

# MIRC ELECTRONICS LIMITED

## NOTICE

NOTICE is hereby given that the 31<sup>st</sup> Annual General Meeting of the Members of the **Mirc Electronics Limited** will be held on Thursday, July 26, 2012 at 3.00 p.m. at Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet and Profit & Loss Account for the financial year ended March 31, 2012 and the reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Manoj Maheshwari, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s N.M. Rajji & Co., Chartered Accountants as Auditors and to fix their remuneration.

### SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as **Special Resolution**:

**“Resolved That** pursuant to the provisions of Sections 269, 198, 309, 310 and 311 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 including any statutory modification or re-enactment thereof, subject to the approval of the Central Government and pursuant to the approval of remuneration Committee and the Board of Directors at their meetings held on January 25, 2012, the approval of Members of the Company be and is hereby accorded to the re-appointment of Mr. Vijay J. Mansukhani as Managing Director of the Company for a period of 3 years effective from April 01, 2012 to March 31, 2015 on such terms and conditions including remuneration as set out in the explanatory statement of item no. 4 annexed to the notice convening this meeting.

**Further Resolved** That the Board of Directors of the Company be and is hereby authorised to take such steps and to do all such acts, deeds, things as may be necessary, proper or expedient to give effect to this resolution within the limits stated in the above referred explanatory statement.”

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as **Special Resolution**:

**“Resolved that** pursuant to the provisions of 198, 309 and 310 read with Schedule XIII and other applicable provisions, if any of the Companies Act, 1956 including any statutory modification or re-enactment thereof and subject to the approval of Central Government, the consent of Members of the Company, be and is hereby accorded for payment of remuneration to Mr. Vijay J. Mansukhani, Managing Director as per the terms of his appointment approved by the Remuneration Committee and the Board of Directors of the Company in their meetings held on January 25, 2012, and set out in explanatory statement under item no. 4 annexed to the notice convening this meeting, as minimum remuneration in the event of absence or inadequacy of profits during the currency of his tenure from April 01, 2012 to March 31, 2015.

**Further Resolved That** pending the receipt of approval from Central Government Mr. Vijay J. Mansukhani, Managing Director shall draw minimum remuneration for the financial year 2012-13.

**Further Resolved That** the Board of Directors of the Company be and is hereby authorised to take such steps and do all such acts, deeds, things as may be necessary, proper or expedient to give effect to this resolution within the aforesaid limits.”

By order of the Board

Sd/-

Anoop Pillai  
Company Secretary &  
Head - Corporate Affairs

Place : Mumbai

Date : May 29, 2012

### Registered office:

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

### Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING WILL ALSO BE ENTITLED TO APPOINT A PROXY INSTEAD OF HIMSELF TO ATTEND AND VOTE AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE VALID MUST BE RECEIVED BY THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The register of members and share transfer books of the Company will remain closed from Monday, July 16, 2012 to Thursday, July 26, 2012 (both days inclusive).
3. Members are hereby informed that in terms of the provisions of section 205A of the Companies Act, 1956, dividend not encashed or claimed within seven years from the date of its transfer to the unpaid dividend account, will be transferred to Investor Education and Protection Fund established by the Government. In terms of the provisions of section 205C of the Companies Act, 1956, no claim shall lie against the Company or the said fund after the said transfer.
4. All members who have either not received or have not encashed their dividend warrants for the financial years 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10 and 2010-11 are requested to approach the Company or its Registrar & Transfers Agent viz. Link Intime India Private Limited located at C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai - 400 078, immediately for collecting their unpaid dividends, if any.  
**During the financial year 2012-13, the Company is required to transfer the unpaid/ unclaimed dividend for the financial year 2004-05 to Investor Education and Protection Fund (IEPF). The due date for transferring the unpaid Final dividend for the financial year 2004-05 is March 2, 2013.**
5. Members holding the shares in physical form can avail of the nomination facility in terms of section 109A of the Companies Act, 1956, by furnishing Form 2B (in duplicate) to the Company or its R&T Agent. The said form will be made available on request. In case of shares held in demat form, a nomination form will have to be lodged by members with their Depository Participants.
6. Members holding shares in physical form are requested to inform any change in their addresses immediately and direct all the correspondence relating to shares to the Company or R&T Agent. Members holding shares in demat form are requested to address all their correspondence to their respective Depository Participants. Members are also requested to quote their Folio number/ DP & Client ID in all their communications.
7. Details under clause 49 of the Listing Agreement with the Stock Exchanges in respect of a Director seeking re-appointment at the Annual General Meeting is separately annexed hereto.

8. Members desirous of obtaining any information concerning accounts and operations of the Company are requested to address their questions in writing to the Company Secretary & Head-Corporate Affairs at least 7 days before the date of meeting so that the information required may be made available at the meeting.
9. ***In view of the 'Green Initiative in Corporate Governance' introduced by the Ministry of Corporate Affairs vide its circular no. 17/2011 dated 21.04.2011, all members who are holding shares of the Company in physical mode, are requested to register their e-mail IDs, so as to enable the company to send all notices/ reports/documents/ intimations and other correspondences etc. through e-mails., in the electronic mode instead of receiving physical copies of the same. For registering your e-mail IDs, a form is provided for updation towards the end of this notice. Members holding shares in demat mode, who have not registered their e-mail IDs with DPs, are requested to register/ update their e-mail IDs with their DPs.***
10. The explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of item nos. 4&5 is attached hereto.

**Explanatory Statement under section 173(2) of the Companies Act, 1956**

**Item nos. 4 & 5 :**

Pursuant to recommendation of remuneration committee in their meeting held on January 25, 2012, the Board of Directors at their meeting held on January 25, 2012, had approved the re-appointment of Mr. Vijay J. Mansukhani, as Managing Director of the Company for a period of 3 years with effect from April 01, 2012, subject to the approval of Central Government and Members of the Company. The material terms and conditions as approved by the Board of Directors and contained in the agreement entered into between Mr. Vijay J. Mansukhani and the Company for reappointment are as follows:

- I] The Managing Director shall continue to be subject to the supervision and control of the Board of Directors, and carry out such duties as may be entrusted to him by the Board of Directors and shall exercise such powers as are delegated to him by the Board of Directors from time to time.

**II] Period of appointment:-**

The tenure of appointment shall be from 1<sup>st</sup> April, 2012 to 31<sup>st</sup> March, 2015

**III] Remuneration:-**

Subject to the ceiling limits laid down in Sections 198 and 309, remuneration by way of salary, and perquisites permissible to the Managing Director shall be as under:-

**a) Basic Salary:**

₹ 5,25,000/- per month.

**b) Commission**

In addition to Salary or Perquisites or both, Remuneration by way of Commission, calculated at the rate of 1% of the net profits of the Company in a particular financial year shall be paid to the Managing Director Mr. V.J. Mansukhani subject to the overall ceilings laid down in Section 198 and 309 and Schedule XIII to the Companies Act, 1956.

**c) Perquisites**

In addition to the above, the Managing Director shall be entitled to the following perquisites restricted to an amount equal to the annual basic salary. Unless the context otherwise requires, the perquisites are classified into three categories 'A', 'B' and 'C' as follows:

**Category 'A'**

This will comprise of House Rent Allowance, Medical reimbursement, Leave Travel Concession, Fees of Club and Personal Accident Insurance. This will be provided as under:

**(1) Housing**

- i) The expenditure incurred by the company on hiring furnished accommodation will be subject to a ceiling of 60% of basic salary.
- ii) In case Company owns the accommodation, the Company shall deduct 10% of the basic salary of the Managing Director.
- iii) In case no accommodation is provided by the Company, the Managing Director shall be entitled to a House Rent Allowance subject to ceiling of 60% of his basic salary.

**(2) Leave Travel Allowance:**

For self and family, once in each year, in accordance with the Rules of the Company.

**(3) Medical Reimbursement:**

Medical expenses incurred by Mr. V.J. Mansukhani and his family, subject to a ceiling of ₹180,000 p.a. (For the purpose, 'Family' means spouse and children of Mr. V.J. Mansukhani). In the event medical bills are not submitted, Mr. V.J. Mansukhani will be entitled to medical allowance upto a ceiling of ₹180,000 p.a.

**(4) Club fees**

Subscription fees for 2 clubs. This will not include admission and life membership fees.

**(5) Personal Accident**

Insurance Premium shall not exceed Rs. 12,000/- per annum

**Explanation:**

The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per Income Tax Rules, 1962, which shall, however, be subject to a ceiling of 10% of the Salary of the Managing Director.

**Category 'B'**

**1) Provident Fund/ Superannuation / Annuity Fund:**

Contribution to Provident Fund/ Superannuation / Annuity Fund shall be in accordance with the approved scheme/ fund of the Company as in force from time to time and not included in computation of ceiling on perquisites to the extent that these either singly or put together are not taxable, under the Income Tax Act.

**2) Gratuity**

Gratuity payable shall not exceed half a month's Salary for each completed year of service.

**3) Encashment of Leave not availed of:**

As per the rules of the Company, it shall not be included in the computation of ceiling on Perquisites.

**Category 'C'**

Fully maintained Car for use on Company's business, free telephone at residence, facsimile and other communication facilities at the Managing Director's residence. Personal long distance calls on telephone and use of car for private purpose shall be reimbursed to the Company.

**(d) Annual Increments:**

The Managing Director will be entitled to an annual increment not exceeding Rs. 15,75,000 every year, commencing w.e.f. 1st April, 2013 onwards, as may be recommended by the Remuneration Committee of Directors and duly approved by the Board of Directors. However, after considering the above increment the total remuneration payable to the Managing Director in any financial year shall not exceed 5% of the Net Profits of the Company as computed under Section 349 & 350 of the Companies Act, 1956.

**(e) Minimum Remuneration**

Notwithstanding anything to the contrary - contained, hereinabove where in the event of inadequacy or absence of net profits in any financial year, the remuneration as permissible under Schedule XIII to the Companies Act, 1956 or such amount as may be approved by the Central Government to be paid as minimum remuneration shall be the minimum Remuneration payable to the Managing Director.

For the purpose of calculating the value of Perquisites herein above, the same shall be evaluated as per Income Tax Rules, 1962, wherever applicable. The Managing Director shall not be entitled to receive any fees for attending meetings of the Board/Committee.

The Board of Directors of the Company in its meeting held on January 25, 2012 had on recommendation made by the Remuneration Committee decided to specify that the minimum remuneration payable to Mr. Vijay Mansukhani, in the event of no profits in a financial year or inadequacy of profits in a financial year, will subject to the approval of the Members and Central Government be paid at the scales, for a period of 3 years, as mentioned above.

In view of the inadequacy of profit for the financial year 2011-12, it would be necessary to obtain the approval of Central Government to pay the remuneration to Mr. Vijay J. Mansukhani as per the terms of their appointment mentioned in agenda item no. 4 as the minimum remuneration in the year(s), during the currency of his tenure, in case profits are inadequate during the financial year 2012-13 and till the end of his tenure. However pending the receipt of approval from Central Government Mr. Vijay J. Mansukhani, Managing Director shall draw minimum remuneration for the financial year 2012-13.

In order to confirm the appointment of Mr. Vijay Mansukhani and to pay the minimum remuneration in compliance with the requirements of Sections 198, 269 and 309 of the Companies Act, 1956, the approval of the Members by way of Special Resolution is required.

The Board recommends the above resolutions to be passed as **Special Resolution**.

A Copy of the agreement executed between the Company and Mr. Vijay J. Mansukhani is available for inspection by the members of the Company at its registered office- G-1, Onida House, MIDC, Mahakali Caves Road, Andheri (E), Mumbai 400 093 between 4.00 p.m. to 6.00 p.m. on any working day of the Company upto the date of ensuing Annual General Meeting.

The above may be treated as an abstract of the terms and conditions of the appointment of the Managing Director as required under Section 302 of the Companies Act, 1956.

Apart from Mr. Vijay Mansukhani and Mr. Gulu Mirchandani (being relative of Mr. Vijay Mansukhani, none of the Directors of the Company, are interested in the above Resolutions.

**Statement of disclosure pursuant to Schedule XIII to the Companies Act, 1956 in relation to item nos. 4 & 5 of the notice:****I. General Information**

- Nature of Industry  
The company is engaged in the business of manufacture and marketing of electronics goods primarily under the brand named 'Onida' and 'IGO'. The Company has three manufacturing plants viz, at Wada (Mumbai) Roorkee-I (Uttaranchal) and Roorkee-II (Uttaranchal).
- Date of commence of commercial production  
The commercial production started at Wada plant in January 1981, and at Roorkee plants in December 2006 and October, 2009 respectively.
- Financial performance of the Company (₹ In Crores)

| Particulars                | 2009-10 | 2010-11 | 2011-12 |
|----------------------------|---------|---------|---------|
| Total Turnover             | 1568.35 | 2001.27 | 1735.15 |
| Profit(Loss) before tax    | 22.65   | 35.21   | (41.61) |
| Net Profit(Loss) after tax | 18.37   | 27.29   | (38.94) |
| Dividends                  | 13.97   | 14.18   | -       |

- Export performance and net foreign exchange collaborations:  
Export performance and total foreign exchange earning for the financial year 2011-12 is ₹ 12.07 Crores (During 2010-11 is ₹ 25.94 Crores)
- Foreign investment of collaborators : NIL  
However as on March 31, 2012 the total Foreign Shareholding is 78,16,828 shares constituting 5.37% of the paid-up share Capital which includes FII/FFI holding of 69,21,100 shares and NRI holding of 8,95,728 shares.

**II. Information about the appointees:****A. Mr. Vijay J. Mansukhani:**

- Back ground details: He is also one of the main promoters of the Company and is associated with the company since its inception. He is a graduate from the College of Marine Engineering, Mumbai.
- Past Remuneration: As stated below Amount (₹)

| Particulars              | 2009-10         | 2010-11         | 2011-12         |
|--------------------------|-----------------|-----------------|-----------------|
| Basic Salary & allowance | 10080000        | 10080000        | 10080000        |
| Perquisites              | 180000          | 180000          | 180000          |
| Commission               | 0               | 3880000         | 0               |
| PF & Superannuation      | 1701000         | 1701000         | 1701000         |
| <b>Total</b>             | <b>11961000</b> | <b>15841000</b> | <b>11961000</b> |

- Recognition and awards:  
He has over 33 years of experience in electronic industry and proven expertise in driving the organisational growth through the enhancement of existing growth areas and developing potential opportunities.
- Job profile and suitability: He is Managing Director of the Company. He is a key member in devising and implementing corporate growth strategy for Mirc Electronics Limited, He has been influential in devising and implementing the corporate growth strategy for the company.
- Remuneration proposed: As stated in agenda item nos. 4 & 5
- Comparative remuneration profile with respect to Industry, size of Company, profile of the position and person:  
The remuneration for the similar position in the Industry, having regard to the size of the Companies and profile of persons is not less than the proposed remuneration of Mr. Vijay J. Mansukhani.
- Pecuniary relationship or relationship with managerial person  
Mr. Vijay J. Mansukhani is brother in law of Mr. Gulu L. Mirchandani , Chairman and Managing Director of the Company.

### III. Other Information:

- Reasons of loss or inadequate profit:  
Financial Year 2011-12 was a year of challenges and uncertainties for most of the businesses in India and overseas including consumer durables segment. The financial crisis, sharp fluctuation in currencies and severe liquidity crisis affected most of the companies including MIRC Electronics Ltd. thus impacting the top line and bottom line of the company.
- Steps taken / proposed to be taken for improvement and expected increase in productivity and in profit in measurable terms  
The company has embarked on a series of strategic and operational measures that is expected to result in the improvement in the present position. The inherent strengths of the Company, especially its reputation, powerful brands and deep distribution network are also expected to enable the company to position itself during adversities. The Company has strategically planned to address the issue of productivity and increase profits and has put in place measures to reduce cost and improve the bottom line.

By order of the Board

Sd/-

Anoop Pillai

Company Secretary &  
Head - Corporate Affairs

Place : Mumbai  
Date : May 29, 2012

#### Details of directors seeking re-appointment in the 31<sup>st</sup> Annual General Meeting:

| Particulars                                                        | Directors Liable to retire by rotation                      |                                  |                  |
|--------------------------------------------------------------------|-------------------------------------------------------------|----------------------------------|------------------|
| Name of Director                                                   | Mr. Manoj Maheshwari                                        |                                  |                  |
| Date of Birth                                                      | 08.08.1957                                                  |                                  |                  |
| Nationality                                                        | Indian                                                      |                                  |                  |
| Date of Appointment                                                | 24.05.1993                                                  |                                  |                  |
| Qualification                                                      | Bachelor of Science and PG in Industrial Management         |                                  |                  |
| Shareholding in Co.                                                | Nil                                                         |                                  |                  |
| Area of expertise                                                  | Consumer products, pharmaceuticals and chemical industries. |                                  |                  |
| List of directorship details (Excluding Private Limited Companies) | 1.                                                          | Metro Shoes Limited              |                  |
|                                                                    | 2.                                                          | Mirc Electronics Limited         |                  |
|                                                                    | 3.                                                          | RPG Life Science Limited         |                  |
|                                                                    | 4.                                                          | Ador Welding Limited             |                  |
|                                                                    | 5.                                                          | Mahindra Ugine Steel Co. Limited |                  |
|                                                                    | 6.                                                          | Hamilton & Co. Ltd.              |                  |
| Chairman/ members of committee of Board of Directors of Companies* | 1.                                                          | Mirc Electronics Limited         | Member - AC & RC |
|                                                                    | 2.                                                          | Ador Welding Limited             | Member - AC & RC |
|                                                                    | 3.                                                          | Mahindra Ugine Steel Co. Ltd.    | Member - AC      |
|                                                                    | 4.                                                          | Hamilton & Co. Ltd.              | Member - AC      |

\*information is provided as per requirement of clause 49 of the Listing Agreement.

AC represents Audit Committee

RC represents Remuneration Committee

### MIRC ELECTRONICS LIMITED

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

#### E-MAIL IDs REGISTRATION FORM

I, ..... (name of first/individual shareholder) holding ..... (no. of shares) equity shares in **physical mode** vide folio no. .... in the Company, would like to register below mentioned e-mail ID for receiving all the communications/ documents/ notices/ correspondences from the Company in electronic mode instead of getting physical copies of the same. Kindly register the same.

E-mail ID: .....

Yours truly, .....

Name:

Address:

Dated:

# YOU SEE A LUMP OF CLAY, WE SEE ENDLESS POSSIBILITIES.

Innovations happen when you look at things differently.  
When you don't think why, but **think why not!**

ANNUAL REPORT 2011-2012





At Onida, unconventional thinking gives birth to fresh perspectives. It allows us to move forward in areas where others have stopped and given up. Unsurprisingly, not only are we always one step ahead of our competitors but we've also set many industry benchmarks along the way. We challenge norms and while everyone else is asking 'Why?', we choose to ask 'Why Not?'

**THINK  
WHY  
NOT!**



## 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- Corporate Affairs

Mr. Anoop Pillai

### Auditors

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

### Bankers

- |                           |                            |
|---------------------------|----------------------------|
| 1. State Bank of India    | 8. Yes Bank                |
| 2. ICICI Bank Limited     | 9. Axis Bank Limited       |
| 3. HDFC Bank Limited      | 10. ING Vysya Bank Limited |
| 4. IDBI Limited           | 11. Laxmi Vilas Bank       |
| 5. Canara Bank            | 12. Bank of Nova Scotia    |
| 6. Royal Bank of Scotland | 13. Corporation Bank       |
| 7. Barclays Bank PLC      | 14. Deutsche Bank          |

### Registered office

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

### Works

1. Village Kudus, Bhiwandi Wada Road, Taluka Wada, Dist.Thane – 421 312
2. Khasra No.158, Village- Raipur, Pargana - Bhagwanpur, Roorkee, Dist -Haridwar, Uttaranchal.
3. Khasra No.399 to 401 & 405 to 410, 158 KMS Milestone, Delhi-Roorkee Highway – NH 58, Village– Mundiyaki, Pargana–Manglour, Tehsil- Roorkee, District – Haridwar, Uttaranchal – 247670

### Website

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

### Registrar & Share Transfer Agent:

M/s. Link Intime India Private Limited  
C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West),  
Mumbai.400078

PS: Shareholder/Proxy holders 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 alongwith the Company's operating plans and are subject to certain future events and uncertainties that could cause actual results to defer from those that may be indicated by such statements.



## CHAIRMAN'S NOTE

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It has been a long journey for Mirc Electronics, but each year has been exciting and has brought about its own challenges. The last few years have of course been very demanding with aggressive competitors, changing consumer touch-points, and shifting demographic patterns with the youth becoming the most important segment. Not only are they having greater disposable incomes to buy durable goods, but in several occasions they are key influencers in what their parents and relatives buy. Blame it on fast-changing technology – but there's no escaping the fact that each one of us has to run harder and faster today to keep pace with the external changes.

Onida has over the years developed products that have, with their simplicity and stunning aesthetics, struck a chord with the consumer. In today's world, differentiation in technology and in design has both become imperative to stand out as a brand. Increasing décor sensibilities among Indian consumers have led them to expect pleasing aesthetics of the earlier stodgy durable goods. "White goods" they may be called, but durables like Washing Machines and Air Conditioners are no longer only white in colour.

Onida set the ball rolling a few years back by introducing a range of ACs with designs on the panels. This trend has caught on now, and people are increasingly seeking and purchasing ACs that come in colours other than white, and which have certain design elements.

So is the case with Washing Machine. While white and grey continue to remain the predominant colours used, trends indicate that consumers are actively looking for Washing Machines that look more interesting! Durables have, in a sense, moved ahead from being just machines that do a chore to becoming candy to the eyes.

Youth have emerged as a great influence in purchase of durables, especially in the high end electronics segment where technology is fast-moving. It has become imperative to reach out to the youth through the touch-points where they are found. The digital world, and social media in particular, have become favourite destinations for the young crowd, and Onida has recently its presence in these. Social media not only serve as popular hang-outs, but have increasingly become the place where people seek and gather information and form opinions.

Online selling is also gaining momentum, though it is admittedly at a nascent stage as far as durables are concerned. Early indications suggest that contrary to popular belief, the semi-urban/ rural markets may contribute more to online sales than will urban markets. The reasoning appears to be that physical reach for most brands has not reached the level where all rural markets are served, though aspirations of consumers are not insignificant. E-commerce, then, is serving to fill a gap in reaching consumers and making available to them what was otherwise not so accessible.

This year, Onida launched a range of innovative products, including the iTube Smart 3D LED TV, KY Studio Mobile phone, Andy Smartphone, MultiFlow ACs and SmartCare Washing Machines. It has been our endeavour to ensure that our products are sufficiently differentiated and better than what is already available in the market. Each of the products mentioned above are clearly products that stand out from the herd.

Before I conclude, I would like to leave you with the Vision of the company, viz.,

"Our aim is to make Indians proud of the Made-in-India label by providing highly innovative products, which are better than competition, which simplify lives and provide an unmatched consumer experience."



## MANAGING DIRECTOR'S NOTE

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2011 was a bad year for all global markets and the effects were also felt in India. The huge bout of economic stress has unfortunately carried over into 2012. The Indian currency took a severe beating and was devalued quite substantially. I am confident this turmoil in the world will end soon and India will bounce back to recovery. India is blessed with growth drivers that will not go away in a hurry. We are sitting on a demographic dividend where half our population is under 25 and a growing middle class with rising disposable incomes. This will spur growth in 2012 and in the future.

India has a very low penetration of consumer durables like washing machines, air conditioners and televisions. We hope to capitalize on this by introducing a slew of newer models in all these categories that will cater to all segments of society. Our focus is and will continue to be to grow the rural network. We have opened outlets in many rural towns and hope to grow our service network of 1700 engineers to over 2000 engineers to cater to our consumers' after-sales and service needs. We will also provide financing to our customers to ease the burden of purchase.

Growing urbanization and infrastructure developments have elevated millions to a better quality of life. There is no reason why this experience should not spur growth for us at Onida of which I am extremely confident. Our biggest strength is our Research and Development department which is catering to both the electronics and the mechanical design requirements. Through their efforts Onida products are often described as having the best aesthetics in the industry. In addition to this, our software and design engineers have created many innovative products with 'first in the world' features and many of our customers categorize our products as 'Neighbour's Envy, Owner's Pride'.

The unfortunate fire incident at our Washing Machine factory in Roorkee was our biggest set back in the history of our company. Eleven precious lives were lost and our sympathies and hearts go out to all their family members. We have taken serious steps to prevent any such re-occurrence. As I write this, the re-building efforts have begun and washing machines production has resumed. We hope to bounce back with newer and more advanced models which will help us double our sales this year.

Our strategic actions of focus on increasing the numerator (revenues) while decreasing the denominator (expenses) will lead to greater market share and profitability. With your support and good wishes, we are approaching the new year with a lot of confidence and hope.



# VISION

Our aim is to make Indians proud of the Made-In-India label by providing highly innovative products, which are better than the competition, which simplify lives and provide an unmatched customer experience.



# PERSONALITY

Being mavericks in nature, we don't believe in convention and we certainly don't believe in taking the beaten track. This makes continuous innovation possible by creating a free-thinking environment: one in which norms are challenged and rules that don't work are broken for new and better ones. It's who we are. It's what we do.



# THE ONIDA WAY

All around us, rules and regulations define our existence.

Sure, they were created for a purpose. But many a times, the same very rules put blinders on us, handcuff us from stretching our limits, impair our imagination, dissolve our power to think and view things differently.

Onida will exist to challenge these rules, unshackle people and more importantly, their imagination from these rules and boundaries. Onida believes that while some rules need to be followed, a lot many need to be challenged. It believes that challenging these rules may create a possibility of failure, but not challenging these rules will create a certainty of it.

**Onida will say...Think Why Not!**

“**Think Why Not!**” is an expression of challenge, a new language, a new way of thinking that shall drive Onida to unleash the maverick attitude of creativity and challenge in its products, employees and culture.



# PRACTICING THINK WHY NOT!

## BY CHALLENGING OUTDATED WORKPLACE PRACTICES

The culture of any organisation reflects what they believe in. As we believe in challenging convention, we thought it was only natural to have a workplace that demonstrated just that. We did away with our sales office in Delhi and instituted a system whereby the sales team could function smoothly without having a traditional office. The sales team now has a mini-office that is centrally located in the city.

## BY CHALLENGING TECHNOLOGY AND DESIGN NORMS

In 1999, when other companies made TVs that were either black or grey, we made a colour TV that was truly colourful. Aptly named Candy TV, it came in four colours: Berry Blue, Mint Green, Lemon Yellow and Cherry Red. It allowed young people to express themselves and stand out as individuals by means of its bright lively colours. It also came with wireless headsets that let them watch late night shows or listen to music at high volume. Such a product was only possible because of extensive consumer research that gave us rare consumer insights.



## *iTUBE LED TV*

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### **WHEN THE WHOLE WORLD WAS THINKING OF ANDROID PHONES AND APPS, WE THOUGHT WHY NOT MAKE AN ANDROID TV?**

When most manufacturers were content by making just 3D LED TVs, we decided to do more. We built the Onida iTube Smart LED 3D TV that ran on Android, India's first and only TV to do so. The Android platform gave users immediate access to over 300,000 applications. It also allowed users to browse websites, play online videos and get social.



## MULTIFLOW AIR CONDITIONERS

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**WHEN ACs THAT GAVE POWERFUL COOLING HAD HIGH ENERGY CONSUMPTION, WE THOUGHT WHY NOT MAKE ONE THAT COOLED POWERFULLY YET WAS ENERGY EFFICIENT?**

Our MultiFlow range of ACs gave instant cooling in peak summers with less power consumption. These ACs came with 4-way high speed cooling with Multi-Point Refrigerant Injection (MPRI) to deliver this unique combination.



## *SPARKLE WASHING MACHINE*

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**WHEN MOST PEOPLE HAND WASHED CLOTHES,  
WE THOUGHT WHY NOT MAKE  
A WASHING MACHINE THAT DID IT FOR THEM?**

Traditional Indian households still hand wash dirty clothes, even when they use washing machines. So we developed the Sparkle range of washing machines. They came with a unique built-in brush inside, which gave clothes a wash as good as a hand wash.



## BLACK BEAUTY MICROWAVE

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**WHEN MICROWAVES COULD COOK ONLY A HANDFUL OF DISHES, WE THOUGHT WHY NOT MAKE ONE THAT COOKS 123 TASTY DELICACIES?**

A microwave that helped people relish a variety of Indian delicacies, our Black Beauty 123 range of microwaves came with 123 Auto Cook Menus for making great tasting meals. It also came with a calorie meter for the diet conscious so that they could enjoy delicious food and yet be conscious of their health.



## *XCITE MOVIE TV*

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**WHEN TVs SHOWED ONLY CABLE, WE THOUGHT  
WHY NOT MAKE A TV THAT LET PEOPLE DECIDE  
WHAT THEY WANTED TO WATCH?**

Our Xcite 350 Movie TV came with a built-in USB port that allowed people to watch what they wanted, when they wanted. Cable doesn't have that anymore. Not only that, they could also view their photos and listen to music, making it a complete entertainment package.



## *GLOWBEATS LED LIGHTING*

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**WHEN SPEAKERS COULD PLAY ONLY MUSIC,  
WE THOUGHT WHY NOT  
MAKE ONES THAT LIGHT UP TOO?**

To make special moments unforgettable, we introduced GlowBeats. It was the only product in the market that could play music and at the same time, brighten up any room with its LED lights. These light emitting speakers being non-obtrusive went along with the décor of any interior. They were simple to install too: one just had to wirelessly connect GlowBeats to an iPod dock to enjoy uninterrupted crystal clear music.



## KY STUDIO MOBILE

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### WHEN MOST WATCHED MOVIES IN THEATRES, WE THOUGHT WHY NOT MAKE MOVIE-WATCHING POSSIBLE ON THE GO?

Theatres, cable TV channels, etc. have been the conventional way of watching movies in India. We put movie-watching in the hands of mobile users by launching the Onida KYS70 mobile phone. It was the perfect mobile for movie buffs as it allowed them to watch movies of their choice, anytime and anywhere. It also came with 8GB of space for up to 80 movies; enough entertainment for months.



## *IGO: ULTRA SLIM TV*

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**WHEN TV COMPANIES FOCUSSED ON GOOD PICTURE,  
WE THOUGHT WHY NOT MAKE A TV THAT HAD  
GREAT PICTURE QUALITY AND POWERFUL SOUND?**

Igo designed & developed an Ultra Slim series of TVs for the rural market. The TVs in this series came with powerful unmatched sound. It was something the rural customers always wanted but never got. Unsurprisingly, these TVs went on to become one of the highest selling TVs in the colour television industry.



## INSIDE THE ANNUAL REPORT

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# 8 YEAR HIGHLIGHTS

|                                  | ₹ in cr.       |                |                |                |                |                |                |                |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                                  | 2011-12        | 2010-11        | 2009-10        | 2008-09        | 2007-08        | 2006-07        | 2005-06        | 2004-05        |
| <b>Balance Sheet</b>             |                |                |                |                |                |                |                |                |
| <b>Sources Of Funds</b>          |                |                |                |                |                |                |                |                |
| Equity Share Capital             | 14.19          | 14.19          | 14.19          | 6.70           | 14.19          | 14.19          | 14.19          | 14.05          |
| Share Capital Suspense Account   | -              | -              | -              | 26.40          | -              | -              | -              | 0.15           |
| Reserves & Surplus               | 213.38         | 252.32         | 241.50         | 239.47         | 240.06         | 222.08         | 201.28         | 180.62         |
| <b>Net Worth</b>                 | <b>227.57</b>  | <b>266.51</b>  | <b>255.69</b>  | <b>272.57</b>  | <b>254.25</b>  | <b>236.27</b>  | <b>215.47</b>  | <b>194.82</b>  |
| Secured Loans                    | 115.65         | 110.45         | 57.27          | 74.89          | 103.72         | 116.37         | 135.45         | 126.32         |
| Unsecured Loans                  | 41.00          | 45.00          | 76.38          | 130.33         | 95.84          | 45.52          | 30.74          | 74.93          |
| <b>Total Loans</b>               | <b>156.65</b>  | <b>155.45</b>  | <b>133.65</b>  | <b>205.22</b>  | <b>199.56</b>  | <b>161.89</b>  | <b>166.19</b>  | <b>201.25</b>  |
| Deferred Tax Liability           | 15.45          | 18.12          | 15.53          | 15.51          | 16.89          | 19.55          | 19.41          | 13.87          |
| <b>Total Liabilities</b>         | <b>399.67</b>  | <b>440.08</b>  | <b>404.87</b>  | <b>493.30</b>  | <b>470.70</b>  | <b>417.71</b>  | <b>401.08</b>  | <b>409.94</b>  |
| <b>Application Of Funds</b>      |                |                |                |                |                |                |                |                |
| Gross Block                      | 384.58         | 416.41         | 405.93         | 354.93         | 343.45         | 340.15         | 321.71         | 295.75         |
| Depreciation                     | 219.55         | 209.87         | 191.15         | 171.42         | 153.71         | 134.10         | 114.96         | 93.18          |
| Net Block                        | 165.03         | 206.54         | 214.78         | 183.51         | 189.74         | 206.05         | 206.75         | 202.57         |
| Capital Wip                      | 0.00           | 0.78           | 0.29           | 25.55          | 1.93           | 0.13           | 0.43           | 4.35           |
| <b>NB + CWIP</b>                 | <b>165.03</b>  | <b>207.32</b>  | <b>215.07</b>  | <b>209.06</b>  | <b>191.67</b>  | <b>206.18</b>  | <b>207.18</b>  | <b>206.92</b>  |
| Investment                       | 26.44          | 26.54          | 40.14          | 26.78          | 26.00          | 26.00          | 21.14          | 20.88          |
| <b>Current Assets</b>            |                |                |                |                |                |                |                |                |
| Inventories                      | 303.60         | 346.46         | 249.00         | 210.41         | 292.57         | 230.34         | 174.88         | 164.25         |
| Debtors                          | 127.50         | 163.51         | 87.76          | 106.81         | 133.69         | 104.21         | 113.12         | 90.34          |
| Cash & Bank Balances             | 28.85          | 47.12          | 27.64          | 9.30           | 19.46          | 16.76          | 36.72          | 20.80          |
| Loans & Advances                 | 125.74         | 100.90         | 112.67         | 95.84          | 67.21          | 76.43          | 46.49          | 54.30          |
| <b>Total Current Assets</b>      | <b>585.69</b>  | <b>657.99</b>  | <b>477.07</b>  | <b>422.36</b>  | <b>512.93</b>  | <b>427.74</b>  | <b>371.21</b>  | <b>329.69</b>  |
| <b>Current Liabilities</b>       |                |                |                |                |                |                |                |                |
| Liabilities                      | 374.11         | 432.32         | 309.47         | 155.14         | 240.57         | 239.37         | 182.89         | 135.52         |
| Provisions                       | 3.38           | 19.45          | 17.94          | 9.76           | 19.33          | 2.84           | 15.56          | 12.03          |
| <b>Total Current Liabilities</b> | <b>377.49</b>  | <b>451.77</b>  | <b>327.41</b>  | <b>164.90</b>  | <b>259.90</b>  | <b>242.21</b>  | <b>198.45</b>  | <b>147.55</b>  |
| <b>Net Current Assets</b>        | <b>208.20</b>  | <b>206.22</b>  | <b>149.66</b>  | <b>257.46</b>  | <b>253.03</b>  | <b>185.53</b>  | <b>172.76</b>  | <b>182.14</b>  |
| <b>Total Assets</b>              | <b>399.67</b>  | <b>440.08</b>  | <b>404.87</b>  | <b>493.30</b>  | <b>470.70</b>  | <b>417.71</b>  | <b>401.08</b>  | <b>409.94</b>  |
| <b>Profit and loss account</b>   |                |                |                |                |                |                |                |                |
| <b>Sales</b>                     | <b>1735.15</b> | <b>2001.27</b> | <b>1568.35</b> | <b>1517.72</b> | <b>1655.06</b> | <b>1650.99</b> | <b>1343.21</b> | <b>1192.51</b> |
| Excise                           | 84.41          | 87.79          | 66.37          | 87.29          | 126.68         | 137.09         | 122.91         | 99.55          |
| <b>Net Sales</b>                 | <b>1650.74</b> | <b>1913.48</b> | <b>1501.98</b> | <b>1430.43</b> | <b>1528.38</b> | <b>1513.90</b> | <b>1220.30</b> | <b>1092.96</b> |
| Other Income                     | 2.55           | 2.46           | 3.02           | 4.18           | 3.70           | 4.07           | 4.66           | 3.22           |
| <b>Total Income</b>              | <b>1653.29</b> | <b>1915.94</b> | <b>1505.00</b> | <b>1434.61</b> | <b>1532.08</b> | <b>1517.97</b> | <b>1224.96</b> | <b>1096.18</b> |
| Material Consumed                | 665.31         | 630.33         | 535.99         | 553.83         | 621.24         | 605.86         | 514.48         | 488.30         |
| Cost Of Traded Goods Sold        | 654.90         | 847.74         | 619.81         | 561.96         | 542.20         | 545.01         | 376.47         | 328.65         |
| Personnel Expenses               | 90.63          | 92.25          | 75.41          | 67.15          | 66.00          | 69.41          | 59.94          | 45.23          |
| Freight & Forwarding Expenses    | 61.01          | 62.81          | 51.26          | 53.30          | 64.25          | 58.55          | 45.47          | 34.15          |
| Advertisement Expenses           | 56.02          | 90.40          | 74.35          | 51.86          | 63.91          | 68.22          | 66.83          | 50.43          |
| Other Expenses                   | 105.27         | 116.92         | 88.41          | 89.32          | 86.81          | 79.49          | 71.01          | 76.51          |
| <b>Total Cost</b>                | <b>1633.14</b> | <b>1840.45</b> | <b>1445.23</b> | <b>1377.42</b> | <b>1444.41</b> | <b>1426.54</b> | <b>1134.20</b> | <b>1023.27</b> |
| PBDIT                            | 20.15          | 75.49          | 59.77          | 57.19          | 87.67          | 91.43          | 90.76          | 72.91          |
| Interest                         | 35.20          | 18.68          | 17.35          | 28.49          | 23.18          | 20.28          | 17.65          | 12.94          |
| <b>PBDT</b>                      | <b>(15.05)</b> | <b>56.81</b>   | <b>42.42</b>   | <b>28.70</b>   | <b>64.49</b>   | <b>71.15</b>   | <b>73.11</b>   | <b>59.97</b>   |
| Depreciation                     | 21.55          | 21.60          | 19.77          | 18.55          | 23.94          | 19.74          | 22.50          | 19.38          |
| Exceptional Items                | 5.01           | -              | -              | -              | -              | -              | -              | -              |
| <b>PBT</b>                       | <b>(41.61)</b> | <b>35.21</b>   | <b>22.65</b>   | <b>10.15</b>   | <b>40.55</b>   | <b>51.41</b>   | <b>50.61</b>   | <b>40.59</b>   |
| Tax                              | (2.67)         | 7.92           | 4.28           | 1.20           | 5.97           | 17.29          | 17.82          | 12.81          |
| <b>PAT</b>                       | <b>(38.94)</b> | <b>27.29</b>   | <b>18.37</b>   | <b>8.95</b>    | <b>34.58</b>   | <b>34.12</b>   | <b>32.79</b>   | <b>27.78</b>   |
| Equity Dividend Paid             | -              | 14.18          | 13.46          | 5.68           | 14.20          | 10.65          | 10.65          | 8.52           |
| Preference Dividend              | -              | -              | 0.51           | 0.67           | -              | -              | -              | -              |
| Year End Price (Rupees)          | 14.35          | 21.10          | 16.35          | 8.98           | 16.95          | 17.4           | 19.25          | 21.45          |
| Market Capitalisation            | 203.41         | 299.10         | 231.76         | 127.52         | 240.69         | 247.08         | 273.35         | 301.46         |
| EPS (Rupees)                     | (2.75)         | 1.93           | 1.25           | 0.58           | 2.44           | 2.40           | 2.31           | 1.98           |



## DIRECTORS' PROFILE

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

### Mr. Gulu L. Mirchandani

Mr. Gulu L. Mirchandani, the Chairman and Managing Director of Mirc Electronics Limited, is an alumnus of BITS, Pilani and holds a degree in BE (Mechanical). Mr. Mirchandani is closely involved with the development of corporate strategy and formulating, incubating and delivering emerging technologies and services in the area of televisions and other products of the company. Mirc won the award for excellence in Electronics under his able leadership in 1999 from the Ministry of Information Technology, the Government of India. Mr. Mirchandani has held several key positions in the industry. He was appointed 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 and presently he is the Chairman of the South Asia Region. 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 which he founded in 1981. Currently he is the Managing Director of the company. 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. He is the key member in devising and implementing corporate growth strategy for Mirc.

As the Managing Director of Adino Telecom Limited, he is involved in the telecom sector as a wireless solution provider.

### Mr. Vimal Bhandari

Mr. Vimal Bhandari, aged 52 years is a Commerce graduate from Mumbai University and a Chartered Accountant. Mr. Bhandari is a proficient and a proven top management professional with over twenty five years of experience in a range of businesses in the financial services industry. He is currently the CEO and Managing Director of Indostar Capital Finance, a wholesale credit institution sponsored by private equity houses like Everstone, Goldman Sachs, Ashmore and others with an initial capitalization of Rs. 9,000 million. Prior to joining Indostar Capital, he was Country Head of AEGON N.V., the large Dutch financial services player, which has established a life insurance business in India. In his early career, Mr. Bhandari was with IL&FS, the Indian infrastructure financing

and financial services institution, of which twelve years were spent as the Executive Director on the Board of Directors of the Company. He was directly responsible for the financial services business of IL&FS. He sits on the Board of various public limited companies as an Independent director including Patni Computer Systems, Bayer CropScience, Eveready Industries, DCM Shriram Consolidated, Kalpataru Power Transmission, Piramal Glass, The Ratnakar Bank, JK Tyre & Industries.

Mr. Bhandari is a member of the Executive Committee and the Listing Committee of National Stock Exchange of India Ltd.

### 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 Kapur has recently been appointed Chairman, Bates India, a WPP Company.

### Mr. Manoj Maheshwari

Mr. Manoj Maheshwari is a graduate from Mumbai University with a major in Chemistry and holds a post-graduation degree in Industrial Management. He has extensive management experience, through his own business interests, in general, strategic and marketing management. In addition to the Boards of his own business initiatives, Mr. Maheshwari is also on the Board of several public limited companies as an Independent Non-Executive Director and brings a judicious mix of entrepreneurial and professional skills to the Mirc Board.



# DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting their Annual Report and Accounts for the year ended 31<sup>st</sup> March 2012. The financial highlights for the year under review are as under:

## Results of Operations

(₹ in Crores)

| Particulars                                | 2011-12        | 2010-11 |
|--------------------------------------------|----------------|---------|
| Turnover                                   | 1735.15        | 2001.27 |
| Profit before tax                          | (41.61)        | 35.21   |
| Provision for taxation                     | (2.67)         | 7.92    |
| <b>Profit after tax</b>                    | <b>(38.94)</b> | 27.29   |
| Profit available for appropriation         | 105.35         | 163.49  |
| Final dividend on equity shares (Proposed) | -              | 14.17   |
| Dividend on Preference Shares              | -              | -       |
| Tax on dividend                            | -              | 2.30    |
| Transfer to general reserve                | -              | 2.73    |
| Transfer to Capital Redemption Reserve     | -              | -       |
| Surplus carried to balance sheet           | 105.35         | 144.29  |

## Performance

During the year under review, the Turnover of the Company stood at ₹ 1735.15 Crores as against ₹ 2001.27 Crores, during the previous financial year, a decline in turnover by 13.30%. The Company incurred a net loss of ₹ 38.94 Crores as against a net profit of ₹ 27.29 Crores recorded during the previous financial year.

The performance of the Company during the year was affected due to economic slowdown, which resulted in lower business volume across all the business segments catered by your Company. Tight liquidity conditions witnessed during the whole year lead to increased interest rates. Besides the incident of fire in one of the plant manufacturing washing machines also impacted the performance of the company. The appreciation of dollar vis-à-vis the Indian Rupee also added to the problems of various companies in India, including MIRC, which has impacted its bottomline. The dollar appreciated from ₹ 44.10 in the month of April 2011 to ₹ 50.88 in March, 2012, thus, registering an increase of almost 15.36 %. Thus, it has not been a year of growth for the Company.

Your Board is pleased to inform you that the management has initiated a slew of measures to improve both the top line and bottom line of the organization going forward. With these initiatives, the management is confident of overcoming the present situation and accelerating the pace of growth of the Company.

## Fire incident at the Roorkee unit of the Company

There was a devastating fire in the Roorkee plant of the Company on 8<sup>th</sup> February, 2012 which engulfed the entire factory premises including the Plant and Machinery, Stock of Raw Material and Finished Products and caused severe damage to the Land and Building. Fortunately, all the properties, stocks, machineries and building were insured. The Company is taking various steps to restart the operations at the said plant shortly.

## Dividend

In view of the loss incurred by the Company, no dividend has been proposed for the year ended March 31, 2012.

## Transfer to General Reserves

In view of the loss incurred by the Company, your Board of Directors is not appropriating any amount to General Reserves during the year under review.

## Subsidiary Company

Your Company is having a subsidiary company i.e. Akasaka Electronics Limited. In view of circular no. 2/2011 dated 21<sup>st</sup> February, 2011 issued by the Ministry of Corporate Affairs, New Delhi, the Board of Directors of the Company have decided to present the audited consolidated statement of accounts of the Company and its subsidiary in the annual report for the year under review. Your Company believes that the consolidated accounts present a true and fair view of the state of affairs of the Company and its subsidiary. Accordingly the annual report of your Company does not contain the financial statement of its subsidiary, but contains the audited consolidated financial statements of the Company and its subsidiary.

The annual accounts of the subsidiary company along with the related detailed information, is available for inspection by the shareholders of the Company and its subsidiary company during business hours at the respective registered offices of Company and subsidiary company. Copies of the audited accounts of the Company's subsidiary can be sought by any member by making a written request addressed to the Company Secretary & Head-Corporate Affairs of the Company at the registered office of the Company.

## Consolidated Financial Statements

In accordance with Accounting Standard 21 on Consolidated Financial Statement and the Listing Agreement entered into with the Stock Exchanges, the audited Consolidated Financial Statement for the financial year ended 31<sup>st</sup> March, 2012 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 31<sup>st</sup> March, 2012 is annexed hereto.



# DIRECTORS' REPORT

## Directors

In terms of section 255 and 256 of the Companies Act, 1956, read with the Articles of Association of the Company, Mr. Manoj Maheshwari, 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. Manoj Maheshwari as required under clause 49 of the Listing Agreement, is provided in the notice convening the Annual General Meeting of the Company.

During the financial year Mr. Vijay Mansukhani, Managing Director was re-appointed by the Board as Managing Director for a further period of three years with effect from 1st April, 2012, subject to approval of the Members of the Company at the ensuing Annual General Meeting.

## 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 March 31, 2012, 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 judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss 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. Rajji & 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.

## Green Initiative in the Corporate Governance

In view of the 'Green Initiative in Corporate Governance' introduced by the Ministry of Corporate Affairs vide its circular no. 17/2011 dated 21.04.2011, all members who are holding shares of the Company in physical mode, are requested to register their e-mail IDs with the Company, so as to enable the Company to send all notices/ reports/documents/ intimations and other correspondences etc. through e-mails, in the electronic mode instead of receiving physical copies of the same. A specimen of request form for registering e-mail IDs to be filled and submitted by the members to the Registrar & Transfer Agent or the Company is annexed separately alongwith the notice of the AGM.

Members holding shares in demat mode, who have not registered their e-mail IDs with DPs, are also requested to register/ update their e-mail IDs with their DPs.

## 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'.

## Persons Acting in Concert

The names of the Persons Acting in Concert as defined under the SEBI (Acquisition of Shares and Takeovers) Regulation, 2011 is disclosed separately in the Annual Report for the purpose of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulation 2011, 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

The Company is also periodically uploading Annual Reports, Financial Results, Shareholding Pattern, Corporate Governance Reports etc. on its website viz. [www.onida.com](http://www.onida.com) within the prescribed time limit.

## Listing fees

The equity shares of the Company are listed on The Bombay Stock Exchange Limited and The National Stock Exchange of India



# DIRECTORS' REPORT

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.

## Clause 5A of the Listing Agreement

Pursuant to clause 5A of the Listing Agreement the Company has already sent several reminder letters by Registered Post to the addresses of the respective shareholders and still there are unclaimed shares left with the Company. The Details of the shares lying with the Company in Unclaimed Suspense Account as on 31<sup>st</sup> March, 2012 is as under:

| SL.No | Description                                                                                                             | No. of cases | No. of shares |
|-------|-------------------------------------------------------------------------------------------------------------------------|--------------|---------------|
| 1     | Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year; | 4700         | 104677        |
| 2     | Number of shareholders who approached issuer for transfer of shares from suspense account during the year;              | 0            | 0             |
| 3     | Number of shareholders to whom shares were transferred from suspense account during the year:                           | 0            | 0             |
| 4     | Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year;       | 4700         | 104677        |

All the unclaimed shares are credited to a DEMAT Unclaimed Suspense Account and all the corporate benefits in terms of securities, accruing to on these unclaimed shares shall be credited to such account. The Voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

## Transfer of Unpaid and Unclaimed Dividend to IEPF

Pursuant to section 205A(5) of the Companies Act, 1956, the dividend declared for the financial year 2003-04 which remained unpaid or unclaimed for a period of 7 years have been transferred by the Company to 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 dividend for the financial year 2004-05, which is due for transfer to IEPF on or after 2nd March, 2013, we shall be sending separate letters requesting them once again to claim their unclaimed dividend amount for 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. Rajji & 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 2012-13 and fix their remuneration.

The company has received a written confirmation from M/s. N. M. Rajji & Co. to the effect that their appointment, if made, would be in conformity with the limits prescribed in Section 224 (1B) of the Companies Act, 1956. The report of the auditors on audited accounts for the financial year 2011-12, is self-explanatory and does not require any further explanation.

The Auditors have further confirmed to the Company that they are holding a certificate of Peer Review as per requirement stipulated in the Listing Agreement.

## 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. 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



## DIRECTORS' 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 & Head-Corporate Affairs at Registered Office of the Company.

### Research and Development

MIRC recognizes that a vigorously intelligent research initiative enables not only cost reduction through effective process improvement but also value-addition through sustained innovative and customized 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 Shenzhen (China), 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

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

The particulars as prescribed under Section 217(1)(e) read with Rule 2 of the Companies (Disclosure of Particulars in the Report

of Board of Directors) Rules, 1988, are set out in the Annexure forming part of this report.

### Acknowledgement

Your Directors take this opportunity to thank 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 and you shareholders.

We also thank the Government of India particularly the Income Tax Department, the Customs and Excise Departments, Ministry of Commerce, Ministry of Finance, Ministry of Corporate Affairs, 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 : 29<sup>th</sup> May 2012**  
**Place : Mumbai**

**Sd/-**  
**Gulu 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. 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. Company has improved the power factor to Unity thereby reducing the distribution losses of electricity in the cables. This has resulted in a saving of 5% in the electricity consumption at Wada factory.

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, customer-centric innovation using customer connect program.

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, connectivity, home appliances etc, for consumers are introduced, for enhancement in consumer experience and to give value for money.

- a) Specific areas in which Research and Development was carried out by the Company:

Colour televisions, LEDs/LCDs, Washing Machines, Air-conditioners and Microwave Ovens.

The Company introduced the Onida Tube Smart LED3D TV that runs on Android Platform, India's First and only TV to do so. The Android platform gave users immediate access to over 300,000 applications, allows users to browse websites, play online videos and get social.

We continue to work on CRT TV's in managing the ever changing supply chain situation by developing new platforms.

A truly friendly feature of "Brush" in the wash tub was developed and introduced in SPARKLE range of Washing Machines. This feature concept was a result of "Consumer Connect" exercise to know the consumer behavior and expectations. The Company introduced new family of washing machine models "Smart Care" which has special brush and pulsator to give optimum performance and use minimum detergent.

The new technology trend of "Connected Appliances" emerged. Our Black Beauty 123 range of microwave came with 123 Auto Cook Menus for making great tasting meals, which the consumer can access on his mobile phone by user friendly internet connectivity.

The same concept is applied to "PRE COOL" range of split AC models. The user can switch ON / OFF the AC remotely by using his mobile phone and sending an SMS.

The Company also launched GlowBeats LED lighting, which is the only product in the market that could play music and at the same time, brighten up any rooms with its LED lights.



# ANNEXURE TO THE DIRECTORS' REPORT

- 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 LED/ LCD televisions in all the categories, which are emerging-technology like 3D TVs, Connected TV products gaining popularity in the Indian market. Besides the above, the Company has aggressive growth plans for the recently launched Induction cooker in the kitchen appliance segment.

- d) Expenditure on research and development

(₹ in lacs)

|   | Particulars of expenditures                                           | 2011-12       | 2010-11 |
|---|-----------------------------------------------------------------------|---------------|---------|
| 1 | Capital                                                               | 9.96          | 27.22   |
| 2 | Recurring                                                             | 906.76        | 1128.07 |
|   | <b>Total</b>                                                          | <b>916.72</b> | 1155.29 |
|   | Percentage of research & development as expenditure to total turnover | 0.53          | 0.58    |

## 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

(₹ in lacs)

| Particulars                                                                     | 2011-12  | 2010-11   |
|---------------------------------------------------------------------------------|----------|-----------|
| Foreign exchange earnings                                                       | 1207.32  | 2594.05   |
| Foreign exchange outgo (including capital goods and imported software packages) | 88237.80 | 110714.89 |



# 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.

## 1. INDUSTRY STRUCTURE AND DEVELOPMENTS

There have been many a roller coaster rides in the Global Economy, but 2011-12 beats them all. The global economy, witnessed a lower economic growth, due to Euro Zone debt crisis, high crude prices, intensifying unrest in the Middle East Countries. The European economies stagnated and the US witnessed a downgrade in its credit rating, while the growth engines of the global economy, China and India were forced to tighten liquidity to tame rising inflation. India is in throes as it posts slow economic growth, below 7% for the 2011-12 financial year. The figure for 2010-11 was 8.4%. The downward trend is a reflection of a slowdown in mining, agriculture and manufacturing sectors. The rupee is steadily devaluing. Inflation and growing interest rates have been a persistent problem. The interest rate was raised 13 times since March 2010 as part of efforts to slow price increases. As per the report of International Monetary Fund (IMF), the global economy is estimated to grow at a modest pace of 5.75% in 2012-13, as compared to a growth rate 6.75% in 2011.

The Consumer electronics and durables market in India is divided into three segments namely - white goods, brown goods and consumer electronics.

Air-conditioners, refrigerators, washing machines and other domestic appliances fall in the white goods' category, while microwaves, chimneys, fans, irons, juicers, mixers and grinders fall in the category of brown goods. Television sets, audio and video players, personal computers, laptops, cell phones, digital cameras, camcorders and other electronic accessories fall in the category of consumer electronics.

The study titled 'Emerging trends in Consumer Electronics and Durables Industry' undertaken by the Associated Chambers of Commerce and Industry of India (ASSOCHAM) reveals that the consumer electronics and durables sector in India is expected to grow at a CAGR of about 15 per cent and grow from ₹34,000 crores to reach ₹52,000 crore by 2015 fuelled by rising demand from the Indian middle class as well as growing sales through the online retail format. The global consumer electronics and durables industry is growing at about 10 per cent CAGR and is currently estimated at about ₹16 lakh crore and is likely to cross ₹21 lakh crore mark by 2015. The study also mentions that multi-national companies (MNCs) with superior technology and better quality control account for a market share of about 70 per cent of the overall consumer electronics and durables market in India

and maintain a strong hold on the urban middle class segment growing at about 12 to 15 per cent. The consumer durables and electronics market in rural and semi-urban areas account for about 40 per cent of the overall market and is growing at about 30 per cent CAGR.

By 2015 it is expected that every village in India will be connected by an all weather road, and will have internet connectivity and almost all homes will have electricity connection and possess a mobile phone. The industry thus expects the rural market to reach an inflexion point which could lead to explosion in demand.

The future thus appears quite encouraging. Besides, low penetration levels, easy availability of finance options, growing prominence of consumer electronics' retail stores, online retail industry and a robust 400 million plus Indian middle class with a comprehensive rise in level of affluence is also fuelling the demand in this industry.

MIRC stands attractively positioned in this regard for more than 25 years, the Company leveraged advanced technology, focused on introduction of innovative products aligned with evolving Indian lifestyles and in doing so, emerged as a popular household brand. Gradually the Company has extended from televisions to a range of successful products comprising air-conditioners, LCD/LED TVs, Mobiles phones, Microwave ovens, DVD players, Washing Machines etc.

At Mirc, this evolution and growth has been driven by its innovation-driven research and development team resulting in the creation of cutting-edge products of the highest quality and standards designed as per the needs of the Indian consumers.

## 2. OPPORTUNITIES AND THREATS

The key growth drivers for the Indian consumer durables industry:

- **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.



# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

- **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:**

Apart from steady growth in income of consumers, consumer financing has become a major driver in the consumer durables industry. In the case of more expensive consumer goods, such as refrigerators, washing machines, color televisions and personal computers, retailers are marketing their goods more aggressively by providing easy financing options to the consumers by partnering with banks. The easy-availability of consumer financing is beneficial mainly for the lower and middle income group, especially when the cost of capital and flexibility of the scheme is in their favor.

- **Low penetration levels:**

In India, the penetration level of consumer durables is lower than in other developing countries. Other than television segment most of the products in the consumer durable segment have very low penetration levels ranging from 3% in airconditioners to about 24% in Flat panel TVs. Thus low penetration levels offer a huge market opportunity for the company.

- **Existing Potential in Rural Markets:**

Growth is coming in a big way from the smaller towns and rural markets and is expected to be the next growth opportunity for the consumer durables market. The total sales of consumer durables from the rural market is expected to grow by 40-45% in the near future. The rural durables market has been growing by 30% annually, mainly due to the growing affordability of products as well as the general buoyancy in the economy. Products like mobile phones, televisions and music systems are the ones which have witnessed high growth among the rural market.

- **Increasing share of Organised Retail:**

There has been an incremental shift towards organized retail (brands) from the unorganized (unbranded) products. With rising income and purchasing power, that the younger generation preferring branded products, the share of organized shopping is increasing. Shopping in malls is considered more of an experience these days. According to estimates, organized retail is expected to grow to over 10% by 2013.

- **Availability of Power:**

With the commissioning of various power plants across the country the power supply position is improving at a rapid pace. This is a great opportunity for the consumer durable industry for expanding its business across the nation.

- **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.**

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

- MIRC faces stiff competition from existing multinational players that have established themselves strongly in this industry. These companies have been gaining market share over the last few years and have greater marketing budgets.
- Private labels of Modern format stores have also made entry in Indian market. Aided by availability of low-cost Chinese made products, it remains to be seen whether such products sustain and take off well. There is little differentiation between these products, and they also lack in terms of brand awareness.
- With stiff competition, the consumer durables industry faces



# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

a persistent pressure on margins due to its inability to pass on input cost rises to consumers. The interest rates have recently started moving up, which is a cause of concern. Hence, the Company's future profitability may come under pressure.

- MIRC is facing stiff competition from Japanese Companies who have revived their marketing strategy for India and have become more visible in the Indian Market.
- Continuous increase in raw material cost, commodity prices like copper and petroleum products along with wage inflation increase the cost of product, which at many times not be able to pass on the end consumer leads to the pressure on margin.
- Tight liquidity conditions have led to increased interest rates.
- Economic slowdown leading to declining GDP growth is also another factor which could affect demand very much.
- Wide volatility in foreign currency against Indian currency affects the profitability margin.

### 3. PRODUCT-WISE PERFORMANCE

During the year under review, the Company witnessed growth in sales of LCD/LED of about 61% and our market share grew from 4.6 % to 7.1 %. However the Colour Television segment degrew by about 15% in the current financial year. There was a 21% growth in sale of Onida Washing machines. The sale of Microwave Oven registered a growth of 23%. The sale of Airconditioners during the year under review witnessed a degrowth of 17% and the sale of mobiles degrew by 53%.

### 4. 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 Company's expenses.

With easy availability of finance, fall in prices due to increased competition, growth of media, growth in consumer base of rural sector, the consumer durables industry is growing at a fast pace. Given these factors, a good growth is projected in the future too.

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. Since rural market offers a great opportunity to expand its business the company will be making an aggressive rural foray through 'IGO' branded products in LCD / LED and Washing Machine segments.

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

### 6. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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 of the Board of Directors of the Company and corrective measures recommended for implementation.



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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.

### 7. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The financial year 2011-12 was a year of challenges and uncertainties for businesses across various segments of industry with the financial crisis, volatile prices, sharp movement in currencies, crashing stock markets and severe liquidity crisis. Your Company too was not insulated from these challenges as the business had its impact on overall margins. The exchange rate fluctuation led to a fair degree of strain on the Company's operating efficiencies and profit as well. During the financial year 2011-12, the turnover of the Company stood at ₹1735.15 crores as against ₹ 2001.27 crores in the previous financial year 2010-11. The Company recorded a net loss of ₹ 38.94 Crores as against a net profit of ₹ 27.29 Crores during the previous financial year. The company has taken adequate measures to improve its performance in the coming year and the Board is confident of better results in the financial year 2012-13.

### 8. 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. We ensure that we attract right competency, develop them continuously, and keep our people motivated through implementation of various HR processes.

The objective of the Human resource initiative at MIRC is that all ONIDIANS will 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. department 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:

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

- A highly conducive and enabling work atmosphere. A well-designed safe campus
- Empowering our employees to innovate in an open, informed and challenging work place. Encouraging the richness of ideas, approaches and points of view within a work environment conducive to both superior performance and personal fulfillment.
- Conducting and facilitating need-based training empowered by structured career plans that optimize individual potential.
- Stress upon lateral thinking across all levels.

The management is continuously working on the development of human capital to enhance responsiveness, efficiency and effectiveness in an ever-changing business environment. Employee performance is continuously evaluated against agreed KRAs as well as feedback on behavioral competencies. The Company had about 1695 employees on its roll as on 31<sup>st</sup> March, 2012.

**Material financial & 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 31<sup>st</sup> March, 2012.

#### 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 : 29<sup>th</sup> May 2012**  
**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 31<sup>st</sup> March, 2012, is 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 & 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 & 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

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 2011-12, five Board Meetings were held on 5<sup>th</sup> May, 2011, 22<sup>nd</sup> July, 2011, 25<sup>th</sup> October, 2011, 25<sup>th</sup> January, 2012 and 8<sup>th</sup> February, 2012. 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 are as under:

| Name                    | Category       | Attendance Particulars   |          |          | No. of Directorships and Committee Memberships/ Chairmanships including MIRC |                         |                       |
|-------------------------|----------------|--------------------------|----------|----------|------------------------------------------------------------------------------|-------------------------|-----------------------|
|                         |                | Number of Board Meetings |          | Last AGM | Directorship                                                                 | Committee Chairman-ship | Committee Member-ship |
|                         |                | Held                     | Attended |          |                                                                              |                         |                       |
| Mr. Gulu L. Mirchandani | Promoter [CMD] | 5                        | 5        | Yes      | 8                                                                            | 1                       | 2                     |
| Mr. Vijay J. Mansukhani | Promoter [MD]  | 5                        | 4        | Yes      | 2                                                                            | None                    | 1                     |
| Mr. Vimal Bhandari      | I & NED*       | 5                        | 4        | Yes      | 9                                                                            | 3                       | 4                     |
| Mr. Manoj Maheshwari    | I & NED*       | 5                        | 5        | Yes      | 6                                                                            | 0                       | 4                     |
| Mr. Ranjan Kapur        | I & NED*       | 5                        | 5        | Yes      | 5                                                                            | 1                       | 4                     |

\* Independent & Non Executive Director

Note:

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) has been considered.
3. Membership/ chairmanship of Audit Committee and Investor Grievance Committee of public companies have been considered.

### 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. These 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.



# CORPORATE GOVERNANCE REPORT

## 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](http://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 31<sup>st</sup> March, 2012."*

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 Committee meetings are circulated and discussed in the Board Meetings.

## III. Audit Committee

### A] Constitution:

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 & Head - Corporate Affairs, 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 24<sup>th</sup> June 2011, Mr. Vimal Bhandari, the Chairman of the audit committee was present to reply to shareholders' queries.

### B] Meetings of Audit Committee

During the financial year 2011-12, the Audit Committee met four times on 5<sup>th</sup> May, 2011, 22<sup>nd</sup> July, 2011, 25<sup>th</sup> October, 2011 and 25<sup>th</sup> January, 2012. 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 Head of the 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. 2011-12) |          |
|----------------------|-----------------------------------------|----------|
|                      | Held                                    | Attended |
| Mr. Vimal Bhandari   | 4                                       | 3        |
| Mr. Manoj Maheshwari | 4                                       | 4        |
| Mr. Ranjan Kapur     | 4                                       | 4        |

### C] 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 it considers necessary.



# CORPORATE GOVERNANCE REPORT

## **D] Role of Audit Committee**

The role of the Audit Committee includes the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, reappointment 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 Section 217 (2AA) of the Companies Act, 1956.
  - b) Changes, if any, in the accounting policies and practices and reasons for the same.
  - c) Major accounting entries involving estimates based on the exercise of judgment by the management.
  - d) Significant adjustments made in the financial statements arising out of the audit findings.
  - 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, 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.

## **E] 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.



# CORPORATE GOVERNANCE REPORT

## IV. Shareholders' and Investors' Grievance Committee (SIGC).

Shareholders' and Investors' Grievance Committee comprises of Mr. Ranjan Kapur, Mr. Gulu L. Mirchandani and Mr. Vijay J. Mansukhani. Mr. Ranjan Kapur, Non-executive and Independent Director is the Chairman of the Committee. Mr. Anoop Pillai, Company Secretary & Head - Corporate Affairs, has been nominated as the Compliance Officer of the Company.

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 31<sup>st</sup> March, 2012 is given hereunder:-

| Name                    | Shareholders'/Investors' Grievance Committee meetings |          |
|-------------------------|-------------------------------------------------------|----------|
|                         | Held                                                  | Attended |
| Mr. Ranjan Kapur        | 12                                                    | 12       |
| 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 | : | 412 |
| No. of complaints resolved | : | 412 |
| 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.

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. Mr. Ranjan Kapur is the Chairman of the Remuneration Committee.

During the financial year 2011-12, Remuneration Committee met once on 25<sup>th</sup> January, 2012. All the members of the committee attended this meeting to consider the re-appointment of Mr. Vijay J. Mansukhani as Managing Director of the Company for a period of three years w.e.f 01-04-2012 to 31-03-2015 and unanimously recommended the above proposal for approval by the Board and Shareholders of the Company.

### Remuneration policy

The Remuneration policy of the Company is directed towards rewarding performance, based on review of achievements on a periodic basis. 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. 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.



# CORPORATE GOVERNANCE REPORT

The details of remuneration paid/ payable to the Directors for the financial year 2011-12 are as follows:

| Sr. No. | Director              | Relation with MIRC | Inter-se Relation          | Remuneration for FY 2011 – 12 |                                |            |                     |             |
|---------|-----------------------|--------------------|----------------------------|-------------------------------|--------------------------------|------------|---------------------|-------------|
|         |                       |                    |                            | Sitting fees                  | Salary allowance & perquisites | Commission | PF & Superannuation | 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                         | 35,000                        | Nil                            | Nil        | Nil                 | 35,000      |
| 4       | Mr. Manoj Maheshwari  | I & NED*           | NA                         | 45,000                        | Nil                            | Nil        | Nil                 | 45,000      |
| 5       | Mr. Ranjan Kapur      | I & NED*           | NA                         | 45,000                        | Nil                            | Nil        | Nil                 | 45,000      |

\* Independent & Non Executive Director

## Non-executive Directors' Compensation and disclosures

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

The elements of the remuneration package of the Non-Executive Directors consist of annual commission in addition to sitting fees. The same has been approved by the shareholders in the Annual General Meeting of the Company held on 24<sup>th</sup> June, 2011, which is valid till 31<sup>st</sup> March, 2016. However, due to loss during the year, no commission has been paid to any Directors.

The Company is availing professional expertise of Non-executive Directors through their participation in the Board meetings. The Non-executive Directors are paid sitting fees of ₹ 5000/- per meeting for attending Board Meetings and Audit Committee Meetings.

None of the Non-executive Director is holding any shares in the Company.

## VI. Subsidiary Monitoring Framework

The Company is having only one subsidiary viz. Akasaka Electronics Limited which is not a 'material non-listed Indian subsidiary'. The 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 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.

## VII. 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       | No. of Special Resolutions passed at AGM |
|---------|------------------------------------------------------------------------------|-----------------|----------|------------|------------------------------------------|
| 2010-11 | Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai –400 018 | AGM             | 24-06-11 | 03.00 p.m. | 1                                        |
| 2009-10 | Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai –400 018 | AGM             | 28.06.10 | 03.00 p.m. | 2                                        |
| 2008-09 | Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai –400 018 | AGM             | 18.08.09 | 03.00 p.m. | 7                                        |



# CORPORATE GOVERNANCE REPORT

Whether special resolution were put through postal ballot last year - No

None of the items transacted at the last Annual General Meeting held on 24<sup>th</sup> June 2011 were required to be passed by postal ballot, nor any resolution requiring postal ballot is being proposed at the ensuing Annual General Meeting.

## VIII. Disclosures

### A] 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.

### B] 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.

### C] 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.

### D] 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 23<sup>rd</sup> 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, regulations 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.

### E] Management Discussion and Analysis Report

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.

### F] Insider Trading Code

The company has adopted the Mirc Employee (Dealing in Securities & Prevention of Insider Trading) Rules, 2002. 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.

### G] 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 31<sup>st</sup> March 2012 was placed before the Board of Directors of the Company in their meeting held on 29<sup>th</sup> May, 2012 and is annexed to this Report.

## IX. 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 prescribed time to the Stock Exchanges in respect of first three quarters in financial year 2011-12.



# CORPORATE GOVERNANCE REPORT

In respect of last quarter of financial year 2011-12, the Company has opted to furnish audited financial results by giving advance intimation to Stock Exchanges within 60 days from the end of financial year and accordingly, the Board Meeting for considering the results of last quarter and for the full financial year was held on 29<sup>th</sup> May, 2012.

The quarterly financial results of the Company were published within 48 hours of conclusion of Board Meeting in English Newspaper viz. "Financial Express" and "Mumbai Lakshdeep", a newspaper published in the language of the region where the registered office is situated. The audited annual results for financial year 2011-12 were published in "Financial Express" and 'Mumbai Lakshdeep'. 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 and one in regional language newspaper about the Board Meetings.

In terms of clause 54 of the Listing Agreement, Company is maintaining its functional website i.e. [www.onida.com](http://www.onida.com), containing the basic information about the Company e.g. details of business, financial information, shareholding pattern, compliance with corporate governance, contact information of designated employees who are responsible for assisting and handling the investors grievance, details of the agreements entered into with the media companies and/ or their associates. The same information are updated on the website viz. [www.onida.com](http://www.onida.com) within the prescribed time limit.

## X. General Shareholders Information:

### Details of Directors retiring by rotation: Mr. Manoj Maheshwari

Mr. Manoj Maheshwari is a graduate from Mumbai University with a major in Chemistry and holds a post-graduation degree in Industrial Management. He has extensive management experience, through his own business interests, in general, strategic and marketing management. In addition to the Boards of his own business initiatives, Mr. Maheshwari is also on the Board of several public limited companies as an Independent Non-Executive Director and brings a judicious mix of entrepreneurial and professional skill to the MIRC Board.

| Name of the Company              | Board position held | Committee position                 |
|----------------------------------|---------------------|------------------------------------|
| Metro Shoes Limited              | Director            | NIL                                |
| MIRC Electronics Limited         | Director            | M – Audit & Remuneration Committee |
| RPG Life Science Limited         | Director            | NIL                                |
| Ador Welding Limited             | Director            | M - Audit & Remuneration Committee |
| Mahindra Ugine Steel Co. Limited | Director            | M - Audit Committee                |
| Hamilton & Co. Limited           | Director            | M - Audit Committee                |

\* Information is provided as per requirement of clause 49 of the Listing Agreement. Mr. Manoj Maheshwari does not hold any shares in MIRC Electronics Limited as on March 31, 2012.

### Other Details for shareholders:

|                                      |                                                                                                                                  |
|--------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|
| AGM date, time and venue             | 26 <sup>th</sup> July, 2012 at 3.00 p.m.<br>Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli,<br>Mumbai – 400 018     |
| Financial year                       | 01 <sup>st</sup> April – 31 <sup>st</sup> March                                                                                  |
| Book Closure:                        | 16 <sup>th</sup> July, 2012 to 26 <sup>th</sup> July, 2012 (Both days inclusive)                                                 |
| Dividend payment date: [if declared] | Not Applicable                                                                                                                   |
| Listing on Stock Exchange            | Bombay Stock Exchange Limited and National Stock Exchange of India Limited.<br>Listing fees for the year 2012-13 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              | Date of transfer to the Investor Education & Protection Fund |
|----------|----------|----------------------------------|--------------------------------------------------------------|
| 2004-05  | Final    | 30 <sup>th</sup> January, 2006   | 2 <sup>nd</sup> March, 2013                                  |
| 2005-06  | Final    | 27 <sup>th</sup> September, 2006 | 28 <sup>th</sup> October, 2013                               |
| 2006-07  | Interim  | 12 <sup>th</sup> March, 2007     | 12 <sup>th</sup> April, 2014                                 |
| 2007-08  | Final    | 30 <sup>th</sup> June, 2008      | 31 <sup>st</sup> July, 2015                                  |
| 2008-09  | Final    | 18 <sup>th</sup> August, 2009    | 18 <sup>th</sup> September, 2016                             |
| 2009-10* | Interim  | 14 <sup>th</sup> October, 2009   | 14 <sup>th</sup> November, 2016                              |
| 2009-10  | Final    | 28 <sup>th</sup> June, 2010      | 29 <sup>th</sup> July, 2017                                  |
| 2010-11  | Final    | 24 <sup>th</sup> June, 2011      | 25 <sup>th</sup> July, 2018                                  |

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

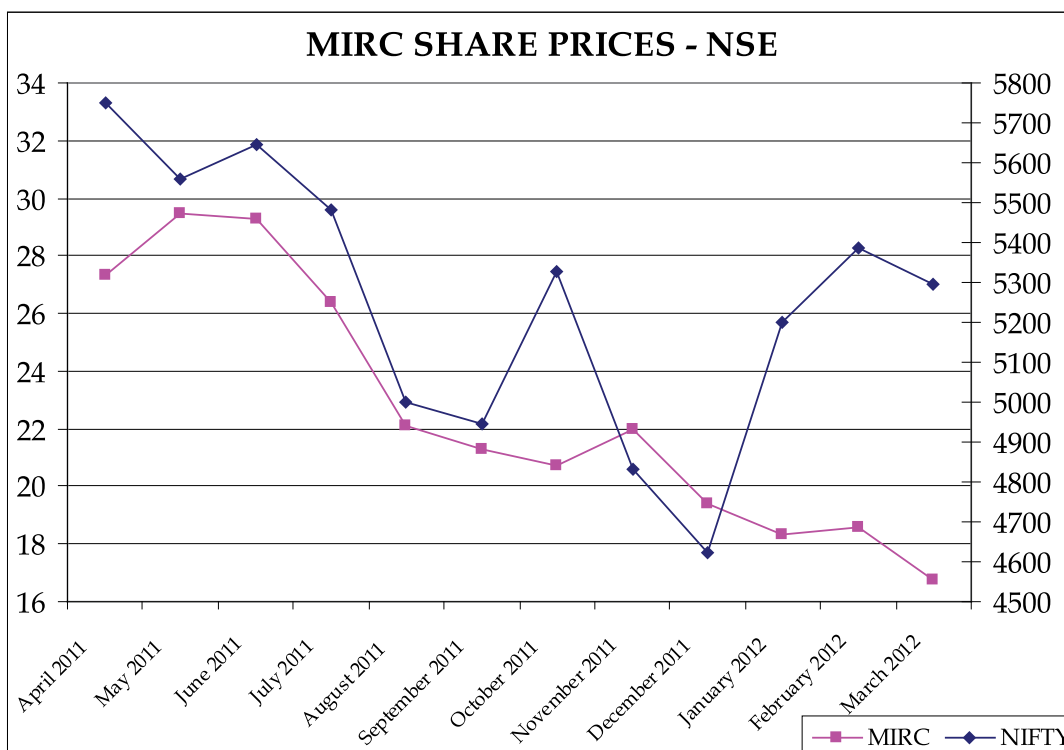
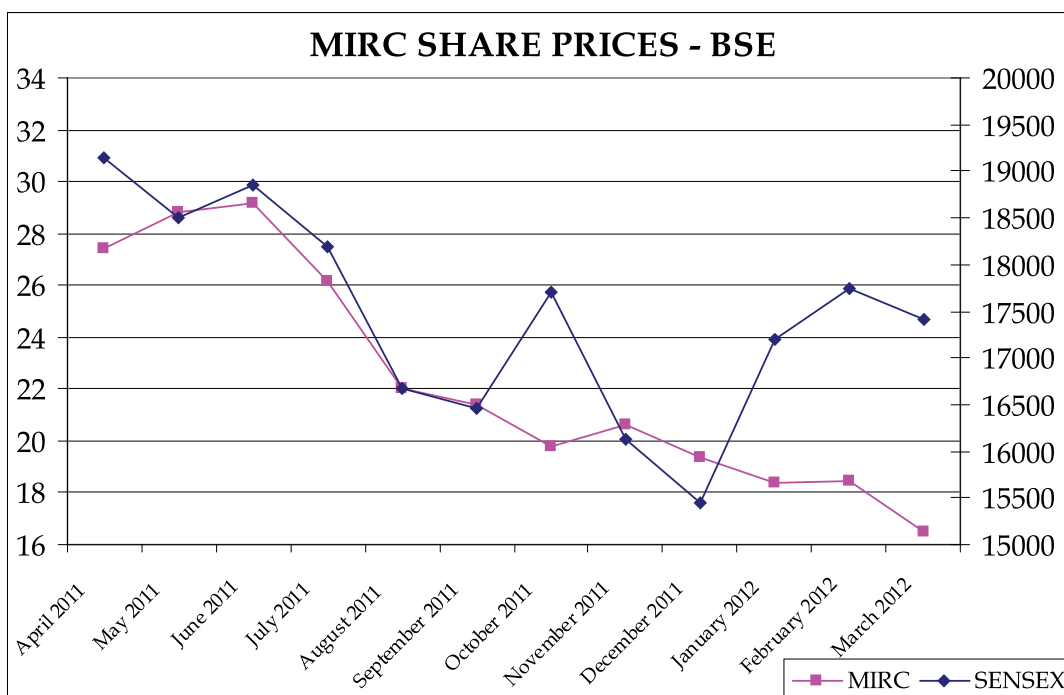
Market Price Data: (F.Y. 2011-12)

| Month          | STOCK EXCHANGE             |         |          |                                       |         |         |
|----------------|----------------------------|---------|----------|---------------------------------------|---------|---------|
|                | Bombay Stock Exchange Ltd. |         |          | National Stock Exchange of India Ltd. |         |         |
|                | Share Price                |         | Sensex   | Share Price                           |         | Nifty   |
|                | High (₹)                   | Low (₹) | Close    | High (₹)                              | Low (₹) | Close   |
| April 2011     | 27.45                      | 21.10   | 19135.96 | 27.35                                 | 21.50   | 5749.50 |
| May 2011       | 28.80                      | 22.85   | 18503.28 | 29.45                                 | 22.75   | 5560.15 |
| June 2011      | 29.20                      | 23.25   | 18845.87 | 29.25                                 | 23.20   | 5647.40 |
| July 2011      | 26.15                      | 21.00   | 18197.20 | 26.40                                 | 21.75   | 5482.00 |
| August 2011    | 22.00                      | 16.25   | 16676.75 | 22.10                                 | 16.25   | 5001.00 |
| September 2011 | 21.40                      | 17.10   | 16453.76 | 21.30                                 | 17.60   | 4943.25 |
| October 2011   | 19.75                      | 17.45   | 17705.01 | 20.75                                 | 17.25   | 5326.60 |
| November 2011  | 20.65                      | 15.25   | 16123.46 | 22.00                                 | 15.05   | 4832.05 |
| December 2011  | 19.35                      | 14.15   | 15454.92 | 19.40                                 | 14.40   | 4624.30 |
| January 2012   | 18.35                      | 15.45   | 17193.55 | 18.30                                 | 15.50   | 5199.25 |
| February 2012  | 18.45                      | 15.65   | 17752.68 | 18.55                                 | 15.70   | 5385.20 |
| March 2012     | 16.50                      | 14.15   | 17404.20 | 16.75                                 | 14.10   | 5295.55 |

Market price data (source: [www.bseindia.com](http://www.bseindia.com), [www.nseindia.com](http://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 registers the share transfers in physical form within 15 days from the receipt of the completed documents. Invalid share transfers are returned within 15 days of receipt. All requests for de-materialisation of shares are processed and confirmation is given to the respective depositories i.e. National Securities Depository Limited and Central Depository Services (India) Limited.

## Distribution schedule as on 31<sup>st</sup> March, 2012

| Equity shares held | Shareholders | % of shareholders | Shares           | % of holding  |
|--------------------|--------------|-------------------|------------------|---------------|
| 1-5000             | 64185        | 98.85             | 24022174         | 16.95         |
| 5001-10000         | 373          | 0.58              | 2792535          | 1.97          |
| 10001-20000        | 155          | 0.24              | 2349707          | 1.66          |
| 20001-30000        | 54           | 0.08              | 1332278          | 0.94          |
| 30001-40000        | 51           | 0.08              | 1876831          | 1.32          |
| 40001-50000        | 15           | 0.02              | 707040           | 0.50          |
| 50001-100000       | 52           | 0.08              | 3916728          | 2.76          |
| 100001 and above   | 48           | 0.07              | 104754385        | 73.90         |
| <b>Total</b>       | <b>64933</b> | <b>100.00</b>     | <b>141751678</b> | <b>100.00</b> |

## Shareholding pattern as on 31<sup>st</sup> March, 2012

| Category |                                    | Number of shares | Percentage of Holding |
|----------|------------------------------------|------------------|-----------------------|
| <b>A</b> | <b>Promoter's Holding</b>          |                  |                       |
| 1        | Indian Promoter                    | 78091636         | 55.09                 |
| 2        | Foreign Promoter                   | 0                | 0.00                  |
|          | <b>Sub Total (A)</b>               | <b>78091636</b>  | <b>55.09</b>          |
| <b>B</b> | <b>Non Promoter's Holding</b>      |                  |                       |
|          | <b>Institutional Investors</b>     |                  |                       |
| 1        | Mutual funds/ UTI                  | 2700             | 0.00                  |
| 2        | Financial institutions/ banks      | 1408             | 0.00                  |
| 3        | Insurance Companies                | 801200           | 0.57                  |
| 4        | Foreign institutional investors    | 6921100          | 4.88                  |
|          | <b>Non Institutional Investors</b> |                  |                       |
| 1        | Bodies Corporates                  | 11217397         | 7.91                  |
| 2        | Clearing members                   | 518759           | 0.37                  |
| 3        | Non-resident Indians               | 895728           | 0.63                  |
| 4        | Others                             | 43301750         | 30.55                 |
|          | <b>Sub Total (B)</b>               | <b>63660042</b>  | <b>44.91</b>          |
|          | <b>Grand Total (A + B)</b>         | <b>141751678</b> | <b>100.00</b>         |



# CORPORATE GOVERNANCE REPORT

Person's acting in concert as defined in the Securities and Exchange Board of India (Acquisition of Shares and Takeovers) Regulations, 2011, for the purpose of Regulation 10(1)(a)(iv) of the Securities and Exchange Board of India (Acquisition of Shares and Takeovers) Regulations, 2011, include the following:

| Sr. 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      | Tamarind Family Private Trust                                                                               |
| 9      | Kae Capital Management Private Limited                                                                      |
| 10     | Kae Capital Trustee Company Private Limited                                                                 |
| 11     | IIFL Wealth Management Limited/ IIFL Trustee Services Limited, as trustees of Tamarind Family Private Trust |
| 12     | M/s Akman Associates                                                                                        |
| 13     | Mr. Gulu L. Mirchandani                                                                                     |
| 14     | Mr. Vijay J. Mansukhani                                                                                     |
| 15     | Mrs. Gita G. Mirchandani                                                                                    |
| 16     | Mrs. Marissa V. Mansukhani                                                                                  |
| 17     | Mr. Sasha G. Mirchandani                                                                                    |
| 18     | Mr. Kaval G. Mirchandani                                                                                    |
| 19     | Mr. Akshay V. Mansukhani                                                                                    |
| 20     | Ms. Ayesha V. Mansukhani                                                                                    |

## Dematerialisation of shares and liquidity

As at 31<sup>st</sup> March, 2012, 96.17% (13,63,25,303 shares) of paid up share capital were held in dematerialised form with NSDL and CDSL, while 3.83% (54,26,375 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, 2012 likely to have an impact on the equity share capital of the Company.

## Plant Locations

- Village Kudus  
Bhiwandi Wada Road  
Taluka Wada  
Thane – 421 312
- B-204/205  
Phase – II,  
Noida – 201 305
- Roorkee – Plant I**  
Khasra No.158, Village- Raipur,  
Pargana - Bhagwanpur,  
Roorkee, District - Haridwar,  
Uttaranchal
- Roorkee – Plant II**  
Khasra No.399 to 401 & 405 to 410,  
158 KMS Milestone, Delhi-Roorkee  
Highway – NH 58, Village– Mundiayaki,  
Pargana–Manglour, Tehsil- Roorkee,  
District – Haridwar, Uttaranchal – 247670

**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**

**Place : Mumbai**  
**Date : May 29, 2012**

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



# CORPORATE GOVERNANCE REPORT

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

We, G. Sundar, Chief Executive Officer and Kamal Jhunjunwala, DGM- Taxation and presently heading the Finance Function 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 March 31, 2012 and that to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit committee that:
  - (i) there are no significant changes in internal control over financial reporting during the year;
  - (ii) there have been no significant changes in accounting policies during the year which are required to be disclosed in the notes to the financial statements; and
  - (iii) there have been no instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**Date : May 29, 2012**

**Place: Mumbai**

**G. Sundar**

**Chief Executive Officer**

**Kamal Jhunjunwala**

**DGM Taxation**

*Note:- Mr. Kamal Jhunjunwala, DGM- Taxation presently heading the finance function of the Company has been authorised by the Audit Committee in its meeting held on 25.05.2012 to sign the certificate pursuant to clause 49 of the Listing Agreement.*



# CORPORATE GOVERNANCE REPORT

## Auditors' certificate on Corporate Governance

To the Members of MIRC Electronics Limited

We have examined the compliance of conditions of Corporate Governance by Mirc Electronics Limited ('the Company') for the year ended March 31, 2012 as stipulated in clause 49 of the Listing Agreement of the Company with the Stock Exchanges of India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was 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 complied with the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement.

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

**For N.M. Raiji & Company**

*Chartered Accountants*

Firm Registration No. 108296W

**Date : May 29, 2012**

**Place : Mumbai**

**J.M. Gandhi**

**Partner**

**M. No. 37924**



## AUDITOR'S REPORT

### To the Members of MIRC Electronics Limited

1. We have audited the attached Balance Sheet of MIRC Electronics Limited ('the Company') as at March 31, 2012 and also the related Profit and Loss Statement 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. Without qualifying our opinion, we draw attention to Note no. 28(1) to the financial statements in respect of fire at one of the Company's manufacturing plant and assessment of loss by the management. In absence of any confirmation from the insurance company, we have relied on the management assessment.
5. 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 those books;
  - (iii) The Balance Sheet, Profit and Loss Statement 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 Statement 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, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 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 give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
    - (b) in the case of the Profit and Loss Statement, of the Loss 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  
Firm Registration No.108296W

**J. M. GANDHI**  
Partner  
Membership No: 37924

Place : Mumbai  
Date : May 29, 2012



## 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, 2012.**

- (i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- b) According to the information and explanations given to us, the Company has a regular programme of physical verification by which a substantial portion of the fixed assets has been physically verified by the management during the year. In our opinion, the frequency of verification of the fixed assets by the management is reasonable having regard to the size of the Company and the nature of its assets. To the best of our knowledge, no material discrepancies were noticed on verification conducted during the year as compared with the book records and the same have been appropriately dealt with in the books of accounts.
- c) During the year certain manufacturing assets was destroyed by fire. However it does not affect the going concern assumption as the Company has other manufacturing location.
- (ii) a) Inventories have been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable.
- b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of the inventories followed by the management were generally reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) In our opinion the Company is maintaining proper records of inventory. The discrepancies noticed between the physical stocks and the book stocks were not material and have been properly dealt with in the books of account.
- (iii) a) The Company has granted unsecured loan to three parties covered in the register maintained under Section 301 of the Companies Act, 1956. The outstanding amount as at the balance sheet date and maximum amount outstanding during the year is ₹ 604.00 lacs and ₹ 1094.00 lacs respectively.
- b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions on which said loans have been granted are not, prima facie, prejudicial to the interest of the Company.
- c) As per the repayment terms of the loan no amount is due, however an amount of ₹ 490 lacs is prepaid and the interest is received as per the terms on due date.
- d) The Company has not taken any unsecured loan from parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, generally there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system.
- (v) a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts and arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been properly entered in the said register.
- b) During the year, there are transactions of purchase of services, exceeding rupees five lacs per annum, from one party covered under section 301 of the Companies Act, 1956. As per the information and explanation provided to us, the said purchases of services are of a special nature and therefore, comparative prices are not available.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the rules framed there under with regard to the deposits accepted from the public. We are informed by the Management that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal in this regard.
- (vi) In our opinion, the Company has adequate system of internal audit, which is commensurate with the size and nature of its business.
- (vii) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government under Section 209(1) (d) of the Companies Act, 1956 for maintenance of cost records in respect of products manufactured and are of the opinion that, prima facie, the prescribed accounts and records have been maintained by the Company. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.

## ANNEXURE TO THE AUDITORS' REPORT

(viii) a) According to the information and explanations provided to us, 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, Custom duty, Excise duty,

Service Tax, cess and other applicable statutory dues with the appropriate authorities.

b) According to the information and explanations given to us, the details of statutory dues which have not been deposited with the concerned authorities on account of dispute are given below:

| Nature of dues | Relevant Financial Year                     | Forum where Dispute Is Pending                   | Amount involved (₹. in Lacs) |
|----------------|---------------------------------------------|--------------------------------------------------|------------------------------|
| Central Excise | 1998-99                                     | High Court                                       | 72.69                        |
|                | 1997-98, 1999-2000, 2001-05, 2005-06        | Commissioner Central Excise                      | 54.25                        |
|                | 1999-2000, 2005-06                          | Excise Appellate Tribunal                        | 181.10                       |
| Sales Tax      | 1997-98                                     | Board of Madhya Pradesh Commercial Taxes, Bhopal | 9.72                         |
|                | 1991-92, 2002-08                            | High Court                                       | 320.96                       |
|                | 2007-08                                     | Supreme Court                                    | 0.55                         |
|                | 1992-94, 1995-99, 2000-04, 2006-07, 2008-09 | Commissioner                                     | 39.20                        |
|                | 2003-04, 2005-07                            | Revisional Board                                 | 187.49                       |
|                | 2005-06                                     | Deputy Commissioner Sales Tax                    | 5.09                         |
|                | 2008-09                                     | Deputy Excise and Taxation Commissioner          | 3.98                         |
|                | 1997-98, 1999-01, 2003-05, 2006-08,         | Deputy Commissioner of Commercial Taxes          | 35.12                        |
|                | 2005-08                                     | Additional Commissioner Sales Tax                | 24.96                        |
|                | 2008-09                                     | Assistant Commissioner (Appeal)                  | 38.03                        |
|                | 2002-04                                     | Tribunal                                         | 58.87                        |
| Income Tax     | 2007-08                                     | CIT ( Appeals )                                  | 77.69                        |
| Customs        | 1998-99, 2001-02, 2008-11                   | Commissioner of Customs                          | 311.36                       |
| Service Tax    | 2004-2011                                   | Service Tax Appellate Tribunal                   | 30462.31                     |

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

(x) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutions or banks.

(xi) 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.

(xii) The Company is not a chit fund or a nidhi/mutual benefit fund/society. The provisions of clause 4 (xiii) of the Order, therefore, are not applicable to the Company.

(xiii) 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.



## ANNEXURE TO THE AUDITORS' REPORT

- (xiv) 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.
- (xv) In our opinion and on the basis of the information and explanation given to us, the term loans have been applied for the purpose for which they were raised other than amounts temporarily invested pending utilisation of the funds for the stated use.
- (xvi) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have not been utilised for long term investment.
- (xvii) According to the information and explanations given to us, 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.
- (xviii) According to the information and explanations given to us, the Company has not issued any secured debentures, which are outstanding during the year.
- (xix) During the year, the Company has not raised any money by way of a public issue.
- (xx) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported, during the year.

For **N. M. RAIJI & CO.**  
Chartered Accountants  
Firm Registration No.108296W

**J. M. GANDHI**  
Partner  
Membership No: 37924

Place : Mumbai  
Date : May 29, 2012



# BALANCE SHEET AS AT MARCH 31, 2012

| ₹ in lacs                                 |          |                  |                  |
|-------------------------------------------|----------|------------------|------------------|
| PARTICULARS                               | Note No. | 31st March, 2012 | 31st March, 2011 |
| <b>I. EQUITY AND LIABILITIES</b>          |          |                  |                  |
| <b>Shareholders Funds</b>                 |          |                  |                  |
| Share capital                             | 2        | 1419.38          | 1419.38          |
| Reserves and surplus                      | 3        | 21337.70         | 25231.67         |
|                                           |          | 22757.08         | 26651.05         |
| <b>Non-current Liabilities</b>            |          |                  |                  |
| Long-term borrowings                      | 4        | 1500.14          | 3500.06          |
| Deferred tax liabilities (Net)            | 5        | 1544.79          | 1812.23          |
| Other Long term liabilities               |          | -                | -                |
| Long-term provisions                      | 6        | 215.12           | 176.31           |
|                                           |          | 3260.05          | 5488.60          |
| <b>Current Liabilities</b>                |          |                  |                  |
| Short-term borrowings                     | 7        | 12165.08         | 10544.80         |
| Trade payables                            | 8        | 32616.52         | 36872.98         |
| Other current liabilities                 | 9        | 6793.59          | 7859.44          |
| Short-term provisions                     | 10       | 122.72           | 1769.07          |
|                                           |          | 51697.91         | 57046.29         |
| <b>TOTAL</b>                              |          | <b>77715.04</b>  | <b>89185.94</b>  |
| <b>II. ASSETS</b>                         |          |                  |                  |
| <b>Non-current Assets</b>                 |          |                  |                  |
| Fixed assets                              | 11       |                  |                  |
| Tangible assets                           |          | 16494.90         | 20644.98         |
| Intangible assets                         |          | 8.44             | 9.37             |
| Capital work-in-progress                  |          | -                | 6.28             |
| Intangible assets under development       |          | -                | -                |
|                                           |          | 16503.34         | 20660.63         |
| Non-current investments                   | 12       | 2624.85          | 2624.85          |
| Long-term loans and advances              | 13       | 4013.82          | 4393.13          |
| Other non-current assets                  |          | -                | -                |
| <b>Current Assets</b>                     |          |                  |                  |
| Current investments                       | 14       | 19.46            | 29.45            |
| Inventories                               | 15       | 30359.72         | 34646.21         |
| Trade receivables                         | 16       | 12750.16         | 16350.95         |
| Cash and cash equivalents                 | 17       | 2884.79          | 4712.59          |
| Short-term loans and advances             | 18       | 4145.83          | 5762.41          |
| Other current assets                      | 19       | 4413.07          | 5.72             |
| <b>TOTAL</b>                              |          | <b>77715.04</b>  | <b>89185.94</b>  |
| <b>Significant Accounting Policies</b>    | 1        |                  |                  |
| <b>Notes Forming Part of the Accounts</b> | 28       |                  |                  |

As per our Report of even date attached

For and on behalf of the Board of Directors

**For N.M. RAIJI & CO.,**  
Chartered Accountants  
Firm Regn. No. 108296W

**KAMAL JHUNJHUNWALA**  
Deputy General Manager  
Accounts and Taxation

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

**J.M.GANDHI**  
Partner  
Membership No.37924  
Mumbai, May 29, 2012

**ANOOP PILLAI**  
Company Secretary and  
Head - Corporate Affairs

**V.J.MANSUKHANI**  
Managing Director



# PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

₹ in lacs

| PARTICULARS                                                                   | Note No. | 2011-12          | 2010-11          |
|-------------------------------------------------------------------------------|----------|------------------|------------------|
| <b>I. Revenue from Operations</b>                                             |          |                  |                  |
| Sales of products                                                             | 20       | 173515.09        | 200127.10        |
| Less: Excise Duty                                                             |          | 8441.31          | 8779.48          |
| <b>Total Revenue from Operations</b>                                          |          | <b>165073.78</b> | <b>191347.62</b> |
| <b>II. Other Income</b>                                                       | 21       | 255.33           | 246.75           |
| <b>TOTAL REVENUE</b>                                                          |          | <b>165329.11</b> | <b>191594.37</b> |
| <b>III. EXPENSES</b>                                                          |          |                  |                  |
| Cost of materials consumed                                                    | 22       | 63907.74         | 65394.28         |
| Purchases of Stock-in-Trade                                                   | 23       | 65310.01         | 90659.42         |
| Changes in inventories of Finished goods, Work-in-progress and Stock-in-Trade | 24       | 2803.31          | (8247.31)        |
| Employee benefits expense                                                     | 25       | 9063.43          | 9225.02          |
| Finance Cost                                                                  | 26       | 3520.39          | 1868.06          |
| Depreciation and amortization expense                                         | 11       | 2154.98          | 2160.42          |
| Other Expenses                                                                | 27       | 22229.43         | 27013.45         |
| <b>TOTAL EXPENSES</b>                                                         |          | <b>168989.29</b> | <b>188073.34</b> |
| <b>IV. PROFIT / (LOSS) BEFORE EXCEPTIONAL ITEMS AND TAX</b>                   |          | <b>(3660.18)</b> | <b>3521.03</b>   |
| <b>V. EXCEPTIONAL ITEMS</b>                                                   | 28 (1)   | <b>501.22</b>    | -                |
| <b>VI. PROFIT / (LOSS) BEFORE TAX</b>                                         |          | <b>(4161.40)</b> | <b>3521.03</b>   |
| <b>VII. Tax Expense</b>                                                       |          |                  |                  |
| Fringe Benefit Tax                                                            |          | -                | (24.97)          |
| Current Tax                                                                   |          | -                | 557.15           |
| Deferred Tax                                                                  | 5        | (267.43)         | 259.60           |
| <b>PROFIT / (LOSS) AFTER TAX</b>                                              |          | <b>(3893.97)</b> | <b>2729.25</b>   |
| <b>Basic and diluted earnings per share (₹)</b>                               | 28 (11)  | <b>(2.75)</b>    | <b>1.93</b>      |
| <b>Significant Accounting Policies</b>                                        | 1        |                  |                  |
| <b>Notes Forming Part of the Accounts</b>                                     | 28       |                  |                  |

As per our Report of even date attached

For and on behalf of the Board of Directors

**For N.M. RAIJI & CO.,**  
Chartered Accountants  
Firm Regn. No. 108296W

**KAMAL JHUNJHUNWALA**  
Deputy General Manager  
Accounts and Taxation

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

**J.M.GANDHI**  
Partner  
Membership No.37924  
Mumbai, May 29, 2012

**ANOOP PILLAI**  
Company Secretary and  
Head - Corporate Affairs

**V.J.MANSUKHANI**  
Managing Director



# SIGNIFICANT ACCOUNTING POLICIES

## NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

### 1.1 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.

### 1.2 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. The excise duty recovered is presented as a reduction from gross turnover.
- ii) Interest income is recognised on accrual basis.
- iii) Dividend income is accounted when the right to receive the payment is established.
- iv) Claims which are not of material nature / Insurance Claims, Export benefits, Government Grants, refund of Sales tax / Excise / Custom duty are accounted for when no significant uncertainties are attached to their eventual receipt.

### 1.3 Use of Estimates

The preparation of financial statements in conformity with Indian Generally Accepted Accounting Policies ( GAAP ) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures relating to contingent liabilities as at the date of financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Differences between the actual results and estimates are recognised in periods in which the results are known / materialised.

### 1.4 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 charge 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 1st Jan, 1987 on straight line method, in accordance with Schedule XIV of the Companies Act, 1956.
  - b) For assets acquired prior to 1st Jan, 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.



## SIGNIFICANT ACCOUNTING POLICIES

- d) Capital items costing less than ₹ 5000 have been charged to Profit and Loss Statement at the time of purchase itself.
- e) Leasehold Land is amortised over the period of lease.
- f) The company capitalises software where it is reasonably estimated that the software has an enduring useful life. Software is depreciated over an estimated useful life of 5 years.

### 1.5 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.

### 1.6 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 Statement.

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

### 1.7 Accounting for Taxes on Income

Tax expenses are charged to Profit and Loss Statement 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.

### 1.8 Inventories

Inventories are valued at lower of cost and net realisable value.

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.

### 1.9 Sales Promotion

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

### 1.10 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 Statement pursuant to the notification issued by ICAI.



## SIGNIFICANT ACCOUNTING POLICIES

- 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 Statement.
- 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. Mark to Market differences on such contracts are recognized in the Profit and Loss Statement.

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.

### 1.11 Research and Development

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

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

### 1.12 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.

### 1.13 Borrowing cost

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

### 1.14 Provision and Contingent Liabilities

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of the sources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on management's estimate for the amount required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current estimates of the management.

A Contingent Liability is disclosed , unless the possibility of an outflow of resources embodying the economic benefit is remote.



# NOTES FORMING PART OF THE ACCOUNTS

₹ in lacs

## PARTICULARS

31st March, 2012

31st March, 2011

### NOTE 2 - SHARE CAPITAL

#### Authorised

|                                                                                                                                                                  |                |                |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| 16,80,20,000 Equity Shares of ₹ 1 each<br>(Previous year 16,80,20,000 Equity Shares of ₹ 1 each)                                                                 | 1680.20        | 1680.20        |
| 20,00,000 5% Cumulative Redeemable Preference Shares of ₹100 each<br>(Previous year 20,00,000 5% Cumulative Redeemable Preference Shares of ₹100 each)           | 2000.00        | 2000.00        |
| 10,000 8% Cumulative Redeemable Preference Shares of ₹100 each<br>(Previous year 10,000 8% Cumulative Redeemable Preference Shares of ₹100 each)                 | 10.00          | 10.00          |
| 10,00,000 11% Non-Cumulative Redeemable Preference Shares of ₹100 each<br>(Previous year 10,00,000 11% Non-Cumulative Redeemable Preference Shares of ₹100 each) | 1000.00        | 1000.00        |
|                                                                                                                                                                  | <u>4690.20</u> | <u>4690.20</u> |

#### Issued, Subscribed and Paid Up

|                                                                                                                                                  |                |                |
|--------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| 14,17,51,678 Equity Shares of ₹ 1 each fully paid up<br>(Previous year 14,17,51,678 Equity Shares of ₹ 1 each fully paid up)                     | 1417.52        | 1417.52        |
| Add : 2,48,000 Forfeited Equity Shares of ₹ 1 each partly paid up<br>(Previous year 2,48,000 Forfeited Equity Shares of ₹ 1 each partly paid up) | <u>1.86</u>    | <u>1.86</u>    |
|                                                                                                                                                  | 1419.38        | 1419.38        |
|                                                                                                                                                  | <u>1419.38</u> | <u>1419.38</u> |

### TOTAL

#### 2.1 Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash.

- In FY 2009-10 : 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.

#### 2.2 Details of Shareholders holding more than 5 % of the issued shares

| Name of Shareholder                                                         | 31st March, 2012  |                        | 31st March, 2011  |                        |
|-----------------------------------------------------------------------------|-------------------|------------------------|-------------------|------------------------|
|                                                                             | Total Shares Held | As a % of Total Shares | Total Shares Held | As a % of Total Shares |
| Mr. Gulu L. Mirchandani                                                     | 20961358          | 14.79                  | 20961358          | 14.79                  |
| IIFL Trustee Services Limited<br>(Beneficial owner Mr. Vijay J. Mansukhani) | 25688283          | 18.12                  | 16660089          | 11.75                  |
| Mr. Kaval G. Mirchandani                                                    | 12516829          | 8.83                   | 12516829          | 8.83                   |
| Mr. Sasha G. Mirchandani                                                    | 12478750          | 8.80                   | 12478750          | 8.80                   |
| Mr. Vijay J. Mansukhani                                                     | -                 | -                      | 9028020           | 6.37                   |



# NOTES FORMING PART OF THE ACCOUNTS

| PARTICULARS                                      | ₹ in lacs        |                  |
|--------------------------------------------------|------------------|------------------|
|                                                  | 31st March, 2012 | 31st March, 2011 |
| <b>NOTE 3 - RESERVES AND SURPLUS</b>             |                  |                  |
| <b>Capital Reserve</b>                           | 7.07             | 7.07             |
| <b>Capital Redemption Reserve</b>                | 1891.51          | 1891.51          |
| <b>Securities Premium Account</b>                | 1.39             | 1.39             |
| <b>General Reserve</b>                           |                  |                  |
| As per last Balance Sheet                        | 8902.96          | 8630.03          |
| Add : Transfer from Profit and Loss Statement    | -                | 272.93           |
|                                                  | 8902.96          | 8902.96          |
| <b>Profit and Loss Statement</b>                 |                  |                  |
| As per last Balance Sheet                        | 14428.74         | 13619.90         |
| Add : Profit / (Loss) for the year               | (3893.97)        | 2729.25          |
|                                                  | 10534.77         | 16349.15         |
| Less : Appropriations                            |                  |                  |
| Transfer to General Reserve                      | -                | 272.93           |
| Equity Dividend                                  | -                | 1417.52          |
| Tax on Dividend                                  | -                | 229.96           |
|                                                  | 10534.77         | 14428.74         |
| <b>TOTAL</b>                                     | <b>21337.70</b>  | <b>25231.67</b>  |
| <b>NOTE 4 - LONG-TERM BORROWINGS</b>             |                  |                  |
| Term Loans                                       |                  |                  |
| Secured                                          |                  |                  |
| From Banks                                       | 3500.06          | 5000.00          |
| Less : Disclosed under Other Current Liabilities |                  |                  |
| - Current maturities of Long Term borrowings     | 1999.92          | 1499.94          |
| <b>TOTAL</b>                                     | <b>1500.14</b>   | <b>3500.06</b>   |

**4.1** Secured Term Loan from banks is secured by first pari passu charge in favour of the bankers by hypothecation of Company's current assets and on the Company's immovable and movable properties except the Land and Building and Plant and Machinery embedded to the earth in Roorkee.

**4.2** Secured Term Loan is repayable in monthly installments as follows

| Repayment Period        | Yearly Installment | Yearly Installment |
|-------------------------|--------------------|--------------------|
| April 2013 - March 2014 | 1500.14            | 1500.14            |
| April 2012 - March 2013 | 1999.92            | 1999.92            |
| April 2011 - March 2012 | -                  | 1499.94            |



# NOTES FORMING PART OF THE ACCOUNTS

₹ in lacs

## PARTICULARS

31st March, 2012

31st March, 2011

### NOTE 5 - DEFERRED TAX LIABILITY

The Company has recognized Deferred Tax in accordance with the requirements of Accounting Standard 22 on "Accounting for Taxes on Income" as notified under the Companies ( Accounting Standards ) Rules, 2006. The breakup of Net Deferred Tax liability (DTL) is as follows :

#### Deferred Tax Liabilities

|                         |                |                |
|-------------------------|----------------|----------------|
| Related to Fixed Assets | 1980.46        | 2303.82        |
| Related to Others       | -              | -              |
| <b>Total (A)</b>        | <b>1980.46</b> | <b>2303.82</b> |

#### Less : Deferred Tax Assets

|                                                               |                |                |
|---------------------------------------------------------------|----------------|----------------|
| Disallowed expenses as per Section 43B of Income Tax Act-1961 | 230.69         | 284.52         |
| Provision for Doubtful Debts                                  | 204.98         | 207.07         |
| <b>Total (B)</b>                                              | <b>435.67</b>  | <b>491.59</b>  |
| <b>Net Liability (A) - (B)</b>                                | <b>1544.79</b> | <b>1812.23</b> |

No Deferred Tax Asset is created on carry forward Income Tax losses considering prudence.

### NOTE 6 - LONG TERM PROVISIONS

|                                 |               |               |
|---------------------------------|---------------|---------------|
| Provision for employee benefits | 215.12        | 176.31        |
| <b>TOTAL</b>                    | <b>215.12</b> | <b>176.31</b> |

### NOTE 7 - SHORT-TERM BORROWINGS

|                                      |                 |                 |
|--------------------------------------|-----------------|-----------------|
| Loans repayable on demand from Banks |                 |                 |
| Secured                              |                 |                 |
| Cash Credit facility                 | 5565.08         | 4044.80         |
| Term Loan                            | 2500.00         | 2000.00         |
|                                      | 8065.08         | 6044.80         |
| Unsecured                            |                 |                 |
| Term Loan                            | 4100.00         | 4500.00         |
|                                      | 4100.00         | 4500.00         |
| <b>TOTAL</b>                         | <b>12165.08</b> | <b>10544.80</b> |

**7.1** Cash Credit facility and Secured Term Loan from banks is secured by pari passu charge in favour of the bankers by mortgage / hypothecation of Company's current assets and immovable and movable properties except the Land and Building and Plant and Machinery embedded to earth at Roorkee.



# NOTES FORMING PART OF THE ACCOUNTS

₹ in lacs

## PARTICULARS

31st March, 2012

31st March, 2011

### NOTE 8 - TRADE PAYABLES

Acceptances and Buyers Credit

23235.58

21049.22

Others

9380.94

15823.76

### TOTAL

32616.52
36872.98

8.1 There are no Micro and Small Enterprises, to whom the Company owes dues. 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.

### NOTE 9 - OTHER CURRENT LIABILITIES

Current maturities of long-term borrowings

1999.92

1499.94

Interest accrued but not due on borrowings

90.91

57.10

Unclaimed dividends

133.95

126.43

Advances from Customers

487.43

418.32

Other payables

Dealer Deposits

277.92

278.27

Employees

1354.77

2170.73

Statutory

2372.75

3203.03

Capital Asset Purchases

12.99

36.59

Others

62.95
69.03

4081.38

5757.65

### TOTAL

6793.59
7859.44

### NOTE 10 - SHORT TERM PROVISIONS

Provision for employee benefits

122.72

121.59

Others

Proposed Dividend

-

1417.52

Tax on Proposed Dividend

-

229.96

-

1647.48

### TOTAL

122.72
1769.07



# NOTES FORMING PART OF THE ACCOUNTS

₹ in lacs

## NOTE 11- FIXED ASSETS

| DESCRIPTION                                               | GROSS BLOCK         |                            |                            |                     | DEPRECIATION        |                 |                            |                    | NET BLOCK           |
|-----------------------------------------------------------|---------------------|----------------------------|----------------------------|---------------------|---------------------|-----------------|----------------------------|--------------------|---------------------|
|                                                           | AS AT<br>01.04.2011 | ADDITIONS /<br>ADJUSTMENTS | DELETIONS /<br>ADJUSTMENTS | AS AT<br>31.03.2012 | UP TO<br>01.04.2011 | FOR THE<br>YEAR | DELETIONS /<br>ADJUSTMENTS | UPTO<br>31.03.2012 | AS AT<br>31.03.2012 |
| <b>INTANGIBLE ASSETS</b>                                  |                     |                            |                            |                     |                     |                 |                            |                    |                     |
| 1 R & D Software                                          | 55.27               | 4.00                       | -                          | 59.27               | 45.90               | 4.93            | -                          | 50.83              | 8.44                |
|                                                           | (55.27)             | -                          | -                          | (55.27)             | (41.62)             | (4.28)          | -                          | (45.90)            | (9.37)              |
| <b>TANGIBLE ASSETS</b>                                    |                     |                            |                            |                     |                     |                 |                            |                    |                     |
| 2 Leasehold land                                          | 760.22              | -                          | -                          | 760.22              | 109.94              | 9.67            | -                          | 119.61             | 640.61              |
|                                                           | (760.22)            | -                          | -                          | (760.22)            | (100.27)            | (9.67)          | -                          | (109.94)           | (650.28)            |
| 3 Freehold land                                           | 1776.68             | -                          | -                          | 1776.68             | -                   | -               | -                          | -                  | 1776.68             |
|                                                           | (1776.68)           | -                          | -                          | (1776.68)           | -                   | -               | -                          | -                  | (1776.68)           |
| 4 Buildings                                               | 10300.82            | 36.48                      | -                          | 10337.30            | 2758.40             | 331.71          | -                          | 3090.11            | 7247.19             |
|                                                           | (10223.45)          | (77.37)                    | -                          | (10300.82)          | (2425.54)           | (332.86)        | -                          | (2758.40)          | (7542.42)           |
| 5 Plant and Machinery<br>and Electrical Fittings          | 26293.03            | 710.18                     | 4064.95                    | 22938.26            | 16481.62            | 1709.72         | 1169.05                    | 17022.29           | 5915.97             |
|                                                           | (25494.48)          | (1160.69)                  | (362.14)                   | (26293.03)          | (15012.70)          | (1726.60)       | (257.68)                   | (16481.62)         | (9811.41)           |
| 6 Furniture and Fixtures                                  | 728.59              | 66.49                      | 47.23                      | 747.85              | 574.50              | 23.77           | 11.50                      | 586.77             | 161.08              |
|                                                           | (700.91)            | (28.73)                    | (1.05)                     | (728.59)            | (550.33)            | (25.14)         | (0.97)                     | (574.50)           | (154.09)            |
| 7 Office Equipments                                       | 444.14              | 41.06                      | 7.00                       | 478.20              | 240.93              | 18.01           | 1.38                       | 257.56             | 220.64              |
|                                                           | (421.69)            | (24.04)                    | (1.59)                     | (444.14)            | (225.26)            | (17.09)         | (1.42)                     | (240.93)           | (203.21)            |
| 8 Motor Vehicles                                          | 334.64              | 77.58                      | 3.02                       | 409.20              | 183.07              | 22.56           | 2.49                       | 203.14             | 206.06              |
|                                                           | (238.72)            | (132.64)                   | (36.72)                    | (334.64)            | (200.70)            | (9.74)          | (27.37)                    | (183.07)           | (151.57)            |
| 9 R & D - Building                                        | 157.08              | -                          | -                          | 157.08              | 85.25               | 5.25            | -                          | 90.50              | 66.58               |
|                                                           | (157.08)            | -                          | -                          | (157.08)            | (80.01)             | (5.24)          | -                          | (85.25)            | (71.83)             |
| 10 R & D - Plant and Machinery<br>and Electrical Fittings | 661.56              | 5.96                       | 2.09                       | 665.43              | 412.52              | 26.02           | 2.09                       | 436.45             | 228.98              |
|                                                           | (636.57)            | (24.99)                    | -                          | (661.56)            | (386.04)            | (26.48)         | -                          | (412.52)           | (249.04)            |
| 11 R & D - Furniture and Fixture                          | 88.79               | -                          | 1.03                       | 87.76               | 69.43               | 1.66            | 1.03                       | 70.06              | 17.70               |
|                                                           | (88.08)             | (1.69)                     | (0.98)                     | (88.79)             | (68.76)             | (1.65)          | (0.98)                     | (69.43)            | (19.36)             |
| 12 R & D - Office Equipment                               | 40.25               | -                          | -                          | 40.25               | 25.16               | 1.68            | -                          | 26.84              | 13.41               |
|                                                           | (39.71)             | (0.54)                     | -                          | (40.25)             | (23.49)             | (1.67)          | -                          | (25.16)            | (15.09)             |
| <b>Total</b>                                              | <b>41641.07</b>     | <b>941.75</b>              | <b>4125.32</b>             | <b>38457.50</b>     | <b>20986.72</b>     | <b>2154.98</b>  | <b>1187.54</b>             | <b>21954.16</b>    | <b>16503.34</b>     |
|                                                           | (40592.86)          | (1450.69)                  | (402.48)                   | (41641.07)          | (19114.72)          | (2160.42)       | (288.42)                   | (20986.72)         | (20654.35)          |
| Capital Work-in-Progress                                  |                     |                            |                            |                     |                     |                 |                            |                    | -                   |
|                                                           |                     |                            |                            |                     |                     |                 |                            |                    | (6.28)              |
| <b>TOTAL</b>                                              |                     |                            |                            |                     |                     |                 |                            |                    | <b>16503.34</b>     |
|                                                           |                     |                            |                            |                     |                     |                 |                            |                    | (20660.63)          |

**Note:** 1. Gross Block deletion includes ₹ 4109.96 towards Fixed Assets at Roorkee Unit - 2 lost on account of fire.

2. Figures in brackets are in respect of 31st March, 2011



# NOTES FORMING PART OF THE ACCOUNTS

|                                                            |                     | ₹ in lacs        |                  |
|------------------------------------------------------------|---------------------|------------------|------------------|
| PARTICULARS                                                |                     | 31st March, 2012 | 31st March, 2011 |
| <b>NOTE 12 - NON-CURRENT INVESTMENTS (At cost)</b>         |                     |                  |                  |
| <b>Equity Instruments</b>                                  | <b>No. of Units</b> |                  |                  |
| (Unquoted and Fully Paid unless otherwise stated)          |                     |                  |                  |
| In Subsidiary Company                                      |                     |                  |                  |
| Akasaka Electronics Limited (Face value ₹10)               | 8148000             | 2624.85          | 2624.85          |
|                                                            | (PY.8148000)        |                  |                  |
| <b>In others</b>                                           |                     |                  |                  |
| Kongarar Textiles Limited (Face value ₹10)                 | 2600                | 1.17             | 1.17             |
| Less: Provision for diminution in the value of Investments | (PY.2600)           | 1.17             | 1.17             |
|                                                            |                     | -                | -                |
| Onida Finance Limited (Face value ₹10)                     | 468400              | 139.60           | 139.60           |
| Less: Provision for diminution in the value of Investments | (PY.468400)         | 139.60           | 139.60           |
|                                                            |                     | -                | -                |
| <b>TOTAL</b>                                               |                     | <b>2624.85</b>   | <b>2624.85</b>   |
| <b>12.1 Aggregate amount of Unquoted Investments</b>       |                     |                  |                  |
| Cost                                                       |                     | 2765.62          | 2765.62          |
| Less: Provision for diminution in the value of Investments |                     | 140.77           | 140.77           |
|                                                            |                     | <b>2624.85</b>   | <b>2624.85</b>   |
| <b>NOTE 13 - LONG-TERM LOANS AND ADVANCES</b>              |                     |                  |                  |
| (Unsecured - considered good unless otherwise stated)      |                     |                  |                  |
| Capital Advances                                           |                     | 30.25            | 71.62            |
| Security Deposits                                          |                     | 3362.20          | 3212.33          |
| Loans and advances to related party                        |                     |                  |                  |
| Relatives of Directors                                     | 479.00              | 969.00           |                  |
| Entity in which Directors have significant influence       | 125.00              | 125.00           |                  |
|                                                            |                     | 604.00           | 1094.00          |
| Other Loans and Advances                                   |                     |                  |                  |
| Prepaid Expenses                                           |                     | 17.37            | 15.18            |
| <b>TOTAL</b>                                               |                     | <b>4013.82</b>   | <b>4393.13</b>   |
| <b>NOTE 14 - CURRENT INVESTMENTS</b>                       |                     |                  |                  |
| ( At lower of cost and market value )                      |                     |                  |                  |
| <b>Non - Trade Investments</b>                             | <b>No. of Units</b> |                  |                  |
| In Equity Shares                                           |                     |                  |                  |
| Menon Pistons Limited (Quoted)                             | 27804               | 19.46            | 29.45            |
| (Face Value ₹ 10)                                          | (PY.42067)          |                  |                  |
| <b>TOTAL</b>                                               |                     | <b>19.46</b>     | <b>29.45</b>     |
| <b>14.1 Aggregate amount of Quoted Investments</b>         |                     |                  |                  |
| Book Value                                                 |                     | 19.46            | 29.45            |
| Market Value                                               |                     | 28.64            | 51.45            |



# NOTES FORMING PART OF THE ACCOUNTS

| PARTICULARS                                                  | ₹ in lacs        |                  |
|--------------------------------------------------------------|------------------|------------------|
|                                                              | 31st March, 2012 | 31st March, 2011 |
| <b>NOTE 15 - INVENTORIES</b>                                 |                  |                  |
| Raw Materials including Packing Materials and Service Spares | 6794.23          | 8316.10          |
| Stock in transit                                             | 1369.91          | 1352.21          |
|                                                              | 8164.14          | 9668.31          |
| Work-in-progress                                             | 2078.90          | 2272.75          |
| Finished Goods Manufactured                                  | 4200.85          | 6629.79          |
| Stock-in-trade                                               | 14483.23         | 12662.21         |
| Stock in transit                                             | 1128.44          | 3129.98          |
|                                                              | 15611.67         | 15792.19         |
| Stores and Spares                                            | 304.16           | 283.17           |
| <b>TOTAL</b>                                                 | <b>30359.72</b>  | <b>34646.21</b>  |

15.1 All inventories are valued at lower of cost and net realisable value. 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.

## NOTE 16 - TRADE RECEIVABLES

|                                     |                 |                 |
|-------------------------------------|-----------------|-----------------|
| Over six months due                 |                 |                 |
| Unsecured - considered good         | 138.99          | 58.92           |
| - considered doubtful               | 631.77          | 638.21          |
|                                     | 770.76          | 697.13          |
| Less : Provision for Doubtful Debts | 631.77          | 638.21          |
|                                     | 138.99          | 58.92           |
| Others - considered good            |                 |                 |
| - Secured                           | 197.99          | 396.83          |
| - Unsecured                         | 12413.18        | 15895.20        |
|                                     | 12611.17        | 16292.03        |
| <b>TOTAL</b>                        | <b>12750.16</b> | <b>16350.95</b> |

## NOTE 17 - CASH AND BANK BALANCES

| Cash And Cash Equivalents          | No. of Units |         |         |
|------------------------------------|--------------|---------|---------|
| Current Accounts                   |              | 378.99  | 564.18  |
| Cash on hand                       |              | 9.28    | 19.68   |
| Cheques, drafts on hand            |              | 294.16  | 36.12   |
| Bank Remittances in Transit        |              | 2034.81 | 3539.01 |
| Mutual Funds                       |              |         |         |
| UTI Liquid Cash Plan Institutional | -            | -       | 0.09    |
|                                    | (PY.8.850)   |         |         |
|                                    |              | 2717.24 | 4159.08 |



# NOTES FORMING PART OF THE ACCOUNTS

| PARTICULARS                                    | ₹ in lacs        |                  |
|------------------------------------------------|------------------|------------------|
|                                                | 31st March, 2012 | 31st March, 2011 |
| <b>Other Bank Balances</b>                     |                  |                  |
| Fixed Deposit Accounts                         | -                | 0.24             |
| Margin Money                                   |                  |                  |
| With more than 12 months maturity              | 33.60            | 222.34           |
| With less than 12 months maturity              | -                | 204.50           |
|                                                | 33.60            | 426.84           |
| Unclaimed Dividend Accounts                    | 133.95           | 126.43           |
| <b>TOTAL</b>                                   | <b>2884.79</b>   | <b>4712.59</b>   |
| <b>NOTE 18 - SHORT TERM LOANS AND ADVANCES</b> |                  |                  |
| (Unsecured and Consider Good)                  |                  |                  |
| Advance Income-tax (Net of Provisions)         | 243.41           | 111.31           |
| Balance with Excise and Custom Authorities     | 116.96           | 426.77           |
| Claims Receivable                              | 364.03           | 860.46           |
| Prepaid Expenses                               | 96.17            | 81.69            |
| Security Deposits                              | -                | 56.48            |
| Others                                         | 3325.26          | 4225.70          |
| <b>TOTAL</b>                                   | <b>4145.83</b>   | <b>5762.41</b>   |
| <b>NOTE 19 - OTHER CURRENT ASSETS</b>          |                  |                  |
| Interest Receivable                            | 1.47             | 5.58             |
| Insurance claims receivable                    | 4411.60          | 0.14             |
| <b>TOTAL</b>                                   | <b>4413.07</b>   | <b>5.72</b>      |
| PARTICULARS                                    |                  |                  |
|                                                | 2011-12          | 2010-11          |
| <b>NOTE 20 - REVENUE FROM OPERATIONS</b>       |                  |                  |
| Sale of Products                               | 173352.42        | 199969.80        |
| Other Operating Revenues                       | 162.67           | 157.30           |
| <b>TOTAL</b>                                   | <b>173515.09</b> | <b>200127.10</b> |
| <b>NOTE 21 - OTHER INCOME</b>                  |                  |                  |
| Dividend Income                                | 12.06            | 44.69            |
| Interest Income (Gross)                        | 112.90           | 156.69           |
| Profit on Sale of Assets                       | 0.07             | 0.97             |
| Profit on Sale of Investment                   | 5.39             | 36.40            |
| Interest on Income Tax Refund                  | 107.91           | -                |
| Conducting Fees                                | 17.00            | 8.00             |
| <b>TOTAL</b>                                   | <b>255.33</b>    | <b>246.75</b>    |



# NOTES FORMING PART OF THE ACCOUNTS

| PARTICULARS                                               | ₹ in lacs       |                  |
|-----------------------------------------------------------|-----------------|------------------|
|                                                           | 2011-12         | 2010-11          |
| <b>NOTE 22 - COST OF MATERIALS CONSUMED</b>               |                 |                  |
| Picture Tubes for Colour Televisions                      | 17983.95        | 21097.43         |
| Components and Parts for Colour Televisions, etc.         | 25037.95        | 28135.43         |
| Components and Parts for Air Conditioners                 | 1901.68         | 1247.30          |
| Components and Parts for Washing Machine                  | 5674.62         | 6399.99          |
| Others                                                    | 13309.54        | 8514.13          |
| <b>TOTAL</b>                                              | <b>63907.74</b> | <b>65394.28</b>  |
| <b>NOTE 23 - PURCHASES OF STOCK-IN-TRADE</b>              |                 |                  |
| Display Devices                                           | 14588.29        | 16735.18         |
| Washing Machines                                          | 4160.50         | 5539.93          |
| Air Conditioners                                          | 26253.90        | 33862.06         |
| DVD                                                       | 3811.88         | 6295.17          |
| Microwave Ovens                                           | 3811.94         | 3234.04          |
| Mobiles                                                   | 9018.58         | 20699.89         |
| Others                                                    | 3664.92         | 4293.15          |
| <b>TOTAL</b>                                              | <b>65310.01</b> | <b>90659.42</b>  |
| <b>NOTE 24 - CHANGES IN INVENTORIES OF FINISHED GOODS</b> |                 |                  |
| <b>WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>                |                 |                  |
| Opening Stock                                             |                 |                  |
| - Finished Goods                                          | 6629.79         | 4415.20          |
| - Work-in-Progress                                        | 2272.75         | 2126.52          |
| - Stock-in-Trade                                          | 15792.19        | 9905.70          |
|                                                           | 24694.73        | 16447.42         |
| Less : Closing Stock                                      |                 |                  |
| - Finished Goods                                          | 4200.85         | 6629.79          |
| - Work-in-Progress                                        | 2078.90         | 2272.75          |
| - Stock-in-Trade                                          | 15611.67        | 15792.19         |
|                                                           | 21891.42        | 24694.73         |
| <b>TOTAL</b>                                              | <b>2803.31</b>  | <b>(8247.31)</b> |
| <b>NOTE 25 - EMPLOYEE BENEFITS EXPENSE</b>                |                 |                  |
| Salaries, Wages and Bonus                                 | 7658.00         | 7754.35          |
| Contribution to Provident Fund and Other Funds            | 342.81          | 413.92           |
| Staff Welfare Expenses                                    | 1062.62         | 1056.75          |
| <b>TOTAL</b>                                              | <b>9063.43</b>  | <b>9225.02</b>   |
| <b>NOTE 26 - FINANCE COST</b>                             |                 |                  |
| Interest Expense                                          | 2730.75         | 1204.34          |
| Other Borrowing costs                                     | 322.56          | 455.62           |
| Exchange difference on foreign currency                   | 467.08          | 208.10           |
| <b>TOTAL</b>                                              | <b>3520.39</b>  | <b>1868.06</b>   |



# NOTES FORMING PART OF THE ACCOUNTS

| PARTICULARS                                      | ₹ in lacs       |                 |
|--------------------------------------------------|-----------------|-----------------|
|                                                  | 2011-12         | 2010-11         |
| <b>NOTE 27 - OTHER EXPENSES</b>                  |                 |                 |
| Power and Fuel                                   | 1066.91         | 1058.16         |
| Rent                                             | 966.21          | 780.34          |
| Rates and Taxes                                  | 338.13          | 444.12          |
| Repairs to:                                      |                 |                 |
| - Plant and Machinery                            | 232.46          | 256.50          |
| - Building                                       | 65.92           | 39.63           |
| - Others                                         | 545.86          | 577.13          |
|                                                  | 844.24          | 873.26          |
| Insurance Charges                                | 170.81          | 121.89          |
| Freight and Forwarding Expenses                  | 6101.03         | 6280.94         |
| Advertisement                                    | 5601.66         | 9039.98         |
| Sales Commission                                 | 171.64          | 221.81          |
| Service Charges                                  | 2938.86         | 2630.28         |
| Travelling and Conveyance                        | 1131.77         | 1173.72         |
| Loss on Sale of Assets                           | 0.15            | 95.09           |
| Bad debts written off                            | 37.98           | 224.15          |
| Less : Provision for Doubtful Debts written back | 37.98           | 224.15          |
|                                                  | -               | -               |
| Provision for Doubtful Debts                     | 31.53           | 33.37           |
| Research and Development Expenditure             | 867.22          | 1088.75         |
| Bank Charges                                     | 57.81           | 87.08           |
| Miscellaneous Expenses                           | 1941.46         | 3084.66         |
| <b>TOTAL</b>                                     | <b>22229.43</b> | <b>27013.45</b> |

## NOTE 28 - NOTES FORMING PART OF THE ACCOUNTS

- There was a major fire on 8th February, 2012 at one of the Company's factory located at Roorkee, Uttarakhand, affecting the entire operations of the factory. Fixed assets of written down value of ₹ 2936.63 and stock valuing ₹ 1773.17, aggregating ₹ 4709.80 were destroyed in the fire. The assets were fully covered under the insurance policy. The amount of ₹ 4409.80 is expected to be recovered from the insurance company and shown as insurance claim receivable. The management is confident of recovering the same. The balance amount of ₹ 300 along with the expenditure incurred of ₹ 201.22 (including salaries and wages of ₹ 21.72) has been charged to the Profit and Loss Statement and the aggregate amount of ₹ 501.22 has been treated as an exceptional item.
- During the year net debit in respect of foreign exchange fluctuation is ₹ 576.28 (previous year credit of ₹ 937.57). Out of this debit of ₹ 102.33 (previous year credit of ₹ 1189.59) is in respect of raw material purchases, debit of ₹ 6.87 (previous year debit of ₹ 43.92) is in respect of export of goods (included in miscellaneous expenses), debit of ₹ Nil (previous year debit of ₹ 25.99) is in respect of secured loans ( included in finance cost ) and debit of ₹ 467.08 ( previous year ₹ 182.11 ) is in respect of premium on forward contracts included in finance cost .



# NOTES FORMING PART OF THE ACCOUNTS

₹ in lacs

## 3) Contingent Liabilities and Commitments

| PARTICULARS                                                                                                  | 31st March, 2012 | 31st March, 2011 |
|--------------------------------------------------------------------------------------------------------------|------------------|------------------|
| <b>Contingent Liabilities</b>                                                                                |                  |                  |
| a) Guarantees given to Bank against which ₹ Nil (previous year ₹ Nil) has been deposited as margin money     | 1565.22          | 585.51           |
| b) Guarantees given to bank on behalf of subsidiary company<br>- Akasaka Electronics Limited                 | 2132.00          | 1870.00          |
| c) Income tax demands in respect of which appeals have been filed                                            | 77.69            | 82.16            |
| d) Excise and Custom Duty in respect of which appeals have been filed                                        | 31136.40         | 595.44           |
| e) Claims made against the Company not acknowledged as debts                                                 | 3681.12          | 5429.58          |
| <b>Commitments</b>                                                                                           |                  |                  |
| Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances) | 100.34           | 199.54           |

## 4) Employee Defined Benefits

### a) Defined contribution plans

The Company has recognised an expense of ₹291.59 ( previous year ₹279.90 ) towards defined contribution plans, in respect of Provident Fund and Superannuation Fund.

### b) 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 planned assets attributable to the obligation.

### c) Principal actuarial assumptions :

| Particulars                   | 2011-12  |                  | 2010-11  |                  |
|-------------------------------|----------|------------------|----------|------------------|
|                               | Gratuity | Leave Encashment | Gratuity | Leave Encashment |
| Discount rate                 | 8.75%    | 8.75%            | 8.25%    | 8.25%            |
| Rate of Return on Plan Assets | 8.75%    | N.A.             | 8.25%    | N.A.             |
| Salary Escalation             | 5.00%    | 5.00%            | 5.00%    | 5.00%            |



# NOTES FORMING PART OF THE ACCOUNTS

₹ in lacs

## d) Reconciliation of Benefit Obligation :

| Particulars                                                                                                 | 2011-12  |                  | 2010-11  |                  |
|-------------------------------------------------------------------------------------------------------------|----------|------------------|----------|------------------|
|                                                                                                             | Gratuity | Leave Encashment | Gratuity | Leave Encashment |
| Liability at the beginning of the year                                                                      | 793.19   | 220.39           | 724.69   | 200.74           |
| Interest cost                                                                                               | 65.44    | 18.18            | 57.97    | 16.06            |
| Current Service Cost                                                                                        | 68.29    | 21.70            | 64.65    | 16.81            |
| Benefit Paid                                                                                                | (51.87)  | (86.96)          | (108.64) | (83.14)          |
| Actuarial (Gain) / Loss on Obligations                                                                      | (22.05)  | 95.89            | 54.52    | 69.92            |
| Liability at the end of the year                                                                            | 853.00   | 269.20           | 793.19   | 220.39           |
| Fair Value of Plan Assets at the end of the year                                                            | 784.36   | -                | 715.68   | -                |
| Liability at the end of the year recognised and disclosed under the head "Provisions for Employee Benefits" |          |                  |          |                  |
| - Long term provision                                                                                       | -        | 215.12           | -        | 176.31           |
| - Short term provision                                                                                      | 68.64    | 54.08            | 77.51    | 44.08            |

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

| Particulars                                            | Gratuity |          |
|--------------------------------------------------------|----------|----------|
|                                                        | 2011-12  | 2010-11  |
| Fair Value of Plan Assets at the beginning of the year | 715.69   | 711.03   |
| Expected Return on Plan Assets                         | 59.04    | 56.88    |
| Contributions                                          | 56.46    | 53.10    |
| Benefit Paid                                           | (51.88)  | (108.64) |
| Actuarial Gain / (Loss) on Obligations                 | 5.04     | 3.32     |
| Fair Value of Plan Assets at the end of the year       | 784.35   | 715.69   |

## f) Return on Plan Assets :

| Particulars                            | Gratuity |         |
|----------------------------------------|----------|---------|
|                                        | 2011-12  | 2010-11 |
| Expected Return on Plan Assets         | 59.04    | 56.88   |
| Actuarial Gain / (Loss) on Plan Assets | 5.04     | 3.32    |
| Actual Return on Plan Assets           | 64.08    | 60.20   |



# NOTES FORMING PART OF THE ACCOUNTS

₹ in lacs

**g) Expenses recognised in the Profit and Loss Statement under the head Personnel Expenses :**

| Particulars                                      | 2011-12  |                  | 2010-11  |                  |
|--------------------------------------------------|----------|------------------|----------|------------------|
|                                                  | Gratuity | Leave Encashment | Gratuity | Leave Encashment |
| Current Service Cost                             | 68.29    | 21.70            | 64.65    | 16.81            |
| Interest Cost                                    | 65.44    | 18.18            | 57.97    | 16.06            |
| Expected Return on Plan Assets                   | (59.04)  | N.A.             | (56.88)  | N.A.             |
| Net Actuarial (Gain) / Loss recognised           | (27.09)  | 95.89            | 51.20    | 69.92            |
| Expenses recognised in Profit and Loss Statement | 47.60    | 135.77           | 116.94   | 102.79           |

**5) Value of Material Consumed**

| Sr. No. | Particulars  | %          | 2011-12         | %          | 2010-11         |
|---------|--------------|------------|-----------------|------------|-----------------|
| a)      | Imported     | 69         | 43977.77        | 70         | 45849.23        |
| b)      | Indigenous   | 31         | 19929.97        | 30         | 19545.05        |
|         | <b>Total</b> | <b>100</b> | <b>63907.74</b> | <b>100</b> | <b>65394.28</b> |

**6) Value of Imports (on C.I.F. basis)**

| Sr. No. | Particulars                      | 2011-12  | 2010-11   |
|---------|----------------------------------|----------|-----------|
| a)      | Raw Materials (Incl. In-Transit) | 86835.36 | 109327.71 |
| b)      | Capital Goods                    | 563.97   | 782.07    |

**7) Earnings in Foreign Currency on account of**

| Sr. No. | Particulars            | 2011-12 | 2010-11 |
|---------|------------------------|---------|---------|
| a)      | Exports (at FOB Value) | 1207.32 | 2594.05 |

**8) Expenditure in Foreign Currency on account of**

| Sr. No. | Particulars               | 2011-12       | 2010-11       |
|---------|---------------------------|---------------|---------------|
| a)      | Royalty                   | 10.03         | -             |
| b)      | Financial Expenses        | 182.11        | 75.02         |
| c)      | Personnel Expenses        | 255.58        | 177.28        |
| d)      | Freight and Forwarding    | 18.31         | 26.99         |
| e)      | Travelling and conveyance | 78.44         | 86.75         |
| f)      | Advertisement             | 5.16          | 25.42         |
| g)      | Others                    | 288.84        | 213.65        |
|         | <b>Total</b>              | <b>838.47</b> | <b>605.11</b> |



# NOTES FORMING PART OF THE ACCOUNTS

₹ in lacs

- 9) Segment information has been presented in the Consolidated Financial Statements as permitted by Accounting Standards (AS) - 17 on Segment Reporting as notified under the Companies (Accounting Standards) Rules, 2006.
- 10) 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. | Particulars                                                                                       | Currency | Amount in foreign currency (in lacs) | Amount in Indian Rupees (in lacs) |
|---------|---------------------------------------------------------------------------------------------------|----------|--------------------------------------|-----------------------------------|
| a)      | Amount payable in foreign currency on account of import of goods and its equivalent Indian Rupees | USD      | 364.38                               | 18762.04                          |
|         | (Previous year)                                                                                   | USD      | (202.37)                             | (9197.55)                         |

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 Forward currency (in lacs) | Amount in Indian Rupees (in lacs) |
|---------|---------------------------------------------------------------------------------------------------|----------|--------------------------------------|-----------------------------------|
| a)      | Amount payable in foreign currency on account of import of goods and its equivalent Indian Rupees | USD      | 120.13                               | 6111.83                           |
|         |                                                                                                   | JPY      | 354.55                               | 219.68                            |
|         | (Previous year)                                                                                   | USD      | (317.40)                             | (14154.39)                        |
|         |                                                                                                   | JPY      | (642.59)                             | (345.84)                          |
| b)      | Amount receivable in foreign currency on export of goods and its equivalent Indian Rupees         | USD      | 3.81                                 | 193.89                            |
|         | (Previous year)                                                                                   | USD      | (3.56)                               | (158.76)                          |

- 11) Working for Earnings Per Share (EPS) is as follows

| Particulars                                              | 2011-12   | 2010-11   |
|----------------------------------------------------------|-----------|-----------|
| Profit after Tax                                         | (3893.97) | 2729.25   |
| Net profit after tax attributable to Equity shareholders | (3893.97) | 2729.25   |
| Weighted average number of Equity Shares outstanding     | 141751678 | 141751678 |
| Basic / Diluted Earnings Per Share                       | (2.75)    | 1.93      |

- 12) Research and development expenses consist of personnel expenses and other expenses of ₹ 571.99 (previous year ₹ 815.62), and ₹ 295.23 (previous year ₹ 273.13) respectively. Depreciation on Research and Development assets is ₹ 39.53 (previous year ₹ 39.32) shown under Fixed Assets.
- 13) Miscellaneous Expenses charged to Profit and Loss Statement includes

| Particulars                                        | 2011-12      | 2010-11      |
|----------------------------------------------------|--------------|--------------|
| Remuneration to Auditors (excluding Service Tax) : |              |              |
| Audit fees (including quarterly review / audit)    | 21.00        | 21.00        |
| For Taxation matters                               | 4.00         | 4.00         |
| For Company Law matters                            | 0.25         | 0.25         |
| For Other Services                                 | 0.81         | 5.56         |
| Reimbursement of expenses                          | 0.25         | 0.35         |
| <b>TOTAL</b>                                       | <b>26.31</b> | <b>31.16</b> |



# NOTES FORMING PART OF THE ACCOUNTS

₹ in lacs

- 14) a) Balances of Trade Payable, Trade Recievable, Loans and Advances and Deposits are subject to confirmation and reconciliation.  
b) There is no amount due and outstanding, as at 31st March, 2012 to be credited to Investor Education and Protection Fund.
- 15) 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. Subsidiary                                                                          | Akasaka Electronics Ltd.                                                                                                                                                                                                                                                                                                                     |
| 2. Key Management Personnel                                                            | Mr. G. L. Mirchandani - Chairman and Managing Director of Mirc Electronics Ltd.<br>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)<br>Mrs. Marissa Mansukhani (Wife of Mr.V.J.Mansukhani)<br>Mr. Kaval Mirchandani ( Son of Mr.G.L. Mirchandani)<br>Mr. Akshay Mansukhani (Son of Mr.V.J. Mansukhani)<br>Ms. Ayesha Mansukhani (Daughter of Mr.V.J. Mansukhani)<br>G. L. Mirchandani (H.U.F.)<br>V. J. Mansukhani (H.U.F.) |
| 4. Enterprise over which any person described in 2 & 3 is having significant influence | Iwai Electronics Pvt. Ltd.<br>Adino Telecom Ltd.<br>Gulita Wealth Advisors Pvt. Ltd.                                                                                                                                                                                                                                                         |

## a) Ordinary course of business

| Particulars                                          | Subsidiary<br>(1)  | Key management Personnel<br>(2) | Relatives of key management personnel<br>(3) | Enterprise over which any person described in (2) & (3) is having significant influence<br>(4) |
|------------------------------------------------------|--------------------|---------------------------------|----------------------------------------------|------------------------------------------------------------------------------------------------|
| <b>Transactions during 1.4.2011 to 31.03.2012</b>    |                    |                                 |                                              |                                                                                                |
| Purchase of goods, services, spares and fixed assets |                    |                                 |                                              |                                                                                                |
| Akasaka Electronics Limited                          | 777.32<br>(933.85) | -<br>-                          | -<br>-                                       | -<br>-                                                                                         |
| Iwai Electronics Pvt.Limited                         | -                  | -                               | -                                            | 2256.00<br>(2047.16)                                                                           |
| Adino Telecom Limited                                | -                  | -                               | -                                            | 0.15<br>(1.11)                                                                                 |
| Sale of goods, fixed assets, spares and services     |                    |                                 |                                              |                                                                                                |
| Akasaka Electronics Limited                          | 1.17<br>(1.82)     | -<br>-                          | -<br>-                                       | -<br>-                                                                                         |



# NOTES FORMING PART OF THE ACCOUNTS

₹ in lacs

| Particulars                                                              | Subsidiary | Key management Personnel | Relatives of key management personnel | Enterprise over which any person described in (2) & (3) is having significant influence |
|--------------------------------------------------------------------------|------------|--------------------------|---------------------------------------|-----------------------------------------------------------------------------------------|
|                                                                          | (1)        | (2)                      | (3)                                   | (4)                                                                                     |
| Iwai Electronics Pvt. Limited                                            | -          | -                        | -                                     | 19.69                                                                                   |
|                                                                          | -          | -                        | -                                     | (761.73)                                                                                |
| Adino Telecom Limited                                                    | -          | -                        | -                                     | 3.26                                                                                    |
|                                                                          | -          | -                        | -                                     | (3.06)                                                                                  |
| Inter Corporate Deposits / Loan repaid                                   |            |                          |                                       |                                                                                         |
| Akasaka Electronics Limited                                              | -          | -                        | -                                     | -                                                                                       |
|                                                                          | (68.25)    | -                        | -                                     | -                                                                                       |
| Gita Mirchandani                                                         | -          | -                        | 425.00                                | -                                                                                       |
|                                                                          | -          | -                        | (200.00)                              | -                                                                                       |
| Ayesha Mansukhani                                                        | -          | -                        | 65.00                                 | -                                                                                       |
|                                                                          | -          | -                        | -                                     | -                                                                                       |
| Interest due and received on Inter Corporate Deposits / loans / advances |            |                          |                                       |                                                                                         |
| Akasaka Electronics Ltd.                                                 | -          | -                        | -                                     | -                                                                                       |
|                                                                          | (1.30)     | -                        | -                                     | -                                                                                       |
| Adino Telecom Limited                                                    | -          | -                        | -                                     | 18.75                                                                                   |
|                                                                          | -          | -                        | -                                     | (18.75)                                                                                 |
| Ayesha Mansukhani                                                        | -          | -                        | 35.37                                 | -                                                                                       |
|                                                                          | -          | -                        | (35.37)                               | -                                                                                       |
| Gita Mirchandani                                                         | -          | -                        | 39.51                                 | -                                                                                       |
|                                                                          | -          | -                        | (69.79)                               | -                                                                                       |
| Rent paid                                                                |            |                          |                                       |                                                                                         |
| G.L.Mirchandani                                                          | -          | 4.03                     | -                                     | -                                                                                       |
|                                                                          | -          | (4.27)                   | -                                     | -                                                                                       |
| Gita Mirchandani                                                         | -          | -                        | 27.74                                 | -                                                                                       |
|                                                                          | -          | -                        | (19.55)                               | -                                                                                       |
| Marissa Mansukhani                                                       | -          | -                        | 8.18                                  | -                                                                                       |
|                                                                          | -          | -                        | (4.09)                                | -                                                                                       |
| Akshay Mansukhani                                                        | -          | -                        | 0.89                                  | -                                                                                       |
|                                                                          | -          | -                        | (0.89)                                | -                                                                                       |
| Ayesha Mansukhani                                                        | -          | -                        | 0.89                                  | -                                                                                       |
|                                                                          | -          | -                        | (0.89)                                | -                                                                                       |
| G.L.Mirchandani (HUF)                                                    | -          | -                        | 13.66                                 | -                                                                                       |
|                                                                          | -          | -                        | (9.84)                                | -                                                                                       |



# NOTES FORMING PART OF THE ACCOUNTS

₹ in lacs

| Particulars                      | Subsidiary<br>(1) | Key management Personnel<br>(2) | Relatives of key management personnel<br>(3) | Enterprise over which any person described in (2) & (3) is having significant influence<br>(4) |
|----------------------------------|-------------------|---------------------------------|----------------------------------------------|------------------------------------------------------------------------------------------------|
| V.J.Mansukhani (HUF)             | -                 | -                               | 2.59                                         | -                                                                                              |
|                                  | -                 | -                               | (2.59)                                       | -                                                                                              |
| Gulita Wealth Advisors Pvt. Ltd. | -                 | -                               | -                                            | 30.00                                                                                          |
|                                  | -                 | -                               | -                                            | (30.00)                                                                                        |
| Rent received                    |                   |                                 |                                              |                                                                                                |
| Adino Telecom Limited            | -                 | -                               | -                                            | 7.38                                                                                           |
|                                  | -                 | -                               | -                                            | (10.84)                                                                                        |
| Refund of Rent Deposit           |                   |                                 |                                              |                                                                                                |
| Gita Mirchandani                 | -                 | -                               | -                                            | -                                                                                              |
|                                  | -                 | -                               | (1.20)                                       | -                                                                                              |
| Payment of Rent Deposit          |                   |                                 |                                              |                                                                                                |
| Gita Mirchandani                 | -                 | -                               | 8.18                                         | -                                                                                              |
|                                  | -                 | -                               | -                                            | -                                                                                              |
| Marissa Mansukhani               | -                 | -                               | 4.09                                         | -                                                                                              |
|                                  | -                 | -                               | -                                            | -                                                                                              |
| G.L. Mirchandani (HUF)           | -                 | -                               | 4.09                                         | -                                                                                              |
|                                  | -                 | -                               | -                                            | -                                                                                              |
| Remuneration                     |                   |                                 |                                              |                                                                                                |
| Managerial Remuneration          | -                 | 270.22                          | -                                            | -                                                                                              |
|                                  | -                 | (347.82)                        | -                                            | -                                                                                              |
| Kaval Mirchandani                | -                 | -                               | 45.00                                        | -                                                                                              |
|                                  | -                 | -                               | (39.86)                                      | -                                                                                              |

## Closing Balance as at 31<sup>st</sup> March, 2012

| Particulars       | Subsidiary<br>(1) | Key management Personnel<br>(2) | Relatives of key management personnel<br>(3) | Enterprise over which any person described in (2) & (3) is having significant influence<br>(4) |
|-------------------|-------------------|---------------------------------|----------------------------------------------|------------------------------------------------------------------------------------------------|
| <b>Receivable</b> |                   |                                 |                                              |                                                                                                |
| G.L.Mirchandani   |                   |                                 |                                              |                                                                                                |
| Rent Deposit      | -                 | 119.82                          | -                                            | -                                                                                              |
|                   | -                 | (119.82)                        | -                                            | -                                                                                              |



# NOTES FORMING PART OF THE ACCOUNTS

₹ in lacs

| Particulars                      | Subsidiary | Key management Personnel | Relatives of key management personnel | Enterprise over which any person described in (2) & (3) is having significant influence |
|----------------------------------|------------|--------------------------|---------------------------------------|-----------------------------------------------------------------------------------------|
|                                  | (1)        | (2)                      | (3)                                   | (4)                                                                                     |
| Gita Mirchandani                 |            |                          |                                       |                                                                                         |
| Rent Deposit                     | -          | -                        | 631.40                                | -                                                                                       |
|                                  | -          | -                        | (623.22)                              | -                                                                                       |
| Loan given                       | -          | -                        | 151.00                                | -                                                                                       |
|                                  | -          | -                        | (576.00)                              | -                                                                                       |
|                                  | -          | -                        | 782.40                                | -                                                                                       |
|                                  | -          | -                        | (1199.22)                             | -                                                                                       |
| Marissa Mansukhani               |            |                          |                                       |                                                                                         |
| Rent Deposit                     | -          | -                        | 8.18                                  | -                                                                                       |
|                                  | -          | -                        | (4.09)                                | -                                                                                       |
| Akshay Mansukhani                |            |                          |                                       |                                                                                         |
| Rent Deposit                     | -          | -                        | 0.89                                  | -                                                                                       |
|                                  | -          | -                        | (0.89)                                | -                                                                                       |
| Ayesha Mansukhani                |            |                          |                                       |                                                                                         |
| Rent Deposit                     | -          | -                        | 0.89                                  | -                                                                                       |
|                                  | -          | -                        | (0.89)                                | -                                                                                       |
| Loan given                       | -          | -                        | 328.00                                | -                                                                                       |
|                                  | -          | -                        | (393.00)                              | -                                                                                       |
|                                  | -          | -                        | 328.89                                | -                                                                                       |
|                                  | -          | -                        | (393.89)                              | -                                                                                       |
| G.L.Mirchandani (HUF)            |            |                          |                                       |                                                                                         |
| Rent Deposit                     | -          | -                        | 349.70                                | -                                                                                       |
|                                  | -          | -                        | (345.60)                              | -                                                                                       |
| V.J.Mansukhani (HUF)             |            |                          |                                       |                                                                                         |
| Rent Deposit                     | -          | -                        | 2.59                                  | -                                                                                       |
|                                  | -          | -                        | (2.59)                                | -                                                                                       |
| Gulita Wealth Advisors Pvt. Ltd. |            |                          |                                       |                                                                                         |
| Rent Deposit                     | -          | -                        | -                                     | 1000.00                                                                                 |
|                                  | -          | -                        | -                                     | (1000.00)                                                                               |
| Adino Telecom Limited            |            |                          |                                       |                                                                                         |
| Creditors                        | -          | -                        | -                                     | -                                                                                       |
|                                  | -          | -                        | -                                     | (0.02)                                                                                  |
| Debtors                          | -          | -                        | -                                     | 6.46                                                                                    |
|                                  | -          | -                        | -                                     | -                                                                                       |



# NOTES FORMING PART OF THE ACCOUNTS

₹ in lacs

| Particulars                   | Subsidiary | Key management Personnel | Relatives of key management personnel | Enterprise over which any person described in (2) & (3) is having significant influence |
|-------------------------------|------------|--------------------------|---------------------------------------|-----------------------------------------------------------------------------------------|
|                               | (1)        | (2)                      | (3)                                   | (4)                                                                                     |
| Inter corporate deposit given | -          | -                        | -                                     | 125.00                                                                                  |
|                               | -          | -                        | -                                     | (125.00)                                                                                |
|                               | -          | -                        | -                                     | 131.46                                                                                  |
|                               | -          | -                        | -                                     | (124.98)                                                                                |
| <b>Payable</b>                |            |                          |                                       |                                                                                         |
| Akasaka Electronics Limited   |            |                          |                                       |                                                                                         |
| Creditors payable             | 56.41      | -                        | -                                     | -                                                                                       |
|                               | (80.21)    | -                        | -                                     | -                                                                                       |
|                               | 56.41      | -                        | -                                     | -                                                                                       |
|                               | (80.21)    | -                        | -                                     | -                                                                                       |
| Iwai Electronics Pvt. Ltd.    |            |                          |                                       |                                                                                         |
| Creditors payable             | -          | -                        | -                                     | 169.85                                                                                  |
|                               | -          | -                        | -                                     | (86.98)                                                                                 |

Note : Figures in brackets are in respect of 31st March, 2011

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

Signatures to Note '1' to '28' forming part of the Balance Sheet and Profit and Loss Statement

As per our Report of even date attached

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

**For N.M. RAIJI & CO.,**  
Chartered Accountants  
Firm Regn. No. 108296W

**KAMAL JHUNJHUNWALA**  
Deputy General Manager  
Accounts and Taxation

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

**J.M.GANDHI**  
Partner  
Membership No.37924  
Mumbai, May 29, 2012

**ANOOP PILLAI**  
Company Secretary and  
Head - Corporate Affairs

**V.J.MANSUKHANI**  
Managing Director



# CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

₹ in lacs

## A. CASH FLOW FROM OPERATING ACTIVITIES

|                                                                   | 2011-12          | 2010-11          |
|-------------------------------------------------------------------|------------------|------------------|
| <b>Net Profit Before Tax</b>                                      | <b>(4161.40)</b> | <b>3521.03</b>   |
| <b>Adjustments for :</b>                                          |                  |                  |
| Depreciation and Amortisation                                     | 2154.98          | 2160.42          |
| Unrealised Foreign Exchange Fluctuations                          | (417.71)         | (714.45)         |
| Interest Expenditure                                              | 3520.39          | 1868.06          |
| Interest Income                                                   | (220.81)         | (156.69)         |
| Dividend Income                                                   | (12.06)          | (44.69)          |
| (Profit)/ Loss on Sale of Fixed Assets (Net)                      | 0.08             | 94.12            |
| (Profit)/ Loss on Sale of Investments (Net)                       | (5.39)           | (36.40)          |
| Exceptional Item - Provision for loss of Fixed Assets due to Fire | 300.00           | -                |
|                                                                   | <b>5319.48</b>   | <b>3170.37</b>   |
| <b>Operating Profit before Working Capital changes</b>            | <b>1158.08</b>   | <b>6691.40</b>   |
| <b>Changes in Working Capital</b>                                 |                  |                  |
| Trade and Other Receivables                                       | 3455.44          | (5784.83)        |
| Inventories                                                       | 4286.49          | (9746.30)        |
| Trade and Other Payables                                          | (5393.36)        | 12569.89         |
|                                                                   | <b>2348.57</b>   | <b>(2961.24)</b> |
| <b>Cash Generated from Operations</b>                             | <b>3506.65</b>   | <b>3730.16</b>   |
| Direct Taxes Paid (Net of Refunds)                                | (132.10)         | (648.19)         |
| <b>NET CASH USED IN OPERATING ACTIVITIES.....(A)</b>              | <b>3374.55</b>   | <b>3081.97</b>   |

## B. CASH FLOW FROM INVESTING ACTIVITIES

|                                                      |                 |               |
|------------------------------------------------------|-----------------|---------------|
| Payment for Purchase of Fixed Assets                 | (941.75)        | (1450.69)     |
| Purchase of Investments                              | (5700.08)       | (13807.57)    |
| Proceeds from Sale of Fixed Assets                   | 1.07            | 19.94         |
| Proceeds from Sale of Investments                    | 5715.46         | 15,203.67     |
| Movement of Capital Advances                         | 6.28            | (48.68)       |
| Movement in Loans                                    | 490.00          | -             |
| Interest Income                                      | 220.81          | 156.69        |
| Dividend Income                                      | 12.06           | 44.69         |
| <b>NET CASH USED IN INVESTING ACTIVITIES.....(B)</b> | <b>(196.15)</b> | <b>118.05</b> |



# CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

₹ in lacs

|                                                                     | 2011-12          | 2010-11          |
|---------------------------------------------------------------------|------------------|------------------|
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                       |                  |                  |
| Movement in Term Loans                                              | (1499.94)        | 5000.00          |
| Movement in Short Term Loans                                        | 1620.28          | (2819.98)        |
| Interest Paid                                                       | (3486.58)        | (1864.65)        |
| Dividends paid (including Dividend Tax)                             | (1639.96)        | (1567.19)        |
| <b>NET CASH USED IN FINANCING ACTIVITIES.....(C)</b>                | <b>(5006.20)</b> | <b>(1251.82)</b> |
| <b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b> | <b>(1827.80)</b> | <b>1948.20</b>   |
| <b>CASH AND CASH EQUIVALENTS AS AT 01.04.2011 (OPENING BALANCE)</b> | <b>4712.59</b>   | <b>2764.39</b>   |
| <b>CASH AND CASH EQUIVALENTS AS AT 31.03.2012 (CLOSING BALANCE)</b> | <b>2884.79</b>   | <b>4712.59</b>   |

Note : Cash Flow Statement has been prepared under the Indirect Method as setout in Accounting Standard (AS) - 3 notified under the Companies (Accounting Standard) Rules, 2006.

As per our Report of even date attached

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

**For N.M. RAIJI & CO.,**  
Chartered Accountants  
Firm Regn. No. 108296W

**KAMAL JHUNJHUNWALA**  
Deputy General Manager  
Accounts and Taxation

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

**J.M.GANDHI**  
Partner  
Membership No.37924  
Mumbai, May 29, 2012

**ANOOP PILLAI**  
Company Secretary and  
Head - Corporate Affairs

**V.J.MANSUKHANI**  
Managing Director



## SECTION 212

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

₹ in lacs

|   |                                                                                                                                                                                   |                          |                          |
|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| 1 | Name of the Subsidiary                                                                                                                                                            | Akasaka Electronics Ltd. | Akasaka Electronics Ltd. |
| 2 | Financial Year of the Subsidiary ended on                                                                                                                                         | 31st March, 2012         | 31st March, 2011         |
| 3 | Share of the Subsidiary held by the Company on the above date :                                                                                                                   |                          |                          |
|   | (a) Number and Face Vale                                                                                                                                                          | 81,48,000 ₹10            | 81,48,000 ₹10            |
|   | (b) Extent of holding                                                                                                                                                             | 99.88%                   | 99.88%                   |
| 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, 2012                                                                                                 | -                        | -                        |
|   | (b) Not dealt with in the accounts of the Company for the year ended 31st March, 2012                                                                                             | 12.66                    | 168.47                   |
| 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, 2012                                                                                                 | -                        | -                        |
|   | (b) Not dealt with in the accounts of the Company for the year ended 31st March, 2012                                                                                             | 958.39                   | 789.92                   |
|   | * Statement regarding Subsidiary Company as at 31st March, 2012 :                                                                                                                 |                          |                          |
|   | (a) Issued & Subscribed Share Capital                                                                                                                                             | 815.75                   | 815.75                   |
|   | (b) Reserves                                                                                                                                                                      | 1279.00                  | 1266.31                  |
|   | (c) Total Assets                                                                                                                                                                  | 2748.79                  | 2909.20                  |
|   | (d) Total Liabilities                                                                                                                                                             | 654.04                   | 827.14                   |
|   | (e) Investments                                                                                                                                                                   | -                        | -                        |
|   | (f) Turnover                                                                                                                                                                      | 3220.31                  | 3774.98                  |
|   | (g) Profit / (Loss) Before Taxation                                                                                                                                               | 15.75                    | 212.93                   |
|   | (h) Provision for Tax                                                                                                                                                             | 3.07                     | 44.26                    |
|   | (i) Profit After Taxation                                                                                                                                                         | 12.68                    | 168.67                   |
|   | (j) Proposed Dividend                                                                                                                                                             | -                        | -                        |

\* Statement Containing information in compliance of Circular No. 2/2011 Dtd. 8th February 2011 issued by Ministry of Corporate Affairs U/S 212 (8) of the Companies Act, 1956.



# 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, 2012 and also the Consolidated Profit and Loss Statement 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 ₹ 2294.62 lacs as at March 31, 2012, total revenue of ₹ 3250.39 lacs and net cash outflow of ₹ 462.25 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. Without qualifying our opinion, we draw attention to Note no. 28(1) to the financial statements in respect of fire at one of the Parent's manufacturing plant and assessment of loss by the management. In absence of any confirmation from the insurance company, we have relied on the management assessment.
5. 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.
6. 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, 2012;
  - (b) in the case of Consolidated Profit and Loss Statement, of the consolidated loss 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  
Firm Registration No.108296W

**J. M. GANDHI**  
Partner  
Membership No: 37924

Place : Mumbai  
Date : May 29, 2012



# CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2012

|                                           |          | ₹ in lacs        |                  |
|-------------------------------------------|----------|------------------|------------------|
| PARTICULARS                               | Note No. | 31st March, 2012 | 31st March, 2011 |
| <b>I. EQUITY AND LIABILITIES</b>          |          |                  |                  |
| <b>Shareholders Funds</b>                 |          |                  |                  |
| Share capital                             | 2        | 1419.38          | 1419.38          |
| Reserves and surplus                      | 3        | 20768.84         | 24641.24         |
|                                           |          | 22188.22         | 26060.62         |
|                                           |          | 2.34             | 2.32             |
| <b>Minority Interest</b>                  |          |                  |                  |
| <b>Non-current Liabilities</b>            |          |                  |                  |
| Long-term borrowings                      | 4        | 1500.14          | 3500.06          |
| Deferred tax liabilities (Net)            | 5        | 1544.79          | 1812.23          |
| Other Long term liabilities               |          | -                | -                |
| Long-term provisions                      | 6        | 228.91           | 190.15           |
|                                           |          | 3273.84          | 5502.44          |
| <b>Current Liabilities</b>                |          |                  |                  |
| Short-term borrowings                     | 7        | 12364.95         | 10607.12         |
| Trade payables                            | 8        | 32849.90         | 37352.34         |
| Other current liabilities                 | 9        | 6942.55          | 8030.27          |
| Short-term provisions                     | 10       | 124.34           | 1788.98          |
|                                           |          | 52281.74         | 57778.71         |
| <b>TOTAL</b>                              |          | <b>77746.14</b>  | <b>89344.09</b>  |
| <b>II. ASSETS</b>                         |          |                  |                  |
| <b>Non-current Assets</b>                 |          |                  |                  |
| Fixed assets                              | 11       |                  |                  |
| Tangible assets                           |          | 17085.49         | 21219.80         |
| Intangible assets                         |          | 8.44             | 9.37             |
| Capital work-in-progress                  |          | 272.80           | 152.03           |
| Intangible assets under development       |          | -                | -                |
|                                           |          | 17366.73         | 21381.20         |
| Non-current investments                   | 12       | -                | -                |
| Long-term loans and advances              | 13       | 4088.88          | 4464.07          |
| Other non-current assets                  |          | -                | -                |
| <b>Current Assets</b>                     |          |                  |                  |
| Current investments                       | 14       | 19.46            | 29.45            |
| Inventories                               | 15       | 31191.51         | 35181.44         |
| Trade receivables                         | 16       | 13237.32         | 16987.47         |
| Cash and cash equivalents                 | 17       | 3085.67          | 5375.73          |
| Short-term loans and advances             | 18       | 4330.92          | 5903.82          |
| Other current assets                      | 19       | 4425.65          | 20.91            |
| <b>TOTAL</b>                              |          | <b>77746.14</b>  | <b>89344.09</b>  |
| <b>Significant Accounting Policies</b>    | 1        |                  |                  |
| <b>Notes Forming Part of the Accounts</b> | 28       |                  |                  |

As per our Report of even date attached

For and on behalf of the Board of Directors

**For N.M. RAIJI & CO.,**  
Chartered Accountants  
Firm Regn. No. 108296W

**KAMAL JHUNJHUNWALA**  
Deputy General Manager  
Accounts and Taxation

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

**J.M.GANDHI**  
Partner  
Membership No.37924  
Mumbai, May 29, 2012

**ANOOP PILLAI**  
Company Secretary and  
Head - Corporate Affairs

**V.J.MANSUKHANI**  
Managing Director



# CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

₹ in lacs

| PARTICULARS                                                                   | Note No. | 2011-12          | 2010-11          |
|-------------------------------------------------------------------------------|----------|------------------|------------------|
| <b>I. Revenue from Operations</b>                                             |          |                  |                  |
| Sales of products                                                             | 20       | 176292.73        | 203373.23        |
| Less: Excise Duty                                                             |          | 8777.13          | 9186.30          |
| <b>Total Revenue from Operations</b>                                          |          | <b>167515.60</b> | <b>194186.93</b> |
| <b>II. Other Income</b>                                                       | 21       | <b>285.41</b>    | <b>314.51</b>    |
| <b>TOTAL REVENUE</b>                                                          |          | <b>167801.01</b> | <b>194501.44</b> |
| <b>III. EXPENSES</b>                                                          |          |                  |                  |
| Cost of materials consumed                                                    | 22       | 65157.03         | 66874.77         |
| Purchases of Stock-in-Trade                                                   | 23       | 65310.01         | 90659.42         |
| Changes in inventories of Finished goods, Work-in-progress and Stock-in-Trade | 24       | 2839.53          | (8288.90)        |
| Employee benefits expense                                                     | 25       | 9461.11          | 9675.31          |
| Finance Cost                                                                  | 26       | 3552.16          | 1895.73          |
| Depreciation and amortization expense                                         | 11       | 2302.92          | 2388.54          |
| Other Expenses                                                                | 27       | 22813.77         | 27559.15         |
| <b>TOTAL EXPENSES</b>                                                         |          | <b>171436.53</b> | <b>190764.02</b> |
| <b>IV. PROFIT / (LOSS) BEFORE EXCEPTIONAL ITEMS AND TAX</b>                   |          | <b>(3635.52)</b> | <b>3737.42</b>   |
| <b>V. EXCEPTIONAL ITEMS</b>                                                   | 28 ( 1 ) | <b>501.22</b>    | -                |
| <b>VI. PROFIT / (LOSS) BEFORE TAX</b>                                         |          | <b>(4136.74)</b> | <b>3737.42</b>   |
| <b>VII. Tax Expense</b>                                                       |          |                  |                  |
| Fringe Benefit Tax                                                            |          | -                | (24.97)          |
| Current Tax                                                                   |          | 3.07             | 601.41           |
| Deferred Tax                                                                  | 5        | (267.43)         | 259.60           |
| <b>PROFIT / (LOSS) AFTER TAX</b>                                              |          | <b>(3872.38)</b> | <b>2901.38</b>   |
| <b>MINORITY INTEREST</b>                                                      |          | <b>0.02</b>      | <b>0.20</b>      |
| <b>PROFIT / (LOSS) AFTER TAX AND MINORITY INTEREST</b>                        |          | <b>(3872.40)</b> | <b>2901.18</b>   |
| <b>Basic and diluted earnings per share (₹)</b>                               |          | <b>(2.73)</b>    | <b>2.05</b>      |
| <b>Significant Accounting Policies</b>                                        | 1        |                  |                  |
| <b>Notes Forming Part of the Accounts</b>                                     | 28       |                  |                  |

As per our Report of even date attached

For and on behalf of the Board of Directors

**For N.M. RAIJI & CO.,**  
Chartered Accountants  
Firm Regn. No. 108296W

**KAMAL JHUNJHUNWALA**  
Deputy General Manager  
Accounts and Taxation

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

**J.M.GANDHI**  
Partner  
Membership No.37924  
Mumbai, May 29, 2012

**ANOOP PILLAI**  
Company Secretary and  
Head - Corporate Affairs

**V.J.MANSUKHANI**  
Managing Director



# SIGNIFICANT ACCOUNTING POLICIES

## NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

### 1.1 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, 2012
- 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, 2012 |
|--------------------------|----------------------------------------------|
| Akasaka Electronics Ltd. | 99.88                                        |

### 1.2 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.

### 1.3 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. The excise duty recovered is presented as a reduction from gross turnover.
- ii) Interest income is recognised on accrual basis.
- iii) Dividend income is accounted when the right to receive the payment is established.
- iv) Claims which are not of material nature / Insurance Claims, Export benefits, Government Grants, refund of Sales tax / Excise / Custom duty are accounted for when no significant uncertainties are attached to their eventual receipt.

### 1.4 Use of Estimates

The preparation of financial statements in conformity with Indian Generally Accepted Accounting Policies ( GAAP ) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures relating to contingent liabilities as at the date of financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Differences between the actual results and estimates are recognised in periods in which the results are known / materialised.



## SIGNIFICANT ACCOUNTING POLICIES

### 1.5 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 31<sup>st</sup> 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 1st Jan, 1987 on straight line method, in accordance with Schedule XIV of the Companies Act, 1956.
  - b) For assets acquired prior to 1st Jan, 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 ₹ 5000 have been charged to Profit and Loss Statement at the time of purchase itself.
  - e) Leasehold Land is amortised over the period of lease.
  - f) The company capitalises software where it is reasonably estimated that the software has an enduring useful life. Software is depreciated over an estimated useful life of 5 years.

### 1.6 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.

### 1.7 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 Statement.

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

### 1.8 Accounting for Taxes on Income

Tax expenses are charged to Profit and Loss Statement 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.



## SIGNIFICANT ACCOUNTING POLICIES

### 1.9 Inventories

Inventories are valued at lower of cost and net realisable value.

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.

### 1.10 Sales Promotion

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

### 1.11 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 Statement 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 Statement.
- 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. Mark to Market differences on such contracts are recognised in the Profit and Loss Statement.

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.

### 1.12 Research and Development

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

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

### 1.13 Provision and Contingent Liabilities

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of the sources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on management's estimate for the amount required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current estimates of the management.

A Contingent Liability is disclosed, unless the possibility of an outflow of resources embodying the economic benefit is remote.

- 1.14** The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been allocated to segments on the basis of their relationship to the operating activities of the segment. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis, have been included under "Unallocated revenue / Expenses / Assets / Liabilities".



# NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

₹ in lacs

## PARTICULARS

31st March, 2012

31st March, 2011

### NOTE 2 - 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 ₹ 100 each

2000.00

2000.00

(Previous year 20,00,000 5% Cumulative Redeemable Preference Shares of ₹ 100 each)

10,000 8% Cumulative Redeemable Preference Shares of ₹ 100 each

10.00

10.00

(Previous year 10,000 8% Cumulative Redeemable Preference Shares of ₹ 100 each)

10,00,000 11% Non-Cumulative Redeemable Preference Shares of ₹ 100 each

1000.00

1000.00

(Previous year 10,00,000 11% Non-Cumulative Redeemable Preference Shares of ₹ 100 each)

**4690.20**
**4690.20**

#### Issued, Subscribed and Paid Up

14,17,51,678 Equity Shares of ₹ 1 each fully paid up

1417.52

1417.52

(Previous year 14,17,51,678 Equity Shares of ₹ 1 each fully paid up)

Add : 2,48,000 Forfeited Equity Shares of ₹ 1 each partly paid up

1.86

1419.38

1.86

1419.38

(Previous year 2,48,000 Forfeited Equity Shares of ₹ 1 each partly paid up)

**1419.38**
**1419.38**

#### TOTAL

### 2.1 Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash.

- In FY 2009-10 : 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.

### 2.2 Details of Shareholders holding more than 5 % of the issued shares

| Name of Shareholder                                                         | 31st March, 2012  |                       | 31st March, 2011  |                       |
|-----------------------------------------------------------------------------|-------------------|-----------------------|-------------------|-----------------------|
|                                                                             | Total Shares Held | As a% of Total Shares | Total Shares Held | As a% of Total Shares |
| Mr. Gulu L. Mirchandani                                                     | 20961358          | 14.79                 | 20961358          | 14.79                 |
| IIFL Trustee Services Limited<br>(Beneficial owner Mr. Vijay J. Mansukhani) | 25688283          | 18.12                 | 16660089          | 11.75                 |
| Mr. Kaval G. Mirchandani                                                    | 12516829          | 8.83                  | 12516829          | 8.83                  |
| Mr. Sasha G. Mirchandani                                                    | 12478750          | 8.80                  | 12478750          | 8.80                  |
| Mr. Vijay J. Mansukhani                                                     | -                 | -                     | 9028020           | 6.37                  |



# NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

₹ in lacs

| PARTICULARS                                   | 31st March, 2012 | 31st March, 2011 |
|-----------------------------------------------|------------------|------------------|
| <b>NOTE 3 - RESERVES AND SURPLUS</b>          |                  |                  |
| <b>Capital Reserve</b>                        | 7.07             | 7.07             |
| <b>Capital Redemption Reserve</b>             | 1990.74          | 1990.74          |
| <b>Capital Reserve on Amalgamation</b>        | 207.55           | 207.55           |
| <b>Capital Reserve on Consolidation</b>       | 340.97           | 340.97           |
| <b>Securities Premium Account</b>             | 1.39             | 1.39             |
| <b>General Reserve</b>                        |                  |                  |
| As per last Balance Sheet                     | 8896.85          | 8623.92          |
| Add : Transfer from Profit and Loss Statement | -                | 272.93           |
|                                               | 8896.85          | 8896.85          |
| <b>Profit and Loss Statement</b>              |                  |                  |
| As per last Balance Sheet                     | 13196.67         | 12215.910        |
| Add : Profit / (Loss) for the year            | (3872.40)        | 2901.18          |
|                                               | 9324.27          | 15117.08         |
| Less : Appropriations                         |                  |                  |
| Transfer to General Reserve                   | -                | 272.93           |
| Equity Dividend                               | -                | 1417.52          |
| Tax on Dividend                               | -                | 229.96           |
|                                               | 9324.27          | 13196.67         |
| <b>TOTAL</b>                                  | <b>20768.84</b>  | <b>24641.24</b>  |

## NOTE 4 - LONG-TERM BORROWINGS

|                                                  |                |                |
|--------------------------------------------------|----------------|----------------|
| Term Loans                                       |                |                |
| Secured                                          |                |                |
| From Banks                                       | 3500.06        | 5000.00        |
| Less : Disclosed under Other Current Liabilities |                |                |
| Current maturities of Long Term borrowings       | 1999.92        | 1499.94        |
| <b>TOTAL</b>                                     | <b>1500.14</b> | <b>3500.06</b> |

**4.1** Secured Term Loan from banks is secured by first pari passu charge in favour of the bankers by hypothecation of Company's current assets and on the Company's immovable and movable properties except the Land and Building and Plant and Machinery embedded to the earth in Roorkee.

**4.2** Secured Term Loan is repayable in monthly installments as follows

| Repayment Period        | Yearly Installment | Yearly Installment |
|-------------------------|--------------------|--------------------|
| April 2013 - March 2014 | 1500.14            | 1500.14            |
| April 2012 - March 2013 | 1999.92            | 1999.92            |
| April 2011 - March 2012 | -                  | 1499.94            |



# NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

₹ in lacs

## PARTICULARS

31st March, 2012

31st March, 2011

### NOTE 5 - DEFERRED TAX LIABILITY

The Company has recognized Deferred Tax in accordance with the requirements of Accounting Standard (AS) - 22 on "Accounting for Taxes on Income" as notified under the Companies ( Accounting Standards ) Rules, 2006. The breakup of Net Deferred Tax liability (DTL) is as follows :

#### Deferred Tax Liabilities

|                                                               |                |                |
|---------------------------------------------------------------|----------------|----------------|
| Related to Fixed Assets                                       | 1980.46        | 2303.82        |
| Related to Others                                             | -              | -              |
| <b>Total (A)</b>                                              | <b>1980.46</b> | <b>2303.82</b> |
| <b>Less : Deferred Tax Assets</b>                             |                |                |
| Disallowed expenses as per Section 43B of Income Tax Act-1961 | 230.69         | 284.52         |
| Provision for Doubtful Debts                                  | 204.98         | 207.07         |
| <b>Total (B)</b>                                              | <b>435.67</b>  | <b>491.59</b>  |
| <b>Net Liability (A) - (B)</b>                                | <b>1544.79</b> | <b>1812.23</b> |

No Deferred Tax Asset is created on carry forward Income Tax losses considering prudence.

In accordance with the Accounting Standard (AS) - 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, the amount of ₹ 156.77 is not provided for as an asset (net). The same will be reassessed at a subsequent balance sheet date and will be accounted for in the year in which conditions of certainty / virtual certainty will be met.

### NOTE 6 - LONG TERM PROVISIONS

|                                 |               |               |
|---------------------------------|---------------|---------------|
| Provision for employee benefits | 228.91        | 190.15        |
| <b>TOTAL</b>                    | <b>228.91</b> | <b>190.15</b> |

### NOTE 7 - SHORT-TERM BORROWINGS

|                                      |                 |                 |
|--------------------------------------|-----------------|-----------------|
| Loans repayable on demand from Banks |                 |                 |
| Secured                              |                 |                 |
| Cash Credit facility                 | 5764.95         | 4107.12         |
| Term Loan                            | 2500.00         | 2000.00         |
|                                      | 8264.95         | 6107.12         |
| Unsecured                            |                 |                 |
| Term Loan                            | 4100.00         | 4500.00         |
|                                      | 4100.00         | 4500.00         |
| <b>TOTAL</b>                         | <b>12364.95</b> | <b>10607.12</b> |

**7.1** Cash Credit facility and Secured Term Loan from banks is secured by pari passu charge in favour of the bankers by mortgage/ hypothecation of Company's current assets and immovable and movable properties except the Land and Building and Plant and Machinery embedded to earth at Roorkee.



# NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

₹ in lacs

| PARTICULARS                    | 31st March, 2012 | 31st March, 2011 |
|--------------------------------|------------------|------------------|
| <b>NOTE 8 - TRADE PAYABLES</b> |                  |                  |
| Acceptances and Buyers Credit  | 23235.58         | 21049.22         |
| Others                         | 9614.32          | 16303.12         |
| <b>TOTAL</b>                   | <b>32849.90</b>  | <b>37352.34</b>  |

8.1 There are no Micro and Small Enterprises, to whom the Company owes dues. 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.

## NOTE 9 - OTHER CURRENT LIABILITIES

|                                            |                |                |
|--------------------------------------------|----------------|----------------|
| Current maturities of long-term borrowings | 1999.92        | 1499.94        |
| Interest accrued but not due on borrowings | 90.91          | 57.10          |
| Unclaimed dividends                        | 133.95         | 126.43         |
| Advances from Customers                    | 487.43         | 418.32         |
| Other payables                             |                |                |
| Dealer Deposits                            | 277.92         | 278.27         |
| Employees                                  | 1413.34        | 2229.33        |
| Statutory                                  | 2401.48        | 3231.84        |
| Capital Assets Purchases                   | 37.16          | 40.07          |
| Others                                     | 100.44         | 148.97         |
|                                            | 4230.34        | 5928.48        |
| <b>TOTAL</b>                               | <b>6942.55</b> | <b>8030.27</b> |

## NOTE 10 - SHORT TERM PROVISIONS

|                                 |               |                |
|---------------------------------|---------------|----------------|
| Provision for employee benefits | 124.34        | 141.50         |
| Others                          |               |                |
| Proposed Dividend               | -             | 1417.52        |
| Tax on Proposed Dividend        | -             | 229.96         |
|                                 | -             | 1647.48        |
| <b>TOTAL</b>                    | <b>124.34</b> | <b>1788.98</b> |



# NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

₹ in lacs

## NOTE 11 - FIXED ASSETS

| DESCRIPTION                                               | GROSS BLOCK         |                            |                            |                     | DEPRECIATION        |                 |                            |                    | NET BLOCK           |
|-----------------------------------------------------------|---------------------|----------------------------|----------------------------|---------------------|---------------------|-----------------|----------------------------|--------------------|---------------------|
|                                                           | AS AT<br>01.04.2011 | ADDITIONS /<br>ADJUSTMENTS | DELETIONS /<br>ADJUSTMENTS | AS AT<br>31.03.2012 | UP TO<br>01.04.2011 | FOR THE<br>YEAR | DELETIONS /<br>ADJUSTMENTS | UPTO<br>31.03.2012 | AS AT<br>31.03.2012 |
| <b>INTANGIBLE ASSETS</b>                                  |                     |                            |                            |                     |                     |                 |                            |                    |                     |
| 1 R & D Software                                          | 55.27               | 4.00                       | -                          | 59.27               | 45.90               | 4.93            | -                          | 50.83              | 8.44                |
|                                                           | (55.27)             | -                          | -                          | (55.27)             | (41.62)             | (4.28)          | -                          | (45.90)            | (9.37)              |
| <b>TANGIBLE ASSETS</b>                                    |                     |                            |                            |                     |                     |                 |                            |                    |                     |
| 2 Leasehold land                                          | 770.78              | -                          | -                          | 770.78              | 119.19              | 9.78            | -                          | 128.97             | 641.81              |
|                                                           | (770.78)            | -                          | -                          | (770.78)            | (109.41)            | (9.78)          | -                          | (119.19)           | (651.59)            |
| 3 Freehold land                                           | 1776.68             | -                          | -                          | 1776.68             | -                   | -               | -                          | -                  | 1776.68             |
|                                                           | (1776.68)           | -                          | -                          | (1776.68)           | -                   | -               | -                          | -                  | (1776.68)           |
| 4 Buildings                                               | 10561.51            | 36.48                      | -                          | 10597.99            | 2868.12             | 340.42          | -                          | 3208.54            | 7389.45             |
|                                                           | (10484.14)          | (77.37)                    | -                          | (10561.51)          | (2526.56)           | (341.56)        | -                          | (2868.12)          | (7693.39)           |
| 5 Plant and Machinery<br>and Electrical Fittings          | 28980.03            | 869.11                     | 4064.95                    | 25784.19            | 18698.26            | 1843.57         | 1169.05                    | 19372.78           | 6411.41             |
|                                                           | (28004.70)          | (1337.47)                  | (362.14)                   | (28980.03)          | (17015.11)          | (1940.83)       | (257.68)                   | (18698.26)         | (10281.77)          |
| 6 Furniture and Fixtures                                  | 763.69              | 68.92                      | 47.23                      | 785.38              | 673.36              | 26.96           | 11.50                      | 688.82             | 96.56               |
|                                                           | (734.91)            | (29.83)                    | (1.05)                     | (763.69)            | (646.10)            | (28.24)         | (0.98)                     | (673.36)           | (90.33)             |
| 7 Office Equipment                                        | 466.97              | 43.40                      | 7.00                       | 503.37              | 252.96              | 19.10           | 1.38                       | 270.68             | 232.69              |
|                                                           | (442.47)            | (26.09)                    | (1.59)                     | (466.97)            | (236.29)            | (18.09)         | (1.42)                     | (252.96)           | (214.01)            |
| 8 Motor Vehicles                                          | 345.35              | 77.58                      | 3.02                       | 419.91              | 188.64              | 23.55           | 2.49                       | 209.70             | 210.21              |
|                                                           | (249.43)            | (132.64)                   | (36.72)                    | (345.35)            | (205.28)            | (10.73)         | (27.37)                    | (188.64)           | (156.71)            |
| 9 R & D - Building                                        | 157.08              | -                          | -                          | 157.08              | 85.25               | 5.25            | -                          | 90.50              | 66.58               |
|                                                           | (157.08)            | -                          | -                          | (157.08)            | (80.01)             | (5.24)          | -                          | (85.25)            | (71.83)             |
| 10 R & D - Plant and Machinery<br>and Electrical Fittings | 661.56              | 5.96                       | 2.09                       | 665.43              | 412.52              | 26.02           | 2.09                       | 436.45             | 228.98              |
|                                                           | (636.57)            | (24.99)                    | -                          | (661.56)            | (386.04)            | (26.48)         | -                          | (412.52)           | (249.04)            |
| 11 R & D - Furniture and Fixtures                         | 88.79               | -                          | 1.03                       | 87.76               | 69.42               | 1.66            | 1.03                       | 70.05              | 17.71               |
|                                                           | (88.08)             | (1.69)                     | (0.98)                     | (88.79)             | (68.76)             | (1.64)          | (0.98)                     | (69.42)            | (19.37)             |
| 12 R & D - Office Equipment                               | 40.25               | -                          | -                          | 40.25               | 25.16               | 1.68            | -                          | 26.84              | 13.41               |
|                                                           | (39.71)             | (0.54)                     | -                          | (40.25)             | (23.49)             | (1.67)          | -                          | (25.16)            | (15.09)             |
| <b>Total</b>                                              | <b>44667.96</b>     | <b>1105.45</b>             | <b>4125.32</b>             | <b>41648.09</b>     | <b>23438.78</b>     | <b>2302.92</b>  | <b>1187.54</b>             | <b>24554.16</b>    | <b>17093.93</b>     |
|                                                           | (43439.82)          | (1630.62)                  | (402.48)                   | (44667.96)          | (21338.67)          | (2388.54)       | (288.43)                   | (23438.78)         | (21229.18)          |
| Capital Work-in-Progress                                  |                     |                            |                            |                     |                     |                 |                            |                    | <b>272.80</b>       |
|                                                           |                     |                            |                            |                     |                     |                 |                            |                    | (152.02)            |
| <b>TOTAL</b>                                              |                     |                            |                            |                     |                     |                 |                            |                    | <b>17366.73</b>     |
|                                                           |                     |                            |                            |                     |                     |                 |                            |                    | (21381.20)          |

**Note:** 1. Gross Block deletion includes ₹ 4109.96 towards Fixed Assets at Roorkee Unit - 2 lost on account of fire.

2. Figures in brackets are in respect of 31st March, 2011



# NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

₹ in lacs

## PARTICULARS

### NOTE 12 - NON-CURRENT INVESTMENTS (At cost)

|                                                            |                     | 31st March, 2012 | 31st March, 2011 |
|------------------------------------------------------------|---------------------|------------------|------------------|
| Equity Instruments                                         | <b>No. of Units</b> |                  |                  |
| Kongarar Textiles Limited ( Face value ₹ 10)               | 2600                | 1.17             | 1.17             |
| Less: Provision for diminution in the value of Investments | (PY.2600)           | 1.17             | 1.17             |
|                                                            |                     | -                | -                |
| Onida Finance Limited (Face value ₹ 10)                    | 468400              | 139.60           | 139.60           |
| Less: Provision for diminution in the value of Investments | (PY.468400)         | 139.60           | 139.60           |
|                                                            |                     | -                | -                |
| <b>TOTAL</b>                                               |                     | -                | -                |

### 12.1 Aggregate amount of Unquoted Investments

|                                                            |        |        |
|------------------------------------------------------------|--------|--------|
| Cost                                                       | 140.77 | 140.77 |
| Less: Provision for diminution in the value of Investments | 140.77 | 140.77 |
|                                                            | -      | -      |

### NOTE 13 - LONG-TERM LOANS AND ADVANCES

(Unsecured - considered good unless otherwise stated)

|                                                      |                |                |
|------------------------------------------------------|----------------|----------------|
| Capital Advances                                     | 30.25          | 71.62          |
| Security Deposits                                    | 3389.77        | 3237.76        |
| Loans and advances to related party                  |                |                |
| Relatives of Directors                               | 479.00         | 969.00         |
| Entity in which Directors have significant influence | 125.00         | 125.00         |
|                                                      | 604.00         | 1094.00        |
| Other Loans and Advances                             |                |                |
| Prepaid Expenses                                     | 17.37          | -              |
| Others                                               | 47.49          | 60.69          |
| <b>TOTAL</b>                                         | <b>4088.88</b> | <b>4464.07</b> |

### NOTE 14 - CURRENT INVESTMENTS ( At lower of cost and market value )

|                                |                     |              |              |
|--------------------------------|---------------------|--------------|--------------|
| Non - Trade Investments        | <b>No. of Units</b> |              |              |
| In Equity Shares               |                     |              |              |
| Menon Pistons Limited (Quoted) | 27804               | 19.46        | 29.45        |
| (Face Value ₹ 10 )             | (PY.42067)          |              |              |
| <b>TOTAL</b>                   |                     | <b>19.46</b> | <b>29.45</b> |

### 14.1 Aggregate amount of Quoted Investments

|              |       |       |
|--------------|-------|-------|
| Book Value   | 19.46 | 29.45 |
| Market Value | 28.64 | 51.45 |



# NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

₹ in lacs

| PARTICULARS                                                  | 31st March, 2012 | 31st March, 2011 |
|--------------------------------------------------------------|------------------|------------------|
| <b>NOTE 15 - INVENTORIES</b>                                 |                  |                  |
| Raw Materials including Packing Materials and Service Spares | 7376.00          | 8575.02          |
| Stock in transit                                             | 1369.91          | 1352.21          |
|                                                              | 8745.91          | 9927.23          |
| Work-in-progress                                             | 2258.83          | 2471.54          |
| Finished Goods Manufactured                                  | 4239.71          | 6686.01          |
| Stock-in-trade                                               | 14483.23         | 12662.21         |
| Stock in transit                                             | 1128.44          | 3129.98          |
|                                                              | 15611.67         | 15792.19         |
| Stores and Spares                                            | 335.39           | 304.47           |
| <b>TOTAL</b>                                                 | <b>31191.51</b>  | <b>35181.44</b>  |

**15.1** All inventories are valued at lower of cost and net realisable value. 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.

|                                     |                 |                 |
|-------------------------------------|-----------------|-----------------|
| <b>NOTE 16 - TRADE RECEIVABLES</b>  |                 |                 |
| Over six months due                 |                 |                 |
| Unsecured - considered good         | 169.45          | 79.60           |
| - considered doubtful               | 636.11          | 642.55          |
|                                     | 805.56          | 722.15          |
| Less : Provision for Doubtful Debts | 636.11          | 642.55          |
|                                     | 169.45          | 79.60           |
| Others - considered good            |                 |                 |
| - Secured                           | 197.99          | 396.83          |
| - Unsecured                         | 12869.88        | 16511.04        |
|                                     | 13067.87        | 16907.87        |
| <b>TOTAL</b>                        | <b>13237.32</b> | <b>16987.47</b> |

## NOTE 17 - CASH AND BANK BALANCES

| Cash And Cash Equivalents          | No. of Units |         |         |
|------------------------------------|--------------|---------|---------|
| Current Accounts                   |              | 382.43  | 567.74  |
| Cash on hand                       |              | 13.06   | 21.47   |
| Cheques, drafts on hand            |              | 294.16  | 36.12   |
| Bank Remittances in Transit        |              | 2034.81 | 3539.01 |
| Mutual Funds                       |              |         |         |
| UTI Liquid Cash Plan Institutional | -            | -       | 0.09    |
|                                    | (PY.8.850)   |         |         |
|                                    |              | 2724.46 | 4164.43 |



# NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

₹ in lacs

| PARTICULARS                       | 31st March, 2012 | 31st March, 2011 |
|-----------------------------------|------------------|------------------|
| <b>Other Bank Balances</b>        |                  |                  |
| Fixed Deposit Accounts            | 193.66           | 658.03           |
| Margin Money                      |                  |                  |
| With more than 12 months maturity | 33.60            | 222.34           |
| With less than 12 months maturity | -                | 204.50           |
|                                   | 33.60            | 426.84           |
| Unclaimed Dividend Accounts       | 133.95           | 126.43           |
| <b>TOTAL</b>                      | <b>3085.67</b>   | <b>5375.73</b>   |

## NOTE 18 - SHORT TERM LOANS AND ADVANCES

(Unsecured and Considered Good)

|                                            |                |                |
|--------------------------------------------|----------------|----------------|
| Advance Income-tax (Net of Provisions)     | 243.41         | 111.31         |
| Balance with Excise and Custom Authorities | 270.17         | 559.15         |
| Claims Receivable                          | 364.03         | 860.46         |
| Prepaid Expenses                           | 107.60         | 85.30          |
| Security Deposits                          | -              | 56.48          |
| Others                                     | 3345.71        | 4231.12        |
| <b>TOTAL</b>                               | <b>4330.92</b> | <b>5903.82</b> |

## NOTE 19 - OTHER CURRENT ASSETS

|                             |                |              |
|-----------------------------|----------------|--------------|
| Interest Receivable         | 14.05          | 20.77        |
| Insurance claims receivable | 4411.60        | 0.14         |
| <b>TOTAL</b>                | <b>4425.65</b> | <b>20.91</b> |

## PARTICULARS

## NOTE 20 - REVENUE FROM OPERATIONS

|                          |                  |                  |
|--------------------------|------------------|------------------|
| Sale of Products         | 175993.31        | 203094.46        |
| Other Operating Revenues | 299.42           | 278.77           |
| <b>TOTAL</b>             | <b>176292.73</b> | <b>203373.23</b> |

## NOTE 21 - OTHER INCOME

|                               |               |               |
|-------------------------------|---------------|---------------|
| Dividend Income               | 12.06         | 44.69         |
| Interest Income (Gross)       | 141.72        | 191.12        |
| Profit on Sale of Assets      | 0.07          | 0.97          |
| Profit on Sale of Investment  | 5.39          | 36.40         |
| Interest on Income Tax Refund | 109.17        | 2.64          |
| Conducting Fees               | 17.00         | 8.00          |
| Miscellaneous Income          | -             | 30.69         |
| <b>TOTAL</b>                  | <b>285.41</b> | <b>314.51</b> |



# NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

₹ in lacs

## PARTICULARS

### NOTE 22 - COST OF MATERIALS CONSUMED

|                                                   | 2011-12         | 2010-11         |
|---------------------------------------------------|-----------------|-----------------|
| Picture Tubes for Colour Televisions              | 17983.95        | 21097.43        |
| Components and Parts for Colour Televisions, etc. | 25037.95        | 28135.43        |
| Components and Parts for Air Conditioners         | 1901.68         | 1247.30         |
| Components and Parts for Washing Machine          | 5674.62         | 6399.99         |
| Others                                            | 14558.83        | 9994.62         |
| <b>TOTAL</b>                                      | <b>65157.03</b> | <b>66874.77</b> |

### NOTE 23 - PURCHASES OF STOCK-IN-TRADE

|                  |                 |                 |
|------------------|-----------------|-----------------|
| Display Devices  | 14588.29        | 16735.18        |
| Washing Machines | 4160.50         | 5539.93         |
| Air Conditioners | 26253.90        | 33862.06        |
| DVD              | 3811.88         | 6295.17         |
| Microwave Ovens  | 3811.94         | 3234.04         |
| Mobiles          | 9018.58         | 20699.89        |
| Others           | 3664.92         | 4293.15         |
| <b>TOTAL</b>     | <b>65310.01</b> | <b>90659.42</b> |

### NOTE 24 - CHANGES IN INVENTORIES OF FINISHED GOODS WORK-IN-PROGRESS AND STOCK-IN-TRADE

|                      |                    |                |                  |
|----------------------|--------------------|----------------|------------------|
| Opening Stock        | - Finished Goods   | 6686.01        | 4444.60          |
|                      | - Work-in-Progress | 2471.54        | 2310.54          |
|                      | - Stock-in-Trade   | 15792.19       | 9905.70          |
|                      |                    | 24949.74       | 16660.84         |
| Less : Closing Stock | - Finished Goods   | 4239.71        | 6686.01          |
|                      | - Work-in-Progress | 2258.83        | 2471.54          |
|                      | - Stock-in-Trade   | 15611.67       | 15792.19         |
|                      |                    | 22110.21       | 24949.74         |
| <b>TOTAL</b>         |                    | <b>2839.53</b> | <b>(8288.90)</b> |

### NOTE 25 - EMPLOYEE BENEFITS EXPENSE

|                                                |                |                |
|------------------------------------------------|----------------|----------------|
| Salaries, Wages and Bonus                      | 8003.33        | 8131.12        |
| Contribution to Provident Fund and Other Funds | 363.97         | 457.76         |
| Staff Welfare Expenses                         | 1093.81        | 1086.43        |
| <b>TOTAL</b>                                   | <b>9461.11</b> | <b>9675.31</b> |



# NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

₹ in lacs

## PARTICULARS

### NOTE 26 - FINANCE COST

|                                         | 2011-12        | 2010-11        |
|-----------------------------------------|----------------|----------------|
| Interest Expense                        | 2741.78        | 1210.23        |
| Other Borrowing costs                   | 343.30         | 477.40         |
| Exchange difference on foreign currency | 467.08         | 208.10         |
| <b>TOTAL</b>                            | <b>3552.16</b> | <b>1895.73</b> |

### NOTE 27 - OTHER EXPENSES

|                                                  |                 |                 |
|--------------------------------------------------|-----------------|-----------------|
| Power and Fuel                                   | 1282.31         | 1276.17         |
| Rent                                             | 982.42          | 787.73          |
| Rates and Taxes                                  | 344.51          | 455.74          |
| Repairs to:                                      |                 |                 |
| - Plant and Machinery                            | 289.80          | 311.91          |
| - Building                                       | 67.80           | 45.35           |
| - Others                                         | 557.30          | 589.65          |
|                                                  | 914.90          | 946.91          |
| Insurance Charges                                | 174.58          | 124.54          |
| Freight and Forwarding Expenses                  | 6167.37         | 6347.42         |
| Advertisement                                    | 5601.66         | 9039.98         |
| Sales Commission                                 | 171.64          | 221.81          |
| Service Charges                                  | 2938.86         | 2630.28         |
| Travelling and Conveyance                        | 1149.41         | 1202.17         |
| Loss on Sale of Assets                           | 0.15            | 95.09           |
| Bad debts written off                            | 37.98           | 224.15          |
| Less : Provision for Doubtful Debts written back | 37.98           | 224.15          |
|                                                  | -               | -               |
| Provision for Doubtful Debts                     | 31.53           | 33.37           |
| Research and Development Expenditure             | 867.22          | 1088.75         |
| Bank Charges                                     | 59.46           | 89.69           |
| Miscellaneous Expenses                           | 2127.75         | 3219.50         |
| <b>TOTAL</b>                                     | <b>22813.77</b> | <b>27559.15</b> |

### NOTE 28 - NOTES FORMING PART OF THE ACCOUNTS

- There was a major fire on 8th February 2012 at one of the Company's factory located at Roorkee, Uttarakhand, affecting the entire operations of the factory. Fixed assets of written down value of ₹ 2936.63 and stock valuing ₹ 1773.17, aggregating ₹ 4709.80 were destroyed in the fire. The assets were fully covered under the insurance policy. The amount of ₹ 4409.80 is expected to be recovered from the insurance company and shown as insurance claim receivable. The management is confident of recovering the same. The balance amount of ₹ 300 along with the expenditure incurred of ₹ 201.22 (including salaries and wages of ₹ 21.72) has been charged to the Profit and Loss Statement and the aggregate amount of ₹ 501.22 has been treated as an exceptional item.



# NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

₹ in lacs

## 2) Contingent Liabilities and Commitments

### PARTICULARS

**31st March, 2012**    **31st March, 2011**

#### Contingent Liabilities

|                                                                                                          |          |         |
|----------------------------------------------------------------------------------------------------------|----------|---------|
| a) Guarantees given to Bank against which ₹ Nil (previous year ₹ Nil) has been deposited as margin money | 1565.22  | 585.51  |
| b) Guarantees given to bank on behalf of subsidiary company<br>- Akasaka Electronics Limited             | 2132.00  | 1870.00 |
| c) Income tax demands in respect of which appeals have been filed                                        | 77.69    | 82.16   |
| d) Excise and Custom Duty in respect of which appeals have been filed                                    | 31159.20 | 618.24  |
| e) Claims made against the Company not acknowledged as debts                                             | 3720.52  | 5468.98 |

#### Commitments

|                                                                                                              |        |        |
|--------------------------------------------------------------------------------------------------------------|--------|--------|
| Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances) | 349.98 | 205.05 |
|--------------------------------------------------------------------------------------------------------------|--------|--------|

## 3) Employee Defined Benefits

### a) Defined contribution plans

The Company has recognised an expense of ₹ 309.76 ( previous year ₹ 298.96 ) towards defined contribution plans, in respect of Provident Fund and Superannuation Fund

### b) 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 planned assets attributable to the obligation.

### c) Principal actuarial assumptions:

| PARTICULARS                                                                  | 2011-12  |                  | 2010-11  |                  |
|------------------------------------------------------------------------------|----------|------------------|----------|------------------|
|                                                                              | Gratuity | Leave Encashment | Gratuity | Leave Encashment |
| Discount rate (in case of Subsidiary CY- 8.25% and PY-8.25%)                 | 8.75%    | 8.75%            | 8.25%    | 8.25%            |
| Rate of Return on Plan Assets (in case of Subsidiary CY- 8.00% and PY-8.00%) | 8.75%    | N.A.             | 8.25%    | N.A.             |
| Salary Escalation (in case of Subsidiary CY- 5.00% and PY-5.00%)             | 5.00%    | 5.00%            | 5.00%    | 5.00%            |



# NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

₹ in lacs

## d) Reconciliation of Benefit Obligation :

| PARTICULARS                                                                                                 | 2011-12  |                  | 2010-11  |                  |
|-------------------------------------------------------------------------------------------------------------|----------|------------------|----------|------------------|
|                                                                                                             | Gratuity | Leave Encashment | Gratuity | Leave Encashment |
| Liability at the beginning of the year                                                                      | 844.14   | 220.39           | 759.80   | 200.74           |
| Interest cost                                                                                               | 69.64    | 18.18            | 60.87    | 16.06            |
| Current Service Cost                                                                                        | 71.06    | 21.70            | 67.03    | 16.81            |
| Benefit Paid                                                                                                | (55.89)  | (86.96)          | (109.40) | (83.14)          |
| Actuarial (Gain) / Loss on Obligations                                                                      | (21.07)  | 95.89            | 65.84    | 69.92            |
| Liability at the end of the year                                                                            | 907.88   | 269.20           | 844.14   | 220.39           |
| Fair Value of Plan Assets at the end of the year                                                            | 857.11   | -                | 758.65   | -                |
| Liability at the end of the year recognised and disclosed under the head "Provisions for Employee Benefits" |          |                  |          |                  |
| - Long term provision                                                                                       | -        | 215.12           | -        | 176.31           |
| - Short term provision                                                                                      | 50.77    | 54.08            | 85.49    | 44.08            |

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

| PARTICULARS                                            | Gratuity |          |
|--------------------------------------------------------|----------|----------|
|                                                        | 2011-12  | 2010-11  |
| Fair Value of Plan Assets at the beginning of the year | 758.65   | 747.33   |
| Expected Return on Plan Assets                         | 62.47    | 59.78    |
| Contributions                                          | 76.66    | 60.52    |
| Benefit Paid                                           | (55.90)  | (109.40) |
| Actuarial Gain / (Loss) on Obligations                 | 15.21    | 0.42     |
| Fair Value of Plan Assets at the end of the year       | 857.09   | 758.65   |

## f) Return on Plan Assets :

| PARTICULARS                            | Gratuity |         |
|----------------------------------------|----------|---------|
|                                        | 2011-12  | 2010-11 |
| Expected Return on Plan Assets         | 62.48    | 59.78   |
| Actuarial Gain / (Loss) on Plan Assets | 15.21    | 0.42    |
| Actual Return on Plan Assets           | 77.69    | 60.20   |

## g) Expenses recognised in the Profit and Loss Statement under the head Personnel Expenses :

| PARTICULARS                                      | 2011-12  |                  | 2010-11  |                  |
|--------------------------------------------------|----------|------------------|----------|------------------|
|                                                  | Gratuity | Leave Encashment | Gratuity | Leave Encashment |
| Current Service Cost                             | 71.07    | 21.70            | 67.03    | 16.81            |
| Interest Cost                                    | 69.64    | 18.18            | 60.87    | 16.06            |
| Expected Return on Plan Assets                   | (62.48)  | N.A.             | (59.78)  | N.A.             |
| Net Actuarial (Gain) / Loss recognised           | (36.27)  | 95.89            | 65.42    | 69.92            |
| Expenses recognised in Profit and Loss Statement | 41.96    | 135.77           | 133.54   | 102.79           |



# NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

₹ in lacs

- 4) a) Balances of Trade payables, Trade Recievable, Loans and Advances and Deposits are subject to confirmation and reconciliation.  
b) There is no amount due and outstanding, as at 31st March, 2012 to be credited to Investor Education and Protection Fund.
- 5) Miscellaneous Expenses charged to Profit and Loss Statement includes

| Particulars                                        | 2011-12      | 2010-11      |
|----------------------------------------------------|--------------|--------------|
| Remuneration to Auditors (excluding Service Tax) : |              |              |
| Audit fees (including quarterly review / audit)    | 22.50        | 22.50        |
| For Taxation matters                               | 4.00         | 4.00         |
| For Company Law matters                            | 0.25         | 0.25         |
| For Other Services                                 | 1.06         | 5.86         |
| Reimbursement of expenses                          | 0.28         | 0.40         |
| <b>TOTAL</b>                                       | <b>28.09</b> | <b>33.01</b> |

- 6) 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. | Particulars                                                                                       | Currency | Amount in foreign currency ( in lacs ) | Amount in Indian Rupees ( in lacs ) |
|---------|---------------------------------------------------------------------------------------------------|----------|----------------------------------------|-------------------------------------|
| a)      | Amount payable in foreign currency on account of import of goods and its equivalent Indian Rupees | USD      | 364.38                                 | 18762.04                            |
|         | ( Previous year )                                                                                 | USD      | (202.37)                               | (9197.55)                           |

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 ( in lacs ) |
|---------|---------------------------------------------------------------------------------------------------|----------|----------------------------------------|-------------------------------------|
| a)      | Amount payable in foreign currency on account of import of goods and its equivalent Indian Rupees | USD      | 125.51                                 | 6489.27                             |
|         |                                                                                                   | JPY      | 354.55                                 | 219.68                              |
|         | ( Previous year )                                                                                 | USD      | (329.81)                               | (14709.35)                          |
|         |                                                                                                   | JPY      | (642.59)                               | (345.84)                            |
|         |                                                                                                   | SGD      | (0.05)                                 | (1.78)                              |
| b)      | Amount receivable in foreign currency on export of goods and its equivalent Indian Rupees         | USD      | 3.81                                   | 193.89                              |
|         | ( Previous year )                                                                                 | USD      | (3.56)                                 | (158.76)                            |



# NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

₹ in lacs

## 7) 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 & description of relationship :

|                                                                                        |                                                                                                                                                                                                                                                                                                                                            |
|----------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Key Management Personnel                                                            | Mr. G.L. Mirchandani - Chairman and Managing Director of Mirc Electronics Ltd.<br>Mr. V.J. Mansukhani - Managing Director of MIRC Electronics Ltd.                                                                                                                                                                                         |
| 2. Relatives of Key Management Personnel                                               | Mrs. Gita Mirchandani ( Wife of Mr.G.L. Mirchandani)<br>Mrs. Marissa Mansukhani (Wife of Mr.V.J.Mansukhani)<br>Mr. Kaval Mirchandani ( Son of Mr.G.L. Mirchandani)<br>Mr. Akshay Mansukhani (Son of Mr.V.J. Mansukhani)<br>Ms. Ayesha Mansukhani (Daughter of Mr.V.J. Mansukhani)<br>G.L. Mirchandani (H.U.F.)<br>V.J. Mansukhani (H.U.F.) |
| 3. Enterprise over which any person described in 1 & 2 is having significant influence | Iwai Electronics Pvt. Ltd.<br>Adino Telecom Ltd.<br>Gulita Wealth Advisors Pvt. Ltd.                                                                                                                                                                                                                                                       |

### a) Ordinary course of business

| Particulars                                          | Key management Personnel<br>(1) | Relatives of key management personnel<br>(2) | Enterprise over which any person described in (1) & (2) is having significant influence<br>(3) |
|------------------------------------------------------|---------------------------------|----------------------------------------------|------------------------------------------------------------------------------------------------|
| <b>Transactions during 1.4.2011 to 31.03.2012</b>    |                                 |                                              |                                                                                                |
| Purchase of goods, services, spares and fixed assets |                                 |                                              |                                                                                                |
| Iwai Electronics Pvt.Limited                         | -                               | -                                            | 2256.00<br>(2047.16)                                                                           |
| Adino Telecom Limited                                | -                               | -                                            | 0.15<br>(1.11)                                                                                 |
| Sale of goods, fixed assets, spares and services     |                                 |                                              |                                                                                                |
| Iwai Electronics Pvt. Limited                        | -                               | -                                            | 19.69<br>(761.73)                                                                              |
| Adino Telecom Limited                                | -                               | -                                            | 3.26<br>(3.06)                                                                                 |
| Inter Corporate Deposits / Loan repaid               |                                 |                                              |                                                                                                |
| Gita Mirchandani                                     | -                               | 425.00                                       | -                                                                                              |
|                                                      | -                               | (200.00)                                     | -                                                                                              |
| Ayesha Mansukhani                                    | -                               | 65.00                                        |                                                                                                |
|                                                      | -                               | -                                            |                                                                                                |



# NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

₹ in lacs

| Particulars                                                                                        | Key management Personnel<br>(1) | Relatives of key management personnel<br>(2) | Enterprise over which any person described in (1) & (2) is having significant influence<br>(3) |
|----------------------------------------------------------------------------------------------------|---------------------------------|----------------------------------------------|------------------------------------------------------------------------------------------------|
| Interest due & received on<br>Inter Corporate Deposits / loans / advances<br>Adino Telecom Limited | -                               | -                                            | 18.75                                                                                          |
|                                                                                                    | -                               | -                                            | (18.75)                                                                                        |
| Ayesha Mansukhani                                                                                  | -                               | 35.37                                        | -                                                                                              |
|                                                                                                    | -                               | (35.37)                                      | -                                                                                              |
| Gita Mirchandani                                                                                   | -                               | 39.51                                        | -                                                                                              |
|                                                                                                    | -                               | (69.79)                                      | -                                                                                              |
| Rent paid<br>G.L.Mirchandani                                                                       | 4.03                            | -                                            | -                                                                                              |
|                                                                                                    | (4.27)                          | -                                            | -                                                                                              |
| Gita Mirchandani                                                                                   | -                               | 27.74                                        | -                                                                                              |
|                                                                                                    | -                               | (19.55)                                      | -                                                                                              |
| Marissa Mansukhani                                                                                 | -                               | 8.18                                         | -                                                                                              |
|                                                                                                    | -                               | (4.09)                                       | -                                                                                              |
| Akshay Mansukhani                                                                                  | -                               | 0.89                                         | -                                                                                              |
|                                                                                                    | -                               | (0.89)                                       | -                                                                                              |
| Ayesha Mansukhani                                                                                  | -                               | 0.89                                         | -                                                                                              |
|                                                                                                    | -                               | (0.89)                                       | -                                                                                              |
| G.L.Mirchandani (HUF)                                                                              | -                               | 13.66                                        | -                                                                                              |
|                                                                                                    | -                               | (9.84)                                       | -                                                                                              |
| V.J.Mansukhani (HUF)                                                                               | -                               | 2.59                                         | -                                                                                              |
|                                                                                                    | -                               | (2.59)                                       | -                                                                                              |
| Gulita Wealth Advisors Pvt. Ltd.                                                                   | -                               | -                                            | 30.00                                                                                          |
|                                                                                                    | -                               | -                                            | (30.00)                                                                                        |
| Rent received<br>Adino Telecom Limited                                                             | -                               | -                                            | 7.38                                                                                           |
|                                                                                                    | -                               | -                                            | (10.84)                                                                                        |
| Refund of Rent Deposit<br>Gita Mirchandani                                                         | -                               | -                                            | -                                                                                              |
|                                                                                                    | -                               | (1.20)                                       | -                                                                                              |
| Payment of Rent Deposit<br>Gita Mirchandani                                                        | -                               | 8.18                                         | -                                                                                              |
|                                                                                                    | -                               | -                                            | -                                                                                              |



# NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

₹ in lacs

| Particulars             | Key management Personnel<br>(1) | Relatives of key management personnel<br>(2) | Enterprise over which any person described in (1) & (2) is having significant influence<br>(3) |
|-------------------------|---------------------------------|----------------------------------------------|------------------------------------------------------------------------------------------------|
| Marissa Mansukhani      | -                               | 4.09                                         | -                                                                                              |
| G.L. Mirchandani (HUF)  | -                               | 4.09                                         | -                                                                                              |
| Remuneration            | -                               | -                                            | -                                                                                              |
| Managerial Remuneration | 270.22<br>(347.82)              | -                                            | -                                                                                              |
| Kaval Mirchandani       | -                               | 45.00                                        | -                                                                                              |
|                         | -                               | (39.86)                                      | -                                                                                              |

## Closing Balance as at 31st March, 2012

| Particulars        | Key management Personnel<br>(1) | Relatives of key management personnel<br>(2) | Enterprise over which any person described in (1) & (2) is having significant influence<br>(3) |
|--------------------|---------------------------------|----------------------------------------------|------------------------------------------------------------------------------------------------|
| <b>Receivable</b>  |                                 |                                              |                                                                                                |
| G.L.Mirchandani    |                                 |                                              |                                                                                                |
| Rent Deposit       | 119.82<br>(119.82)              | -                                            | -                                                                                              |
| Gita Mirchandani   |                                 |                                              |                                                                                                |
| Rent Deposit       | -                               | 631.40<br>(623.22)                           | -                                                                                              |
| Loan given         | -                               | 151.00<br>(576.00)                           | -                                                                                              |
|                    | -                               | 782.40<br>(1199.22)                          | -                                                                                              |
| Marissa Mansukhani |                                 |                                              |                                                                                                |
| Rent Deposit       | -                               | 8.18<br>(4.09)                               | -                                                                                              |
| Akshay Mansukhani  |                                 |                                              |                                                                                                |
| Rent Deposit       | -                               | 0.89<br>(0.89)                               | -                                                                                              |
| Ayesha Mansukhani  |                                 |                                              |                                                                                                |
| Rent Deposit       | -                               | 0.89<br>(0.89)                               | -                                                                                              |



# NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

₹ in lacs

| Particulars                     | Key management Personnel<br>(1) | Relatives of key management personnel<br>(2) | Enterprise over which any person described in (1) & (2) is having significant influence<br>(3) |
|---------------------------------|---------------------------------|----------------------------------------------|------------------------------------------------------------------------------------------------|
| Loan given                      | -                               | 328.00                                       | -                                                                                              |
|                                 | -                               | (393.00)                                     | -                                                                                              |
|                                 | -                               | 328.89                                       | -                                                                                              |
|                                 | -                               | (393.89)                                     | -                                                                                              |
| G.L.Mirchandani (HUF)           |                                 |                                              |                                                                                                |
| Rent Deposit                    | -                               | 349.70                                       | -                                                                                              |
|                                 | -                               | (345.60)                                     | -                                                                                              |
| V.J.Mansukhani (HUF)            |                                 |                                              |                                                                                                |
| Rent Deposit                    | -                               | 2.59                                         | -                                                                                              |
|                                 | -                               | (2.59)                                       | -                                                                                              |
| Gulita Wealth Advisors Pvt Ltd. |                                 |                                              |                                                                                                |
| Rent Deposit                    | -                               | -                                            | 1000.00                                                                                        |
|                                 | -                               | -                                            | (1000.00)                                                                                      |
| Adino Telecom Limited           |                                 |                                              |                                                                                                |
| Creditors                       | -                               | -                                            | -                                                                                              |
|                                 | -                               | -                                            | 0.02                                                                                           |
| Debtors                         | -                               | -                                            | 6.46                                                                                           |
|                                 | -                               | -                                            | -                                                                                              |
| Inter corporate deposit given   | -                               | -                                            | 125.00                                                                                         |
|                                 | -                               | -                                            | (125.00)                                                                                       |
|                                 | -                               | -                                            | 131.46                                                                                         |
|                                 | -                               | -                                            | (124.98)                                                                                       |
| <b>Payable</b>                  |                                 |                                              |                                                                                                |
| Iwai Electronics Pvt. Ltd.      |                                 |                                              |                                                                                                |
| Creditors payable               | -                               | -                                            | 169.85                                                                                         |
|                                 | -                               | -                                            | (86.98)                                                                                        |

Note : Figures in brackets are in respect of 31<sup>st</sup> March, 2011

- 8) (i) The Management has identified two reportable Business Segments as the primary segment, namely:
- Consumer Durable and Components:- Colour Television including Liquid Crystal Display (LCD) and Light Emitting Diode (LED), Air Conditioners, Washing Machines, Digital Video Disk Player (DVD Player) and Microwave Ovens and certain components related to these products
- Mobile Communication Device: - Mobile Handsets.
- These segments have been identified and reported taking into account the nature of products, the differing risks and returns, the organisation structure.
- (ii) Segment Revenue, Results, Assets and Liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.



# NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

₹ in lacs

| Sr. No. | Particulars                                                    | Consumer Durables and Components |            | Mobile Communication Device |            | Total      |            |
|---------|----------------------------------------------------------------|----------------------------------|------------|-----------------------------|------------|------------|------------|
|         |                                                                | Year ended                       |            | Year ended                  |            | Year ended |            |
|         |                                                                | 31.03.2012                       | 31.03.2011 | 31.03.2012                  | 31.03.2011 | 31.03.2012 | 31.03.2011 |
| 1       | Segment Revenue                                                |                                  |            |                             |            |            |            |
|         | External Sales                                                 | 155434.49                        | 168927.95  | 11781.69                    | 24980.21   | 167216.18  | 193908.16  |
|         | Inter Segment Revenue                                          | -                                | -          | -                           | -          | -          | -          |
|         | Net Sales / Income from Operations                             | 155434.49                        | 168927.95  | 11781.69                    | 24980.21   | 167216.18  | 193908.16  |
| 2       | Segment Results                                                | 12336.57                         | 16696.46   | (502.22)                    | 1700.51    | 11834.35   | 18396.97   |
|         | Less : Finance Cost                                            |                                  |            |                             |            | 3552.16    | 1895.73    |
|         | Other Unallocable Expenses (Net off Other Un-allocable Income) |                                  |            |                             |            | 12418.93   | 12763.82   |
|         | Profit Before Tax                                              | 12336.57                         | 16696.46   | (502.22)                    | 1700.51    | (4136.74)  | 3737.42    |
| 3       | Assets and Liabilities                                         |                                  |            |                             |            |            |            |
|         | Segment Assets                                                 | 61201.40                         | 68380.79   | 1776.04                     | 2945.87    | 62977.44   | 71326.66   |
|         | Segment Liabilities                                            | 21353.25                         | 27225.84   | 969.71                      | 4692.14    | 22322.96   | 31917.98   |
|         | Unallocated Assets net off Unallocated Liabilities             |                                  |            |                             |            | (2598.92)  | 2261.37    |
|         | Other Information                                              |                                  |            |                             |            |            |            |
| 4       | Capital Expenditure                                            | 875.85                           | 1440.66    |                             |            | 875.85     | 1440.66    |
|         | Unallocated Capital Expenditure                                |                                  |            |                             |            | 229.60     | 189.96     |
| 5       | Depreciation                                                   | 2176.92                          | 2269.63    |                             |            | 2176.92    | 2269.63    |
|         | Unallocated Depreciation                                       |                                  |            |                             |            | 126.00     | 118.91     |

9) Figures pertaining to the Subsidiary Company have been reclassified wherever necessary to bring them in line with the Parent Company's financial statements.

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

Signatures to Notes '1' to '28' forming part of the Balance Sheet and Profit and Loss Statement

As per our Report of even date attached

For and on behalf of the Board of Directors

**For N.M. RAIJI & CO.,**  
Chartered Accountants  
Firm Regn. No. 108296W

**KAMAL JHUNJHUNWALA**  
Deputy General Manager  
Accounts & Taxation

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

**J.M.GANDHI**  
Partner  
Membership No.37924  
Mumbai, May 29, 2012

**ANOOP PILLAI**  
Company Secretary &  
Head - Corporate Affairs

**V.J.MANSUKHANI**  
Managing Director



# CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

₹ in lacs

## A. CASH FLOW FROM OPERATING ACTIVITIES

|                              |                  |                |
|------------------------------|------------------|----------------|
| <b>Net Profit Before Tax</b> | <b>(4136.74)</b> | <b>3737.42</b> |
|------------------------------|------------------|----------------|

### Adjustments for :

|                                                                   |          |          |
|-------------------------------------------------------------------|----------|----------|
| Depreciation and Amortisation                                     | 2302.92  | 2388.54  |
| Unrealised Foreign Exchange Fluctuations                          | (417.71) | (714.45) |
| Interest Expenditure                                              | 3552.16  | 1895.73  |
| Interest Income                                                   | (250.89) | (193.76) |
| Dividend Income                                                   | (12.06)  | (44.69)  |
| (Profit)/ Loss on Sale of Fixed Assets (Net)                      | 0.08     | 94.12    |
| (Profit)/ Loss on Sale of Investments (Net)                       | (5.39)   | (36.40)  |
| Exceptional Item - Provision for loss of Fixed Assets due to Fire | 300.00   | -        |

|  |                |                |
|--|----------------|----------------|
|  | <b>5469.11</b> | <b>3389.09</b> |
|--|----------------|----------------|

|                                                        |                |                |
|--------------------------------------------------------|----------------|----------------|
| <b>Operating Profit before Working Capital changes</b> | <b>1332.37</b> | <b>7126.51</b> |
|--------------------------------------------------------|----------------|----------------|

### Changes in Working Capital

|                             |           |           |
|-----------------------------|-----------|-----------|
| Trade and Other Receivables | 3546.25   | (5843.22) |
| Inventories                 | 3986.86   | (9922.64) |
| Trade and Other Payables    | (5661.27) | 12507.23  |

|  |                |                  |
|--|----------------|------------------|
|  | <b>1871.84</b> | <b>(3258.63)</b> |
|--|----------------|------------------|

|                                       |                |                |
|---------------------------------------|----------------|----------------|
| <b>Cash Generated from Operations</b> | <b>3204.21</b> | <b>3867.88</b> |
|---------------------------------------|----------------|----------------|

|                                    |          |          |
|------------------------------------|----------|----------|
| Direct Taxes Paid (Net of Refunds) | (137.08) | (626.46) |
|------------------------------------|----------|----------|

|                                                      |                |                |
|------------------------------------------------------|----------------|----------------|
| <b>NET CASH USED IN OPERATING ACTIVITIES.....(A)</b> | <b>3067.13</b> | <b>3241.42</b> |
|------------------------------------------------------|----------------|----------------|

## B. CASH FLOW FROM INVESTING ACTIVITIES

|                                      |           |            |
|--------------------------------------|-----------|------------|
| Payment for Purchase of Fixed Assets | (1232.45) | (1630.62)  |
| Purchase of Investments              | (5700.08) | (13807.57) |
| Proceeds from Sale of Fixed Assets   | 1.07      | 19.94      |
| Proceeds from Sale of Investments    | 5715.46   | 15,203.67  |
| Movement of Capital Advances         | 6.28      | (84.77)    |
| Movement in Loans                    | 490.00    | -          |
| Interest Income                      | 250.89    | 195.06     |
| Dividend Income                      | 12.06     | 44.69      |

|                                                      |                 |                |
|------------------------------------------------------|-----------------|----------------|
| <b>NET CASH USED IN INVESTING ACTIVITIES.....(B)</b> | <b>(456.77)</b> | <b>(59.60)</b> |
|------------------------------------------------------|-----------------|----------------|



# CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

₹ in lacs

|                                                                     | 2011-12          | 2010-11          |
|---------------------------------------------------------------------|------------------|------------------|
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                       |                  |                  |
| Movement in Term Loans                                              | (1499.94)        | 5000.00          |
| Movement in Short Term Loans                                        | 1757.83          | (2757.83)        |
| Interest Paid                                                       | (3518.35)        | (1893.62)        |
| Dividends paid (including Dividend Tax)                             | (1639.96)        | (1567.19)        |
| <b>NET CASH USED IN FINANCING ACTIVITIES.....(C)</b>                | <b>(4900.42)</b> | <b>(1218.64)</b> |
| <b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b> | <b>(2290.06)</b> | <b>1963.18</b>   |
| <b>CASH AND CASH EQUIVALENTS AS AT 01.04.2011 (OPENING BALANCE)</b> | <b>5375.73</b>   | <b>3412.55</b>   |
| <b>CASH AND CASH EQUIVALENTS AS AT 31.03.2012 (CLOSING BALANCE)</b> | <b>3085.67</b>   | <b>5375.73</b>   |

Note : Cash Flow Statement has been prepared under the Indirect Method as setout in Accounting Standard (AS) - 3 notified under the Companies (Accounting Standard) Rules, 2006.

As per our Report of even date attached

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

**For N.M. RAIJI & CO.,**  
Chartered Accountants  
Firm Regn. No. 108296W

**KAMAL JHUNJHUNWALA**  
Deputy General Manager  
Accounts and Taxation

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

**J.M.GANDHI**  
Partner  
Membership No.37924  
Mumbai, May 29, 2012

**ANOOP PILLAI**  
Company Secretary and  
Head - Corporate Affairs

**V.J.MANSUKHANI**  
Managing Director

[illegible]





[illegible]



## MIRC ELECTRONICS LIMITED

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

### PROXY FORM

I/We \_\_\_\_\_ of \_\_\_\_\_ being a member of **MIRC ELECTRONICS LIMITED, MUMBAI** and having Regd. Folio No./ DP & Client ID No. \_\_\_\_\_, holding \_\_\_\_\_ equity shares and hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_ as my/ our proxy to attend and vote for me/ us on my/ our behalf at the 31<sup>st</sup> Annual General Meeting of the Company to be held on Thursday, the July 26, 2012 at 3.00 p.m. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012.

Affix ₹ 1  
Revenue stamp

(Signature of the Shareholder)

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



## MIRC ELECTRONICS LIMITED

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

### ATTENDANCE SLIP

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

I hereby record my presence at the 31<sup>st</sup> Annual General Meeting of the Company held at Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400 018 on Thursday, the July 26, 2012 at 3.00 p.m.

Regd. Folio No./ DP & Client ID. \_\_\_\_\_ No. of Shares \_\_\_\_\_

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

Address \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



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







# ONIDA

MIRC Electronics Ltd. Onida House, G-I, M.I.D.C,  
Mahakali Caves Road, Andheri (E), Mumbai - 400 093.  
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