel	Enterprise over which any person described in (3) and (4) is able to exercise significant influence
	(1)	(2)	(3)	(4)	(5)
Transactions during 01.04.09 to 31.03.10	Nil	Nil	Nil	Nil	Nil

NOTES FORMING PART OF ACCOUNTS

Rs. in Lacs

Closing Balance as at 31st March, 2010

Particulars	Holding Company	Subsidiary	Key Management Personnel	Relatives of Key Management Personnel	Enterprise over which any person described in (3) and (4) is able to exercise significant influence
	(1)	(2)	(3)	(4)	(5)
Receivable					
G.L. Mirchandani Rent Deposit	—	—	119.82	—	—
	—	—	(119.82)	—	—
Gita Mirchandani Rent Deposit	—	—	—	624.42	—
	—	—	—	(624.42)	—
Interest on inter corporate deposit/ loan	—	—	—	7.76	—
	—	—	—	(44.05)	—
Inter corporate deposit/ loan	—	—	—	776.00	—
	—	—	—	(776.00)	—
	—	—	—	1408.18	—
	—	—	—	(1444.47)	—
Marissa Mansukhani Rent Deposit	—	—	—	4.09	—
	—	—	—	(4.09)	—
Akshay Mansukhani Rent Deposit	—	—	—	0.89	—
	—	—	—	(0.89)	—
Ayesha Mansukhani Rent Deposit	—	—	—	0.89	—
	—	—	—	(0.89)	—
Interest on inter corporate deposit/ loan	—	—	—	3.93	—
	—	—	—	(22.31)	—
Inter corporate deposit/ loan	—	—	—	393.00	—
	—	—	—	(393.00)	—
	—	—	—	397.82	—
	—	—	—	(416.20)	—
G.L. Mirchandani (HUF) Rent Deposit	—	—	—	345.60	—
	—	—	—	(345.60)	—
V.J. Mansukhani (HUF) Rent Deposit	—	—	—	2.60	—
	—	—	—	(2.60)	—
Gulita Wealth Advisors Pvt. Ltd. Rent Deposit	—	—	—	—	1000.00
	—	—	—	—	(1000.00)
Adino Telecom Ltd. Creditors	—	—	—	—	9.48
	—	—	—	—	(0.16)
Interest on inter corporate deposit	—	—	—	—	—
	—	—	—	—	(10.28)
Inter corporate deposit	—	—	—	—	125.00
	—	—	—	—	(125.00)
	—	—	—	—	134.48
	—	—	—	—	(135.44)
Payable					
Iwai Electronics Pvt. Ltd. Creditors	—	—	—	—	—
	—	—	—	—	(182.90)
	—	—	—	—	(182.90)
Akasaka Electronics Ltd. Creditors	—	116.31	—	—	—
	—	(124.48)	—	—	—
Interest on Inter corporate deposit	—	—	—	—	—
	—	(4.22)	—	—	—
Inter corporate deposit	—	68.25	—	—	—
	—	(68.25)	—	—	—
	—	48.06	—	—	—
	—	(52.01)	—	—	—

Note: Figures in brackets are in respect of previous year



NOTES FORMING PART OF ACCOUNTS

21. 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.

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

For and on behalf of the
BOARD OF DIRECTORS

J.M. GANDHI
Partner

MANISH DESAI
General Manager - Finance and Accounts

G.L. MIRCHANDANI
Chairman and Managing Director

Mumbai, May 3, 2010

ANOOP PILLAI
Company Secretary and Head Legal

V.J. MANSUKHANI
Managing Director

NOTES FORMING PART OF ACCOUNTS

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

I. Registration Details

Registration No. L32300MH1981PLCO23637

3	1	0	3	2	0	1	0
Date		Month		Year			

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

Public Issue						N	I	L	Right Issue							N	I	L
Bonus Issue						N	I	L	Private Placement							N	I	L

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

Total Liabilities	4	0	4	8	6	6	9	Total Assets		4	0	4	8	6	6	9
-------------------	---	---	---	---	---	---	---	--------------	--	---	---	---	---	---	---	---

Sources of Fund

Paid-Up Capital			1	4	1	9	3	8	Reserves and Surplus			2	4	1	4	9	9	0
Secured Loans			5	7	2	6	7	8	Unsecured Loans			7	6	3	8	0	0	
Deferred Tax Liability (Net)			1	5	5	2	6	3										

Application of Funds

Net Fixed Assets		2	1	5	0	7	3	6	Investments			4	0	1	4	0	0	
Net Current Assets		1	4	9	6	5	3	3	Accumulated Losses							N	I	L

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

Gross Revenue	1	5	0	5	0	0	4	9	Total Expenditure	1	4	8	2	3	5	4	3
Profit/ Loss Before Tax			2	2	6	5	0	6	Profit/ Loss After Tax			1	8	3	7	0	8
Earning Per Share in Rs.					1	.	2	5	Dividend Rate %							9	5

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

Item Code No.
(ITC Code)

Product Description

8	5	2	8	C	O	L	O	U	R	T	E	L	E	V	I	S	I	O	N	R	E	C	E	I	V	E	R	S
8	4	1	5	A	I	R	C	O	N	D	I	T	I	O	N	E	R	S										
8	5	2	1	D	V	D	P	L	A	Y	E	R	S															

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

General Manager - Finance and Accounts

G.L. MIRCHANDANI

Chairman and Managing Director

ANOOP PILLAI

Company Secretary and Head Legal

V.J. MANSUKHANI

Managing Director

Mumbai, May 3, 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED

Rs. in lacs

	31st March, 2010		31st March, 2009	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax and Extraordinary Item		2265.06		1015.57
Adjustments for:				
Depreciation	1977.15		1855.17	
Unrealised Foreign Exchange Fluctuations	(242.80)		541.52	
(Increase)/ Diminution in value of Investments	(29.86)		23.92	
Interest Expense	1735.23		2848.88	
Interest Income	(172.22)		(83.17)	
Dividend Income	(25.32)		(5.02)	
(Profit)/ Loss on Sale of Fixed Assets (Net)	0.05		2.97	
		3242.23		5184.27
Operating Profit before Working Capital changes		5507.29		6199.84
Adjustments for:				
Trade and Other receivables	583.07		(196.11)	
Inventories	(3858.41)		8215.59	
Trade Payables	15327.40		(9243.95)	
		12052.06		(1224.47)
Cash Generated from Operations		17559.35		4975.37
Direct Taxes (Paid)/ Refund Received		(427.98)		(128.29)
NET CASH USED IN OPERATING ACTIVITIES.....(A)		17131.37		4847.08
B. CASH FLOW FROM INVESTING ACTIVITIES				
Payment for Purchase of Fixed Assets		(5105.98)		(1237.60)
Purchase of Investments		(1306.03)		(101.85)
Proceeds from Sale of Fixed Assets		1.63		1.81
Movement of Capital Advances		2525.33		(2360.75)
Interest Received		172.22		83.17
Dividend Received		25.32		5.02
NET CASH USED IN INVESTING ACTIVITIES.....(B)		(3687.51)		(3610.20)

CASH FLOW STATEMENT FOR THE YEAR ENDED

Rs. in lacs

	31st March, 2010	31st March, 2009
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Equity Shares	0.02	—
Issue / Redemption of Preference Shares	(1891.51)	1891.51
Amalgamation adjustment	—	(210.40)
Movement in Term Loans	(8000.00)	2392.00
Movement in Short Term Loans	843.03	(1826.51)
Interest Paid	(1759.96)	(2864.56)
Dividend paid	(801.26)	(1634.76)
NET CASH USED IN FINANCING ACTIVITIES.....(C)	(11609.68)	(2252.72)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	1834.18	(1015.84)
CASH AND CASH EQUIVALENTS AS AT 01.04.2009 (OPENING BALANCE)	930.21	1946.05
CASH AND CASH EQUIVALENTS AS AT 31.03.2010 (CLOSING BALANCE)	2764.39	930.21

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

J.M. GANDHI
Partner

MANISH DESAI
General Manager - Finance and Accounts

For and on behalf of the
BOARD OF DIRECTORS

G.L. MIRCHANDANI
Chairman and Managing Director

Mumbai, May 3, 2010

ANOOP PILLAI
Company Secretary and Head Legal

V.J. MANSUKHANI
Managing Director

SECTION 212

Rs. in lacs

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

1. Name of the Subsidiary	Akasaka Electronics Ltd.	Akasaka Electronics Ltd.
2. Financial Year of the Subsidiary ended on	31st March, 2010	31st March, 2009
3. Share of the Subsidiary held by the Company on the above date :		
(a) Number and Face Vale	81,48,000 Rs.10	81,48,000 Rs.10
(b) Extent of holding	99.89%	99.89%
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, 2010	—	—
(b) Not dealt with in the accounts of the Company for the year ended 31st March, 2010	178.92	(107.36)
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, 2010	—	—
(b) Not dealt with in the accounts of the Company for the year ended 31st March, 2010	611.06	718.43
Statement regarding Subsidiary Company as at 31st March, 2010		
(a) Issued & Subscribed Share Capital	815.75	815.75
(b) Reserves	1097.64	918.52
(c) Total Assets	3043.70	2596.56
(d) Total Liabilities	1285.32	1130.31
(e) Investments	—	—
(f) Turnover	3312.63	2775.43
(g) Profit / (Loss) Before Taxation	216.17	(104.52)
(h) Provision for Tax	37.05	2.96
(l) Profit After Taxation	179.12	(107.48)
(j) Proposed Dividend	—	—

DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting their Eighth Annual Report together with the audited accounts of the Company for the financial year ended March 31, 2010.

1. Financial Highlights

(Rs.in lacs)

Particulars	2009-10	2008-09
Total income	3516.40	2879.72
Total Expenditure	3300.23	2984.24
Profit/ (loss) before tax	216.17	(104.52)
Profit/ (loss) after tax	179.12	(107.48)
Balance Brought forward from previous year	611.73	719.21
Surplus carried to Balance Sheet	790.85	611.73

2. Operations

During the year under review, income from operation stood at Rs. 3609.99 lacs as compared to Rs. 3144.99 lacs in the previous year which stands increased by 14.78% over the previous year. The Company has earned a profit before tax of Rs. 216.17 lacs and profit after tax of Rs. 179.12 lacs against loss during the previous year.

Your Directors are confident of improving the performance in the ensuing year.

3. Dividend

In order to conserve the resources of the Company, your Directors have not recommended any dividend for the year under review.

4. Directors

During the year, Mr. Sunil Kishinchandani was appointed as an additional director of the Company with effect from 01.02.2010, and pursuant to provisions of Section 260 of the Companies Act, 1956, his office comes to an end on the date of ensuing Annual General Meeting. The Company has received a notice from a member pursuant to Section 257 of the Companies Act proposing his candidature for re-appointment. Your Directors propose to appoint him as director of the Company liable to retire by rotation.

Pursuant to provisions of section 255 and 256 of the Companies Act, 1956, Mrs. Gita G. Mirchandani and Mrs. Marissa V. Mansukhani, Directors of the Company are liable to retire by rotation at the forthcoming Annual General Meeting and being eligible have offered themselves for re-appointment. Your Directors recommend their re-appointment.

5. Audit Committee

Pursuant to provisions of Section 292A of the Companies Act, 1956, Company has constituted an Audit Committee which comprises three non-executive directors namely Mr. Gulu L. Mirchandani, Mr. Vijay J. Mansukhani and Mr. Sasha Mirchandani.

6. 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 judgements 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.

7. Shifting of the Registered Office of the Company

During the year under review, the Company has shifted its registered office from 13-A, Nand Bhavan, Mahakali Caves Road, Andheri (E), Mumbai – 400 093 to C-107, MIDC, TTC Industrial Area, Pawane, Navi Mumbai – 400 705 with effect from February 25, 2010.

8. Change of place of keeping the Registers and Returns

For operational convenience, Company has shifted its registers, indexes, returns, copies of certificates and documents etc. at G-1, MIDC, Mahakali Caves Road, Andheri (East), Mumbai – 400 093 after obtaining the necessary approval of members of the Company.

9. Fixed Deposits

Your Company has neither invited nor accepted any public deposit within the meaning of Section 58A of the Companies Act, 1956 and rules made thereunder during the year.

10. Auditors

M/s. B.K. Khare & Co., Chartered Accountants, Mumbai the Statutory Auditors of the Company, hold office upto the conclusion of the ensuing Annual General Meeting and have given their consent for re-appointment as statutory auditors of the Company. Your Directors recommend for the approval of members the re-appointment of auditors for the financial year 2010-11 and fixing of 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 auditors is self-explanatory and does not require any further explanation.

11. Personnel

The relations between the management and the employees continued to remain cordial during the year. In terms of provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, the particulars of employees are set out in Annexure to this Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Annual Report excluding the aforesaid information is being sent to all members of the Company and others entitled thereto. Any member interested in obtaining such particulars may send his request to the Company.

12. Information pursuant to Section 217(1)(e) of the Companies Act, 1956 relating to conservation of energy, technology absorption, foreign exchange earning and outgo

The related information are forming part of Directors' Report and attached herewith.

13. Acknowledgement

Your Directors take this opportunity to acknowledge the invaluable support extended to the Company by customers, vendors, banks, regulatory and governmental authorities and the investors. Your Directors place on record their appreciation for the commitment and contribution made by 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: 03.05.2010

Gulu L. Mirchandani
Chairman

Annexure to the Directors' Report

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)

Particulars	2009-10	2008-09
Foreign exchange earnings	–	–
Foreign exchange outgo	2058.54	1768.01

For and on behalf of Board of
Akasaka Electronics Limited

Place: Mumbai
Date: 03.05.2010

Gulu L. Mirchandani
Chairman

AUDITORS' REPORT

To

The Members of
Akasaka Electronics Limited.

We have audited the attached Balance Sheet of Akasaka Electronics Limited as on March 31, 2010 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, proper books of accounts as required by law have been kept by the Company 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. On the basis of the written representations received from the Directors as on March 31, 2010, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2010 from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
6. Attention is invited to Note No. 8 of Schedule 19 regarding Additional Professional Director's remuneration, which is subject to approval of the Central Government.
7. 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, 2010;
 - (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

DEVDATTA MAINKAR
Partner

M. No.: 109795

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 of the 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. In our opinion, the disposal of fixed assets during the year does not affect the going concern assumption.
4. The Management has conducted physical verification of inventory at reasonable intervals.
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 physical verification.
7. 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. Rate of interest and other terms and conditions of the said loan are not prima facie prejudicial to the interest of the Company. The said loan is repayable on demand.
8. The Company has not granted any loans, secured or unsecured, to any of the parties covered by the register maintained u/s 301 of the Companies Act, 1956. Therefore, provisions of sub-clause (a) to (d) of Clause (iii) of Para 4 of the Order is not applicable.
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 and services. During the course of our audit, we have not observed any major weakness in the internal controls.
10. (i) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section, have been so entered.
(ii) In our opinion and according to the information and explanations given to us, having regard to the explanation that many of the items are of a special nature and their prices cannot be compared with alternative quotations, the transactions made in pursuance of contracts or arrangements referred to in Section 301 of the Act, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
11. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956, and the rules framed thereunder.
12. The Company has an internal audit system, which in our opinion is commensurate with the size of the Company and nature of its business.
13. 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 account 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.

Place: Mumbai
Date : May 3, 2010

14. According to the information and explanations given to us and the records maintained, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues applicable to it with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of Income tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty and Excise Duty were outstanding, at the year end for a period of more than six months from the date they became payable.
15. According to the information and explanations given to us, there are no dues of Sales Tax, Service Tax, Income tax, Wealth Tax, Excise Duty or Cess outstanding on account of any dispute, other than six cases of disputed Customs Duty demands, which are as under:

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 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. The Company has not obtained any terms loans during the year.
20. 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.
21. Based on the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.
22. Sub paragraphs (xiii), (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

DEVDATTA MAINKAR
Partner
M. No.: 109795

Place: Mumbai
Date : May 3, 2010

BALANCE SHEET AS AT

	Sch No.	31st March, 2010	31st March, 2009
SOURCES OF FUNDS :			
Shareholders' Funds :			
Share Capital	1	815.75	815.75
Reserves and Surplus	2	1097.64	918.52
		1913.39	1734.27
LOAN FUNDS :			
Secured Loans	3	0.17	57.00
Unsecured Loans	4	68.25	68.25
		68.42	125.25
		1981.81	1859.52
APPLICATION OF FUNDS :			
FIXED ASSETS :	5		
Gross Block		2881.28	2794.65
Less : Depreciation		2226.04	2012.61
Net Block		655.24	782.04
Capital Work-in-Progress		109.66	72.42
		764.91	854.46
CURRENT ASSETS, LOANS AND ADVANCES :			
Inventories	6	375.41	510.69
Sundry Debtors	7	732.17	671.55
Cash and Bank Balances	8	648.16	103.64
Loans and Advances	9	523.06	456.23
		2278.79	1742.10
Less:			
CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	10	684.48	398.80
Provisions	11	377.41	338.25
Net Current Assets		1216.90	1005.06
		1981.81	1859.52
Notes to Accounts	19		

As per our Report of even date attached

B.K. Khare & Co.
Chartered AccountantsDEVDATTA MAINKAR
Partner
M.No. 109795

Date: May 3, 2010

For and on behalf of the
BOARD OF DIRECTORSG.L. MIRCHANDANI
DirectorV.J. MANSUKHANI
DirectorS.G. MIRCHANDANI
Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

Rs. in lacs

	Sch No.	31st March, 2010	31st March, 2009
INCOME :			
Sales/ Income from operations (Gross)	12	3609.99	3144.99
Less : Excise Duty on sales		297.36	369.56
Turnover (Net)		3312.63	2775.43
Other Income	13	203.77	104.29
		3516.40	2879.72
EXPENDITURE :			
Material Consumed	15	2100.07	1841.13
Excise Duty		(3.81)	2.92
Personnel	16	368.05	339.29
Manufacturing, Selling and Administrative Expenses	17	445.62	612.77
Financial Expenses	18	35.38	34.15
Depreciation	5	218.28	269.72
		3163.59	3099.98
(Less)/ Add : (Accretion)/ Decretion in Stock	14	134.97	(117.24)
		3298.56	2,982.74
		217.84	(103.02)
PROFIT / (LOSS) FOR THE YEAR			
Prior year adjustment (Net)		1.67	1.50
PROFIT/ (LOSS) BEFORE TAX		216.17	(104.52)
Profit/ (Loss) before tax from continuing operations		221.31	58.60
Less: Current Tax - MAT		37.04	—
		184.26	58.60
		(5.14)	(163.12)
Profit/ (Loss) before tax from discontinuing operations		—	—
Less: Current Tax - MAT		(5.14)	(163.12)
		179.12	(104.52)
- Deferred Tax Provision (See Note No.6 of Schedule 19)		—	—
- Fringe Benefit Tax		—	2.96
PROFIT AFTER TAX		179.12	(107.48)
Add/ (Less): Balance brought forward from previous year		611.73	719.21
Profit available for appropriation		790.86	611.73
Surplus carried to Balance Sheet		790.86	611.73
NOTES TO ACCOUNTS	19		
Basic & diluted earnings per share (Rs.)		2.20	(1.32)
8,157,480 Equity Shares, Face Value of Rs. 10 per share			

As per our Report of even date attached

B.K. Khare & Co.
Chartered AccountantsDEVDATTA MAINKAR
Partner
M.No. 109795

Date: May 3, 2010

For and on behalf of the
BOARD OF DIRECTORSG.L. MIRCHANDANI
DirectorV.J. MANSUKHANI
DirectorS.G. MIRCHANDANI
Director

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT

Rs. in lacs

	31st March, 2010	31st March, 2009
SCHEDULE 1		
SHARE CAPITAL		
AUTHORISED		
2,10,00,000 Equity Shares of Rs.10/- each	2100.00	2100.00
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)		
(81,48,000 (P.Y. 71,75,994) equity Shares of Rs. 10 each are held by Mirc Electronics Ltd., the Holding Company)		

SCHEDULE 2		
RESERVES AND SURPLUS		
Capital Redemption Reserve	99.23	99.23
Capital Reserve on Reduction of Share Capital	207.55	207.55
Profit and Loss Account	790.86	611.73
	1097.64	918.52

	31st March, 2010	31st March, 2009
SCHEDULE 3		
SECURED LOANS		
CASH CREDIT :		
From Banks *	0.17	57.00
	0.17	57.00

SCHEDULE 4		
UNSECURED LOANS :		
Inter Corporate Deposit from the Holding Company	68.25	68.25
	68.25	68.25

*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.

SCHEDULE 5 : FIXED ASSETS

Sr. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Total 01.4.2009	Additions	Adjustment/ Deletion	Cost 31.03.2010	Total Upto 01.04.2009	For the year	Adjustment/ Deletion	Up to 31.03.2010	As at 31.03.2010	As at 31.03.2009
1	Land										
	Leasehold	10.56	—	—	10.56	2.14	0.11	—	2.25	8.31	8.42
2	Building	260.58	0.13	—	260.71	99.22	8.71	—	107.92	152.78	161.36
3	Plant & Machinery	2025.59	61.03	—	2086.63	1590.54	173.02	—	1763.56	323.07	435.06
4	Mould & Dies	288.59	32.18	—	320.77	212.16	25.22	—	237.37	83.39	76.43
5	Electrical Installation	112.65	—	—	112.65	53.20	4.97	—	58.17	54.48	59.45
6	Office Equipments	19.99	0.79	—	20.78	10.09	0.94	—	11.03	9.75	9.90
7	Furniture & Fixture	50.16	0.24	—	50.40	32.49	3.04	—	35.53	14.87	17.67
8	Computer	7.42	0.77	—	8.19	4.20	1.28	—	5.48	2.71	3.22
9	Laboratory Equipments	0.14	—	—	0.14	0.14	—	—	0.14	—	—
10	Motor Vehicle	18.97	—	8.51	10.45	8.44	0.99	4.85	4.58	5.87	10.53
	TOTAL	2794.65	95.15	8.51	2881.28	2012.61	218.28	4.85	2226.04	655.24	782.04
	Previous year	3297.47	42.46	545.27	2794.65	2159.74	269.72	416.85	2012.61	782.04	

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT

Rs. in lacs

	31st March, 2010	31st March, 2009
SCHEDULE 6		
INVENTORIES		
(as certified by management)		
(See Note 1(B) of Schedule 19)		
Raw Materials	137.09	136.77
Stores & Spares	24.90	25.54
Work-in-Process	184.02	251.80
Finished Goods	29.40	96.58
	375.41	510.69

SCHEDULE 7		
SUNDRY DEBTORS		
(Unsecured)		
Over six months:		
Considered good	10.29	4.55
Considered Doubtful	4.34	4.34
	14.63	8.88
Others (Considered good) *	721.88	667.00
	736.51	675.88
Less: Provision for doubtful debts	(4.34)	(4.34)
	732.17	671.55
*Includes Rs.117.08 (Previous year Rs. 139.28) due from Mirc Electronics Ltd. the Holding Company		

SCHEDULE 8		
CASH AND BANK BALANCES		
Cash in hand	1.07	1.46
Balance with Scheduled Banks		
In Fixed Deposit Account	616.35	101.62
(Held as Security against Bank Guarantee Rs 1.43 (Previous year Rs. 1.43))		
In Current Account	18.66	0.56
Debit balance in Cash Credit	12.08	-
	648.16	103.64

SCHEDULE 9		
LOANS AND ADVANCES:		
(Unsecured-considered good unless otherwise stated)		
Advances Recoverable in cash or in kind or for value to be received	52.80	36.94
Deposits	31.89	31.89
	84.69	68.83
Less: Provision for doubtful advances / deposits	11.06	11.06
	73.63	57.77
Advance Taxes Paid	405.45	382.96
Balance with Excise Authorities	43.98	15.50
	523.06	456.23

	31st March, 2010	31st March, 2009
SCHEDULE 10		
CURRENT LIABILITIES :		
Sundry Creditors (See Note No. 4 of Schedule 19)	531.65	284.86
Other Liabilities * (See Note No.15 of Schedule 19)	152.84	109.71
Interest Accrued but not due	-	4.22
	684.48	398.80

SCHEDULE 11		
PROVISIONS :		
Provision for Income Tax under [including provision for FBT Rs. Nil (previous year Rs. 10.60)]	359.56	322.52
Provision for retirement benefits (see Note No. 2 of Schedule 19)	17.85	15.73
	377.41	338.25

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	31st March, 2010	31st March, 2009
SCHEDULE 12		
SALES / INCOME FROM OPERATIONS		
Sales (net of returns)	3609.99	3144.99
	3609.99	3144.99

SCHEDULE 13		
OTHER INCOME:		
Tooling Income	3.92	2.74
Sale of Cupric Acid	97.36	87.28
Interest earned on		
- Deposits	29.56	6.82
- Others	2.51	-
[Tax deducted at source Rs.2.98 (Previous year Rs. 2.39)]		
Foreign Exchange Fluctuation (net)	67.21	-
Miscellaneous Receipts	3.21	7.46
	203.77	104.29

SCHEDULE 14		
(ACCRETION) / DECRETION IN STOCKS		
Opening Stock :		
Work in Process	251.81	118.41
Finished Goods	96.58	112.75
	348.39	231.15
Less : Closing Stock		
Work-in-Process	184.02	251.81
Finished Goods	29.40	96.58
	213.42	348.39
	134.97	(117.24)

Rs. in lacs

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	31st March, 2010	31st March, 2009
SCHEDULE 15		
MATERIAL CONSUMED:		
Raw Material Consumed		
Opening Stock	136.77	283.91
Add : Purchases	2100.39	1693.98
	2237.16	1977.89
Less : Closing Stock	137.09	136.77
	2100.07	1841.13

SCHEDULE 16		
PERSONNEL EXPENSES		
Salaries, Wages and Bonus	330.35	295.49
Companies contribution to Provident fund and Other funds	22.29	27.75
Staff Welfare expenses	15.42	16.05
	368.05	339.29

SCHEDULE 17		
MANUFACTURING, SELLING AND ADMINISTRATIVE EXPENSES:		
Rent	4.57	4.12
Rates and Taxes	5.33	4.72
Electricity	185.36	146.90
Insurance	2.48	3.29
Tooling Expenses	12.38	8.74
Repairs and Maintenance		
Building	6.27	0.45
Plant and Machinery	22.46	22.85
Others	14.80	6.22
Foreign Exchange Fluctuation	—	155.54
Freight Outward	53.87	44.79
Provision for doubtful debts	—	0.80
Bad Debts	7.90	—
Loss on sale of fixed assets (net)	1.26	101.84
Miscellaneous Expenses	128.93	112.50
	445.62	612.77

SCHEDULE 18		
FINANCIAL EXPENSES		
Interest on		
- Cash Credit	3.13	6.63
- Inter Corporate Deposits	5.46	5.46
Other Financial Charges	26.79	22.07
	35.38	34.15

NOTES FORMING PART OF ACCOUNTS

SCHEDULE 19

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 and 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) is 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. Exchange differences arising on settlement of transactions are recognized as income or expense

NOTES FORMING PART OF ACCOUNTS

Rs. in lacs

in the Profit and Loss Account under foreign exchange fluctuations. 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.

Premium/ discount arising at the inception of the forward exchange contracts entered into to hedge foreign currency risks are amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognized 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 and 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 and 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 and 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 and 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) Customs duty

The company accounts for customs 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 of five years starting from the commencement of commercial operations.

2) Employee Benefits**a) Principal actuarial assumptions:**

Particulars	Gratuity	
	31st March, 2010	31st March, 2009
Discount rate	8.25%	7.75%
Rate of Return on Plan Assets	8.00%	8.00%
Salary Escalation	5.00%	5.00%

b) Reconciliation of Benefit Obligation:

Particulars	Gratuity	
	31st March, 2010	31st March, 2009
Liability at the beginning of the year	33.88	27.63
Interest Cost	13.48	2.30
Current Service Cost	11.34	2.39
Benefit Paid	(0.56)	(2.55)
Actuarial (Gain) / Loss on Obligations	(23.02)	4.10
Liability at the end of the year	35.11	33.88
Fair Value of Plan Assets at the end of the year	36.30	33.50
Amount recognised and disclosed under the head "Provisions for Employee Benefits"	(1.19)	0.38

c) Reconciliation of Fair value of Plan Assets:

Particulars	Gratuity	
	31st March, 2010	31st March, 2009
Fair Value of Plan Assets at the beginning of the year	33.50	19.44
Expected Return on Plan Assets	11.71	2.58
Contributions	3.36	14.05
Benefit Paid	(0.56)	(2.55)
Actuarial Gain / (Loss)	(11.71)	(0.02)
Actuarial (Gain) / Loss on Obligations	(23.02)	(4.10)
Fair Value of Plan Assets at the end of the year	36.30	33.50
Total Actuarial Gain / (Loss) recognized	11.32	(4.13)

d) Return on Plan Assets:

Particulars	Gratuity	
	31st March, 2010	31st March, 2009
Expected Return on Plan Assets	11.71	2.58
Actuarial Gain / (Loss) on Plan Assets	(11.71)	(2.58)
Actual Return on Plan Assets	NIL	NIL

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

Particulars	Gratuity	
	31st March, 2010	31st March, 2009
Current Service Cost	11.34	2.39
Interest Cost	13.48	2.30
Expected Return on Plan Assets	11.71	(2.58)
Net Actuarial (Gain) / Loss recognized	11.32	6.69
Expenses recognized in Profit and Loss Account	1.79	8.79

NOTES FORMING PART OF ACCOUNTS

Rs. in lacs

f) Employee cost disclosed in Schedule 16 includes

Particulars	31st March, 2010	31st March, 2009
Gratuity	1.79	4.99
Leave Encashment (including payments)	4.58	1.42
Provident Fund	17.45	15.29

- 3) The year end foreign currency exposure that have not been hedged by a derivative instrument or otherwise are given below:

Particulars	31st March, 2010	31st March, 2009
Amount payable in foreign currency on account of import of Goods and its equivalent Indian Rupees.	Rs. 302.03 (USD 6,47,100)	Rs. 269.63 (USD 520,670) (SGD 40,657)

- 4) According to the information available with the company, there are no dues payable to micro and small enterprises as defined under 'Micro, Small and Medium Enterprises Development Act, 2006', as at March 31, 2010
- 5) Miscellaneous Expenses charged to Profit and Loss Account includes Remuneration to Auditors.

Particulars	31st March, 2010	31st March, 2009
Audit Fees	1.35	1.35
Other Services (Certification, Tax Audit etc.)	0.25	0.25
Out of Pocket expenses	0.25	0.20

6) 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:

Particulars	31st March, 2010	31st March, 2009
I Deferred Tax Liability		
(a) On account of Fixed Assets	—	14.83
TOTAL	—	14.83
II Deferred Tax Asset		
(a) On account of fixed Assets	20.65	—
(b) Others disallowances and provisions	7.54	2.58
(c) Stamp duty	5.09	4.07
(d) Accumulated losses and to the extent of DTL [Total accumulated loss and unabsorbed depreciation is Rs. 668.56, (PY Rs. 985.53)]	225.02	8.18
TOTAL	258.30	14.83
Deferred Tax (Liability) / Asset (Net)	—	—

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.

- 7) Balances of Sundry Debtors, Creditors, Loans and Advances and Deposits are subject to confirmation and reconciliation.
- 8) The Company has appointed Mr. Sunil Kishanchandani as additional professional director with effect from 1st February 2010. Professional fees of Rs. 4.01 (including service tax) paid to him are subject to approval of Central Government.
- 9) Disclosure pursuant to Accounting Standard 24 (AS 24) 'Discontinuing Operations'

The Board of Directors in their meeting held on January 29, 2007 has decided to discontinue operations of Business Process Management and 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. 23.15 (Previous Year Rs. 18.75) and liabilities are Rs. 21.70 (Previous Year Rs. 20.21) as on March 31, 2010.
- ii) The amount of revenue, expense, pre-tax profit / (loss) of Services Division are as under:

Particulars	31st March, 2010	31st March, 2009
Income	0.32	0.21
Expense	5.46	(163.33)
Pre tax Profit (Loss)	(5.14)	(163.12)
Income Tax Expenses	—	—
Profit / (Loss) after tax	(5.14)	(163.12)

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

Particulars	31st March, 2010	31st March, 2009
Operating Activity	0.32	(7.58)
Investing Activity	—	27.71
Financing Activity	(5.46)	(0.85)
Net Increase / (Decrease) in cash and cash equivalents	(5.14)	19.28

10) Contingent Liabilities

- i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 0.82 (Previous year Rs. 0.03)
- ii) Excise duty demand contested in appeals Rs. 22.80 (previous year Rs. 22.80)

Based on the various legal pronouncements in favour of the company, management perceives that the aforesaid liabilities are probable in nature.

- iii) Stamp Duty demand of Rs. 54.36 (Previous Year Rs. 54.36) raised by Dy. Superintendent of Stamps, Mumbai in respect of Plant & Machinery transferred under the Scheme of Amalgamation. The Company's contention is that the Plant and Machinery are of moveable in nature, hence liability for payment of stamp duty does not attract as per the Bombay Stamp Act.

- 11) Information pursuant to paragraphs 3 and 4 of part II of Schedule VI of the Companies Act, 1956.

NOTES FORMING PART OF ACCOUNTS

Rs. in lacs

- A. Particulars of Licensed, Installed Capacity and Actual Production (in sq.mts.)

Class of Goods	2009-2010			2008-2009		
	*Licensed Capacity	*Installed Capacity	Actual Production	*Licensed Capacity	*Installed Capacity	Actual Production
Printed Circuit Boards	720000	720000	450665	720000	720000	389063

* As Certified by the Management

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

Class of Goods	2009-2010				2008-2009			
	Opening Stock		Closing Stock		Opening Stock		Closing Stock	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Printed Circuit Boards	14786	96.58	11247	29.40	18847	112.75	14786	96.58

- C. Particulars of Sales (in sq. mts.)

Class of Goods	2009-2010		2008-2009	
	Quantity	Value	Quantity	Value
Printed Circuit Boards	454204	3312.63	393124	2775.43

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

Class of Goods	2009-2010		2008-2009	
	Quantity	Value	Quantity	Value
Coper Clad Laminate	493951	1924.61	427307	1688.39
Other		175.46		152.74
		2100.07		1841.13

(ii) Break up of Raw material Consumed:

Particulars	2009-2010		2008-2009	
	Rupees	%	Rupees	%
Imported	2032.65	96.79	1776.76	96.50
Indigenous	67.42	3.21	64.37	3.50
	2100.07	100.00	1841.13	100.00

- E. C.I.F. VALUE OF IMPORTS

Particulars	2009-10 Rupees	2008-2009 Rupees
a. Raw Materials	1958.08	1711.76
b. Components and Spares	8.42	9.76
c. Capital Goods	52.66	3.11
d. Consumables	11.84	8.19
e. Tools	21.13	27.38
	2052.13	1760.20

- F. Expenditure in Foreign Currency (Cash Basis)

Particulars	2009-10 Rupees	2008-2009 Rupees
Traveling Expenses	6.41	7.81
	6.41	7.81

12) Segment Reporting

For the year ended 31st March, 2010

SEGMENT REPORT			
PARTICULARS	SEGMENTS		
	Manufacturing of PCB and related activities	Services Division (*)	Total
REVENUE			
External Sale	3316.46	–	3316.46
Other Income	203.45	0.32	203.77
Total Revenue	3519.91	0.32	3520.23
RESULTS			
Segment Results	221.15	–	221.15
Operating Profit	221.15	–	221.15
Interest Expense	–	–	35.38
Interest Income	–	–	32.07
Prior Period Expenses	–	–	1.67
Profit Before Tax	–	–	216.17
Tax Expenses (MAT)	–	–	37.04
Profit after Tax	–	–	179.12
OTHER INFORMATION			
Segment Assets	3020.55	23.15	3043.70
Total Assets	3020.55	23.15	3043.70
Segment Liabilities	1108.61	21.70	1030.31
Total Liabilities	1108.61	21.70	1030.31
Capital Expenditure	132.39	–	132.39
Depreciation	218.28		218.28
Non Cash expenses other than Depreciation	–	*	–

(*) Discounting Operation – Refer Note 9 above.

For the year ended 31st March 2009

SEGMENT REPORT			
PARTICULARS	SEGMENTS		
	Manufacturing of PCB and related activities	Services Division (*)	Total
REVENUE			
External Sale	2775.43	–	2775.43
Other Income	104.29	–	104.29
Total Revenue	2879.72	–	2879.72
RESULTS			
Segment Results	86.80	(162.48)	(75.68)
Operating Profit	86.80	(162.48)	(75.68)
Interest Expense	33.30	0.85	34.15
Interest Income	6.60	0.21	6.81

NOTES FORMING PART OF ACCOUNTS

SEGMENT REPORT			
PARTICULARS	SEGMENTS		
	Manufacturing of PCB and related activities	Services Division (*)	Total
Prior Period Expenses	—	—	1.50
Profit Before Tax	—	—	(104.52)
Income Tax	—	—	2.96
Profit after Tax	—	—	(107.48)
OTHER INFORMATION			
Segment Assets	2577.85	18.73	2596.58
Total Assets	2577.85	18.73	2596.58
Segment Liabilities	842.09	20.21	862.30
Total Liabilities	842.09	20.21	862.30
Capital Expenditure	91.94	—	91.94
Depreciation	216.68	53.04	269.72
Non Cash expenses other than Depreciation	—	*	—

13. 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	Mirc Electronics Ltd.
1.	Nature of Relationship:	Holding company
2.	Nature of the transactions:	
(a)	Towards sales to	Rs. 841.74 (Rs. 902.28)
(b)	Towards purchase of capital goods	Rs. Nil (Rs. 0.28)
(c)	Borrowing – Inter Corporate Loans	Rs. Nil (Rs. Nil)
(d)	Reimbursement of Expenses	Rs. 10.65 (Rs. 19.67)
(e)	Interest on Inter Corporate Deposits	Rs. 5.46 (Rs. 5.46)
(f)	Guarantee	Corporate guarantee given by Holding Company as security for Cash Credit facility and term loan from banks.
	Outstanding amounts as on 31st March, 2010:	
(a)	Sundry Debtors due from	Rs.117.08 (Rs. 139.28)
(b)	Amount payable to	Rs Nil (Rs. 4.22)
(c)	Inter Corporate Loans Due to	Rs.68.25 (Rs. 68.25)

Rs. in lacs

In case of IWAI Electronics Private Ltd., which is related as there are common directors, re-imbursement of expenses amounting to Rs. 10.55 (Previous Year Rs. NIL) was made during the year.

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

Particulars	31st March 2010	31st March 2009
Net Profit for the year	179.12	(107.48)
Weighted Average number of equity shares (Nos.)	8,157,480	8,157,480
Basic & Diluted Earnings per share. (Rs.) (Per share)	2.20	(1.32)
Nominal Value per share (Rs. Per share)	10.00	10.00

15. No amount is due as on 31st March, 2010 (Previous Year Rs. NIL) to be credited to Investor Education Fund and the amount remaining due will be transferred on the respective due dates to the fund.
16. Previous years figures have been rearranged and regrouped wherever necessary.

Signature to Schedule '1 to 19' forming part of Balance Sheet and Profit and Loss Account.

As per our report attached
For B. K. Khare & Co.
Chartered Accountants

For and on behalf of the
Board of Directors

Devdatta Mainkar
Partner
M.No.109795

G.L. Mirchandani
Director

V.J. Mansukhani
Director

S.G. Mirchandani
Director

Date: May 3, 2010

17. **Balance Sheet Abstract and Company's General Business Profile**

Registration No. :			1	3	6	0	0	9	
Balance Sheet Date	3	1		0	3	2	0	1	0
	Date		Month			Year			

						1	1
--	--	--	--	--	--	---	---

Public Issue						N	I	L
Bonus Issue						N	I	L

[illegible]

						N	I	L
--	--	--	--	--	--	---	---	---

Total Liabilities	1	9	8	1	.	8	1
-------------------	---	---	---	---	---	---	---

			1	9	8	1	.	8	1
--	--	--	---	---	---	---	---	---	---

Paid-Up Capital			8	1	5	.	7	5
Secured Loans					0	.	1	7

			1	0	9	7	.	6	4
--	--	--	---	---	---	---	---	---	---

					6	8	.	2	5
--	--	--	--	--	---	---	---	---	---

Net Fixed Assets			7	6	4	.	9	1
Net Current Assets		1	2	1	6	.	9	0
Accumulated Losses						N	I	L

						N	I	L
--	--	--	--	--	--	---	---	---

						N	I	L
--	--	--	--	--	--	---	---	---

Gross Revenue		3	5	1	6	.	4	0
Profit/ (Loss) Before Tax			2	1	6	.	1	7
Earning Per Share in Rs.					2	.	2	0

	3	3	3	7	.	2	7
--	---	---	---	---	---	---	---

		1	7	9	.	1	2
--	--	---	---	---	---	---	---

					N	I	L
--	--	--	--	--	---	---	---

[illegible]

G.L. MIRCHANDANI
Director

S.G. MIRCHANDANI
Director

Date: May 3, 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED

Rs. in lacs

	31st March 2010		31st March 2009	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit / (Loss) before tax and Extraordinary Item		217.84		(103.02)
Adjustments for:				
Prior period expenditure	(1.67)		(1.50)	
Depreciation	218.28		269.72	
Interest expenditure	35.38		34.15	
Interest Income	(32.07)		(6.82)	
Dividend Income	—		—	
Loss on Sale of Fixed Assets (Net)	1.26		101.84	
(Profit) on Sale of Investments (Net)	—		—	
Miscellaneous Expenditure written off	—		—	
Provision for bad debts / bad debts	7.90		0.80	
Provision for gratuity and leave encashment provided / written back	2.12		(4.62)	
		231.20		393.59
Operating Profit before Working Capital changes		449.04		290.57
Adjustments for:				
Trade and Other receivables	(104.97)		(217.20)	
Inventories	135.28		25.71	
Trade Payables	281.46		(40.70)	
		311.78		(232.20)
Cash Generated from Operations		760.82		58.37
Direct Taxes (Paid)/ Refund Received		(21.95)		(20.10)
NET CASH USED IN OPERATING ACTIVITIES.....(A)		738.87		38.27
B. CASH FLOW FROM INVESTING ACTIVITIES				
Payment for Purchase of Fixed Assets		(95.15)		(42.46)
Interest Received		32.07		6.82
Payment for Capital work in progress		(37.24)		(49.48)
Proceeds from sale of fixed assets		2.40		26.58
NET CASH USED IN INVESTING ACTIVITIES.....(B)		(97.92)		(58.54)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Increase / (decrease) in Unsecured Loans		—		—
Increase / (decrease) in Secured Loans		(56.83)		42.83
Interest Paid		(39.60)		(29.93)
NET CASH USED IN FINANCING ACTIVITIES.....(C)		(96.43)		12.90
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		544.52		(7.37)
CASH AND CASH EQUIVALENTS AS AT 01.04.2009		103.64		111.01
(OPENING BALANCE)				
CASH AND CASH EQUIVALENTS AS AT 31.03.2010		648.16		103.64
(CLOSING BALANCE)				

As per our report attached

For **B. K. KHARE & CO.**
Chartered Accountants**DEVDATTA MAINKAR**
Partner
M. No. 109795

Date : May 3, 2010



For and on behalf of the

BOARD OF DIRECTORS**G.L. MIRCHANDANI**
Director**S.G. MIRCHANDANI**
Director**V.J. MANSUKHANI**
Director

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, 2010 and also the Consolidated Profit and Loss Account and the Consolidated Cash flow statement for the year ended on that date annexed thereto. 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.
2. We conducted our audit in accordance with generally accepted standards on auditing 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 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 the subsidiary company, whose financial statements reflect total assets (net) of Rs.1981.81 lacs as at March 31, 2010, total revenues of Rs. 3516.40 lacs and net cash inflow of Rs. 544.52 lacs for the year ended on that date. These financial statements have been audited by other auditors whose report has been furnished to us; and our opinion, in so far as it relates to the amounts included in respect of the said subsidiary, is based solely on their report.
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", notified by the Companies (Accounting Standards) Rules, 2006 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, 2010;
 - (b) in the case of Consolidated Profit and Loss Account, of the consolidated profit 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

Place: Mumbai
Date: May 3, 2010

Membership No: 37924
Firm Registration No.108296W

CONSOLIDATED BALANCE SHEET AS AT

Rs. in lacs

		Schedule	31st March, 2010		31st March, 2009	
SOURCES OF FUNDS						
Shareholders Funds						
Capital	1	1419.38	24806.92 2.12	670.39	26333.04 1.92	
Capital Suspense	1A	–		2640.48		
Reserves and Surplus	2	23387.54		23022.17		
Minority Interest						
Loan Funds						
Secured	3	5726.95	13364.95 1552.63 39726.62	7545.61	20578.75 1550.68 48464.39	
Unsecured	4	7638.00		13033.14		
Deferred Tax Liability (Net)						
TOTAL						
APPLICATION OF FUNDS						
Fixed Assets	5		22240.03 1389.15		21727.76 53.26	
Gross Block		43439.82		38253.38		
Less: Depreciation		21338.67		19152.59		
Net Block		22101.15		19100.79		
Capital Work-in-Progress including Capital Advance		138.88		2626.97		
Investments	6					
Current Assets, Loans and Advances						
Inventories	7	25258.78		21552.20		
Sundry Debtors	8	9391.79		11227.77		
Cash and Bank Balances	9	3412.55	1033.85			
Loans and Advances	10	11361.91	9649.98			
		49425.03	43463.80			
Less: Current Liabilities and Provisions						
Liabilities	11	31515.14	15788.57			
Provisions	12	1812.45	991.86			
		33327.59	16780.43			
Net Current Assets			16097.44		26683.37	
TOTAL			39726.62		48464.39	
Notes forming part of the Accounts			21			

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

For and on behalf of the
BOARD OF DIRECTORS

J.M. GANDHI
Partner

MANISH DESAI
General Manager - Finance and Accounts

G.L. MIRCHANDANI
Chairman and Managing Director

Mumbai, May 3, 2010

ANOOP PILLAI
Company Secretary and Head Legal

V.J. MANSUKHANI
Managing Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

Rs. in lacs

		Schedule		31st March, 2010		31st March, 2009	
INCOME							
Gross Sales	13			159603.39		154013.88	
Less: Excise Duty				6934.12		9098.25	
Net Sales				152669.27		144915.63	
Other Income	14			433.70		517.03	
TOTAL				153102.97		145432.66	
EXPENDITURE							
Materials Consumed	16			55857.23		53868.66	
Cost of Traded Goods Sold	17			61980.85		56196.34	
Personnel Expenses	18			7908.94		7054.72	
Depreciation				2195.43		2124.89	
Financial Expenses	19			1765.15		2877.58	
Other Expenses	20			21849.93		20063.83	
				151557.53		142186.02	
(Less)/ Add:(Accretion)/ Decretion in Stocks	15			(919.24)		2326.75	
TOTAL				150638.29		144512.77	
PROFIT BEFORE TAX				2464.68		919.89	
Profit/ (Loss) Before Tax from Continuing Operations				2469.82		1083.01	
Less: Current Tax				454.41		139.95	
Profit/ (Loss) Before Tax from Discontinuing Operations				(5.14)		(163.12)	
Less: Current Tax				—		—	
Fringe Benefit Tax				8.66		121.86	
Deferred Tax				1.95		(138.72)	
PROFIT AFTER TAX				1999.66		796.80	
Less: Minority Interest				0.20		0.11	
PROFIT AFTER TAX AND MINORITY INTEREST				1999.46		796.91	
Surplus Brought Forward from Previous Year				13925.72		13961.70	
TOTAL				15925.18		14758.61	
APPROPRIATIONS							
Dividend on Shares							
Preference Dividend				51.04		67.37	
Equity Dividend				1345.65		568.00	
Tax on Dividend				237.37		107.98	
Transfer to General Reserve				183.71		89.54	
Transfer to Capital Redemption Reserve				1891.51		—	
Surplus carried to Balance Sheet				12215.90		13925.72	
TOTAL				15925.18		14758.61	
Basic & diluted earnings per share (Rs.)				1.37		0.51	
Notes forming part of the Accounts	21						

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

For and on behalf of the
BOARD OF DIRECTORS

J.M. GANDHI
Partner

MANISH DESAI
General Manager - Finance and Accounts

G.L. MIRCHANDANI
Chairman and Managing Director

Mumbai, May 3, 2010

ANOOP PILLAI
Company Secretary and Head Legal

V.J. MANSUKHANI
Managing Director

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT

Rs. in lacs

SCHEDULE 1 – SHARE CAPITAL

Authorised

16,80,20,000 Equity Shares of Re.1 each
(Previous year 16,80,20,000 Equity Shares of Re.1 each)
20,00,000 5% Cumulative Redeemable Preference Shares
of Rs.100 each (Previous year 20,00,000 Preference Shares
of Rs.100 each)
10,000 8% Cumulative Redeemable Preference Shares
of Rs.100 each (Previous year 10,000 8% Cumulative
Redeemable Preference Shares of Rs.100 each)
10,00,000 11% Non-Cumulative Redeemable Preference
Shares of Rs.100 each (Previous year 10,00,000 11%
Non-Cumulative Redeemable Preference Shares of Rs.100
each)

Issued, Subscribed and Paid Up

14,17,51,678 Equity Shares of Re.1 each fully paid up
(Previous year 6,71,03,009 Equity Shares of Re.1 each fully
paid up)

Add: 2,48,000 Forfeited Equity Shares of Re.1 each partly
paid up (Previous year Nil Forfeited Equity Shares of Re.1
each partly paid up)

Less: Calls in arrears

Notes: Of the above

- 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 Ltd. with the
Company
- 7,48,96,669 Equity Shares were allotted and 7,48,96,575
Equity Shares were cancelled as per the scheme of
Amalgamation of Guviso Holdings Pvt. Ltd. with the
Company
- 18,91,512 5% Cumulative Redeemable Preference
Shares were allotted during the year as per the scheme
of amalgamation of Guviso Holdings Pvt. Ltd. with the
Company and were redeemed.

TOTAL

31st March, 2010		31st March, 2009	
	1680.20		1680.20
	2000.00		2000.00
	10.00		10.00
	1000.00		1000.00
	4690.20		4690.20
1417.52		671.03	
1.86		—	
—		0.64	
	1419.38		670.39
	1419.38		670.39

SCHEDULE 1A – SHARE CAPITAL SUSPENSE

Nil Equity Shares of Re.1 each fully paid up
(Previous Year 7,48,96,669 Equity Shares of Re.1 each fully
paid up)

Nil 5% Cumulative Redeemable Preference Shares of
Rs.100 each (Previous year 18,91,512 5% Cumulative
Redeemable Preference Shares of Rs.100 each)

TOTAL

	—		748.97
	—		1891.51
	—		2640.48

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT

Rs. in lacs

	31st March, 2010		31st March, 2009	
SCHEDULE 2 – RESERVES AND SURPLUS				
Capital Reserve		7.07		7.07
Capital Redemption Reserve				
As per last Balance Sheet	99.23		99.23	
Add: Transfer from Profit & Loss Account	1891.51		–	
		1990.74		99.23
Capital Reserve on Amalgamation		207.55		207.55
Capital Reserve on Consolidation		340.97		340.97
Share Premium		1.39		1.39
General Reserve				
As per last Balance Sheet	8440.21		8561.10	
Less: Amalgamation adjustment	–		210.40	
Add : Transfer from Profit & Loss Account	183.71		89.54	
		8623.92		8440.24
Profit and Loss Account		12215.90		13925.72
TOTAL		23387.54		23022.17
SCHEDULE 3 – SECURED LOANS				
From Banks				
Cash Credit		2758.00		5055.27
Foreign Currency Loan		2968.95		2490.34
TOTAL		5726.95		7545.61
The above amount of Rs.5726.95 (Previous year : Rs.7533.14) is repayable within one year.				
Note: Cash Credit and Foreign Currency Loan 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.				
SCHEDULE 4 – UNSECURED LOANS				
Term Loan from Banks		7600.00		13000.00
Sales Tax Deferment Loan		38.00		33.14
TOTAL		7638.00		13033.14
The above amount of Rs.7638.00 (Previous year : Rs.5033.14) is repayable within one year.				

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT

Rs. in lacs

SCHEDULE 5 – FIXED ASSETS [Refer Note A (IV) of Schedule 21]

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK
	As at 01.04.2009	Additions / Adjustments	Deletions / Adjustments	As at 31.03.2010	Up to 01.04.2009	For the year	Deletions / Adjustments	Upto 31.03.2010	As at 31.03.2010
INTANGIBLE ASSETS									
1 R & D Software	55.27 (47.47)	– (7.80)	– –	55.27 (55.27)	35.33 (29.48)	6.29 (5.85)	– –	41.62 (35.33)	13.65 (19.94)
TANGIBLE ASSETS									
2 Leasehold land	770.78 (770.78)	– –	– –	770.78 (770.78)	99.62 (89.83)	9.79 (9.79)	– –	109.41 (99.62)	661.37 (671.16)
3 Freehold land	1755.94 (1169.12)	20.74 (586.82)	– –	1776.68 (1755.94)	– –	– –	– –	– –	1776.68 (1755.94)
4 Buildings	9476.50 (9482.72)	1007.64 (14.51)	– (20.73)	10484.14 (9476.50)	2210.51 (1924.31)	316.05 (305.97)	– (19.77)	2526.56 (2210.51)	7957.58 (7265.99)
5 Plant and Machinery and Electrical Fittings	23889.70 (23780.77)	4115.04 (590.21)	0.04 (481.28)	28004.70 (23889.70)	15262.43 (13990.86)	1752.73 (1675.76)	0.05 (404.19)	17015.11 (15262.43)	10989.59 (8627.27)
6 Furniture, Fixtures and Equipments	1141.75 (1220.03)	37.44 (44.40)	1.81 (122.68)	1177.38 (1141.75)	827.02 (831.99)	56.46 (64.38)	1.09 (69.35)	882.39 (827.02)	294.99 (314.73)
7 Motor Vehicles	262.27 (272.20)	– –	12.84 (9.93)	249.43 (262.27)	195.82 (178.44)	17.67 (25.21)	8.21 (7.83)	205.28 (195.82)	44.15 (66.45)
8 R & D - Building	157.08 (157.08)	– –	– –	157.08 (157.08)	74.76 (69.53)	5.25 (5.23)	– –	80.01 (74.76)	77.07 (82.32)
9 R & D - Plant and Machinery and Electrical Fittings	616.30 (590.23)	20.27 (26.10)	– (0.03)	636.57 (616.30)	360.01 (334.72)	26.03 (25.32)	– (0.03)	386.04 (360.01)	250.53 (256.29)
10 R & D - Furniture, Fixture and Equipments	127.79 (117.66)	– (10.22)	– (0.09)	127.79 (127.79)	87.09 (79.76)	5.16 (7.38)	– (0.05)	92.25 (87.09)	35.54 (40.70)
Total	38253.38 (37608.06)	5201.13 (1280.06)	14.69 (634.74)	43439.82 (38253.38)	19152.59 (17528.92)	2195.43 (2124.89)	9.35 (501.22)	21338.67 (19152.59)	22101.15 (19100.79)
Capital Work-in-Progress									138.88 (2626.97)
TOTAL									22240.03 (21727.76)

Note: 1. Capital Work-In-Progress includes pre-operative expenses of Rs.Nil (previous year Rs.75.01) and interest Rs.Nil (previous year Rs.303.08)
2. Figures in brackets are in respect of previous year.

		31st March, 2010		31st March, 2009	
SCHEDULE 6 – INVESTMENTS					
	Face Value in Rupees	Nos.		Nos.	
Non-Trade Investments (In Equity Shares)					
Kongarar Textiles Limited	10.00	2600	1.17	2600	1.17
Menon Pistons Limited (Quoted)	10.00	118745	83.12	118745	83.12
Onida Finance Limited	10.00	468400	139.60	468400	139.60
Mutual Funds					
LIC Mutual Fund Floating Rate Fund		50433614	504.34		–
UTI Short Term Income Fund		4209593	500.75		–
Birla Sun Life Savings Fund		1921	0.19		–
Birla Sun Life Floating Rate Fund		3000565	300.75		–
			1529.92		223.89
Less: Provision for diminution in the value of Investments			140.77		170.63
TOTAL			1389.15		53.26

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT

Rs. in lacs

SCHEDULE 6 – INVESTMENTS (Contd.)	31st March, 2010	31st March, 2009
Notes:		
During the year following units were purchased and sold	Units	
ICICI Flexible Income Plan	5679299	
ICICI Prudential Institutional Liquid Plan	11000539	
HDFC Floating Rate Income Fund	11913267	
HDFC Cash Management Fund	4846658	
LIC Mutual Fund - Liquid Fund	9108161	
LIC Mutual Fund - Floating Rate Fund	31051740	
LIC Mutual Fund - Savings Plus Fund	10028619	
Reliance Liquidity Fund - Daily Dividend	4998918	
Reliance Money Manager Fund	50050	
Reliance Liquid Fund - Treasury Plan	3925172	
Reliance Medium Term Fund	3514906	
Kotak Liquid Institutional Premium	23717971	
Kotak Flexi Debt Scheme Institutional	28907283	
UTI Liquid Cash Plan Institutional - Daily Income Option	45060	
Birla Sun Life Cash Plus	10184054	
Birla Sun Life Savings Fund	13008389	

SCHEDULE 7 – INVENTORIES			
Raw Materials including Packing Materials and Service Spares		6940.97	6862.90
Stores and Spares		283.18	254.05
Semi Finished Goods		2310.54	1836.43
Finished Goods: Manufactured		4444.60	3999.47
Traded		4994.89	8056.69
Goods in transit		6284.60	542.66
TOTAL		25258.78	21552.20

SCHEDULE 8 – SUNDRY DEBTORS			
Debts outstanding for a period exceeding six months			
Considered Good		134.42	241.92
Considered Doubtful		833.33	777.40
Other Debts - considered good		9257.37	10985.85
		10225.12	12005.17
Less: Provision for Doubtful Debts		833.33	777.40
TOTAL		9391.79	11227.77

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT

Rs. in lacs

	31st March, 2010		31st March, 2009	
SCHEDULE 9 – CASH AND BANK BALANCES				
Cash on hand		7.64		23.13
Cheques on hand		41.15		–
Bank Remittances in Transit		2048.15		715.87
Balances with Scheduled Banks:				
Current Accounts		590.07		180.49
Fixed Deposit Accounts		617.55		102.00
Balances with Non-scheduled Banks				
HSBC Bank Middle East - AED Current Account		13.88		1.87
(Maximum amount outstanding during the year Rs.29.42)				
HSBC Bank Middle East - USD Call Deposit Account		94.11		10.49
(Maximum amount outstanding during the year Rs.143.97)				
TOTAL		3412.55		1033.85
SCHEDULE 10 – LOANS AND ADVANCES				
(Refer Note 4 (a) of Schedule 21)				
(Unsecured - considered good unless otherwise stated)				
Loans		1380.69		1475.95
Advances recoverable in cash or kind or for value to be received		9712.85		7879.61
Advance Income-tax		45.89		68.61
Balance with Excise and Custom Authorities		222.48		225.81
TOTAL		11361.91		9649.98
SCHEDULE 11 – CURRENT LIABILITIES				
Acceptances		10113.14		5086.66
Sundry Creditors (Refer Note 4 (b) of Schedule 21)		13392.48		5057.44
Advances from Customers		576.19		431.92
Unclaimed Dividend Accounts (Refer Note 4 (c) of Schedule 21)		118.12		117.47
Other Liabilities - Expenses		4785.36		3444.94
Other Liabilities - Others		2199.49		1292.45
Interest accrued but not due		53.69		78.42
Deposits from Dealers		276.67		279.27
TOTAL		31515.14		15788.57
SCHEDULE 12 – PROVISIONS				
Proposed Dividend		1346.64		635.37
Tax on Proposed Dividend		228.86		107.98
Provision for Retirement Benefits		232.25		248.51
Provision for tax		4.70		–
TOTAL		1812.45		991.86

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT

Rs. in lacs

	31st March, 2010		31st March, 2009	
SCHEDULE 13 – SALES				
Sales		159557.34		153950.72
Export Benefits		46.05		63.16
TOTAL		159603.39		154013.88
SCHEDULE 14 – OTHER INCOME				
Dividend Income		25.32		5.02
Interest Income - Gross (Tax deducted at source Rs.1.89, (previous year Rs.4.91))		198.83		84.53
Profit on Sale of Assets		0.50		0.57
Interest on Income Tax Refund		1.84		113.40
Sales Tax Refund		5.39		98.09
Write back of Provision against Investments		29.86		–
Miscellaneous Income		171.96		215.42
TOTAL		433.70		517.03
SCHEDULE 15 – (ACCRETION)/ DECRETION IN STOCKS - MFG				
Opening Stock - Semi-finished Goods	1836.43	5835.90	1662.39	8162.65
Finished Goods	3999.47		6500.26	
Less: Closing Stock - Semi-finished Goods	2310.54	6755.14	1836.43	5835.90
Finished Goods	4444.60		3999.47	
TOTAL		(919.24)		2326.75
SCHEDULE 16 – MATERIALS CONSUMED				
Opening Stock		6862.90		9526.16
Add: Purchases		55935.30		51205.40
		62798.20		60731.56
Less: Closing Stock		6940.97		6862.90
TOTAL		55857.23		53868.66
SCHEDULE 17 – COST OF TRADED GOODS SOLD				
Opening Stock		8056.69		9023.99
Add: Purchases		58919.05		55229.04
		66975.74		64253.03
Less: Closing Stock		4994.89		8056.69
TOTAL		61980.85		56196.34
SCHEDULE 18 – PERSONNEL EXPENSES				
Salaries, Wages and Bonus		6430.64		5738.98
Contribution to Provident Fund and Other Funds		382.58		325.93
Staff Welfare Expenses		1095.72		989.81
TOTAL		7908.94		7054.72

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT

Rs. in lacs

SCHEDULE 19 – FINANCIAL EXPENSES	31st March, 2010		31st March, 2009	
Interest - Fixed Loans		1319.19		1344.34
- Others		169.19		1157.74
Bank Charges		276.77		375.50
TOTAL		1765.15		2877.58

SCHEDULE 20 – OTHER EXPENSES				
Power and Fuel		942.33		789.68
Rent		824.95		878.99
Rates and Taxes		335.33		299.44
Repairs to:				
– Plant and Machinery		275.55		243.34
– Building		35.99		22.25
– Others		494.22		464.75
Insurance Charges		107.34		112.40
Freight and Forwarding Expenses		5180.28		5374.57
Advertisement		7435.41		5185.76
Sales Commission		175.45		102.80
Service Charges		1644.36		1433.47
Travelling and Conveyance		992.74		1068.57
Loss on Sale of Assets		1.81		105.38
Bad debts written off	231.79			
Less: Provision for Doubtful Debts written back	223.89	7.90		0.28
Provision for Doubtful Debts		279.82		94.43
Provision for Diminution in value of investments		–		23.93
Research and Development Expenditure		965.19		1056.04
Miscellaneous Expenses		2151.26		2807.75
TOTAL		21849.93		20063.83

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULE 21

Rs. in lacs

A. Significant Accounting Policies

I. Principles of consolidation:

The Consolidated financial statements relates to MIRC Electronics Limited ("the Company") and its subsidiary company, Akasaka Electronics Ltd. The Consolidated Financial statements have been prepared on the following basis:

- a) The subsidiary is 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 in 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, 2010.
- c) The excess of the Company's portion of equity and reserve of the subsidiary as at the date of its' investment is treated as Capital Reserve.
- d) Minority interest in the net assets of consolidated financial statement consists of:
 - (i) The amount of equity attributable to minorities at the date on which Investment in subsidiary is made; and
 - (ii) the minorities' share of movements in equity since the date the parent subsidiary relationship came into existence.
- e) The subsidiary company considered in consolidated statement is:

Name of the Company	Percentage of Holding as on 31st March, 2010
Akasaka Electronics Ltd.	99.89

II. Basis of Accounting

The financial statements have been prepared on an accrual basis under the historical cost convention and in accordance with the generally accepted accounting principles in India and materially comply with the mandatory Accounting Standards notified by the Central Government of India under the Companies (Accounting Standards) Rules, 2006 and with the relevant provisions of the Companies Act, 1956.

III. Revenue Recognition

- i) Income from sale of goods is recognised upon transfer of significant risk & 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 / Customs duty are accounted for when no significant uncertainties are attached to their eventual receipt.
- v) The Company is entitled to refund of Special Additional Duty (SAD) paid on imported traded goods on sale of such goods within the prescribed time. Accordingly the refund is accrued on sale of such goods. Till such time it is treated as part of inventory cost

IV. 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 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 upto 31st March, 2007 attributable to the fixed assets acquired from a country outside India are capitalised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Rs. in lacs

- ii) Machinery/ Insurance spares which are specific and identifiable to the assets are capitalised.
- iii) Pre-operative 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 depericiated over an estimated useful life of 5 years.

V. 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.

VI. 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 & 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.

VII. 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.

VIII. 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 and condition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

IX. Sales Promotion

Rs. in lacs

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

X. 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 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 month.

XI. 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.

XII. 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.

B Notes to Accounts

1. Contingent Liabilities

	31st March, 2010		31st March, 2009	
i) Guarantees given to Bank against which Rs.Nil (previous year Rs.Nil) has been deposited as margin money		213.98		340.34
ii) Guarantees given to bank on behalf of subsidiary company		1670.00		1870.00
iii) Income tax demands in respect of which appeals have been filed		505.92		1142.73
iv) Excise and Customs Duty in respect of which appeals have been filed		821.02		794.45
v) Claims made against the Company not acknowledged as debts		5541.81		2965.20
2. Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances)		323.26		1093.95

3. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Rs. in lacs

b) Principal actuarial assumptions:

Particulars	Gratuity		Leave Encashment	
Discount rate Previous year (7.50% in case of Subsidiary)		7.75%		7.75%
Discount rate Current year (8.25% in case of Subsidiary)		8.00%		8.00%
Rate of Return on Plan Assets Previous year (8% in case of Subsidiary)		7.75%		7.75%
Rate of Return on Plan Assets Current year		8.00%		8.00%
Salary Escalation Previous Year (5% in case of Subsidiary)		4.00%		4.00%
Salary Escalation Current year		5.00%		5.00%

c) Reconciliation of Benefit Obligation:

Particulars	Gratuity		Leave Encashment	
Liability at the beginning of the year		650.61		194.73
Interest cost		61.27		15.09
Current Service Cost		65.36		18.72
Benefit Paid		(31.04)		(47.82)
Actuarial (Gain)/ Loss on Obligations		13.60		20.03
Liability at the end of the year		759.80		200.75
Fair Value of Plan Assets at the end of the year		747.33		—
Liability at the end of the year recognised and disclosed under the head "Provisions for Employee Benefits"		12.47		200.75

d) Reconciliation of Fair value of Plan Assets:

Particulars	Gratuity	
Fair Value of Plan Assets at the beginning of the year		612.19
Expected Return on Plan Assets		56.56
Contributions		110.70
Benefit Paid		(31.04)
Actuarial (Gain)/ Loss on Obligations		(1.08)
Fair Value of Plan Assets at the end of the year		747.33
Total Actuarial Gain/ (Loss) recognized		(14.68)

e) Return on Plan Assets:

Particulars	Gratuity	
Expected Return on Plan Assets		56.56
Actuarial Gain/ (Loss) on Plan Assets		(1.08)
Actual Return on Plan Assets		55.48

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

Particulars	Gratuity		Leave Encashment	
Current Service Cost		65.36		18.72
Interest Cost		61.27		15.09
Expected Return on Plan Assets		(56.56)		—
Net Actuarial (Gain) / Loss recognized		14.68		20.03
Expenses recognised in Profit and Loss Account		84.75		53.84

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Rs. in lacs

- b) There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2010. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006, has been determined to the extent such parties have been identified on the basis of information available with the Company
- c) There is no amount due and outstanding, as at 31st March, 2010 to be credited to Investor Education and Protection Fund.

5. Miscellaneous Expenses charged to Profit and Loss Account includes

Particular	2009-10		2008-09	
Remuneration to Auditors:				
Audit fees		18.85		18.85
Other Services (Certification, Tax Audit etc.)		8.39		7.57
Out of pocket expenses		0.57		0.79
Total		27.81		27.21

6. Payments to Directors

Particular	2009-10		2008-09	
Remuneration to Directors				
i) Salaries		192.00		190.32
ii) Commission to Chairman and Managing Director & Managing Director		—		28.33
iii) Professional fees to Additional Director		4.01		—
iv) Commission to Non-Executive Directors		6.00		8.00
v) Contribution to Provident Fund and other funds		32.62		30.46
vi) Other Perquisites		45.60		23.40
Total		280.23		280.51

The Subsidiary Company has appointed Mr. Sunil Kishanchandani as additional professional director with effect from 1st February, 2010. Professional fees of Rs.4.01 lacs (including service tax) paid to him are subject to approval from the Central Government.

7. Provision for Taxation comprises of current tax Rs.463.07 and deferred tax Rs.1.95. The current tax includes wealth tax of Rs. 1.02 and Fringe Benefit tax of earlier year short paid of Rs.8.66.

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

Nature of expenses / Income	2009-10		2008.09	
Deferred Tax Liabilities				
Related to Fixed Assets		2259.36		2167.92
Related to Others		343.77		264.72
Total (A)		2603.13		2432.64
Less: Deferred Tax Assets				
Disallowed expenses as per Income Tax Act-1961		319.56		329.07
Unabsorbed losses / Depreciation of erstwhile Imercius Technologies (India) Limited				8.18
Provision for doubtful Debts		487.53		403.72
Related to Leave Encashment		243.41		140.99
Total (B)		1050.50		881.96
Net Liability (A) - (B)		1552.63		1550.68

In accordance with the Accounting Standard 22 on "Accounting for Taxes", deferred tax assets and deferred tax liabilities should be recognised for all timing differences. However in case of Akasaka Electronics Limited, the subsidiary of the Company, considering the present financial position and the requirement of AS 22 regarding certainty / virtual certainty,

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Rs. in lacs

the amount of Rs. 258.30 lacs is not provided for as an asset (net). The same will be reassessed at a subsequent balance sheet and will be accounted for in the year in which conditions of certainty / virtual certainty will be met.

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

Sr. No.	Hedged Items	Currency	Amount in foreign currency (in lacs)	Forward Exchange Rate per unit of foreign currency	Amount in Indian Rupees
a)	Secured Loans	USD	60.00	49.4825	2968.95

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

Sr. No.	Particulars	Currency	Amount in foreign currency (in lacs)	Amount in Indian Rupees
a)	Amount payable in foreign currency on account of import of goods and its equivalent Indian Rupees	USD	12.15	557.06
b)	Amount receivable in foreign currency on export of goods and its equivalent Indian Rupees	JPY USD	598.11 0.84	287.69 37.91

9. Disclosure pursuant to Accounting Standard 24 - 'Discontinuing Operations' The Board of Directors of the Subsidiary Company in their meeting held on 29th January, 2007 has decided to discontinue operations of Business Process Management and 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.23.15 (previous year Rs.18.75) and liabilities are Rs.21.70 (previous year Rs.20.21) as on 31st March, 2010.
- ii) The amount of revenue, expense, pre-tax profit/ (loss) of Services Division are as under:

Particular	31st March, 2010		31st March, 2009	
Income		0.32		0.21
Expense		5.46		(163.33)
Pre tax Profit/ (Loss)		(5.14)		(163.12)
Income Tax Expenses		—		—
Profit/ (Loss) after tax		(5.14)		(163.12)

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

Particulars	31st March, 2010		31st March, 2009	
Operating Activity		0.32		(7.58)
Investing Activity		—		27.71
Financing Activity		(5.46)		(0.85)
Net Increase/ (Decrease) in cash and cash equivalents		(5.14)		19.28

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Rs. in lacs

10. 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.

Names of related parties and description of relationship :

1. Holding Company	Guviso Holdings Pvt. Ltd. (amalgamated w.e.f. 15th July, 2008)
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 (HUF) V.J. Mansukhani (HUF)
4. Enterprise over which any person described in 2 and 3 is able to exercise significant influence	Iwai Electronics Pvt. Ltd. Adino Telecom Ltd. Gulita Wealth Advisors Pvt. Ltd. (erstwhile Bombay Container Terminals Pvt. Ltd.)

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)
Transactions during 01.04.09 to 31.03.10				
Purchase of goods, services, spares and fixed assets				
Iwai Electronics Pvt. Ltd.	—	—	—	1298.53
	—	—	—	(1010.61)
Adino Telecom Ltd.	—	—	—	0.86
	—	—	—	(2.22)
Sale of goods, fixed assets, spares and services				
Iwai Electronics Pvt. Ltd.	—	—	—	7.63
	—	—	—	(11.41)
Adino Telecom Ltd.	—	—	—	2.66
	—	—	—	—
Inter Corporate Deposits/ Loans given				
Ayesha Mansukhani	—	—	—	—
	—	—	(393.00)	—
Gita Mirchandani	—	—	—	—
	—	—	(776.00)	—
Adino Telecom Ltd.	—	—	—	—
	—	—	—	(125.00)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Rs. in lacs

Inter Corporate Deposits taken Guviso Holdings Pvt. Ltd.	— (949.00)	—	—	—
Inter Corporate Deposits taken repaid Guviso Holdings Pvt. Ltd.	— (700.50)	—	—	—
Interest paid/ payable Inter Corporate Deposits/ loans Guviso Holdings Pvt. Ltd.	— (6.07)	—	—	—
Refund of advance Iwai Electronics Pvt. Ltd.	— —	—	—	— (50.00)
Interest due & received on Inter Corporate Deposits/ loans/ advances Iwai Electronics Pvt. Ltd.	—	—	—	—
Adino Telecom Ltd.	—	—	—	(2.92)
Ayesha Mansukhani	—	—	—	18.75
Gita Mirchandani	—	—	—	(13.30)
Rent paid G.L. Mirchandani	—	4.75 (6.59)	—	—
Gita Mirchandani	—	—	20.72 (30.67)	—
Marissa Mansukhani	—	—	4.09 (4.09)	—
Akshay Mansukhani	—	—	0.89 (0.75)	—
Ayesha Mansukhani	—	—	0.89 (0.75)	—
G.L. Mirchandani (HUF)	—	—	10.38 (16.06)	—
V.J. Mansukhani (HUF)	—	—	2.59 (2.21)	—
Gulita Wealth Advisors Pvt. Ltd.	—	—	—	30.00 (20.00)
Rent received Adino Telecom Ltd.	—	—	—	8.16 (0.54)
Payment of Rent deposit G.L. Mirchandani	—	— (111.70)	—	—
Gita Mirchandani	—	—	— (585.07)	—
Akshay Mansukhani	—	—	— (0.40)	—
Ayesha Mansukhani	—	—	— (0.40)	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Rs. in lacs

G.L. Mirchandani (HUF)	—	—	—	—
	—	—	(323.45)	—
V.J. Mansukhani (HUF)	—	—	—	—
	—	—	(1.17)	—
Gulita Wealth Advisors Pvt. Ltd.	—	—	—	—
	—	—	—	(1000.00)
Remuneration	—	—	—	—
Managerial Remuneration	—	270.22	—	—
	—	(272.51)	—	—
Kaval Mirchandani	—	—	24.00	—
	—	—	(24.00)	—

b) Individual transactions with related parties, which are not in the normal course of business.

Particulars	Holding Company	Key Management Personnel	Relatives of Key Management personnel	Enterprise over which any person described in (3) and (4) is able to exercise significant influence
	(1)	(2)	(3)	(4)
Transactions during 1.4.09 to 31.03.10	Nil	Nil	Nil	Nil

c) Individual transactions with related parties, which are not on arms length basis and the justification for such transactions by the management.

Particulars	Holding Company	Key Management Personnel	Relatives of Key Management Personnel	Enterprise over which any person described in (3) and (4) is able to exercise significant influence
	(1)	(2)	(3)	(4)
Transactions during 1.4.09 to 31.03.10	Nil	Nil	Nil	Nil

Closing Balance as at 31st Mar 2010

Receivable				
G.L. Mirchandani				
Rent Deposit	—	119.82	—	—
	—	(119.82)	—	—
Gita Mirchandani				
Rent Deposit	—	—	624.42	—
	—	—	(624.42)	—
Interest on inter corporate deposit/ Loan	—	—	7.76	—
	—	—	(44.05)	—
Inter corporate deposit/ Loan	—	—	776.00	—
	—	—	(776.00)	—
	—	—	1408.18	—
	—	—	(1444.47)	—
Marissa Mansukhani				
Rent Deposit	—	—	4.09	—
	—	—	(4.09)	—
Akshay Mansukhani				
Rent Deposit	—	—	0.89	—
	—	—	(0.89)	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Rs. in lacs

Ayesha Mansukhani Rent Deposit	—	—	0.89 (0.89)	—
Interest on inter corporate deposit/ Loan	—	—	3.93 (22.31)	—
Inter corporate deposit/ Loan	—	—	393.00 (393.00)	—
	—	—	397.82 (416.20)	—
G.L. Mirchandani (HUF) Rent Deposit	—	—	345.60 (345.60)	—
V.J. Mansukhani (HUF) Rent Deposit	—	—	2.60 (2.60)	—
Gulita Wealth Advisors Pvt. Ltd. Rent Deposit	—	—	—	1000.00 (1000.00)
Adino Telecom Limited Creditors	—	—	—	9.48 (0.16)
Intrest on inter corporate deposit	—	—	—	— (10.28)
Inter corporate deposit	—	—	—	125.00 (125.00)
	—	—	—	134.48 (135.44)
Payable				
Iwai Electronics Pvt. Ltd. Creditors	—	—	—	— (182.90)
	—	—	—	— (182.90)

Note: Figures in brackets are in respect of previous year

- The Consolidated Group is mainly engaged in Consumer Durables business and components. As per Accounting Standard on Segment Accounting (AS-17), there is no separate reportable segment and hence disclosure as per AS-17 is not required to be furnished.
- 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 '21' forming part of the Balance Sheet and Profit & Loss Account.

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

J.M. GANDHI
Partner

MANISH DESAI
General Manager - Finance and Accounts

For and on behalf of the
BOARD OF DIRECTORS

G.L. MIRCHANDANI
Chairman and Managing Director

Mumbai, May 3, 2010

ANOOP PILLAI
Company Secretary and Head Legal

V.J. MANSUKHANI
Managing Director

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED

Rs. in lacs

	31st March, 2010		31st March, 2009	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax & Extraordinary Item		2464.68		919.89
Adjustments for:				
Depreciation	2195.43		2124.89	
Unrealised Foreign Exchange Fluctuations	(242.80)		541.52	
(Increase)/ Diminution in value of Investments	(29.86)		23.92	
Interest Expense	1765.15		2883.03	
Interest Income	(198.83)		(89.99)	
Dividend Income	(25.32)		(5.02)	
(Profit)/ Loss on Sale of Fixed Assets (Net)	1.31		104.81	
		3465.08		5583.16
Operating Profit before Working Capital changes		5929.76		6503.05
Adjustments for:				
Trade and Other receivables	494.17		(408.30)	
Inventories	(3706.59)		8232.47	
Trade Payables	15602.83		(9286.29)	
		12390.41		(1462.12)
Cash Generated from Operations		18320.17		5040.93
Direct Taxes (Paid)/ Refund Received		(449.93)		(151.37)
NET CASH USED IN OPERATING ACTIVITIES.....(A)		17870.24		4889.56
B. CASH FLOW FROM INVESTING ACTIVITIES				
Payment for Purchase of Fixed Assets		(5201.13)		(1280.06)
Purchase of Investments		(1306.03)		(101.85)
Proceeds from Sale of Fixed Assets		4.03		28.39
Movement of Capital Advances		2488.09		(2410.23)
Interest Received		198.83		89.99
Dividend Received		25.32		5.02
NET CASH USED IN INVESTING ACTIVITIES.....(B)		(3790.89)		(3668.74)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED

Rs. in lacs

	31st March, 2010		31st March, 2009	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Issue of Equity Shares		0.02		—
Issue / Redemption of Preference Shares		(1891.51)		1891.51
Amalgamation adjustment		—		(210.40)
Movement in Term Loans		(8000.00)		2392.00
Movement in Short Term Loans		786.20		(1783.68)
Interest Paid		(1794.10)		(2898.71)
Dividends paid		(801.26)		(1634.76)
NET CASH USED IN FINANCING ACTIVITIES.....(C)		(11700.65)		(2244.04)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		2378.70		(1023.22)
CASH AND CASH EQUIVALENTS AS AT 01.04.2009 (OPENING BALANCE)		1033.85		2057.07
CASH AND CASH EQUIVALENTS AS AT 31.03.2010 (CLOSING BALANCE)		3412.55		1033.85

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

J.M. GANDHI
Partner

MANISH DESAI
General Manager - Finance and Accounts

For and on behalf of the
BOARD OF DIRECTORS

G.L. MIRCHANDANI
Chairman and Managing Director

Mumbai, May 3, 2010

ANOOP PILLAI
Company Secretary and Head Legal

V.J. MANSUKHANI
Managing Director



Look closely and you'll see your desires, not just products.



DESIGNED WITH YOU IN MIND

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