

DRAFT LETTER OF OFFER

March 28, 2014

For Eligible Equity Shareholders of the Company only



OWNER'S PRIDE

MIRC ELECTRONICS LIMITED

The Company was incorporated as MIRC Electronics Private Limited, a private company limited by shares under the Companies Act, 1956 on January 1, 1981 in the State of Maharashtra with registration number 23637 of 1981. Our Corporate Identification Number is L32300MH1981PLC023637. Subsequently, it became a deemed public company on September 13, 1988 and was converted to a public limited company on September 18, 1992. For further details please refer to "History and Certain Corporate Matters" on page 58 of the Draft Letter of Offer.



Registered Office and Corporate Office: Onida House, G-1 MIDC, Mahakali Caves Road, Andheri (East), Mumbai – 400 093, Maharashtra

Tel.: +91- 22 – 66975777, **Fax:** +91- 22 – 28202002

Contact Person: Mr. Predeep Kumar Gupta, Chief Financial Officer and Compliance Officer

Email: predeep.gupta@onida.com; **Website:** www.onida.com

Our Promoters: Gulu Lalchand Mirchandani and Mr. Vijay Jaikrishin Mansukhani

FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF MIRC ELECTRONICS LIMITED (THE “COMPANY” OR THE “ISSUER”) ONLY		
ISSUE OF [●] EQUITY SHARES OF FACE VALUE OF ₹ 1 EACH (THE “EQUITY SHARES”), FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A PREMIUM OF ₹ [●] PER EQUITY SHARE) AGGREGATING UPTO ₹ 3,300 LAKHS BY THE COMPANY, TO THE ELIGIBLE EQUITY SHAREHOLDERS OF THE COMPANY ON RIGHTS BASIS IN THE RATIO OF [●] EQUITY SHARES FOR EVERY [●] EQUITY SHARES HELD ON THE RECORD DATE, i.e. [●] (“THE ISSUE”). THE ISSUE PRICE OF EACH EQUITY SHARE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARE. FOR MORE DETAILS, PLEASE REFER TO THE SECTION TITLED “TERMS OF THE ISSUE” ON PAGE 197 OF THE DRAFT LETTER OF OFFER. THE ENTIRE ISSUE PRICE FOR THE EQUITY SHARES IS PAYABLE ON APPLICATION.		
GENERAL RISKS		
Investments in equity and equity related securities involve a degree of risk and Investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the Risk Factors carefully before taking an investment decision in relation to the Issue. For taking an investment decision, Investors must rely on their own examination of the Company and the Issue including the risks involved. The Equity Shares being offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India, (“SEBI”), nor does SEBI guarantee the accuracy or adequacy of the Draft Letter of Offer. Investors are advised to refer to the section titled “Risk Factors” on page 11 of the Draft Letter of Offer before making an investment in this Issue.		
ISSUER’S ABSOLUTE RESPONSIBILITY		
The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that the Draft Letter of Offer contains all information with regard to the Issuer and this Issue, which is material in the context of this Issue, that the information contained in the Draft Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes the Draft Letter of Offer as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.		
LISTING		
The existing Equity Shares are listed on the BSE Limited, (“BSE”) and the National Stock Exchange of India Limited, (“NSE”). The Equity Shares offered through the Draft Letter of Offer are proposed to be listed on the BSE and NSE. We have received in-principle approvals from BSE and NSE for listing the Equity Shares arising pursuant to the Issue through letters dated [●] and [●] respectively. For the purposes of the Issue, the Designated Stock Exchange shall be BSE.		
LEAD MANAGER TO THE ISSUE		REGISTRAR TO THE ISSUE
<div><div>INGA</div></div> <p>Inga Capital Private Limited A-404 Neelam Centre, Hind Cycle Road, worli, Mumbai 400 030 Tel: +91 22 2498 2919 / 2498 2937 Fax: +91 22 2498 2956 E-mail: mirc.rights@ingacapital.com Investor Grievance Id: investors@ingacapital.com Website: www.ingacapital.com Contact Persons: Mr. Mukesh Garg/ Mr. Gaurav Mittal SEBI Registration No.: INM000010924</p>		<div><div>LINK INTIME INDIA PVT LTD</div></div> <p>Link Intime India Private Limited C-13, Pannalal Silk Mill Compound L.B.S. Marg Bhandup (West), Mumbai 400 078 Tel: +91 22 25967878 Fax: +91 22 25960329 Email: mel.rights@linktime.co.in Investor Grievance Email: mel.rights@linktime.co.in Website: www.linkintime.co.in Contact Person: Mr. Pravin Kasare SEBI Registration No: INR000004058*</p>
ISSUE PROGRAMME		
ISSUE OPENS ON	LAST DATE FOR REQUEST FOR SPLIT APPLICATION FORMS	ISSUE CLOSES ON
[●]	[●]	[●]

* Link Intime India Private Limited has made an application dated January 30, 2014 to SEBI for grant of renewal of its registration.

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

Definitions

The Draft Letter of Offer uses certain definitions and abbreviations, which unless the context indicates or implies otherwise, have the meanings as provided below. Reference to any legislation, act or regulation shall be to such legislation, act or regulation as amended from time to time.

The following list of defined terms is intended for the convenience of the reader only.

Company Related Terms

Term	Description
“MIRC”, “the Company”, or “the Issuer” “We” or “us” or “our”	MIRC Electronics Limited, a company incorporated under the Companies Act, 1956 and having its registered office at Onida House, G-1 Mahakali Caves Road MIDC, Andheri (E), Mumbai, Maharashtra, 400093
Articles/ Articles of Association/ AoA	Articles of Association of the Company
Statutory Auditor(s)	Our statutory auditor is namely, M/s. S. R. Batliboi & Co. LLP, Chartered Accountants
Board/Board of Directors	Board of Directors of the Company
Compliance Officer	Mr. Predeep Kumar Gupta
Director(s)	Director(s) of the Company, unless otherwise specified
Equity Shareholder(s)/ Shareholder(s)	A holder of the Equity Shares of the Company
Equity Share(s)	Equity Shares of the Company of face value of ₹ 1 each
Eligible Equity Shareholder(s)	Equity Shareholders whose names appear on the register of members of the Company or on the list of register of beneficial owners of the Company maintained by the Depositories as at the end of business hours on the Record Date i.e. [●]
Memorandum/ Memorandum of Association/ MoA	Memorandum of Association of the Company
Previous Auditors	Our previous statutory auditor M/s N. M. Raiji & Co., Chartered Accountants
Promoter(s)	Mr. Gulu Lalchand Mirchandani and Mr. Vijay Jaikrishin Mansukhani
Promoter Group	Unless the context requires otherwise, refers to such persons and entities constituting the promoter group of the Company in terms of Regulation 2(zb) of the SEBI Regulations which are disclosed by the Company to the Stock Exchanges from time to time.
Registered Office	The registered office of the Company situated at Onida House, G-1 Mahakali Caves Road MIDC, Andheri (E), Mumbai, Maharashtra, 400093
Subsidiary	Akasaka Electronics Limited

Issue Related Terms

Term	Description
Abridged Letter of Offer	The abridged letter of offer to be sent to the Eligible Equity Shareholders of the Company with respect to the Issue in accordance with the SEBI Regulations
Allotment /Allotted	The allotment of Equity Shares pursuant to the Issue
Allottee(s)	Persons to whom Equity Shares of the Company will be issued pursuant to the Issue
Allotment Date	The date on which the Allotment is made
Application Supported by Blocked Amount/ ASBA	The application (whether physical or electronic) used by an ASBA Investor to make an application authorizing the SCSB to block the application amount in his/her/its

Term	Description
	specified bank account maintained with the SCSB
ASBA Account	An account maintained with an SCSB and specified in the CAF for blocking the amount mentioned in the CAF
ASBA Investor(s)	<p>Eligible Equity Shareholders proposing to subscribe to the Issue through ASBA process and who:</p> <ol style="list-style-type: none"> 1. are holding the Equity Shares of the Company in dematerialized form as on the Record Date and have applied for their Rights Entitlements and/or additional Equity Shares in dematerialized form; 2. have not renounced their Rights Entitlements in full or in part; 3. are not Renouncees; and 4. are applying through blocking of funds in a bank account maintained with the SCSBs <p>Please note that, in terms of SEBI circular CIR/CFD/DIL-1/2011 dated April 29, 2011, QIB applicants, Non-Institutional Investors (including all companies and bodies corporate) and other applicants whose application amount exceeds ₹ 200,000 can participate in the Issue only through the ASBA process, subject to them complying with the requirements of SEBI circular dated December 30, 2009. Further, all QIB applicants and Non-Institutional Investors are mandatorily required to use the ASBA facility, even if application amount does not exceed ₹ 2,00,000.</p>
Bankers to the Issue	[●]
Category III foreign portfolio investor(s)	Includes all other investors who are not eligible under category I and category II foreign portfolio investors (as defined under the SEBI (FPI) Regulations) such as endowments, charitable societies, charitable trusts, foundations, corporate bodies, trusts, individuals and family offices
Composite Application Form/CAF	The form used by an Investor to make an application for the Allotment of Equity Shares in the Issue
Consolidated Certificate	In case of holding of Equity Shares in physical form, the certificate that the Company would issue for the Equity Shares Allotted to one folio
Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinate with the Lead Manager, the Registrar to the Issue and the Stock Exchanges, a list of which is available on http://www.sebi.gov.in .
Designated Branches	Such branches of the SCSBs which shall collect application forms used by ASBA Investors and a list of which is available on http://www.sebi.gov.in .
Designated Stock Exchange	BSE Limited
Draft Letter of Offer	This draft letter of offer dated March 28, 2014 filed with SEBI and issued by the Company in accordance with the SEBI Regulations
Foreign Portfolio Investor(s)/FPI(s)	A person who satisfies the eligibility criteria prescribed under Regulation 4 of the SEBI (FPI) Regulations and has been considered under chapter III of the SEBI (FPI) Regulations, which shall be deemed to be an intermediary in terms of the provisions of the SEBI Act. Provided that any foreign institutional investor or qualified foreign investor who holds a valid certificate of registration shall be deemed to be a foreign portfolio investor till the expiry of the block of three years for which fees have been paid as per the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 , as amended
Investor(s)	Eligible Equity Shareholder(s) and Renouncee(s) applying in the issue.
Issue	Issue of [●] Equity Shares for cash at Issue Price of ₹ [●] per Equity Share (including premium of ₹ [●] per Equity Share) for an amount not exceeding ₹ 3,300 lacs on a rights basis to the Equity Shareholders of the Company in the ratio of [●] Equity Shares for every [●] fully paid-up Equity Shares held by the Equity Shareholders on the Record Date.
Issue Closing Date	[●]
Issue Opening Date	[●]

Term	Description
Issue Price	₹ [●] per Equity Share
Issue Proceeds	The gross proceeds raised through the Issue.
Issue Size	Not exceeding ₹ 3,300 lacs.
Lead Manager	Inga Capital Private Limited
Letter of Offer	The final letter of offer to be filed with the Stock Exchanges after incorporating the observations received from the SEBI on the Draft Letter of Offer
Listing Agreement	The listing agreements entered into between the Company and the Stock Exchanges
Net Proceeds	The Issue Proceeds less the Issue related expenses. For further details, see the section “ <i>Objects of the Issue</i> ” on page 52
Non Institutional Investors/ Non – Institutional Investors	All Investors, including FPIs which are foreign corporates or foreign individuals, that are not QIBs or Retail Individual Investors and who have applied for Equity Shares for an cumulative amount more than ₹ 2,00,000/-
Qualified Foreign Investors / OFIs	QFI shall mean a person who has opened a dematerialized account with a qualified depository participant as a qualified foreign investor under the SEBI (FPI) Regulations
Qualified Institutional Buyers or QIBs	Qualified institutional buyers as defined under Regulation 2(1)(zd) of the SEBI Regulations
Record Date	[●]
Refund Bank	[●]
Registrar to the Issue / Registrar	Link Intime India Private Limited
Renouncee(s)	Any person(s) who has/have acquired Rights Entitlements from Eligible Equity Shareholders
Retail Individual Investors	Individual Investors who have applied for Equity Shares for an amount less than or equal to ₹ 200,000 in the Issue (including HUFs applying through the karta)
Rights Entitlement	The number of Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to the number of Equity Shares held by the Eligible Equity Shareholder on the Record Date
SAF(s)	Split Application Form(s)
SCSB(s)	A Self Certified Syndicate Bank, registered with SEBI, which acts as a banker to the Issue and which offers the facility of ASBA. A list of all SCSBs is available at http://www.sebi.gov.in
Securities Act	U.S. Securities Act, 1933, as amended
Stock Exchange(s)	BSE and NSE where our Equity Shares are presently listed.

Conventional and General Terms or Abbreviations

Term/Abbreviation	Description/ Full Form
₹ or Rs. or Rupees or INR	Indian Rupee
AGM	Annual General Meeting
AS	Accounting Standards issued by the ICAI
BSE	BSE Limited
CDSL	Central Depository Services (India) Limited
Central Government / Government of India	The Central Government of India
CIN	Corporate Identification Number
Companies Act, 1956	Companies Act, 1956
Companies Act, 2013	Companies Act, 2013, to the extent applicable
Companies Act	Companies Act, 1956 and/or Companies Act, 2013, to the extent applicable
Depositories Act	Depositories Act, 1996
Depository	A depository registered with the SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996

Term/Abbreviation	Description/ Full Form
DIN	Director Identification Number
DIPP	The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India
DP ID	Depository Participant Identity
DP/Depository Participant	Depository Participant as defined under the Depositories Act
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EGM	Extra-Ordinary General Meeting
EPS	Earnings Per Share
FCNR Account	Foreign Currency Non-Repatriable account
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999
FII	Foreign Institutional Investor (as defined under the SEBI (Foreign Portfolio Investors) Regulations, 2014), registered with the SEBI under applicable laws in India
Financial Year/fiscal year/ Fiscal/ FY	Period of 12 months ended March 31 of that particular year.
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
Government	The Central Government and/or the State Government of India, as applicable
HUF/HUFs	Hindu Undivided Family / Hindu Undivided Families
ICAI	The Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
India	Republic of India
Indian GAAP	Generally accepted accounting principles followed in India
IT Act	Income Tax Act, 1961
Mutual Fund	Mutual fund registered with the SEBI under the SEBI (Mutual Funds) Regulations, 1996
NECS	National Electronic Clearing Service
NEFT	National Electronic Fund Transfer.
NR	Non-Resident
NRE Account	Non-Resident External Account
NRI	Non-Resident Indian
NRO Account	Non-Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCB(s)	Overseas Corporate Body(ies)
p.a.	Per annum
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit Before Tax
PLR	Prime Lending Rate
RBI	Reserve Bank of India
RoC	Registrar of Companies, Maharashtra, situated at 100, Everest, Marine Drive, Mumbai 400 002
RTGS	Real Time Gross Settlement.
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI (FPI) Regulation	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
SEBI Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
State Government	Government of a state of India

Term/Abbreviation	Description/ Full Form
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

Technical and Industry Related Terms

Term/Abbreviation	Description/ Full Form
IC	Integrated Circuits
CPT	Color Picture Tubes
HIPS	High Impact Polystyrene

Notwithstanding the foregoing, terms in sections titled “Statement of Tax Benefits”, “Financial Information” and “Outstanding Litigation and Defaults” on pages 57, 69 and 171, respectively, have the meanings given to such terms in these respective sections.

NOTICE TO OVERSEAS SHAREHOLDERS

The distribution of the Draft Letter of Offer and the issue of the Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession the Draft Letter of Offer may come are required to inform themselves about and observe such restrictions. The Company is making this Issue on a rights basis to the Eligible Equity Shareholders of the Company as on the Record Date and will dispatch the Letter of Offer/Abridged Letter of Offer and CAF to Eligible Equity Shareholders who have an Indian address.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose, except that the Draft Letter of Offer has been filed with the SEBI for its observations. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and the Draft Letter of Offer may not be distributed, in any jurisdiction outside India. Receipt of the Draft Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, the Draft Letter of Offer must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of the Draft Letter of Offer should not, in connection with the issue of the Equity Shares or the Rights Entitlements, distribute or send the Draft Letter of Offer in or into the United States of America or any other jurisdiction where to do so would or might contravene local securities laws or regulations. If the Draft Letter of Offer is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the Rights Entitlements referred to in the Draft Letter of Offer.

Neither the delivery of the Draft Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in the Company's affairs from the date hereof or that the information contained herein is correct as at any time subsequent to the date of the Draft Letter of Offer.

FORWARD LOOKING STATEMENTS

Certain statements in the Draft Letter of Offer are not historical facts but are “forward-looking” in nature. Forward looking statements appear throughout the Draft Letter of Offer, including, without limitation, under the heading “*Risk Factors*”. Forward-looking statements include statements concerning the Company’s plans, objectives, goals, strategies, future events, future revenues or financial performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, the Company’s competitive strengths and weaknesses, the Company’s business strategy and the trends the Company anticipates in the industries and the political and legal environment, and geographical locations, in which the Company operates, and other information that is not historical information.

Words such as “believe”, “anticipate”, “estimate”, “seek”, “expect”, “continue”, “intend”, “predict”, “project”, “should”, “goal”, “future”, “could”, “may”, “will”, “would”, “targets”, “aims”, “is likely to”, “plan” and similar expressions, or variations of such expressions, are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

By their nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved.

These risks, uncertainties and other factors include, among other things, those listed under “*Risk Factors*”, as well as those included elsewhere in the Draft Letter of Offer. Investors should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited, to:

- Ability to compete effectively in the industry in which we operate the business;
- Ability to meet substantial working capital requirements or maintain existing credit facilities;
- Indian governmental policies regarding the consumer electronics industry, various duties and taxes, the monetary and interest rate policies and other policies affecting the business;
- Ability to meet the consistent quality requirements of customers or a change in customer preferences;
- Ability to upgrade the products with change in technology;
- Regulatory changes pertaining to the industries in India to which we cater and the ability to respond to them;
- Ability to successfully implement the strategy;
- Ability to develop new products that appeal to consumers;
- General economic and political conditions, policies and regulations in India and globally, which have an impact on the business activities;
- Ability to attract and retain qualified personnel;
- Changes in foreign exchange control regulations in India; and
- Currency fluctuation risks
- The performance of the financial markets in India and globally; and
- Any adverse outcome in the legal proceedings in which we are involved.

For a further discussion of factors that could cause the Company’s actual results to differ, see the sections “*Risk Factors*” on page 11. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither the Company nor the Lead Manager or any of their respective affiliates make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario. Neither the Company nor the Lead Manager nor any of their respective affiliates or advisors have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI/Stock Exchanges requirements, the Company and Lead Manager will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permissions by the Stock Exchanges for the Equity Shares allotted pursuant to this Issue.

RESTRICITONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Foreign investment is allowed up to 100% under automatic route in the Company.

The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India (“DIPP”), issued Circular 1 of 2013 (“Circular 1 of 2013”), which with effect from April 5, 2013, consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPP that were in force and effect as on April 5, 2013 and includes all press notes, press releases and clarifications issued by DIPP thereafter.

FIIIs are permitted to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the FDI policy and transfer does not attract the provisions of the Takeover Regulations (ii) the non-resident shareholding is within the sectoral limits under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI/RBI.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA

Certain Conventions

References in the Draft Letter of Offer to “India” are to the Republic of India.

Financial Data

Unless stated otherwise, the financial data in the Draft Letter of Offer is derived from the Company's audited consolidated financial statements. The Company's fiscal year commences on April 1 and ends on March 31 of the following calendar year.

The Company prepares its financial statements in accordance with the generally accepted accounting principles in India, which differ in certain respects from generally accepted accounting principles in other countries. Indian GAAP differs in certain significant respects from the IFRS. The Company publishes its financial statements in Indian Rupees. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in the Draft Letter of Offer should accordingly be limited. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

In the Draft Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures.

For definitions, see the section “*Definitions and Abbreviations*” on page 2.

SECTION II: RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider all the information in the Draft Letter of Offer, including the risks and uncertainties described below, before making an investment in the Equity Shares. To obtain a complete understanding, you should read this section as well as the other financial and statistical information contained in the Draft Letter of Offer. The risks and uncertainties described in this section are not the only risks and uncertainties we currently face. Additional risks and uncertainties not known to us or that we currently deem immaterial may also have an adverse effect on our business, financial condition and results of operations and cash flows. If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, our business, results of operations, cash flows and financial condition could suffer, the price of the Equity Shares could decline, and you may lose all or part of your investment. In making an investment decision, prospective investors must rely on their own examination of our Company and the terms of the Issue, including the merits and risks involved.

The Draft Letter of Offer also contains forward-looking statements that involve risks and uncertainties. Our Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including considerations described below and in the chapter entitled "Forward Looking Statements" on page 8. Unless otherwise stated, the financial information used in this section is derived from our audited standalone financial statements for FY 2012 and FY 2013, prepared under Indian GAAP.

Internal Risks

- We are involved in certain legal proceedings which, if determined against us may have an adverse impact on our business operations, profitability and financial condition.***

We are party to various legal proceedings including suits, consumer related proceedings, tax disputes etc. These proceedings are pending at different levels of adjudication before the appropriate forums and if determined against us, may have an adverse impact on our business operations, profitability and financial condition.

Summary of outstanding legal proceedings having a material adverse effect initiated against the Company, Directors (in respect of matters relating to the Company), and Subsidiary as on March 25, 2014

(Amount in ₹)

Category	Company		Directors (in respect of matters relating to the Company)		Subsidiary	
	No.	Amount Involved (where quantifiable)	No.	Amount Involved (where quantifiable)	No.	Amount Involved (where quantifiable)
Criminal proceedings	2	63,76,000	4	25,00,000	1	2,21,65,000
Civil proceedings	4	12,78,53,261	-	-	-	-
Labour Cases	3	Not Quantifiable	-	-	-	-

In addition to the above, the Company is party to 124 consumer proceedings before various fora. The aggregate amount involved is approximately ₹62,88,950.

Summary of outstanding legal proceedings having a material adverse effect initiated by the Company as on March 25, 2014.

(Amount in ₹)

Category	Company	
	No.	Amount Involved (where quantifiable)
Criminal proceedings	2	98,48,952
Tax proceedings	7	41,51,95,137

In addition to the above, the Company has initiated 145 proceedings under section 138 of the Negotiable Instruments Act, 1882 in various jurisdictions. The aggregate amount claimed is approximately 8,48,44,400.

Should any new development arise, such as a change in the Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements, which may increase our expenses and current liabilities. We can give no assurance that these legal proceedings will be decided in our favour. For further information relating to these proceedings, see “Outstanding Litigation and other Defaults” on page 171 of the Draft Letter of Offer.

2. *The loss or shutdown of operations at any of our manufacturing facilities or any accidents or damage to our manufacturing equipment, plant and machinery or information technology systems may have a material adverse effect on our business, financial condition and results of operations.*

We operate manufacturing facilities at Wada (Maharashtra) and Roorkee (Uttarakhand). These manufacturing facilities are subject to operating risks, such as breakdowns or accidents or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, labour disputes, strikes, lock-outs, natural disasters and industrial accidents. For example during the FY 2011-12, there was a major fire at one of our facilities situated at Roorkee due to which the said facility had become non-operational for an extended period. Our manufacturing facilities are also subject to operating risk arising from compliance with the directives of relevant government authorities. During the year 2009-10, an illegal strike was resorted to by the contract workers at the Wada plant, which resulted in suspension of the operations on January 1, 2010 and declared lock outs from January 16, 2010. Such kind of incidents could significantly affect our operations by causing production to shut down or slow down. Furthermore, we are dependent on our information technology systems for managing key business processes such as product design and development, customer and dealer management, transaction processing, accounting and production. Any failure in our information technology systems in any manner may adversely impact our ability to manufacture our products, manage our dealers and provide service to our customers, any of which may have a material adverse effect on our reputation, business, financial condition and results of operations.

3. *Demand for our products is affected by global and national economic conditions. Any development which decelerates the demand for our products would have an adverse impact on the Company.*

The electronic industry in India in general and our business and results of operations in particular are affected by the change in various global and national economic conditions. Changes or a downturn in the global or national economy could add uncertainty to currency inflation or deflation, interest rates, taxation, stock market performance, consumers' confidence and consumers' perception of economic conditions, which in turn may affect the consumers' willingness to purchase our products. Our business is sensitive to a number of factors that influence the levels of consumer spending, including political and economic conditions such as recessionary environments, the levels of disposable consumer income, consumer debt, interest rates. Declines in consumer spending on electronics or home products could have an adverse effect on our operating results. Purchases by consumer of our products generally decline during recessionary periods and other periods in which disposable income is adversely affected. While adverse economic and business conditions are harmful to all companies, companies such as ours are particularly sensitive to them, particularly declining levels of disposable consumer income, higher consumer debt, higher interest rates, higher taxation, increase in unemployment because of their direct impact on discretionary consumer spending. Unfavorable changes in business and economic conditions affecting our consumers could result in decrease in demand for our products or lower our profit margins, and have a material adverse effect on our financial condition and results of operations.

4. *We face significant competition in the electronic industry. Any failure to compete effectively may have a material adverse effect on our business and operations.*

The electronic industry in India is highly competitive with several other domestic and foreign brands present in the market and we expect that competition will continue to increase with entry of new companies (both domestic and international) in this industry, and also with advent new technologies. In such a competitive environment, our brand may face considerable pressure to sustain customer loyalty, satisfaction, requirement and brand equity. With number of domestic and international brands entering Indian electronic industry, the industry is witnessing substantial

change in dynamics. Many of our competitors have access to considerable financial and technological resources with which they are able to compete aggressively, including by funding future growth and expansion and improving on the product quality and in acquisitions.

We face a variety of competitive challenges including:

- anticipating and quickly responding to changing consumer demands and preferences;
- maintaining favourable brand recognition;
- developing innovative, high-quality products that appeal to consumers;
- pricing our products effectively and achieving customer perception of value;
- providing strong and effective marketing support;
- providing prompt after sales services;

Our competitors may expend financial and other resources to improve their market share to compete more aggressively. With increase in competition, we may *inter alia* witness lower demand for our products, pressure on pricing, loss in market share, which may impact our business and results of operations. Our inability to withstand competitive pressures and respond to changing business dynamics may have a material adverse effect on our business prospects, financial condition and results of operations.

5. *Significant increases in prices of key raw materials or our inability to continue to procure raw materials from our suppliers at favourable terms could have an adverse effect on our results of operations and financial position.*

We are dependent on external suppliers for timely supply of raw materials including metals like HIPS, waste paper. We purchase plastic raw material, Coils, Transformers, compressors, Motors, Switches, Capacitors, IC's Transistors, Panels, CPT etc. from our approved suppliers, the pricing of component what we buy is totally dependent on international commodity pricing & currency variation. Accordingly, our profits are sensitive to changes in raw material prices. Volatility in the prices of raw materials, including mismatches between trends in prices for raw materials and our products, as well as limitations on or disruptions in the supply of raw materials, could adversely affect our results of operations. Our inability to procure these raw materials on terms more favourable, or at all, may constrain our raw material supply, resulting in an adverse effect on our business, financial condition and results of operations. Any volatility in the prices of such raw materials in such jurisdictions or fluctuations in the currency exchange values could adversely affect our financial condition and results of operations. Further, we do not have exclusive arrangements with our suppliers and they can supply raw materials to our competitors, which may increase competition for us and may result in an adverse effect on our financial condition. Further, any substantial delay in supply or non-conformance to quality requirements by our suppliers can impact our ability to meet our customer requirements and thus impact our business and results of operations. In case we fail to correctly analyse our product requirement or non-availability of required raw materials or any other item of production in desired quantity and quality at the right time, it may impact our sales commitments resulting in having adversely effect on our business and results of operations.

6. *We do not have long term contracts with our dealers and our revenues are dependent on the sales made to including orders placed by our dealers. The loss of our major dealers or a decrease in the volume of products they source from us may adversely affect our revenues and results of operations.*

As there are no arrangements for sale of a minimum quantity of our products to the distributors, the number of products procured by our dealers varies from month to month. There are a number of factors that impact customer demand from these dealers, which may not be predictable. Our dealers may decide to reduce the quantity of products sourced from us because of changing market conditions, taste of customer and other factors, internal and external, relating to their business. Further, with increased competition, the dealers now have increased choice of entities from which they can source products. Some of our competitors may have advantages that enable them to offer products similar to ours at a lower price, respond more quickly and effectively than we do to specific demands of the dealers, which may lead to dealers entering into tie-ups with our competitors, forcing us to reduce prices and hence lower our margins and limit our growth potential, in which case our business, financial condition and results of operations

will be harmed. The loss of any of the major dealers or a decrease in the volume of the products they source from us or reduction of price of our products may adversely affect our revenue and results of operations.

7. We are unable to trace certain secretarial records including records pertaining to the issuance of certain equity shares by the Company to its shareholders.

We are unable to locate the copies of certain of our secretarial records i.e., certain statutory forms filed with the RoC, including certificate of incorporation reflecting the conversion of the Company from a deemed public to public limited, allotment of Equity Shares, changes in our authorised share capital, registered office, appointment and regularization of directors of the Company. While we believe that these forms were duly filed on a timely basis, we are unable to locate the copies of these filings in our records. We cannot assure you that we will not be subject to any penalty imposed by the said authority in this regard.

8. We have not been able to file certain form 17s with the RoC pertaining to the borrowings availed from certain lenders.

We have, from time to time, availed loan facilities from State Bank of India, Axis Bank Limited, Credit Suisse First Boston, The Industrial Credit & Investment Corporation of India Ltd., The Sakura Bank Ltd., and Industrial Finance Corporation of India which were satisfied. However the banks/lenders have not provided no-dues certificates in this regard. In the absence of such no-dues certificate the Company has not been able to file Form 17 with Registrar of Companies, Mumbai required to be filed in this regard. We cannot assure you that we will not be subject to any adverse action by a competent regulatory authority in this regard.

9. We outsource some of our production to third parties on non-exclusive basis and any significant loss or disruption of production from our third party manufacturers for any reasons could adversely affect our business, results of operations and financial conditions.

We outsource manufacture of certain products to third parties with whom we do not have exclusive arrangements. As a result, such vendors may manufacture products similar or identical to ours for our competitors or manufacture entirely for such competitors, which may have an adverse effect on our business and results of operation. Production at facilities of these third party manufacturers are beyond our control and any significant loss or disruption of production at these facilities for any reasons may adversely affect our business, results of operations and financial conditions.

10. We face exchange rate fluctuation risks, which may adversely affect our business, results of operations and financial condition.

The fluctuations in foreign exchange rates might have an impact on the financial performance of the Company. If the fluctuation of the Indian rupee value moves in unfavorable direction it will make an adverse impact on our import cost and may adversely affect our business, results of operations and financial condition. Our inability to hedge this foreign exchange exposure may result in an adverse impact on our financial condition. We use forward exchange contracts to hedge our exposure in foreign currency based on foreign exchange movement and money market outlook.

11. Our success depends upon our ability to sustain effective implementation of our business and growth strategy. Our failure to do so may adversely affect our success and sustainability.

The success of our business depends greatly on our ability to effectively implement our business and growth strategy. Whilst we believe that we have successfully executed our business strategy in the past, there can be no assurance that we will be able to execute our strategy on time and within the estimated budget, or that we will meet the expectations of targeted customers. We expect our growth strategy to place significant demands on our management, financial and other resources and require us to continue developing and improving our operational, financial and other internal controls, none of which can be assured. Our inability to manage our business and growth strategy in line or better than our competitors in this competitive and innovative industry could have a material adverse effect on our business, financial condition and results of operations.

12. Our business in relation to sale of certain electronic products is seasonal in nature. Any substantial decrease in our sales during this period can have a material adverse effect on our financial performance.

The sale of our certain electronic products is seasonal in nature. This unevenness in seasonal sales is largely due to the buying cycles of the customers and weather cycles of locations to which we cater. The sale of few of our products like TV, air conditioners, etc. is higher during a particular season and festival time. We expect that this trend of buying and weather cycles will continue to have an effect on our business and results of operations. Any disturbances/disruptions in production during this period may lead to reduction in sales and have an impact on the financial performance of the Company.

13. Sales and profitability of our business depend on our ability to develop new products that appeal to consumers and cater to their taste and requirement, and any failure to do the same could have a material adverse effect on our business.

We compete in home appliance and electronics industry characterised by continual change, product introductions, changes in consumer demands, innovations and evolving industry standards. While we continually endeavor to cater to the changing preferences of consumers, we cannot guarantee that we will be successful in these efforts. Additionally, lack of innovation in developing new products could adversely affect our business. Our ability to successfully develop new products is also subject to numerous uncertainties, including our ability to anticipate and successfully respond to rapidly changing consumer preferences. If we fail to anticipate and respond to consumer requirements, we could lose potential customers to competitors, which in turn may materially and adversely affect our business, financial condition and results of operations.

14. We have limited ability to protect our intellectual property and may be subject to third party claims and if we are unable to protect such intellectual property, our business could be adversely affected.

We regard our intellectual property rights such as trademarks, designs and copyrights important to our success. Generating and maintaining brand recognition is a significant element of the business strategy of the Company. We may be subject to legal proceedings and claims in the ordinary course of business, including claims of alleged infringement of the trademarks and other intellectual property rights of third parties. In addition, litigation may be necessary in the future to enforce our intellectual property rights, protect trade secrets or to determine the validity and scope of proprietary rights claimed by others. Any litigation of this nature, regardless of outcome or merit, could result in substantial costs and diversion of management and technical resources, any of which could adversely affect our business, financial condition and results of operations.

We have registered various trademarks and designs across various jurisdictions and have also filed certain applications for registration of trademarks and patents in India. Few of the trademarks applied by us with the Trademark Registry have been objected by third parties, including, the trademark for our brandname “ONIDA”. For further details regarding applications pending with appropriate authorities, please refer to the section titled “Government and Other Approvals” on page 182. There is no assurance that these applications shall result in us being granted registration in a timely manner or at all or that third parties would not infringe upon our intellectual property or any order restraining or prohibiting us from using the trademark, shall adversely affect the business prospects, reputation and goodwill of the Company. In such a case protection of the trademark in India may be difficult and we may be a party to litigation for infringement.

In addition, the Company may not be able to detect any unauthorized use or take appropriate and timely steps to protect our intellectual property rights. Our inability to protect the same could adversely affect our business. We cannot provide any assurance that third parties will not infringe upon our trademark, trade names, logos or brand names and thereby cause damage to our business prospects, reputation or goodwill.

15. We are dependent on our research and development for our success and the failure to keep developing/improving products/processes could adversely affect our business

Our success depends on our ability to continue and to quickly develop and improve our products and processes for which we make continuous effort and investments in our research and development. For the Fiscal 2013, on standalone basis, our research and development expenditure was ₹ 557.32 lacs. We cannot assure you whether we will be able to enhance our research and development investments or continue the current level of research and development investments in our business, or that our research and development investments will yield satisfactory results, if at all or whether we will be successful in producing products better than the competitors. The upgradation and development of new processes could be a lengthy and costly affair and there can be no assurance that a new/improved product or process developed by us will be commercially successful. Further, research undertaken by our competitors may lead to the launch of a competing or improved product or process that may affect the sales of our products and adversely affect our business, results of operations and financial condition.

As new features and applications of electronics products are frequently introduced and can be significantly different from the ones they supersede, there can be no assurance that we will be equipped with the technologies and/or licenses required for developing and manufacturing electronics products that meet new standards. If the industrial standards of electronics products change substantially in the future and we are unable to provide new products on a timely basis or at all, our business and results of operations may be adversely affected.

16. We have witnessed negative cash flows from investing activities and financing activities on a standalone basis. Any negative cash flows in the future could adversely affect our results of operations and financial condition.

Our cash flows from investing activities and financing activities as of year ending March 31, 2012 and March 31, 2013 on a standalone basis are summarised below:

(Amount in ₹ lacs)

Particulars	Fiscal 2012	Fiscal 2013
Investing activities	(196.15)	(950.32)
Financing activities	(4,998.68)	(6,772.13)

If we do not maintain positive cash flow, we cannot assure you that we will be able to sustain our growth or achieve profitability in future periods.

17. The security of our IT systems may fail and adversely affect our business, operations, financial condition and reputation.

We are dependent on the effectiveness of our information security policies, procedures and capabilities to protect our computer and telecommunications systems and the data such systems contain or transmit. Any delay in implementation or disruption of the functioning of our information technology systems could disrupt our ability to track record and analyse work in progress or cause loss of data and disruption to our operations, process financial information or manage creditors/debtors or engage in normal business activities. Our computer systems, software and networks may be vulnerable to unauthorised access, computer viruses or other malicious code and other events that could compromise data integrity and security. Although we maintain procedures and policies to protect our IT systems, such as a data back-up system, disaster recovery and business continuity system, any failure of our IT systems as mentioned above could result in business interruption, material financial loss, initiation of regulatory actions and legal proceedings and harm to our reputation.

18. Our insurance coverage may not adequately protect us against certain operational hazards and this may have a material adverse effect on our business.

Our businesses involves many risks and hazards, including the breakdown, failure or substandard performance of equipment, delay in delivery of equipment or improper installation or operation of equipment, difficulties in upgrading or expanding existing facilities, labour disturbances, fire, natural disasters such as earthquakes, adverse weather conditions or flooding, environmental hazards and industrial accidents. In addition, the insurance coverage for our facilities is subject to periodic renewal.

Numerous factors outside our control can affect market conditions, which in turn can affect the availability of insurance coverage as well as premium levels for policies. The insurance coverage is generally also subject to certain exclusions, limitations and deductibles. If the availability of insurance coverage is reduced significantly, we may become exposed to certain risks for which we are not or could not be insured. Also, if premiums for the insurance coverage required for these facilities increase significantly, we could incur substantially higher costs for such coverage or may decide to reduce the coverage amounts, either of which could have an adverse effect on their financial condition and results of operations. We maintain insurance which we believe is typical in our industry at their respective locations in India and in amounts that we believe to be commercially appropriate. Such insurance, however, may not provide adequate coverage in certain circumstances. We do not carry business interruption insurance with respect to our operations.

The occurrence of a significant event for which we are not adequately insured against could materially adversely affect our operations and financial condition. In addition, in the future, some or all of our insurance coverage may become unavailable or may not be available on commercially reasonable terms.

19. Our Promoters and members of the Promoter Group will continue jointly to retain majority control over the Company after the Issue, which will allow them to determine the outcome of matters submitted to shareholders for approval.

We are controlled by our Promoters and members of the Promoter Group who, as at December 31, 2013, beneficially owns 55.09% of our paid – up equity capital of the Company. As a result of their interest, members of our Promoters and members of the Promoter Group has the ability to exert significant influence over our business and certain actions requiring shareholders' approval, including, but not limited to, the election of directors, the declaration of dividends, the appointment of management and other policy decisions. The interests of our Promoters and members of the Promoter Group could conflict with the interests of our other shareholders. Such a concentration of ownership may also have the effect of delaying, preventing or deterring a change in control of the Company. In addition, our Promoters and members of the Promoter Group will continue to have the ability to cause us to take actions that are not in, or may conflict with, our interests or the interests of some or all of our creditors or minority shareholders, and we cannot assure you that such actions will not have an adverse effect on our future financial performance or the price of our Equity Shares.

20. We are dependent on our senior management team and the loss of key members or failure to attract skilled personnel may adversely affect our business.

Our business depends largely on the efforts, expertise and abilities of our senior management, as well as other skilled personnel which oversees the day-to-day operations, strategy and growth of our business. If one or more members of our key management team are unable or unwilling to continue in their present positions, such persons may be difficult to replace and our business, prospects, financial condition and results of operations could be adversely affected. In addition, our success in expanding our business will also depend, in part, on our ability to attract, retain and motivate appropriately qualified personnel. Our failure to successfully manage our personnel needs could materially adversely affect our business, prospects, financial condition and results of operations. If we are unable to address these risks, our business, financial condition and results of operations could be adversely affected.

21. Our indebtedness and the restrictive covenants imposed upon us in certain debt facilities could restrict our ability to conduct our business and grow our operations, which would adversely affect our financial condition and results of operations.

As of March 31, 2013, on standalone basis, our secured borrowings were ₹ 12,784.28 lacs. The agreements governing our existing indebtedness contain restrictions and limitations, such as restriction on, utilization of facility solely for the purpose sanctioned, incurring further indebtedness, creating further encumbrances on our assets, effecting any scheme of amalgamation or restructuring and undertaking guarantee obligations. In addition, some of these borrowings may contain financial covenants, which require us to maintain, among other matters, positive net worth. There can be no assurance that our Company has, and will, at all times have, complied with all of the terms of the said financing documents. Any failure to comply with the financial or other covenants or obtain the consents

necessary to take the actions may affect our business and operations. Further, any failure to service our Company's indebtedness and/or to comply with all of the terms of the said financing documents, could have an adverse effect on the operations and/or profitability of our Company.

Our Company has received no objection for the Issue from State Bank of India, ICICI Bank Limited, HDFC Bank Limited, Canara Bank, Yes Bank Limited, Axis Bank Limited. However, our Company is yet to receive the no objection for the Issue from The Royal Bank of Scotland and IDBI Bank Limited. Further, our Company has also not received consent from IDBI Bank Limited and The Royal Bank of Scotland, for naming them as lender to our Company. Failure or delay in obtaining the same would adversely impact the Issue.

22. Our manufacturing facilities are located in few geographical areas. Any breakdown of services in such areas could have a material and adverse effect on our results of operations and financial conditions.

Our manufacturing facilities are located in Wada (Maharashtra) and Roorkee (Uttarkhand). As a result, we are exposed to risks including any change in policies relating to these states, any localized social unrest, any natural disaster and any event or development which could make our manufacturing facilities in such states less economically beneficial. Any such risk, if materializes, could have material adverse effect on the business, financial position and results of operations of the Company.

23. We do not own most of our branch offices out of which we operate. Any dispute in relation to the lease of our premises would have a material adverse effect on our business and results of operations.

We do not own most of our branch offices out of which we operate. It is not certain whether the leases for such properties would be renewed in favourable terms or at all. If the owners of any of these premises do not renew the agreements under which we occupy the premises or renew such agreements on terms and conditions that are not favorable to us, we may suffer a disruption in our operations or may have to pay increased rentals which could have an adverse effect on our business and results of operations

24. As a manufacturing business, our success depends on the efficiently managing the supply chain logistics. Transportation of our products from our manufacturing facilities to our logistics service provider and finally to our dealers and retailers need to be efficiently managed. Such supply chain logistics are subject to various uncertainties and risks, and delays in delivery may result in rejected or discounted deliveries.

We depend on trucking to deliver our products from our manufacturing facilities to our warehouses of our logistics service provider and finally to our dealers and retailers. Disruptions of transportation services due to heavy rains, storm, theft, inadequacies in road infrastructure; or due to labour problems like strikes, lockouts; or other events could impair our ability to manage the supplies of our products. There can be no assurance that such disruptions will not occur. Any such disruptions could materially adversely affect our business, financial condition and results of operations.

Further, we do not have long term agreements with our logistics service providers. In event such agreements are terminated or such logistics service provider does not renew the agreements on commercially acceptable terms, or at all, we may be compelled to identify alternative logistics service providers and enter into a fresh agreement. Such a situation could result in loss of business and may adversely affect our results of operations and profitability.

25. We are subject to product liability claims in relation to the quality and use of our products. Any claims arising from such liabilities may harm our reputation and/or have an adverse impact on our business, financial conditions and results of operations.

Our products are covered under warranty and we are subject to risks and costs associated with product liability, warranty and recall. If any of our products are found to be defective, it may generate adverse publicity and we may be required to undertake corrective actions or recall our products. As a result, our business, results of operations and financial condition may be adversely affected. Further, any defect in our products or after-sales services provided by authorized dealers or third parties could also result in customer claims for damages. Such actions and claims could require us to expend resources in correcting these problems and could adversely affect demand for our products.

We have not procured consolidated public liability insurance cover for our operations across India. In such event the liability arising from any accidents, our financial performance and results of operations may be adversely affected. Further, due to uncertain nature of claims, adequate insurance cover cannot be availed. For defending any product liability claim, we may have to incur substantial legal costs and may also have to divert our management's attention away from business operations. Further, any judgment/award or findings, against us in such claim, may harm our reputation, and may have an adverse impact on our revenue and profitability.

26. Our business entails high working capital requirements and cash flows and if we are not able to arrange for the same, in a timely manner or at all, may adversely impact the results of our operations.

Our business demands substantial fund and non-fund based working capital facilities, for further information refer section “Objects of the Issue” on page 52. Owing to general economic and market condition, we may experience circumstances or events leading to or resulting in mismatch in cash inflows and outflows and adverse imbalances in working capital components. In case there is insufficient cash flows to meet our working capital requirement or if we are not able to arrange for the same from other sources or due to other factors including delay in disbursement of arranged funds, resulting in our inability to finance our working capital needs when needed or there is any increase in interest rate on our borrowings, it may adversely affect our performance.

If we decide to raise additional funds through the incurrence of debt, our interest and debt repayment obligations will increase, and could have a significant effect on our profitability and cash flows and we may be subject to additional covenants, which could limit our ability to access cash flows from operations. If we decide to raise additional funds through the issuance of equity, your shareholding in the Company may be diluted. Our working capital requirements may increase if the payment terms changes resulting in reducing advance payments or longer payment schedules. These factors may result in increases in the amount of our receivables and short-term borrowings. Continued increase in our working capital requirements may have an adverse effect on our business, financial condition and results of operations and we cannot assure that we will be able to raise the full amount we believe is necessary to fund our working capital requirements, or that such amounts will be available at costs acceptable to us.

27. Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditures and restrictive covenants in our financing arrangements.

Our ability to pay dividends is dependent on various factors such as future earnings, financial condition, cash flows, working capital requirements, capital expenditures and restrictive covenants in our financing arrangements.

Our ability to pay dividends is also restricted under certain financing arrangements that we have entered into and expect to enter into. The combination of these factors may result in variations in our revenues and profits and thereby may impact our ability to pay dividends. We cannot assure you that we will generate sufficient income to cover our operating expenses and pay dividends to our shareholders.

28. We have in the past entered into related party transactions and may continue to do so in the future. These transactions or any future transactions with our related parties could potentially involve conflicts of interest.

We have, in the course of our business, entered into transactions with related parties. Such related party transactions may give rise to potential conflicts of interest with respect to dealings between us and the related parties. Furthermore, it is likely that we will continue to enter into related party transactions in the future and such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations. For details of related party transactions as per AS-18 entered into by us please refer section “Financial Information” on page 69.

29. Our operations are subject to various environmental, employees, health and safety laws and regulations. Our failure to comply with environmental laws and similar regulations in India, including improper handling of

raw materials, may result in significant damages and may have an adverse effect our business, financial condition and results of operations.

Our Company has 1477 employees as on March 21, 2014. Our operations are subject to laws and regulations governing relationships with employees in such areas a minimum wage and maximum working hours, overtime, working conditions, hiring and terminating of employees, contract labour and work permits. Further, our business and prospects are contingent upon, among other things, receipt of all required health and safety permits, and our ability to comply with any conditions specified in such permits and registrations, on a continuous basis. Changes or concessions required by regulatory authorities may involve significant compliance costs and also result in the loss of an existing license, which may adversely affect our business and results of operations.

Further, we are subject to various environmental laws and regulations relating to environmental protection in various locations in India. For example, the discharge or emission of chemicals, dust or other pollutants into the air, soil or water that exceed permitted levels and cause damage may give rise to liabilities towards the government, especially the state pollution control boards and third parties, and may result in expenses to remedy any such discharge or emissions and in form of fines and payouts which may have an adverse effect our business, financial condition and results of operations. We have also installed various types of anti-pollution equipment and systems at our manufacturing facilities, which we believe satisfy local regulatory requirements, for the treatment of waste chemicals, gases and liquid effluent and the disposal of solid waste. However, we cannot be certain that no environmental claims will be brought against us in the future or that local or national governments will not increase the applicable environmental standards. Any failure to comply with present or future environmental regulations could result in the imposition of fines against us, or in orders requiring the suspension of production or cessation of operations. In addition, new regulations could require significant capital expenditure on equipment or other expenses that may negatively affect our results of operations.

30. Our subsidiary Akasaka Electronics Limited is a loss making entity.

Our subsidiary Akasaka Electronics Limited has incurred a loss of ₹ 253.49 Lacs in FY 2012-2013 and any profit or loss is totally based on market conditions, customer trend, economic conditions of the country and other factors. Any such losses incurred by our subsidiary may invariably affect the financial position of our Company. For details on subsidiary, kindly refer section “History and Certain Corporate Matters” on page 58.

31. Delisting of securities from Ahmedabad Stock Exchange Limited due to non payment of listing fees.

Our securities listed in the Ahmedabad Stock Exchange was de-listed for non payment of listing fees for the year 1993-1994 vide circular resolution of Listing Committee dated May 16, 1994. Any default in payment of the listing fees with any of the stock exchanges where our shares are being listed shall result in delisting of our shares from the respective stock exchange, which shall affect our results of operations and financial position.

32. Our future success depends on our ability to reduce our cost of production and thereby increase our operational efficiency. Our inability to manage our cost may adversely impact our business and thereby our results of operations.

Our future success in the market will depend a lot on our ability to reduce our cost of production and accordingly increase our operational efficiency. Any inability on our part to manage our cost of production will result in a decrease in our operational efficiency. Such decrease in operational efficiency may affect our growth in the business and thereby will affect our results of operations.

33. We are exposed to the risk of not being successful in claiming the insurance amounts from our insurers, in respect of the damage caused by fire at our factory located at Roorkee, Uttarkhand.

There was a major fire on February 08, 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 ₹ 2,936.63 lacs and stock valuing ₹ 1,773.17 lacs, aggregating ₹ 4,709.80 lacs were destroyed in the fire. In the FY 2011-12 we have charged a sum of ₹ 501.22 lacs as an exceptional item in the profit & loss account. As on March 31, 2013 in respect of the said fire

incident the Company has made claim from insurance company and the amount (net of provision) of ₹ 4,995.50 lacs for the loss made in the earlier year is carried as Insurance claim receivable under other current assets in the Balance Sheet. An adhoc amount of ₹ 1,500 lacs has been received subsequent to the Balance Sheet date against the said receivables and the Management is confident of balance recovery. Further, the Company has also received ₹132 lacs on account of sale of scraps. In case of non recovery of the balance claim the financial position of our Company will be adversely affected.

34. The objects of the Issue are based on the internal estimates and discussions of our management, and have not been appraised by any bank or financial institution.

The objects of the Issue as stated in this DLOF are based on the internal discussions and estimates of the management of the Company. Such estimates have not been appraised by any bank, financial institutions or third parties who are competent in appraising of any such estimates. There is a possibility that the estimates provided in the DLOF may not be in accordance to the actual incurring of the issue proceeds towards the objects of the Issue.

35. We have recorded losses for the Financial Years ended March 31, 2012, March 31, 2013 and for the period ended September 30, 2013.

Our Company has recorded losses for the Financial Year ended March 31, 2012, March 31, 2013 and for the period ended September 30, 2013, such accumulation of losses may have a negative impact in our balance sheet and also effect the financial condition of the Company.. Any profit or loss in future is totally based on successful implementation of business strategy, market conditions, customer trend, economic conditions of the country and other related factors.

36. Contingent liabilities not provided, which if materialize may have an adverse effect on our financial condition and future financial performance.

Our Contingent liabilities and commitments as on March 31, 2013 on standalone basis stood at ₹13,165.62 lacs. Our Company is party to certain contingent liabilities that may not be provided in this DLOF. There are possibilities that such contingent liabilities may materialise in the future, subject to certain events. If such contingent liabilities materialize in the future due to occurrence of any event, the same may have an adverse and negative effect on our financial condition.

37. Any failure to obtain required regulatory approvals, licenses, registrations or permits to develop and operate our business or are unable to renew them in a timely manner, or comply with applicable legislations, could materially and adversely affect our business and our ability to operate.

Being a manufacturing company, we are required to maintain certain necessary licenses, approvals and permits in relation to our business requirements. Our business require us to obtain and renew from time to time, certain approvals, licenses, registrations and permits, some of which have expired and for which we have either made or are in the process of making an application for obtaining the approval or its renewal. For more information about the pending licenses, refer section titled “Government and Other Approvals” on page 182. Failure to obtain and maintain necessary licenses, approvals and permits in a timely manner or at all and the introduction of new laws or regulations pertaining to licensing requirements, renewal requirements, certification requirements and consumer protection may further restrict our ability to operate and adversely affect our business operations and results of operations. We cannot assure you that we will be able to obtain approvals in respect of such applications or any application made by us in the future.

38. Our business and growth plan could be adversely affected by the rate of taxes, import and custom duties, which could adversely affect our financial condition and results of operations.

We are subject to taxes and other levies imposed by the central or state Governments, including customs duties, excise duties, central sales tax, state sales tax, service tax, income tax, value added tax and other taxes, duties or surcharges introduced on a permanent or temporary basis from time to time. The central and state tax scheme in India is extensive and subject to change from time to time. Any adverse changes in any of the taxes levied by the

central or state Governments may adversely affect our competitive position and results of operations. Further, we cannot assure you that tax incentives will continue to be available in the future. Changes in, or elimination of, tax incentives could adversely affect our financial condition and results of operations.

Any sort of change in tax regime and levy of excess import and custom duty may adversely affect our business as we are required to import raw materials in bulk. Electronic industry does require certain items that may not be available locally, and has to be imported and change in the import and custom duties or tax levied may be adverse to our growth and business.

Also, the taxation system within India is complex. Each state in India has different local taxes and levies including sales tax, service tax, local body tax, VAT and octroi. Changes in these local taxes and levies may adversely affect our profits and profitability. Any adverse changes in the regulatory conditions in India or our other geographic markets could adversely affect our financial condition and results of operations.

EXTERNAL RISK FACTORS

39. There could be political, economic or other factors that are beyond our control but may have a material adverse impact on our business and results of operations should they materialize.

The following external risks may have a material adverse impact on our business and results of operations should any of them materialize:

- Political instability, a change in the Government or a change in the economic and deregulation policies could adversely affect economic conditions in India in general and our business in particular;
- A slowdown in economic growth in India could adversely affect our business and results of operations.
- The growth of our business and our performance is linked to the performance of the overall Indian economy. We are also impacted by consumer spending levels and businesses such as ours would be particularly affected should Indian consumers in our target segment have reduced access to disposable income;
- Civil unrest, acts of violence, terrorist attacks, regional conflicts or situations or war involving India or other countries could materially and adversely affect the financial markets which could impact our business. Such incidents could impact economic growth or create a perception that investment in Indian companies involves a higher degree in risk which could reduce the value of our Equity Shares;
- Natural disasters in India may disrupt or adversely affect the Indian economy, the health of which our business depends on;
- Any downgrading of India's sovereign rating by international credit rating agencies may negatively impact our business and access to capital. In such event, our ability to grow our business and operate profitably would be severely constrained;
- Instances of corruption in India have the potential to discourage investors and derail the growth prospects of the Indian economy. Corruption creates economic and regulatory uncertainty and could have an adverse effect on our business, profitability and results of operations; and
- The Indian economy has had sustained periods of high inflation. Should inflation continue to increase sharply, our profitability and results of operations may be adversely impacted. High rates of inflation in India could increase our employee costs, decrease the disposable income available to our customers and decrease our operating margins, which could have an adverse effect on our profitability and results of operations.

40. The proposed adoption of IFRS could result in our financial condition and results of operations appearing materially different than under Indian GAAP.

We may be required to prepare annual and interim financial statements under IFRS in accordance with the roadmap for the adoption of, and convergence with, IFRS announced by the Ministry of Corporate Affairs, GoI in January 2010. The convergence of certain Indian Accounting Standards with IFRS was notified by the Ministry of Corporate Affairs on February 25, 2011. The date of implementing such converged Indian accounting standards has not yet been determined, and will be notified by the Ministry of Corporate Affairs in due course. Our financial condition, results of operations, cash flows or changes in shareholders' equity may appear materially different under IFRS than

under Indian GAAP. This may have a material effect on the amount of income recognised during that period and in the corresponding period in the comparative period. In addition, in our transition to IFRS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems.

41. Investors may not be able to enforce a judgment of a foreign court against us.

The enforcement by investors in the Equity Shares of civil liabilities, including the ability to affect service of process and to enforce judgments obtained in courts outside of India may be affected adversely by the fact that we are incorporated under the laws of the Republic of India and almost all of our executive officers and directors reside in India. Nearly all of our assets and the assets of our executive officers and directors are also located in India. As a result, it may be difficult to enforce the service of process upon us and any of these persons outside of India or to enforce outside of India, judgments obtained against us and these persons in courts outside of India. India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Recognition and enforcement of foreign judgments are provided for under Section 13 and Section 44A of the Civil Procedure Code respectively. The Government of India has under Section 44A of the Civil Procedure Code notified certain countries as reciprocating countries, as discussed below. Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon except: (i) where the judgment has not been pronounced by a court of competent jurisdiction, (ii) where the judgment has not been given on the merits of the case, (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognize the law of India in cases in which such law is applicable, (iv) where the proceedings in which the judgment was obtained were opposed to natural justice, (v) where the judgment has been obtained by fraud, or (vi) where the judgment sustains a claim founded on a breach of any law in force in India.

Section 44A of the Civil Procedure Code provides that where a foreign judgment has been rendered by a court in any country or territory outside India, which the Government has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a similar nature or in respect of a fine or other penalties and does not include arbitration awards. The United Kingdom and some other countries have been declared by the Government to be a reciprocating territory for the purposes of Section 44A. However, the United States has not been declared by the Government to be a reciprocating territory for the purposes of Section 44A. A judgment of a court in the United States may be enforced in India only by a suit upon the judgment, subject to Section 13 of the Civil Procedure Code and not by proceedings in execution. The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. Generally, there are considerable delays in the disposal of suits by Indian courts. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy in India. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the RBI under FEMA to repatriate any amount recovered pursuant to execution and any such amount may be subject to income tax in accordance with applicable laws. Any judgment or award in a foreign currency would be converted into Indian Rupees on the date of the judgment or award and not on the date of the payment. Generally, there are considerable delays in the processing of legal actions to enforce a civil liability in India, and therefore it is uncertain whether a suit brought in an Indian court will be disposed off in a timely manner or be subject to considerable delays.

42. Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect our business and the Indian financial markets.

Public places like theaters could and have in the past been targets for terrorist attacks and rioting. Any violence in public places such as theaters could cause damage to life and property, and also impact customer sentiment and their willingness to visit theaters, which would have a material adverse effect on our business and results of operations. Our insurance policies for assets cover, among other things, terrorism, fire and earthquakes. However, our insurance policies may not be adequate to cover the loss arising from these events, which could adversely affect our results of operations and financial condition. India has also witnessed civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic and political events in India could have an adverse

impact on us. Regional or international hostilities, terrorist attacks or other acts of violence of war could have a significant adverse impact on international or Indian financial markets or economic conditions or on Government policy. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on our business and the price of the Equity Shares.

43. There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect your ability to sell, or the price at which you can sell, Equity Shares at a particular point in time.

We are subject to a daily “circuit breaker” imposed by all Stock Exchanges in India, which does not allow transactions beyond specified increases or decreases in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian Stock Exchanges. The percentage limit on our circuit breakers is set by the Stock Exchanges based on the historical volatility in the price and trading volume of our Equity Shares. The Stock Exchanges do not inform us of the percentage limit of the circuit breaker in effect from time to time, and may change it without our knowledge. This circuit breaker limits the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, no assurance may be given regarding your ability to sell your Equity Shares or the price at which you may be able to sell your Equity Shares at any particular time.

44. There is no guarantee that the Equity Shares will be listed on the BSE and the NSE in a timely manner or at all, and any trading closures at the BSE and the NSE may adversely affect the trading price of the Equity Shares.

In accordance with Indian law and practice, permission for listing of the Equity Shares will not be granted until after those Equity Shares have been issued and allotted. Approval will require all other relevant documents authorising the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on the BSE and / or the NSE. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares. The regulation and monitoring of Indian securities markets and the activities of investors, brokers and other participants differ, in some cases significantly, from those in Europe and the U.S. Indian Stock Exchanges have in the past experienced problems, including temporary exchange closures, broker defaults, settlements delays and strikes by brokerage firm employees, which, if continuing or recurring, could affect the market price and liquidity of the securities of Indian companies, including the Equity Shares, in both domestic and international markets. A closure of, or trading stoppage on, the BSE and / or the NSE could adversely affect the trading price of the Equity Shares. Historical trading prices, therefore, may not be indicative of the prices at which the Equity Shares will trade in the future.

45. You may be subject to Indian taxes arising out of capital gains. Any gain realised on the sale of equity shares held for more than 12 months to an Indian resident, which are sold other than on a recognised stock exchange and as result of which no Securities Transaction Tax (STT) has been paid, will be subject to capital gains tax in India.

Under current Indian tax laws and regulations, capital gains arising from the sale of shares in an Indian company are generally taxable in India. Any gain realised on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if the STT has been paid on the transaction. The STT will be levied on and collected by a domestic stock exchange on which equity shares are sold. Any gain realised on the sale of equity shares held for more than 12 months to an Indian resident, which are sold other than on a recognised stock exchange and as result of which no STT has been paid, will be subject to capital gains tax in India. Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less will be subject to capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from tax in India in cases where such exemption is provided under the tax treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit India’s ability to impose tax on capital gains. As a result, residents of certain countries may be liable for tax in India, as well as in their own jurisdictions on gain upon a sale of the Equity Shares.

46. The extent and reliability of Indian infrastructure, to the extent insufficient, could adversely impact our results of operations and financial condition.

India's physical infrastructure is less developed than that of many developed nations. Any congestion or disruption with its port, rail and road networks, electricity grid, communication systems or any other public facility could disrupt our normal business activity. Any deterioration of India's physical infrastructure would harm the national economy, disrupt the transportation of goods and supplies, and add costs to doing business in India. These problems could interrupt our business operations, which could have adverse effect on our results of operations and financial condition.

47. Companies operating in India are subject to a variety of central and state government taxes and surcharges.

Tax and other levies imposed by the Government of India and State Governments in India that affect our tax liability include central and state taxes and other levies, income tax, value added tax, turnover tax, service tax, stamp duty and other special taxes and surcharges which are introduced on a temporary or permanent basis from time to time. Moreover, the central and state tax scheme in India is extensive and subject to change from time to time. The central or state governments may in the future increase the corporate income taxes they impose. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. Additional tax exposure could adversely affect our business and results of operations.

Prominent Notes

1. Issue of [●] Equity Shares of face value of ₹ 1 each for cash at a price of ₹ [●] per Equity Share including a share premium of ₹ [●] per Equity Share aggregating up to ₹ 3,300 Lacs to the existing Equity Shareholders on a rights basis in the ratio of [●] Equity Shares for every [●] Equity Shares held by them on the Record Date (i.e. [●]).
2. As on March 31, 2013, on standalone basis, our net worth was ₹ 19,893.37 Lacs (excluding revaluation reserves).
3. For details of our transactions with the related parties during FY 2012-13 as per AS 18, the nature of such transactions and the cumulative value of such transactions, please see the chapter "Financial Information" on page 69.
4. There has been no financing arrangement whereby members of the Promoter Group, our Directors and their relatives have financed the purchase by any other person of our securities other than in the normal course of business of the financing entity during the period of six months immediately preceding the date of the Draft Letter of Offer with SEBI.

Investors may contact the Lead Manager for any complaint, clarifications and information pertaining to the Issue. Any clarification or information relating to this Issue shall be made available by the Lead Manager to the public and investors at large and no selective or additional information would be made available only to a section of the investors in any manner. All grievances relating to ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSBs, giving full details such as name, address of the applicants, application number, number of Equity Shares applied for, Bid Amounts blocked, ASBA Account number and the Designated Branch of the SCSBs where the ASBA Bid-cum-Application Form has been submitted by the ASBA Bidder. For contact details please refer to the section titled "General Information" beginning on page 42.

SECTION III – INTRODUCTION

THE ISSUE

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in the section titled “Terms of the Issue” on page 197 of the Draft Letter of Offer.

Equity shares proposed to be issued by the Company in the Issue	[●] Equity Shares
Rights Entitlement	[●] Equity Shares for every [●] Equity Shares held on the Record Date
Record Date	[●]
Face Value per Equity Shares	₹ 1
Issue Price per Equity Share	₹ [●]
Issue Size	Not exceeding ₹ 3,300 Lacs
Equity Shares outstanding prior to the Issue	14,17,51,678 Equity Shares
Equity Shares outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement)	[●] Equity Shares
Terms of the Issue	Please refer to the section titled “Terms of the Issue” on page 197 of the Draft Letter of Offer.
Use of Issue Proceeds	Please refer to the section titled “Objects of the Issue” on page 52 of the Draft Letter of Offer.

Terms of Payment

The entire Issue Price will be paid on application, along with the CAF.

SUMMARY OF FINANCIAL INFORMATION

The following tables set forth our summary financial information derived from our audited unconsolidated and audited consolidated financial statements as at and for Fiscal 2013 prepared in accordance with Indian GAAP and the Companies Act. This chapter should be read in conjunction with, and is qualified in its entirety by, the more detailed information about us and our financial statements, including the notes thereto, the “Financial Statements” on page 69. Special attention is also drawn to chapter titled “Risk Factors” on page 11, which discusses a number of factors and contingencies that could impact our financial condition and results of operations.

BALANCE SHEET AS AT MARCH 31, 2013

PARTICULARS	Note No.	31st March, 2013 ₹Lacs	31st March, 2012 ₹Lacs
I. EQUITY AND LIABILITIES			
Shareholders Funds			
Share capital	2	1419.38	1419.38
Reserves and Surplus	3	18473.99	21337.70
		19893.37	22757.08
Non-current Liabilities			
Long-term borrowings	4	-	1500.14
Deferred tax liabilities	5	-	1544.79
(Net) Long-term provisions	6	212.81	215.12
		212.81	3260.05
Current Liabilities			
Short-term borrowings	7	11284.14	12165.08
Trade Payables	8	33968.16	30927.16
Other current liabilities	9	6982.85	8063.83
Short-term provisions	10	257.87	541.84
		52493.02	51697.91
TOTAL		72599.20	77715.04
II. ASSETS			
Non-current Assets			
Fixed assets			
Tangible assets	11	15413.83	16494.90
Intangible assets	11	6.32	8.44
Capital work-in-progress		766.66	-
		16186.81	16503.34
Non-current investments	12	2624.85	2624.85
Long-term loans and advances	13	3758.17	4135.73
Other non-current assets	14	45.02	33.60
Current Assets			
Current investments	15	16.68	19.46
Inventories	16	25106.24	30359.72
Trade Receivables	17	13254.48	12750.16
Cash, cash equivalents and bank balances	18	3073.00	2851.19

Short-term loans and advances	19	3532.50	4023.92
Other current assets	20	5001.45	4413.07
TOTAL		72599.20	77715.04
Significant Accounting Policies	1	0.00	0.00
<p>The Note numbers 1 to 46 form integrated part of the Financial Statements As per our Report of even date attached</p> <p>For N.M. RAIJI & CO. Chartered Accountants Firm Regn. No. 108296W J.M.GANDHI Partner Membership No.37924 Mumbai, May 14, 2013</p> <p>PREDEEP K. GUPTA Chief Financial Officer ANOOP PILLAI Company Secretary and Head - Corporate Affairs</p> <p>For and on behalf of the BOARD OF DIRECTORS G.L. MIRCHANDANI Chairman and Managing Director V.J.MANSUKHANI Managing Director</p>			

PROFIT AND LOSS STATEMENT FOR YEAR ENDED MARCH 31, 2013

PARTICULARS	Note No.	2012-13 ₹Lacs	2011-12 ₹Lacs
I. Revenue from Operations			
Sales of products		136334.54	173352.42
Other Operating Income	21	188.33	162.67
		136522.87	173515.09
Less: Excise Duty		7293.86	8587.15
Total Revenue from Operations		129229.01	164927.94
II. Other Income	22	200.92	255.26
TOTAL REVENUE		129429.93	165183.20
III. EXPENSES			
Cost of materials consumed	23	47403.31	63907.74
Purchases of Stock-in-Trade	24	53734.73	65310.01
Changes in inventories of Finished goods,	25	4597.36	2803.31
Work-in-progress and Stock-in-Trade			
Employees benefit expenses	26	7723.21	9226.38
Finance Cost	27	3871.65	3586.33
Depreciation and amortization expense	11	1578.75	2154.98
Other Expenses	28	15208.46	21854.63
TOTAL EXPENSES		134117.47	168843.38
IV. PROFIT / (LOSS) BEFORE EXCEPTIONAL ITEMS AND TAX		(4687.54)	(3660.18)
V. EXCEPTIONAL ITEMS	29	-	501.22
VI. PROFIT / (LOSS) BEFORE TAX		(4687.54)	(4161.40)
VII. Tax Expenses			
Income Tax of earlier years		(279.04)	-
Deferred Tax	5	(1544.79)	(267.43)
PROFIT / (LOSS) FOR THE YEAR		(2863.71)	(3893.97)
Earnings per Equity Shares (Face Value of Re. 1 each)			
Basic and Diluted (₹)	41	(2.02)	(2.75)
Significant Accounting Policies	1		
The Note numbers 1 to 46 form integrated part of the Financial Statements			
As per our Report of even date attached For N.M. RAIJI & CO.		For and on behalf of the BOARD OF DIRECTORS	

Chartered Accountants
Firm Regn. No. 108296W

J.M.GANDHI

Partner

Membership No.37924

Mumbai, May 14, 2013

PREDEEP K. GUPTA

Chief Financial Officer

**ANOOP
PILLAI**

Company Secretary and
Head - Corporate Affairs

G.L. MIRCHANDANI

Chairman and Managing
Director

V.J.MANSUKHANI

Managing Director

**Cash Flow Statement for the year ended March 31,
2013**

(₹ in Lacs)

		2012-13	2011-12
A. CASH FLOW FROM OPERATING ACTIVITIES	CASH FLOW FROM OPERATING ACTIVITIES :		
	Net Profit/(loss) Before Tax as per Profit and Loss Statement	(4687.54)	(4161.40)
	Adjustments for :		
	Depreciation and Amortisation	1578.75	2154.98
	Unrealised Foreign Exchange Fluctuations	(364.32)	(417.71)
	Borrowing Cost	3871.65	3520.39
	Interest Income	(53.05)	(220.81)
	Dividend Income	(0.97)	(12.06)
	(Profit) / Loss on Sale of Fixed Assets (Net)	(3.18)	0.08
	(Profit) / Loss on Sale of Investments (Net)	-	(5.39)
	Provision for Diminution of Investments	2.78	-
	Exceptional Item - Provision for loss of Fixed Assets due to fire	-	300.00
		5031.66	5319.48
	Operating Profit before Working Capital changes	344.12	1158.08
	Changes in Working Capital :		
	(Increase)/Decrease in Trade and Other receivables	(465.68)	3287.89
	Decrease in Inventories	5253.48	4286.49
	Increase/(Decrease) in Trade and Other Payables	2843.90	(5400.88)

		7631.70	2173.50
	Cash Generated from Operations	7975.82	3331.58
	Direct Taxes Paid (Net of Refunds)	(168.45)	(132.10)
	NET CASH GENERATED FROM OPERATING ACTIVITIES.....(A)	7807.37	3199.48
B. CASH FLOW FROM INVESTING ACTIVITIES :			
	Purchase of Fixed Assets and additions in CWIP	(1254.28)	(935.47)
	Purchase of Investments	-	(5700.08)
	Proceeds from Sale of Fixed Assets	6.42	1.07
	Proceeds from Sale of Investments	-	5715.46
	Loans and Advances received	248.00	490.00
	Interest Income	48.57	220.81
	Dividend Income	0.97	12.06
	NET CASH USED IN INVESTING ACTIVITIES.....(B)	(950.32)	(196.15)
C. CASH FLOW FROM FINANCING ACTIVITIES :			
	Repayment of Borrowings	(2880.86)	(1499.94)
	Addition to Borrowings	-	1620.28
	Payment of Borrowing Cost	(3891.27)	(3486.58)
	Dividends Paid (including Dividend Tax)	-	(1632.44)
	NET CASH USED IN FINANCING ACTIVITIES.....	(6772.13)	(4998.68)

(C)		
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	84.92	(1995.35)
Cash & Cash Equivalents at the beginning of the year	2717.24	4712.59
Cash & Cash Equivalents at the end of the year	2802.16	2717.24
Cash & Cash Equivalents comprises of :		
Cash in hand	12.26	9.28
Bank Balances		
in Current Account	289.26	378.99
Cheques, drafts		
on hand	19.60	294.16
Bank		
Remittances in		
Transit	2481.04	2034.81
Total	2802.16	2717.24

Note 1 : Cash flow statement has been prepared under the Indirect method as set-out in Accounting Standard-3, notified under the Companies (Accounting Standards) Rules, 2006

Note 2 :Figures of the Previous Year has been regrouped/reclassified, wherever considered necessary.

As per our report attached

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

For and on behalf of the
Board of Directors

J.M.GANDHI
Partner

PREDEEP K. GUPTA
Chief Financial Officer

G.L.MIRCHANDANI
Chairman & Managing Director

Membership No.37924

Mumbai, May 14, 2013

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

V. J. MANSUKHANI
Managing Director

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2013

PARTICULARS	Note No.	31st March, 2013	31st March, 2012
		₹Lacs	₹Lacs
I. EQUITY AND LIABILITIES			
Shareholders Funds			
Share capital	2	1419.38	1419.38
Reserves and Surplus	3	17684.39	20768.84
		19103.77	22188.22
Minority Interest		2.04	2.34
Non-current Liabilities			
Long-term borrowings	4	-	1500.14
Deferred tax liabilities (Net)	5	-	1544.79
Long-term provisions	6	227.11	228.91
		227.11	3273.84
Current Liabilities			
Short-term borrowings	7	11707.03	12364.95
Trade Payables	8	33969.67	31160.54
Other current liabilities	9	7119.40	8212.79
Short-term provisions	10	259.50	543.46
		53055.60	52281.74
TOTAL		72388.52	77746.14
II. ASSETS			
Non-current Assets			
Fixed assets			
Tangible assets	11	15923.02	17085.49
Intangible assets	11	6.32	8.44
Capital work-in-progress		1413.71	272.80
		17343.05	17366.73
Non-current investments	12	-	-
Long-term loans and advances	13	3838.10	4210.79
Other non-current assets	14	45.02	33.60
Current Assets			
Current investments	15	16.68	19.46
Inventories	16	25537.36	31191.51
Trade Receivables	17	13596.19	13237.32
Cash, cash equivalents and bank balances	18	3347.34	3052.07
Short-term loans and advances	19	3642.89	4209.01
Other current assets	20	5021.89	4425.65
TOTAL		72388.52	77746.14

Significant Accounting Policies

1

The Note numbers 1 to 38 form
integrated
part of the Financial Statements

As per our Report of even date
attached

For N.M. RAIJI & CO.

Chartered Accountants
Firm Regn. No. 108296W

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

J.M.GANDHI

Partner

Membership No.37924

PREDEEP K. GUPTA

Chief Financial Officer

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

Mumbai, May 14, 2013

ANOOP PILLAI
Company Secretary and
Head - Corporate Affairs

V.J.MANSUKHANI
Managing Director

**CONSOLIDATED PROFIT AND LOSS STATEMENT FOR YEAR ENDED MARCH 31,
2013**

PARTICULARS	Note No.	2012-13	2011-12
		₹Lacs	₹Lacs
I. Revenue from Operations			
Sales of products		137819.88	175993.31
Other Operating Income	21	252.31	299.42
		138072.19	176292.73
Less: Excise Duty		7508.92	8922.97
Total Revenue from Operations		130563.27	167369.76
II. Other Income	22	231.65	285.34
TOTAL REVENUE		130794.92	167655.10
III. EXPENSES			
Cost of materials consumed		47975.57	65157.03
Purchases of Stock-in-Trade		53734.73	65310.01
Changes in inventories of Finished goods,	23	4650.62	2839.53
Work-in-progress and Stock-in-Trade			
Employee benefits expense	24	8090.48	9624.06
Finance Cost	25	3891.22	3618.10
Depreciation and amortization expense	11	1728.21	2302.92
Other Expenses	26	15666.98	22438.97
TOTAL EXPENSES		135737.81	171290.62
IV. PROFIT / (LOSS) BEFORE EXCEPTIONAL ITEMS AND TAX		(4942.89)	(3635.52)
V. EXCEPTIONAL ITEMS	27	-	501.22
VI. PROFIT / (LOSS) BEFORE TAX		(4942.89)	(4136.74)
VII. Tax Expenses			
Current Tax		-	3.07
Income Tax of earlier years		(279.04)	-
Deferred Tax	5	(1544.79)	(267.43)
PROFIT / (LOSS) FOR THE YEAR		(3119.06)	(3872.38)
Adjustment for Minority Interest		(0.30)	0.02
VI. PROFIT / (LOSS) AFTER TAX		(3118.76)	(3872.40)

AND MINORITY INTEREST CARRIED TO BALANCE SHEET			
Earnings per Equity Shares (Face Value of Re. 1 each)			
Basic and Diluted (₹)	30	(2.20)	(2.73)
Significant Accounting Policies	1		
The Note numbers 1 to 38 form integrated part of the Financial Statements			
As per our Report of even date attached		For and on behalf of the	
For N.M. RAIJI & CO.		BOARD OF DIRECTORS	
Chartered Accountants Firm Regn. No. 108296W			
J.M.GANDHI	PREDEEP K. GUPTA	G.L. MIRCHANDANI	
Partner	Chief Financial Officer	Chairman and Managing Director	
Membership No.37924			
	ANOOP PILLAI	V.J.MANSUKHANI	
Mumbai, May 14, 2013	Company Secretary and Head - Corporate Affairs	Managing Director	

Consolidated Cash Flow Statement for the year ended March 31, 2013

(₹ in Lacs)

Particulars		2012-13	2011-12
A. CASH FLOW FROM OPERATING ACTIVITIES	CASH FLOW FROM OPERATING ACTIVITIES :		
	Net Profit/(loss) Before Tax as per Profit and Loss Statement	(4942.89)	(4136.74)
	Adjustments for :		
	Depreciation and Amortisation	1728.21	2302.92

Unrealised Foreign Exchange Fluctuations	(364.57)	(417.71)
Borrowing Cost	3891.22	3552.16
Interest Income	(83.63)	(250.89)
Dividend Income	(0.97)	(12.06)
(Profit) / Loss on Sale of Fixed Assets (Net)	(3.18)	0.08
(Profit) / Loss on Sale of Investments (Net)	-	(5.39)
Provision for Dimunition of Investments	2.78	-
Exceptional Item - Provision for loss of Fixed Assets due to fire		300.00
	5169.86	5469.11
Operating Profit before Working Capital changes	226.97	1332.37
Changes in Working Capital :		
(Increase)/Decrease in Trade and Other receivables	(315.63)	3185.04
Decrease in Inventories	5654.15	3986.86
Increase/(Decrease) in Trade and Other Payables	2624.52	(5668.79)
	7963.04	1503.11
Cash Generated from Operations	8190.01	2835.48
Direct Taxes Paid (Net of Refunds)	(172.60)	(137.08)
NET CASH GENERATED FROM OPERATING ACTIVITIES.....(A)	8017.41	2698.40
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets and additions in CWIP	(1686.41)	(1226.17)
Purchase of Investments	-	(5700.08)
Proceeds from Sale of Fixed Assets	6.42	1.07
Proceeds from Sale of Investments	-	5715.46
Loans and Advances received	248.00	490.00

Interest Income	71.29	250.89
Dividend Income	0.97	12.06
NET CASH USED IN INVESTING ACTIVITIES.....(B)	(1359.73)	(456.77)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Repayment of Borrowings	(2657.84)	(1499.94)
Addition to Borrowings	-	1757.83
Payment of Borrowing Cost	(3910.84)	(3518.35)
Dividends Paid (including Dividend Tax)	-	(1632.44)
NET CASH USED IN FINANCING ACTIVITIES.....(C)	(6568.68)	(4892.90)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	89.00	(2651.27)
Cash & Cash Equivalents at the beginning of the year	2724.46	5375.73
Cash & Cash Equivalents at the end of the year	2813.46	2724.46
Cash & Cash Equivalents comprises of :		
Cash in hand	19.97	13.06
Bank Balances in Current Account	292.85	382.43
Cheques, drafts on hand	19.60	294.16
Bank Remittances in Transit	2481.04	2034.81
Total	2813.46	2724.46
Note 1 : Cash flow statement has been prepared under the Indirect method as set-out in Accounting Standard-3, notified under the Companies (Accounting Standards) Rules, 2006		

Note 2 :Figures of the Previous Year has been regrouped/reclassified, wherever considered neccesary.

As per our report attached

For N.M. RAIJI & CO.

Chartered Accountants

Firm Regn. No. 108296W

J.M.GANDHI

Partner

Membership No.37924

Mumbai, May 14, 2013

PREDEEP K. GUPTA

Chief Financial Officer

**ANOOP
PILLAI**

Company Secretary and Head -
Corporate Affairs

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

**G.L.MIRCHA
NDANI**
Chairman &
Managing
Director

**V. J.
MANSUKHAN
I**
Managing
Director

GENERAL INFORMATION

The Company was incorporated as MIRC Electronics Private Limited, a private company limited by shares under the Companies Act, 1956 on January 1, 1981 in the State of Maharashtra with registration number 23637 of 1981. Our Corporate Identification Number is L32300MH1981PLC023637. Subsequently, it became a deemed public company on September 13, 1988 and was converted to a public limited company on September 18, 1992.

Our Registered Office and Corporate Office Address of the Company:

MIRC Electronics Limited
Onida House, G-1 MIDC, Mahakali Caves Road
Andheri (East), Mumbai - 400 093.
Tel.: +91- 22 - 66975777
Fax: +91- 22 - 28202002
Our Website: www.onida.com
Corporate Identification Number: L32300MH1981PLC023637

Address of the RoC

Registrar of Companies, (Mumbai) Maharashtra
100, Everest,
Marine Drive
Mumbai- 400002.

Compliance Officer:

Mr. Predeep Kumar Gupta
MIRC Electronics Limited
Onida House, G-1 MIDC,
Mahakali Caves Road,
Andheri (E),
Mumbai - 400 093
Tel: +91- 22 - 66975777
Fax: +91- 22 - 28202002
Email: investors@onida.com

Company Secretary:

Mr. Aashay Khandwala
MIRC Electronics Limited
Onida House, G-1 MIDC,
Mahakali Caves Road,
Andheri (E),
Mumbai - 400 093
Tel: +91- 22 - 66975777
Fax: +91- 22 - 28202002
Email: investors@onida.com

Lead Manager to the Issue

Inga Capital Private Limited
A-404, Neelam Centre, 4th Floor,
Hind Cycle Road,
Worli, Mumbai - 400 030

Tel: +91 22 2498 2919 / 2498 2937
Fax: +91 22 24982956
E-mail: mirc.rights@ingacapital.com
Investor Grievance Id: investors@ingacapital.com
Website: www.ingacapital.com
Contact Persons: Mr. Mukesh Garg/ Mr. Gaurav Mittal
SEBI Registration No.: INM000010924

Legal Advisor to the Issue

ALMT Legal

Advocates & Solicitors
2, Lavelle Road
Bangalore 560 001
Tel: +91 80 4016 0000
Fax: +91 80 4016 0001
E-mail: onida@almtlegal.com
Website: www.almtlegal.com
Contact Person: Ms. Dhanya Menon/Mr. Rajat Bopaiah

Statutory Auditor of the Company

S.R. Batliboi & Co. LLP

Chartered Accountants

The Ruby, 14th Floor,
29 Senapati Bapat Marg,
Dadar (W)
Mumbai 400 028
Tel: +91 22 6192 0000
Fax: +91 22 6192 1000
Email: srbc@in.ey.com

Registrar to the Issue

Link Intime India Pvt. Ltd.

C-13, Pannalal Silk Mills Compound,
L.B.S. Marg,
Bhandup (W), Mumbai – 400 078
Tel: +91 22 25967878
Fax: +91 22 25960329
Email: mel.rights@linktime.co.in
Investor Grievance Email: mel.rights@linktime.co.in
Website: www.linkintime.co.in
Contact Person: Mr. Pravin Kasare
SEBI Registration No.: INR000004058*

**The SEBI registration of Link Intime India Private Limited will expire on May 5, 2014. Link Intime India Private Limited has made an application dated January 30, 2014 to SEBI for grant of renewal of the registration, in accordance with the Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agent) Regulations, 1993, as amended. The renewal of the registration from SEBI is currently awaited.*

Note: Investors may contact the Registrar to the Issue or the Compliance Officer for any pre-issue/post-issue related matter. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount blocked, ASBA account number and the designated branch of the SCSB where the CAF was submitted by the ASBA Investors.

Experts

The Company has received consent from the (i) Statutory Auditor namely, S.R. Batliboi & Co. LLP, Chartered Accountants to include their name as an expert under Section 58 of the Companies Act, 1956 in the Draft Letter of Offer in relation to the report of the Statutory Auditor on the unaudited standalone and consolidated condensed balance sheet as at September 30, 2013 and condensed statement of profit & loss for the six months period ended September 30, 2013 dated March 28, 2014 and Statement of Tax Benefits dated March 24, 2014 included in the Draft Letter of Offer and such consent has not been withdrawn as of the date of the Draft Letter of Offer. However, the term “expert” shall not be construed to mean an “expert” as defined under the US Securities Act 1933. (ii) previous auditor of the Company, M/s. N.M. Raiji & Co., Chartered Accountants for the report on the audited unconsolidated and consolidated financial statements for March 31, 2013;

Bankers to the Issue

[●]

Refund Bank

[●]

Self Certified Syndicate Bankers:

The list of banks that have been notified by SEBI to act as SCSB for the ASBA process is provided on <http://www.sebi.gov.in>. Details relating to designated branches of SCSBs collecting the ASBA application forms are available at the above mentioned link.

Issue Schedule

Issue Opening Date	[●]
Last date for receipt of requests for Split Application Forms	[●]
Issue Closing Date	[●]

Appraising Agency

None of the purposes for which the Net Proceeds are proposed to be utilized have been financially appraised by any banks or financial institution.

Inter se allocation of responsibilities

Since Inga Capital Private Limited is the sole Book Running Lead Manager to the Issue, all the responsibilities of the Issue will be managed by them.

Credit rating

This being a rights issue of Equity Shares, no credit rating is required.

Debenture Trustee

This being a rights issue of Equity Shares, the appointment of a debenture trustee is not required.

Monitoring Agency

A monitoring agency is not required pursuant to Regulation 16(1) of the SEBI Regulations.

Underwriting

This Issue is not being underwritten.

Principal terms of loans and assets charged as security

For details in relation to the principal terms of loans and assets charged as security in relation to the Company, please see the section “Financial Indebtedness” on page 168.

CAPITAL STRUCTURE

The share capital of the Company as on the date the Draft Letter of Offer is as set forth below:

(₹ in Lacs, except share data)

	Aggregate value at nominal value	Aggregate Value at Issue Price
Authorized share capital		
36,80,20,000 Equity Shares of ₹ 1 each	3,680.20	
10,000 8% Cumulative Redeemable Preference Shares of ₹100 each	10.00	
10,00,000 11% Non- cumulative Redeemable Preference Shares of ₹100 each	1,000.00	
Total	4,690.20	
Issued and Subscribed capital		
14,17,51,678 Equity Shares of ₹ 1 each	1,417.52	
Add: 2,48,000 Forfeited Equity Shares	1.86	
	1,419.38	
Paid up Capital		
14,17,51,678 Equity Shares of ₹ 1 each	1,417.52	
Present Issue being offered to the Eligible Equity Shareholders through the Draft Letter of Offer		
[●] Equity Shares of ₹ 1 each at a premium of ₹ [●], i.e. at a price of ₹ [●] per share	[●]	[●]
Issued and Subscribed capital after the Issue		
[●] Equity Shares of ₹ 1 each	[●]	
Paid up capital after the Issue		
[●] Equity Shares of ₹ 1 each	[●]	
Share premium Account		
Before the Issue	1.39	
After the Issue	[●]	

Notes to Capital Structure

a) Intention and extent of participation by the members of the Promoter and Promoter Group in the Issue:

The members of the Promoter and Promoter Group have, through their letters dated March 27, 2014 (the "Subscription Letter") confirmed that they, either by themselves or through entities/persons belonging to the Promoter and Promoter Group of the Company intend to subscribe to the full extent of their Rights Entitlement in the Issue.

Further, subject to compliance with applicable laws including the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, the members of the Promoter and Promoter Group reserve the right to subscribe for additional equity shares in the Issue and also intend to subscribe for additional equity shares to the extent of any undersubscribed portion in the Issue. Such subscription of Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding above their current percentage shareholding. In this regard, the members of the Promoter and Promoter Group acknowledge and undertake that their investment would be restricted to ensure that the public shareholding in the Company after the Issue do not fall below the permissible minimum level as specified in the listing conditions or Clause 40A of the listing agreement.

As the Company is in requirement of capital, following members of the Promoter and Promoter Group have brought in a sum of ₹ 32,00,00,000 (Rupees thirty two crores only) as interest free unsecured loan. The said unsecured loan is free of any interest and any amount received as unsecured loan from the members of Promoter and Promoter

Group which is in excess or shortage towards their actual entitlement including for additional subscription, if any, by the members of the Promoter and Promoter Group and/or for under-subscription in the Issue shall be adjusted or refunded.

Sr. No.	Name of the person/entity	Shareholding as December 31, 2013	% shareholding	Amount paid as unsecured loan (₹)
1.	Gulita Securities Ltd	10,91,160	0.77	24,65,184
2.	Gulu Lalchand Mirchandani	1,57,85,348	11.14	13,13,77,996
3.	Gulu Lalchand Mirchandani J/w Gita Gulu Mirchandani	9,76,010	0.69	22,05,034
4.	Gita Gulu Mirchandani	92,11,256	6.50	2,08,10,369
5.	Kaval G Mirchandani	1,25,02,829	8.82	2,82,46,798
6.	Kaval G Mirchandani J/w Gulu Lalchand Mirchandani	14,000	0.01	31,629
7.	Sasha G Mirchandani	1,24,78,370	8.80	2,81,91,539
8.	Sasha G Mirchandani J/w Gulu Lalchand Mirchandani	380	Negligible	859
9.	IIFL Investment Adviser & Trustee Services Ltd (Formerly IIFL Trustee Services Ltd.): - Trustee for Tamarind Family Private Trust	2,56,88,283	18.12	5,80,35,804
10.	Adino Electronics Limited	3,44,000	0.24	7,77,176
11.	Vijay Jaikrishin Mansukhani*	NIL	NIL	4,78,57,612
	Total	7,80,91,636	55.09	32,00,00,000

* Vijay Mansukhani is a member of the Promoter and Promoter Group, however he is not holding any equity shares in the Company

b) Details of outstanding instruments:

The Company does not have any outstanding warrants, options, convertible loans, debentures or any other securities convertible at a later date into Equity Shares, as on the date of the Draft Letter of Offer, which would entitle the holders to acquire further Equity Shares.

c) Our shareholding pattern as on December 31, 2013 was as follows:

Category of Shareholder	No. of Shareholders	Total No. of Shares	Total No. of Shares held in Dematerialized Form	Total Shareholding as a % of Total No. of Shares		Shares pledged or otherwise encumbered	
				As a % of (A+B)	As a % of (A+B+C)	Number of shares	As a % of Total No. of Shares
(A) Shareholding of Promoter and Promoter Group							
(1) Indian							
Individuals / Hindu Undivided Family	7	5,09,68,193	5,09,68,193	35.96	35.96	0	0.00

Category of Shareholder	No. of Shareholders	Total No. of Shares	Total No. of Shares held in Dematerialized Form	Total Shareholding as a % of Total No. of Shares		Shares pledged or otherwise encumbered	
				As a % of (A+B)	As a % of (A+B+C)	Number of shares	As a % of Total No. of Shares
Bodies Corporate	2	14,35,160	14,35,160	1.01	1.01	0	0.00
Any Others (Specify)	1	2,56,88,283	2,56,88,283	18.12	18.12	0	0.00
Trusts	1	2,56,88,283	2,56,88,283	18.12	18.12	0	0.00
Sub Total	10	7,80,91,636	7,80,91,636	55.09	55.09	0	0.00
(2) Foreign							
Total shareholding of Promoter and Promoter Group (A)	10	7,80,91,636	7,80,91,636	55.09	55.09	0	0.00
(B) Public Shareholding							
(1) Institutions							
Mutual Funds / UTI	4	2,700	700	0.00	0.00	0	0.00
Financial Institutions / Banks	11	1,208	985	0.00	0.00	0	0.00
Insurance Companies	1	8,00,000	8,00,000	0.56	0.56	0	0.00
Foreign Institutional Investors	6	69,58,822	69,42,322	4.91	4.91	0	0.00
Sub Total	22	77,62,730	77,44,007	5.48	5.48	0	0.00
(2) Non-Institutions							
Bodies Corporate	575	1,09,42,945	1,09,05,466	7.72	7.72	0	0.00
Individuals							
Individual shareholders holding nominal share capital up to ₹ 1 lac	61,063	3,44,81,782	2,94,07,003	24.33	24.33	0	0.00
Individual shareholders holding nominal share capital in excess of ₹ 1 lac	35	89,23,861	89,23,861	6.30	6.30	0	0.00
Any Others (Specify)	328	15,48,724	15,48,716	1.09	1.09	0	0.00
Clearing Members	103	2,85,824	2,85,824	0.20	0.20	0	0.00
Non Resident	222	8,03,986	8,03,978	0.57	0.57	0	0.00

Category of Shareholder	No. of Shareholders	Total No. of Shares	Total No. of Shares held in Dematerialized Form	Total Shareholding as a % of Total No. of Shares		Shares pledged or otherwise encumbered	
				As a % of (A+B)	As a % of (A+B+C)	Number of shares	As a % of Total No. of Shares
Indians							
Trusts	3	4,58,914	4,58,914	0.32	0.32	0	0.00
Sub Total	62,001	5,58,97,312	5,07,85,046	39.43	39.43	0	0.00
Total Public shareholding (B)	62,023	6,36,60,042	5,85,29,053	44.91	44.91	0	0.00
Total (A)+(B)	62,033	14,17,51,678	13,66,20,689	100.00	100.00	0	0.00
(C) Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0.00	0.00	0	0.00
(1) Promoter and Promoter Group	0	0	0	0.00	0.00	0	0.00
(2) Public	0	0	0	0.00	0.00	0	0.00
Sub Total	0	0	0	0.00	0.00	0	0.00
Total (A)+(B)+(C)	62,033	14,17,51,678	13,66,20,689	0.00	100.00	0	0.00

d) The details of our Promoter and the Promoter Group's shareholding in our Company as of December 31, 2013 are as follows:

Sr . N	Name of the Sharehol	Details of Shares held	Encumbered shares	Details of warrants	Details of convertible securities	Total shares (includin
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o.	der	No. of Shares held	As a % of grand total (A)+(B)+ (C)	No	As a perc enta ge	As a % of grand total (A)+(B))+(C) of sub- clause (I)(a)	Numb er of warra nts held	As a % total numbe r of warra nts of the same class	Numb er of conver tible securit ies held	As a % total number of convertibl e securities of the same class	g underlyi ng shares assuming full conversi on of warrants and converti ble securities) as a % of diluted share capital
1	Gulita Securities Ltd	10,91,160	0.77	0	0.00	0.00	0	0.00	0	0.00	0.77
2	Adino Electronics Ltd	3,44,000	0.24	0	0.00	0.00	0	0.00	0	0.00	0.24
3	Gulu L Mirchandani	1,57,85,348	11.14	0	0.00	0.00	0	0.00	0	0.00	11.14
4	GL Mirchandani J/w Gita G Mirchandani	9,76,010	0.69	0	0.00	0.00	0	0.00	0	0.00	0.69
5	Gita Gulu Mirchandani	92,11,256	6.50	0	0.00	0.00	0	0.00	0	0.00	6.50
6	Kaval G Mirchandani	1,25,02,829	8.82	0	0.00	0.00	0	0.00	0	0.00	8.82
7	Kaval G Mirchandani J/w Gulu L Mirchandani	14,000	0.01	0	0.00	0.00	0	0.00	0	0.00	0.01
8	Sasha G Mirchandani	1,24,78,370	8.80	0	0.00	0.00	0	0.00	0	0.00	8.80
9	Sasha G Mirchandani J/w Gulu L Mirchandani	380	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00
10	IIFL Trustee Services Ltd	2,56,88,283	18.12	0	0.00	0.00	0	0.00	0	0.00	18.12
	Total	7,80,91,636	55.09	0	0.00	0.00	0	0.00	0	0.00	55.09

- e) The details of shareholding of persons belonging to the category public and holding more than one percent of the total number of shares of our Company, as of December 31, 2013 are as follows:

Sl. No.	Name of the Shareholder	No. of Shares held	Shares as % of Total No. of Shares	Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
				Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	% w.r.t total number of convertible securities of the same class	
1	Adonis Electronics Pvt Ltd	63,45,849	4.48	0	0.00	0	0.00	4.48
2	Hypnos Fund Ltd	64,92,322	4.58	0	0.00	0	0.00	4.58
	Total	1,28,38,171	9.06	0	0.00	0.00	0.00	9.06

- f) The details of inter-se transfer of shares in the last one year:

Sl. No.	Name of the Seller	Name of the Buyer	No. of shares transferred	Date of transfer	Percentage (%)	Consideration in ₹
1.	Gulu Lalchand Mirchandani	Gita Mirchandani	42,00,000	June 20, 2013	2.96	2,58,30,000

- g) None of the Equity Shares held by any of the shareholders of the Company are locked in.
- h) There are no ESOP schemes set up by the Company
- i) The ex-rights price of the Equity Shares as per Regulation 10(4) (b) of the Takeover Regulations is [●].
- j) The Issue being a rights issue, as per regulation 34(c) of the SEBI Regulations, the requirements of promoters' contribution and lock-in are not applicable.

OBJECTS OF THE ISSUE

We intend to use the Net Proceeds of the Issue towards:

- a) Part payment/pre-payment/ reduction of working capital loans/liabilities including buyer's credit.
- b) General corporate purposes.

The main objects and other/incidental objects set out in the Memorandum of Association enables us to undertake our existing activities and the activities for which the funds are being raised by us through this Issue.

Proceeds of the Issue

The details of the Issue Proceeds are set forth in the following table:

Sr. No.	Description	Amount (₹ in Lacs)
1.	Gross Issue Proceeds	3,300
2.	Less: Issue related expenses*	[●]
	Net Proceeds	[●]

**to be finalized upon determination of the Issue Price*

Funds Requirement

The Net Proceeds of the Issue will be utilized towards part payment/pre-payment/ reduction of working capital loans/liabilities including buyer's credit and general corporate purposes.

Means of Finance

The entire requirements of the objects detailed above are intended to be funded from the Net Proceeds of the Issue. Accordingly, we confirm that there is no requirement for us to make firm arrangements of finance through verifiable means towards atleast 75% of the stated means of finance, excluding the amount to be raised through the Issue.

The fund requirement and deployment are based on internal management estimates and have not been appraised by any bank or financial institution. These are based on current conditions and are subject to change in light of changes in external circumstances or in our financial condition, business or strategy. Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan and estimates from time to time and consequently our funding requirements and deployment of funds may also change. This may also include rescheduling the proposed utilization of Net Proceeds and increasing or decreasing expenditure for a particular object vis-à-vis the utilization of Net Proceeds, subject to compliance with applicable law.

In case of variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in this Issue. If surplus funds are unavailable, we expect that the shortfall will be met from internal accruals and/or entering into debt or equity arrangements as required.

Details of the Objects

Our business is working capital intensive and we fund majority of our working capital requirements in the ordinary course of our business from internal accruals and financing from various banks and financial institutions.

We have been sanctioned fund based working capital facilities up to ₹ 14,500 lacs by various banks as under:

Sr. No.	Name of the Bank	Sanctioned Limit (₹ in Lacs)	Outstanding Balance as on Feb 28, 2014(₹ in Lacs)
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Sr. No.	Name of the Bank	Sanctioned Limit (₹ in Lacs)	Outstanding Balance as on Feb 28, 2014(₹ in Lacs)
1	State Bank of India	2,500	2,684.82
2	ICICI Bank Limited	1,000	850.94
3	HDFC Bank Limited	2,000	1,877.37
4	Canara Bank	1,500	1,628.61
5	IDBI Bank Limited	3,200	2,112.63
6	The Royal Bank of Scotland N.V.	500	670.98
7	YES Bank Limited	1,000	996.50
8	Axis Bank Limited	2,800	2,597.88
	Total	14,500	13,419.74

Further, we have availed buyer's credit facility to the extent of ₹ 13,200 lacs from the following Banks:

Sr. No.	Name of the Bank	Sanctioned Limit (₹ in Lacs)	Outstanding Balance as on February 28, 2014(₹ in Lacs)
1	Axis Bank Limited	1,700	524.41
2	Canara Bank	3,000	2,605.06
3	HDFC Bank Limited	1,500	618.19
4	IDBI Bank Limited	4,000	6,195.86
5	State Bank of India	3,000	1,830.22
	Total	13,200	11,773.75

We intend to utilise the Net Issue Proceeds towards part payment/pre-payment/ reduction of working capital loans/liabilities including buyer's credit which will reduce the cost of our borrowings.

For further details please see chapter entitled "Financial Indebtedness" beginning on page 168 of this Draft Letter of Offer.

General Corporate Purposes:

We, in accordance with the policies of our Board of Directors, will have flexibility in applying the balance amount towards general corporate purposes, subject to such utilization not exceeding 25% of the Net Proceeds, including, strengthening marketing capabilities and brand building exercises, routine capital expenditure, funding our growth opportunities, including strategic initiatives, meeting expenses incurred in the ordinary course of business including salaries and wages, rent, administration expenses, insurance related expenses, repairs and maintenance, payment of taxes and duties and meeting of exigencies which our Company may face in course of business.

The quantum of utilization of funds towards each of the above purposes will be determined by the Board of Directors based on the amount actually available under the head "General Corporate Purposes" and the business requirements of the Company, from time to time.

Issue Related Expenses

The Issue expenses include, amongst others, lead management fees, printing and distribution expenses, legal fees, advertisement expenses, registrar and depository fees and listing fees. The estimated expenses of the Issue are as follows:

Particulars	Expense (₹ in Lacs)	Expense (% of the total expenses)	Expense* (% of the Issue size)
Fees of Lead Manager, Registrar to the Issue, Legal Advisoretc.	[●]	[●]	[●]
Advertising & marketing	[●]	[●]	[●]

expenses, printing, stationery, distribution, etc.			
Others (including but not limited to Stock Exchange fees, depository Fees and SEBI filing fees and other miscellaneous expenses)	[●]	[●]	[●]
Total estimated Issue expenses	[●]	[●]	[●]

**To be filled at the time of filing of Letter of Offer and determination of Issue Price and other details.*

The Company was in need of funds and under commitment to its lenders to bring in additional contribution in the form of equity and/ or debt to reduce the working capital liabilities including buyer's credit.

As the Company is in requirement of capital, following members of the Promoter and Promoter Group have brought in a sum of ₹ 32,00,00,000 (Rupees thirty two crores only) as interest free unsecured loan. The said unsecured loan is free of any interest and any amount received as unsecured loan from the members of Promoter and Promoter group which is in excess or shortage towards their actual entitlement including for additional subscription, if any, by the members of the Promoter and Promoter Group and/or for under-subscription in the Issue shall be adjusted or refunded.

Sr. No.	Name of the person/entity	Amount paid as unsecured loan (₹)
1.	Gulita Securities Ltd	24,65,184
2.	Gulu Lalchand Mirchandani	13,13,77,996
3.	Gulu Lalchand Mirchandani J/w Gita Gulu Mirchandani	22,05,034
4.	Gita Gulu Mirchandani	2,08,10,369
5.	Kaval G Mirchandani	2,82,46,798
6.	Kaval G Mirchandani J/w Gulu Lalchand Mirchandani	31,629
7.	Sasha G Mirchandani	2,81,91,539
8.	Sasha G Mirchandani J/w Gulu Lalchand Mirchandani	859
9.	IIFL Investment Adviser & Trustee Services Ltd (Formerly IIFL Trustee Services Ltd.): - Trustee for Tamarind Family Private Trust	5,80,35,804
10.	Adino Electronics Limited	7,77,176
11.	Vijay Jaikrishin Mansukhani*	4,78,57,612
	Total	32,00,00,000

** Vijay Mansukhani is a member of the promoter and promoter group, however he is not holding any equity shares in the Company*

The said unsecured loan is free of any interest and (i) any amount received as unsecured loan from the members of promoter and promoter group which is in excess or shortage towards their actual entitlement including for additional subscription, if any, by them and/ or for under-subscription in the Rights Issue shall be adjusted or refunded. (ii) the subscription money received from the public shareholders in the Rights Issue shall be utilised to refund the surplus amount of unsecured loan which is over and above the amounts due from members of promoter and promoter group towards their actual Entitlement including for additional subscription, if any, by them and/ or for under-subscription in the Rights Issue.

The Company has utilized the monies brought in as unsecured loan from the members of promoter and promoter group towards part payment/pre-payment/ reduction of working capital loans/liabilities including buyer's credit. The Company confirms that the entire unsecured loans are utilized towards the Objects of the Issue.

Appraisal

The objects of the Issue have not been appraised by any banks, financial institutions or other agency.

Details of funds already deployed and sources of funds deployed

The details of the funds deployed towards Objects of the Issue as on March 27, 2014 and means of finance thereof, towards the same as certified by M/s. P. M. Iyengar & Co., Chartered Accountants, vide their certificate dated March 27, 2014 is as under:

a) Details of the funds already deployed:

Sr. No	Particulars	Amount deployed as on March 27, 2014
1.	Towards part payment/pre-payment/ reduction of working capital loans/liabilities including buyer's credit	32,00,00,000

b) Source of funds deployed

Sr. No	Particulars	Amount deployed as on March 27, 2014
1.	Unsecured loans from members of Promoter and Promoter Group	32,00,00,000
	Total	32,00,00,000

Bridge Financing Facilities

Except the unsecured loan taken from members of the Promoter and Promoter Group for an amount of ₹ 32,00,00,000 as interest free unsecured loan, the Company has not raised any bridge loans against the Net Proceeds. Such loan amount will be adjusted against the application money payable by them towards their Rights Entitlement in the Issue including for additional subscription, if any, by them and or for under-subscription in the Rights Issue.

Monitoring of utilisation of funds

A monitoring agency will not be appointed to monitor the utilisation of proceeds in relation to this Issue since the gross proceeds of the Issue are expected to be less than ₹ 50,000 lacs. Our Board of Directors will monitor the utilisation of the proceeds of the Issue. We will disclose the utilisation of the proceeds of the Issue under a separate head along with details, for all such proceeds of the Issue that have not been utilised. We will indicate investments, if any, of un-utilised proceeds of the Issue in the balance sheet of the Company for the relevant fiscal years subsequent to the listing of Equity Shares issued pursuant to the Issue.

Pursuant to clause 49 of the Listing Agreement, the Company shall on a quarterly basis disclose to the audit committee of the Board of Directors the uses and applications of the Issue Proceeds. On an annual basis, the Company shall prepare a statement of funds utilised for purposes other than those stated in the Letter of Offer and place it before the audit committee of the Board of Directors. Such disclosure shall be made only until such time that all the Issue Proceeds have been utilised in full. Furthermore, in accordance with clause 43A of the Listing Agreement the Company shall furnish to the Stock Exchanges on a quarterly basis, a statement including material deviations if any, in the utilisation of the proceeds of the Issue from the objects of the Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results, after placing the same before the audit committee of the Board of Directors.

Pending utilisation of Issue Proceeds

Our management, in accordance with the policies formulated by our Board of Directors from time to time, will have flexibility in deploying the proceeds received from the Issue. Pending utilization we propose to temporarily invest the Net Proceeds in interest bearing liquid instruments including investments in mutual funds and other financial products, such as principal protected funds, derivative linked debt instruments, other fixed and variable return instruments, listed debt instruments, rated debentures or deposits with banks as may be approved by our Board.

Other confirmations

No part of the Issue Proceeds will be paid by the Company to the Promoters, the Directors, the Company's key management personnel or companies promoted by the Promoters, except to the extent of repayment of surplus amount of unsecured loan which is over and above the amounts due from members of promoter and promoter group towards their actual Entitlement including for additional subscription, if any, by them and/ or for under-subscription in the Rights Issue utilized towards Objects of the Issue.

STATEMENT OF TAX BENEFITS

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS

The Board of Directors
MIRC Electronics Limited
Onida House, G-I, M.I.D.C.
Mahakali, Caves Road,
Andheri (East),
Mumbai 400 093

Dear Sirs,

Statement of Possible Special Tax Benefits available to MIRC Electronics Limited (the “Company”) and its shareholders

We hereby report that the enclosed statement states the possible special tax benefits available to the Company and to the shareholders of the Company under the Income-tax Act, 1961 and the Wealth-tax Act, 1957 (as amended by the Finance Act, 2013), presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilment of such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfil.

The benefits discussed in the enclosed statement are not exhaustive and deal only with the special benefits available to the Company and its shareholders. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

We do not express any opinion or provide any assurance as to whether:

- i. the Company or its shareholders will continue to obtain these benefits in future; or
- ii. the conditions prescribed for availing the benefits have been/would be met with.

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

This certificate and the enclosed statement is intended solely for your information and for inclusion in the Draft Letter of Offer in connection with the proposed Rights Issue of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For S. R. Batliboi & Co LLP
Firm Registration Number: 301003E
Chartered Accountants

Ravi Bansal
Partner
Membership No.: 49365
Place: Mumbai
Date: 24 March 2014

Annexure to the Statement of Possible Special Tax Benefits available to MIRC Electronics Limited ('the Company') and its shareholders:

A. To the Company

I. Under the Income-tax Act, 1961 (hereinafter referred to as the IT Act)

The following possible special tax benefits are available to the Company after fulfilling the conditions prescribed in the IT Act:

(i) Deduction under Section 35(2AB) of IT Act

The Company has in-house research facilities which have been recognised by the Department of Scientific and Industrial Research ('DSIR') for undertaking research activities relating to its business. DSIR has approved the said research facilities for the purpose of Section 35(2AB) of the IT Act for the period from 1 April 2012 to 31 March 2014. The company has applied for renewal of the same.

The approved in-house research facilities should be eligible for a weighted deduction of 200% of capital expenditure (excluding cost of land or building) and revenue expenditure incurred by the Company under Section 35(2AB) of the IT Act.

(ii) Deduction under Section 80IC of IT Act

The Company has two units at Roorkee in Uttarakhand which are eligible for deduction under Section 80IC of the IT Act at 100% of the profit for first 5 years and at 30% of the profits for next five years. This benefit will be available to Unit I up to Assessment Year 2016-17 and to Unit II up to Assessment Year 2019-20.

B. To the Shareholders

I. Under the Wealth Tax Act, 1957

Wealth tax is chargeable on prescribed assets. Shares in a company, held by a shareholder are not treated as an asset within the meaning of Section 2(ea) of the Wealth Tax Act, 1957 and hence, wealth tax is not applicable on shares held in a company.

Notes:

- (i) All the above benefits are as per the current tax law. If the provisions of Chapter X-A of the IT Act relating to General Anti-Avoidance Rules ('GAAR') are invoked, the implications of GAAR on the tax benefits listed hereinabove may need to be analysed.
- (ii) In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.
- (iii) The above statement of possible special tax benefits set out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares.

No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief Corporate History of our Company

The Company was incorporated as MIRC Electronics Private Limited, a private company limited by shares under the Companies Act, 1956 on January 1, 1981 in the State of Maharashtra with registration number 23637 of 1981. Subsequently, the Company became a deemed public company on September 13, 1988 and was converted to a public limited company on September 18, 1992. Our Corporate Identification Number is L32300MH1981PLC023637.

The registered office of the Company is situated at Onida House, G1 MIDC, Mahakali Caves Road, Andheri (East), Mumbai 400093, Maharashtra.

In the year 1992, our Company had made an initial public offer of 16,90,000 15% secured fully convertible debentures for cash. Each debenture had a face value of ₹ 225 per share consisting of two parts viz. Part A – ₹ 75 and Part B – ₹150. Subsequently, On January 5, 1993, Part A of 16,90,000 15% secured fully convertible debentures were converted into 16,90,000 Equity Shares of face value ₹ 10 each at a premium of ₹ 65 per share and on April 7, 1994, Part B of the 16,90,000 15% secured fully convertible debentures were converted into 16,90,000 Equity Shares of face value ₹ 10 each at a premium of ₹ 140 per share. The 15% secured fully convertible debentures and the Equity Shares arising on conversion thereon were listed on the stock exchanges at Bombay, Delhi, Madras, Calcutta, Ahmedabad and Bangalore.

Thereafter, in the year 2002, the High Court of Judicature at Bombay sanctioned a Scheme of Arrangement of Onida Infotech Services Ltd, a 100% subsidiary, with the Company, vide order dated August 17, 2002. The Scheme of Arrangement was presented for amalgamation of Onida Infotech Services Limited and utilisation of share premium account of the Company.

The Board for Industrial and Financial Reconstruction (BIFR) had vide an order dated November 7, 2005 approved and sanctioned a restructuring scheme whereby, the entire assets and liabilities of Onida Savak Limited, a company declared as a sick company under the provisions of the Sick Industrial Companies (Special Provisions), Act, 1985 would stand merged and transferred with that of the Company.

The High Court of Judicature at Bombay on May 2, 2009, sanctioned a Scheme of Amalgamation of Guviso Holdings Private Limited with our Company. Guviso Holdings Private Limited was incorporated on March 11, 1983 at Mumbai, India. The reason for amalgamation was it would result in the combined business of both companies to be carried on more economically and beneficially and the arrangement would be in the interests of both companies and their shareholders. Further, it would also strengthen the management of the Company effectively and result in reduction of administrative time and expenses, which are being duplicated in view of there being two separate companies managed by the same Promoters and also result in most optimum utilization of resources of both companies and enable the amalgamated company to focus on increasing its business.

Our Company has delisted from Bangalore Stock Exchange Limited, Delhi Stock Exchange Limited, Ahmedabad Stock Exchange Limited, the Calcutta Stock Exchange Limited and Madras Stock Exchange Limited.. Currently, the Equity Shares of our Company are listed on BSE Limited and National Stock Exchange of India Limited.

The Company is in the business of manufacturing, trading and sale of consumer durables such as colour televisions (CTVs), Panels (LCD & LED), air conditioners (ACs), washing machines, Microwaves, Induction cookers, Mobiles, Projectors, TV-components and spares and electronic tuners under the brand name "Onida" and "IGO..

Main Objects of our Company

The main objects of our Company as contained in our Memorandum of Association are:

1. To manufacture, assemble, export, import, deal, alter, repair, exchange, let on hire, treat, prepare, barter in India or elsewhere all types of electronic equipment including radios, record changers, tape recorders, videos, video games, televisions, wireless sets, quartz, digital and analogue watches, electronic gadgets, electronic calculators, computers, electronic copiers, counter equipments, electronic weighing machines and counters, bakelite and plastic components, process control instrumentation and testing equipment and other allied electrical or electronic products.
2. To carry on the business of manufacturers and dealers in electronics, spare parts, accessories for electronic miniature electronic components.

Corporate Structure

a) Akasaka Electronics Limited

The Company has one subsidiary named Akasaka Electronics Limited, previously known as Imercius Technologies (India) Limited. Akasaka Electronics Limited was incorporated on May 24, 2002 in the State of Maharashtra bearing registration number U64200MH2002PLC136009. The registered office of the Subsidiary is at C-107, MIDC, TTC Industrial Area, Pawane, Navi Mumbai – 400705.

The main objects of Akasaka Electronics Limited is

- a) To carry on the business of running (whether under license or otherwise) operating, managing, advising on and supplying and to deal with call centres, telecommunication system and information Technology systems of all kinds by any means of sounds, visual, images and signals of all kinds and to carry on business of supplying, operating, managing, advising on and dealing in services' and facilities of or in relation or any kinds (including without prejudice to the generality of the foregoing, telecommunication services) and services and facilities which incorporate, use or are used in conjunction with, in connection with or ancillary to telecommunication apparatus and equipment.
- b) To carry on the business of developers, traders, importers, exporters assemblers and fabricators, maintainers, owners and operators of any kinds of value added telecom services, video tech access points, voice mail services, Email services, fax store and forward services and all kinds of HI-Tech communication equipment, exchange equipment, transmission line and equipment of any kinds used to provide. voice, text data or image communication services, including but not limited to switching exchanges, private exchanges, dotcom, services multimedia access points, internet access points, internet services including basic and advance services advisors, suppliers and trader of data processing and information retrieval systems

As on February 28, 2014, the shareholding pattern of Akasaka Electronics Limited is as under:

Sr. No.	Name of the Shareholder	No. of Shares Held	% Shareholding
1.	MIRC Electronics Limited	81,47,994	99.88
2.	Ravi Pishupati	1,200	0.01
3.	Anupama Vinakotta	1,200	0.01
4.	Celine Anthony	1,080	0.01
5.	Murthy Dastagiraih	840	0.01
6.	Gurumurthy Rao	720	0.01
7.	Sateesha Shetty	600	0.01
8.	Chatley Vergese	600	0.01
9.	Suresh Parkala	600	0.01
10.	Meher Rajiv Yeremesetty	600	0.01
11.	N. A. Krishnan	600	0.01
12.	Deepak Reddy	600	0.01
13.	Laxman Shetty	240	0.00

Sr. No.	Name of the Shareholder	No. of Shares Held	% Shareholding
14.	Saritha Katti	240	0.00
15.	Gita G. Mirchandani	120	0.00
16.	Marissa V. Mansukhani	120	0.00
17.	Bhagwan Malani	120	0.00
18.	Gulu L. Mirchandani for Mirc Electronics Limited	1	0.00
19.	Vijay J. Mansukhani for Mirc Electronics Limited	1	0.00
20.	Gita G. Mirchandani for Mirc Electronics Limited	1	0.00
21.	Sasha G. Mirchandani for Mirc Electronics Limited	1	0.00
22.	Marissa V. Mansukhani for Mirc Electronics Limited	1	0.00
23.	Vijay J. Mansukhani & Marissa V. Mansukhani for Mirc Electronics Limited	1	0.00
Total		81,57,480	100.00

Key Events and Milestones

Following are some of the key events and milestones in relation to our Company:

Year	Events
1981	- Incorporation of the Company as a private limited company.
1992	- Converted into a public limited company
1995	- Obtained BS EN ISO 9001: 1994 certification from BVQI
1998	- Received “award for excellence in electronics – consumer electronics – second” by ministry of IT
2002	- Won the award for Innovative Product Display from MITF 2002.
2004	- Equity Shares of the Company were listed on the National Stock Exchange of India Limited - Gulu Lalchand Mirchandani, CMD awarded 'Man of Electronics for the year' by CETMA
2006	- Ranked 2nd as per Total Income in the Consumer Durables / Domestic Appliances Sector by Dun and Bradstreet's India's Top 500 Companies 2006
2009	- “Star Performer Certificate” awarded to the Company from Urjavarani Foundation for the most Energy Efficient Air Conditioners
2012	- ONIDA ranked 38 th position in The Brand Trust Report, India Study 2012' and 2 nd in the Sub-Category of Appliances.
2013	- Won an award from MICE Travel Mart Corporate Star Awards 2013 for “Best Incentive program for Distributors/Dealers” - Onida ranked 27 th position in the The Brand Trust Report, India Study 2013
2014	- The Company was appointed as the authorised national distributor for Vivitek range of Data Projectors.

OUR MANAGEMENT

Board of Directors

The Company's Articles of Association provide that the minimum number of Directors shall not be less than 3 and shall not be more than 12. Our Board presently comprises of 7 directors, which consists of 3 executive directors and 4 non-executive Independent Directors. Our Chairman is a Managing Director and one of the Promoters of the Company.

The following table sets forth details regarding the Board of Directors of the Company as of the date of filing the Draft Letter of Offer.

Sl. No.	Name, Designation, Occupation, Address, Date of Appointment/Reappointment and Director Identification Number	Age (years)	Term	Other Directorships
1.	Gulu Lalchand Mirchandani Designation: Chairman and Managing Director Nationality: Indian Occupation: Business Address: D-131, Tahnee Heights, Petit Hall, Napeansea Road, Mumbai, 400006, Maharashtra Date of Reappointment: December 1, 2013 Director Identification Number: 00026664	70 years	3 years w.e.f. December 1, 2013	<ul style="list-style-type: none"> • KEC International Limited • Shoppers Stop Limited • VIP Industries Limited • Gulita Securities Limited • Algorhythm Tech Private Limited • Fractal Analytics Private Limited • Adino Telecom Limited • Adino Research foundation • Mumbai Angel Ventures Mentors
2.	Vijay Jaikrishin Mansukhani Designation: Managing Director Nationality: Indian Occupation: Business Address: C-11, Seaface Park, 5th Floor, 50, Warden Road, Mumbai, 400026, Maharashtra Date of Reappointment: April 1, 2012 Director Identification Number: 01041809	64 years	3 years w.e.f. April 1, 2012	<ul style="list-style-type: none"> • Adino Telecom Limited • Akman D'quay Securities Private Limited • Adino Research Foundation

Sl. No.	Name, Designation, Occupation, Address, Date of Appointment/Reappointment and Director Identification Number	Age (years)	Term	Other Directorships
3.	Vimal Bhandari Designation: Independent and Non Executive Director Nationality: Indian Occupation: Service Address: Flat No. 164, 16th Floor, Tower A, Kalpataru Horizon, S K Ahire Marg, Worli, Mumbai, 400026, Maharashtra Date of Appointment: May 16, 2001 Director Identification Number: 00001318	55 years	Subject to retire by rotation	<ul style="list-style-type: none"> • Kalpataru Power Transmission Limited • DCM Shriram Consolidated Limited • Bayer CropScience Limited • Piramal Glass Limited • JK Tyre and Industries Limited • Bharat Forge Limited • ING Investment Management (India) Private Limited • The Ratnakar Bank Limited • IndoStar Capital Finance Private Limited • IndoStar Asset Advisory Pvt. Ltd.
4.	Ranjan Kapur Designation: Independent and Non Executive Director Nationality: Indian Occupation: Service (Advertising) Address: B-281, Twin Towers, Veer Savarkar Marg, Prabhadevi, Mumbai, 400025, Maharashtra Date of Appointment: August 23, 2004 Director Identification Number: 00035113	71 years	Subject to retire by rotation	<ul style="list-style-type: none"> • Pidilite Industries Limited • Abbot India Limited • GroupM Media India Private Limited • Bates India Private Limited • Annik Technology Services Private Limited • Sercon India Private Limited • Quasar Media Private Limited • Ray and Keshavan Design Associates Pvt. Ltd. •
5.	Shyamsunder Dhoot Designation: Whole time Director Nationality: Indian Occupation: Service	53 years	3 years w.e.f. February 16, 2013	-

Sl. No.	Name, Designation, Occupation, Address, Date of Appointment/Reappointment and Director Identification Number	Age (years)	Term	Other Directorships
	Address: 502, Eco Towers, Excel Estate, S.V. Road, Goregaon (West), Mumbai, 400062, Maharashtra Date of Appointment: February 16, 2013 Director Identification Number: 06502107			
6.	Rafique Abdul Malik Designation: Independent and Non Executive Additional Director Nationality: Indian Occupation: Business Address: 23/C, 20th Floor, Kanchanjunga, 72, Pedder Road, Mumbai, 400026, Maharashtra Date of Appointment: January 28, 2014 Director Identification Number: 00521563	63 years		<ul style="list-style-type: none"> • Metro Shoes Limited • Metro House Private Limited • Metro Shopping Plaza Private Limited • Metro Shopping Arcade Private Limited • Metro Holdings and Securities Private Limited • Metmill Footwear Private Limited • Mahindra Retail Private Limited • All India Footwear Manufacturers and Retailers Association

Inter - se Relationships between the Directors

Gulu Lalchand Mirchandani, Chairman and Managing Director is the brother in law of Managing Director, Mr. Vijay Jaikrishin Mansukhani.

Brief Biographies

Gulu Lalchand Mirchandani, 70 years, *Chairman and Managing Director*, is an alumnus of BITS, Pilani and holds a degree in BE (Mechanical). Gulu Lalchand 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.

Vijay Jaikrishin Mansukhani, 64 years, *Managing Director*, is a graduate from the College of Marine Engineering, Mumbai. Vijay Jaikrishin Mansukhani has over 31 years of experience. He is the key member in devising and implementing corporate growth strategy for the Company.

Shyamsunder Dhoot, 53 years, *Whole-time Director*, is a Production Engineer from VJTI, Mumbai. Shyamsunder Dhoot has vast experience in handling and implementing various projects including setting up of manufacturing facilities with large capital investments in the electronics industry. In his current profile he heads the manufacturing, purchase, logistics and export-import of the Company. He has been recognized time and again for outstanding performance & leadership qualities.

Vimal Bhandari, 55 years, *Independent and Non Executive Director*, is a Commerce graduate from Mumbai University and a Chartered Accountant. He has over thirty 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. Prior to joining Indostar Capital, he was Country Head of AEGON N.V. In his early career, Vimal Bhandari was with IL&FS, the Indian infrastructure financing and financial services institution. He has been a member of the Executive Committee of National Stock Exchange of India Limited and is an Executive Committee member of FICCI, the apex Chamber of Commerce.

Ranjan Kapur, 71 years, *Independent and Non Executive Director* is currently the Country Manager - India of WPP Marketing Communication India Private Limited. Ranjan Kapur is a veteran of the advertising business having spent 38 years with Ogilvy. He was honoured in 2008 with the Industry's Lifetime Achievement Award from AAAI. His last assignment with Ogilvy was as Chairman of Ogilvy, India from 1993 to 2003.

Rafiq Abdul Malik, 63 years, *Independent and Non Executive Additional Director*, is a Harvard graduate. He is the chairman of Metro Shoes Limited. He is also chairman of All India Footwear Manufacturers and Retailers Association. Further he is on the advisory board of the Retailers Association of India.

Confirmations

None of the Directors is or was a director of any listed company during the last five years preceding the date of filing of the Draft Letter of Offer, whose shares have been or were suspended from being traded on the Stock Exchanges, during the term of their directorship in such company.

None of the Directors is or was a director of any listed company which has been or was delisted from any recognised stock exchange in India during the term of their directorship in such company.

Compensation to the Chairman and Managing Director / Managing Director / Whole-time Director

CHAIRMAN AND MANAGING DIRECTOR - Gulu Lalchand Mirchandani

Gulu Lalchand Mirchandani was re-appointed as our Chairman and Managing Director by board resolution dated May 14, 2013 with effect from December 1, 2013 for a period of three years. The remuneration payable to him is as follows:

Sl. No.	Particulars
1.	Basic Salary: ₹ 4,75,000 per month in the scale of ₹ 50,000 (with authority to the Remuneration Committee to decide annual increments within the abovesaid scale of ₹ 50,000/- per annum)
2.	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 Chairman & Managing Director Gulu Lalchand Mirchandani subject to the overall ceiling laid down in Section 198 and 309 and Schedule XIII to the Companies Act, 1956
3.	Special allowance: Special allowance of ₹2,85,000/- per month will be payable.
4.	Perquisites: In addition to the above, the Chairman & Managing Director shall be entitled to the following perquisites restricted to an amount equal to the annual salary. Unless the context otherwise requires, the perquisites are classified into three categories 'A', 'B' and 'C' as follows: Category 'A' a) House Rent Allowance

Sl. No.	Particulars
	b) Medical re-imbursement c) Leave Travel Concession d) Fees of Club e) Personal Accident Insurance Category 'B' f) Provident Fund/ Superannuation / Annuity Fund g) Gratuity h) Encashment of Leave not availed of Category 'C' Fully maintained Car for use on Company's business, free telephone at residence, facsimile and other communication facilities at the Chairman & Managing Director's residence. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company The Chairman & Managing Director shall not be entitled to receive any fees for attending meetings of the Board/ Committee.

MANAGING DIRECTOR -Vijay Jaikrishin Mansukhani

Pursuant to the resolution passed by the Board of Directors in its meeting dated January 25, 2012 Vijay Jaikrishin Mansukhani has been re-appointed as Managing Director with effect from April 1st, 2012 for a period of three years. The remuneration payable to him is as follows:

Sl. No.	Particulars
1.	Basic Salary: ₹ 5,25,000/- per month
2.	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 Vijay Jaikrishin Mansukhani subject to the overall ceilings laid down in Section 198 and 309 and Schedule XIII to the Companies Act, 1956.
3.	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' i) House Rent Allowance j) Medical re-imbursement k) Leave Travel Concession l) Fees of Club m) Personal Accident Insurance Category 'B' n) Provident Fund/ Superannuation / Annuity Fund o) Gratuity p) Encashment of Leave not availed of 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. Annual Increments: The Managing Director will be entitled to an annual increment not exceeding ₹ 15,75,000 every year, commencing w.e.f. 1 st April, 2013 onwards, as may be recommended by the Remuneration

Sl. No.	Particulars
	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
	The Managing Director shall not be entitled to receive any fees for attending meetings of the Board/ Committee.

WHOLETIME DIRECTOR - Shyamsunder Dhoot

Pursuant to the circular resolution dated February 16, 2013 passed by the Board of Directors Shyamsunder Dhoot was appointed as a whole time director with effect from February 16, 2013 for a period of three years. The remuneration payable is as follows:

Sl. No.	Particulars
1.	Basic Salary: ₹ 8,67,360/- per annum.
2.	Special Allowance: ₹ 15,03,516/- per annum.
3.	Performance Pay: ₹ 10,00,000/- per annum (The performance pay shown is at 100% achievement level)
4.	Conveyance Allowance: ₹15,600/- per annum.
5.	Education Allowance: ₹ 2,400/- per annum.
6.	Lunch Allowance: ₹ 15,000/- per annum.
7.	Bonus & Ex-Gratia: ₹ 1,73,472/- per annum
8.	<p>Perquisites: In addition to the above, the Whole Time Director shall be entitled to the following perquisites. Unless the context otherwise requires, the perquisites are classified into three categories 'A', 'B' and 'C' as follows:</p> <p>Category 'A'</p> <ul style="list-style-type: none"> a) House Rent Allowance b) Leave Travel Allowance c) Medical Reimbursement d) Hospitalisation benefit e) Benevolent Fund <p>Category 'B'</p> <ul style="list-style-type: none"> a) Provident Fund/ Superannuation / Annuity Fund b) Gratuity c) Encashment of Leave not availed <p>Category 'C'</p> <p>The whole time director will be entitled to claim following expenses:-</p> <ul style="list-style-type: none"> a) Car maintenance ₹ 1,44,000/- per annum. b) Driver's salary ₹ 62,400/- per annum. c) Fuel charges ₹ 84,000/- per annum. <p>Mobile reimbursements as per the company's policy</p> <p>The Whole Time Director will be entitled to an annual increment not exceeding ₹ 10,00,000/- every year, as may be recommended by the Remuneration Committee of Directors and duly approved by the Board of Directors.</p> <p>The Whole Time Director shall not be entitled to receive any fees for attending meetings of the Board/Committee</p>

Service agreements with the Directors

No service contracts have been entered into by the directors with the Company providing for benefits upon termination of employment.

As of the date of the Draft Letter of Offer there are no arrangements or understanding with major shareholders, customers, suppliers or others, pursuant to which the Company has appointed a director or a member of senior management.

SECTION VI – FINANCIAL INFORMATION

FINANCIAL STATEMENTS

AUDITOR'S REPORT TO THE MEMBERS OF MIRC ELECTRONICS LIMITED

Independent Auditor's Report

1. Report on the Financial Statements

We have audited the accompanying financial statements of **MIRC ELECTRONICS LIMITED ('the Company')**, which comprise the Balance Sheet as at March 31, 2013, and the Profit and Loss Statement and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

Management of the Company is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirement and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- ii) In the case of the Profit and Loss Statement, of the loss for the year ended on that date; and
- iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

5. Emphasis of Matters

- i) We draw attention to Note no. 29 of the Financial Statements with regards to the claim receivable from the Insurance Company and outstanding of ₹ 4995.50 lacs as on the balance sheet date. The Management of the Company is confident of recovery of the full amount and therefore no further provision has been made. Our opinion is not qualified in respect of this matter.
- ii) We also draw the attention to Note no. 34 of the financial statements relating to excess managerial remuneration of ₹ 65.07 lacs charged to the profit and loss statement of the current year, which is subject to the approval of the Central Government. Our opinion is not qualified in respect of this matter.

6. Report on Other Legal and Regulatory Requirements

- (i) As required by the Companies (Auditor's Report) order, 2003 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 of the matters specified in paragraph 4 and 5 of the said order.
- (ii) Further to our comments in the Annexure referred to in Paragraph 6 (i) above, as required by section 227(3) of the Act, we report that;
 - a. we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. 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;
 - c. the Balance Sheet, Profit and Loss Statement and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Profit and Loss Statement and Cash Flow Statement dealt herewith comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956;
 - e. on the basis of the written representations received from the Directors and taken on records by the Board of Directors, none of the Director is disqualified, as at the balance sheet date, from being appointed as a Director in terms of section 274 (1) (g) of the Companies Act, 1956;
 - f. since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For N. M. RAIJI & CO.

Chartered Accountants

Firm Registration No.: 108296W

J. M. GANDHI

Partner

Membership No.: 37924

Place: Mumbai

Date: May 14, 2013

Annexure to the Auditor's Report

Referred to in paragraph 6 (i) of the Auditors Report of even date of **MIRC ELECTRONICS LIMITED** for the year ended March 31, 2013.

- (i)
 - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
 - (b) According to the information and explanations given to us, the Company has a regular programme of physical verification by which a substantial portion of the fixed assets has been physically verified by the management during the year. In our opinion, the frequency of verification of the fixed assets by the management is reasonable having regard to the size of the Company and the nature of its assets. To the best of our knowledge, no material discrepancies were noticed on verification conducted during the year as compared with the book records and the same have been appropriately dealt with in the books of account.
 - (c) Fixed assets disposed off during the year were not substantial to affect Going Concern Assumption.
- (ii)
 - (a) Inventories have been physically verified during the year by the Management. 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 of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification as compared to the book records 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 ₹ 356 lacs and ₹ 604 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 ₹ 208.70 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, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any major weakness in the internal control system.
- (v) To the best of our knowledge and belief and according to the information and explanations given to us:
 - a) The particulars of contracts or arrangements referred to in Section 301 that need to be entered in the Register maintained under the said section have been so entered.

- 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.
- (vi) The Company has not accepted any deposits from the public and hence section 58A and 58AA of the Companies Act, 1956 and rules framed there under are not applicable to the Company.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) According to the information and explanations given to us, the Central Government has prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 for the products manufactured by the Company. We have broadly reviewed the books of account maintained and in our opinion; prima facie, the prescribed accounts and records have been made and maintained by the Company. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (ix) (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, cess and other applicable statutory dues with the appropriate authorities. No undisputed statutory dues payable were in arrears as at March 31, 2013, for a period of more than six months from the date they became payable.
- (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:

<i>NATURE OF DUES</i>	Relevant Financial Year	Forum where Dispute Is Pending	Amount involved (₹ in Lacs)
Excise Duty	1999 - 2000 & 2005 - 2006	CESTAT	181.11
	1998 - 1999	The High Court	58.40
	1997-1998, 1999 - 2000 & 2001 - 2005	Commissioner of Excise & Custom	52.02
Sales Tax (Central & State)	1992 - 1993 to 2010 - 2011	Commissioner	10.18
	2003 - 2004 & 2005 - 2006 to 2007 - 2008	Revision Board	1,192.09
	2007 - 2008	Deputy Commissioner of Commercial Tax	9.00
	2009 - 2010	Assessing Authority	314.87
	2002 - 2004 & 2005 - 2007	Tribunal	65.31
	2007 - 2008	The Supreme Court	0.55
	1991-1992, 1998- 2001, 2002 - 2005 & 2006 - 2008	The High Court	405.21
	2006 - 2007 &	Joint commissioner of Commercial	18.88

	2009 – 2011	Taxes (Appeal).	
	2000 - 2001, 2005 - 2006 & 2009 – 2010	Commissioner Appeals	1,060.01
	1997 – 1998	Board of Madhya Pradesh Commercial Taxes	9.72
	1997 – 1998	Tribunal	20.03
	2005 - 2006 to 2008 - 2009 & 2011 - 2012	Commissioner	64.85
Income Tax	2007 - 2008	Income Tax Appellate Tribunal	77.69
	2009 - 2010	CIT (Appeals)	110.77
Customs	1998 - 1999, 2001 - 2002 & 2008 - 2009	Commissioner of Excise & Custom	84.00
	2008 - 2010 & 2011-2012	CESTAT	85.02
	2009 - 2010	Commissioner of Customs (Appeal)	89.16
	2006 - 2007	Director General of Foreign Trade	4.93
	2008 - 2012	The Supreme Court	1,406.94
	2011 - 2012	Commissioner- Air Cargo	4.24
Service Tax	2004 - 2011	Service Tax Appellate Tribunal	30,466.52

- (x) The Company does not have accumulated losses as at March 31, 2013 and has incurred cash loss during the current financial year covered by our audit and in the immediately preceding financial year.
- (xi) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutions or banks.
- (xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund or a nidhi / mutual benefit fund / society. The provisions of clause 4 (xiii) of the Order, therefore, are not applicable to the Company.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has given a guarantee of ₹ 2132 Lacs for loans taken by one of its wholly owned subsidiaries from bank. In our opinion, the terms and conditions of the guarantee are, prima facie, not considered prejudicial to the interest of the Company as it is given for the wholly owned subsidiary.
- (xvi) In our opinion and according to the information and explanations given to us, there were no term loans raised during the year.
- (xvii) 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.

- (xviii) 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.
- (xix) According to the information and explanations given to us, the Company has not issued any secured debentures, which are outstanding during the year.
- (xx) During the year, the Company has not raised any money by way of a public issue.
- (xxi) 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

BALANCE SHEET AS AT MARCH 31, 2013

PARTICULARS	Note No.	31st March, 2013 ₹Lacs	31st March, 2012 ₹Lacs
I. EQUITY AND LIABILITIES			
Shareholders Funds			
Share capital	2	1419.38	1419.38
Reserves and Surplus	3	18473.99	21337.70
		19893.37	22757.08
Non-current Liabilities			
Long-term borrowings	4	-	1500.14
Deferred tax liabilities	5	-	1544.79
(Net) Long-term provisions	6	212.81	215.12
		212.81	3260.05
Current Liabilities			
Short-term borrowings	7	11284.14	12165.08
Trade Payables	8	33968.16	30927.16
Other current liabilities	9	6982.85	8063.83
Short-term provisions	10	257.87	541.84
		52493.02	51697.91
TOTAL		72599.20	77715.04
II. ASSETS			
Non-current Assets			
Fixed assets			
Tangible assets	11	15413.83	16494.90
Intangible assets	11	6.32	8.44
Capital work-in-progress		766.66	-
		16186.81	16503.34
Non-current investments	12	2624.85	2624.85
Long-term loans and advances	13	3758.17	4135.73
Other non-current assets	14	45.02	33.60
Current Assets			
Current investments	15	16.68	19.46
Inventories	16	25106.24	30359.72
Trade Receivables	17	13254.48	12750.16
Cash, cash equivalents and bank balances	18	3073.00	2851.19
Short-term loans and advances	19	3532.50	4023.92
Other current assets	20	5001.45	4413.07
TOTAL		72599.20	77715.04

Significant Accounting Policies
The Note numbers 1 to 46 form

1

0.00

0.00

integrated
part of the Financial Statements

As per our Report of even date
attached

For N.M. RAIJI & CO.

Chartered Accountants
Firm Regn. No. 108296W

J.M.GANDHI

Partner

Membership No.37924

Mumbai, May 14, 2013

PREDEEP K.

GUPTA

Chief Financial
Officer

ANOOP PILLAI

Company
Secretary and
Head - Corporate
Affairs

For and on behalf of
the

**BOARD OF
DIRECTORS**

G.L.

MIRCHANDANI

Chairman and
Managing Director

**V.J.MANSUKHAN
I**

Managing Director

PROFIT AND LOSS STATEMENT FOR YEAR ENDED MARCH 31, 2013

PARTICULARS	Note No.	2012-13 ₹Lacs	2011-12 ₹Lacs
I. Revenue from Operations			
Sales of products		136334.54	173352.42
Other Operating Income	21	188.33	162.67
		136522.87	173515.09
Less: Excise Duty		7293.86	8587.15
Total Revenue from Operations		129229.01	164927.94
II. Other Income	22	200.92	255.26
TOTAL REVENUE		129429.93	165183.20
III. EXPENSES			
Cost of materials consumed	23	47403.31	63907.74
Purchases of Stock-in-Trade	24	53734.73	65310.01
Changes in inventories of Finished goods,	25	4597.36	2803.31
Work-in-progress and Stock-in-Trade			
Employees benefit expenses	26	7723.21	9226.38
Finance Cost	27	3871.65	3586.33
Depreciation and amortization expense	11	1578.75	2154.98
Other Expenses	28	15208.46	21854.63
TOTAL EXPENSES		134117.47	168843.38
IV. PROFIT / (LOSS) BEFORE EXCEPTIONAL ITEMS AND TAX		(4687.54)	(3660.18)
V. EXCEPTIONAL ITEMS	29	-	501.22
VI. PROFIT / (LOSS) BEFORE TAX		(4687.54)	(4161.40)
VII. Tax Expenses			
Income Tax of earlier years		(279.04)	-
Deferred Tax	5	(1544.79)	(267.43)
PROFIT / (LOSS) FOR THE YEAR		(2863.71)	(3893.97)
Earnings per Equity Shares (Face Value of Re. 1 each)			
Basic and Diluted (₹)	41	(2.02)	(2.75)
Significant Accounting Policies	1		
The Note numbers 1 to 46 form integrated part of the Financial Statements			

As per our Report of even date attached

For N.M. RAIJI & CO.

Chartered Accountants
Firm Regn. No. 108296W

J.M.GANDHI

Partner

Membership No.37924

Mumbai, May 14, 2013

PREDEEP K. GUPTA

Chief Financial Officer

**ANOOP
PILLAI**

Company Secretary and
Head - Corporate Affairs

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

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

V.J.MANSUKHANI
Managing Director

Cash Flow Statement for the year ended March 31, 2013

(₹ in Lacs)

Particulars		2012-13	2011-12
A. CASH FLOW FROM OPERATING ACTIVITIES	CASH FLOW FROM OPERATING ACTIVITIES :		
	Net Profit/(loss) Before Tax as per Profit and Loss Statement	(4687.54)	(4161.40)
	Adjustments for :		
	Depreciation and Amortisation	1578.75	2154.98
	Unrealised Foreign Exchange Fluctuations	(364.32)	(417.71)
	Borrowing Cost	3871.65	3520.39
	Interest Income	(53.05)	(220.81)
	Dividend Income	(0.97)	(12.06)
	(Profit) / Loss on Sale of Fixed Assets (Net)	(3.18)	0.08
	(Profit) / Loss on Sale of Investments (Net)	-	(5.39)
	Provision for Diminution of Investments	2.78	-
	Exceptional Item - Provision for loss of Fixed Assets due to fire	-	300.00
		5031.66	5319.48
	Operating Profit before Working Capital changes	344.12	1158.08
	Changes in Working Capital :		
	(Increase)/Decrease in Trade and Other receivables	(465.68)	3287.89
	Decrease in Inventories	5253.48	4286.49
	Increase/(Decrease) in Trade and Other Payables	2843.90	(5400.88)
		7631.70	2173.50
	Cash Generated from Operations	7975.82	3331.58
	Direct Taxes Paid (Net of Refunds)	(168.45)	(132.10)
	NET CASH GENERATED FROM	7807.37	3199.48

OPERATING ACTIVITIES.....(A)		
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets and additions in CWIP	(1254.28)	(935.47)
Purchase of Investments	-	(5700.08)
Proceeds from Sale of Fixed Assets	6.42	1.07
Proceeds from Sale of Investments	-	5715.46
Loans and Advances received	248.00	490.00
Interest Income	48.57	220.81
Dividend Income	0.97	12.06
NET CASH USED IN INVESTING ACTIVITIES.....(B)	(950.32)	(196.15)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Repayment of Borrowings	(2880.86)	(1499.94)
Addition to Borrowings	-	1620.28
Payment of Borrowing Cost	(3891.27)	(3486.58)
Dividends Paid (including Dividend Tax)	-	(1632.44)
NET CASH USED IN FINANCING ACTIVITIES.....(C)	(6772.13)	(4998.68)
NET INCREASE/(DECREA SE) IN CASH AND CASH EQUIVALENTS	84.92	(1995.35)
Cash & Cash Equivalents at the beginning of the year	2717.24	4712.59
Cash & Cash Equivalents at the end of the year	2802.16	2717.24

Cash & Cash Equivalents comprises of :		
Cash in hand	12.26	9.28
Bank Balances in Current Account	289.26	378.99
Cheques, drafts on hand	19.60	294.16
Bank Remittances in Transit	2481.04	2034.81
Total	2802.16	2717.24
<p>Note 1 : Cash flow statement has been prepared under the Indirect method as set-out in Accounting Standard-3, notified under the Companies (Accounting Standards) Rules, 2006</p> <p>Note 2 : Figures of the Previous Year has been regrouped/reclassified, wherever considered necessary.</p> <p>As per our report attached</p>		
<p>For N.M. RAIJI & CO.,</p> <p>Chartered Accountants</p> <p>Firm Regn. No. 108296W</p>		<p>For and on behalf of the</p> <p>Board of Directors</p>
<p>J.M.GANDHI</p> <p>Partner</p> <p>Membership No.37924</p>	<p>PREDEEP K. GUPTA</p> <p>Chief Financial Officer</p>	<p>G.L.MIRCHAN DANI</p> <p>Chairman & Managing Director</p>
<p>Mumbai, May 14, 2013</p>	<p>ANOOP PILLAI</p> <p>Company Secretary and Head - Corporate Affairs</p>	<p>V. J. MANSUKHANI</p> <p>Managing Director</p>

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.

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 period 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.

1.11 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.

NOTE 2**SHARE CAPITAL**

PARTICULARS	31st March, 2013	31st March, 2012
	₹Lacs	₹Lacs
Authorised :		
16,80,20,000 Equity Shares of Re.1 each (Previous year 16,80,20,000 Equity Shares of Re.1 each)	1680.20	1680.20
20,00,000 5% Cumulative Redeemable Preference Shares of ₹100 each (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 (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 (Previous year 10,00,000 11% Non-Cumulative Redeemable Preference Shares of ₹100 each)	1000.00	1000.00
	4690.20	4690.20
Issued, Subscribed and Paid Up :		
14,17,51,678 Equity Shares of Re.1 each fully paid up (Previous year 14,17,51,678 Equity Shares of Re.1 each fully paid up)	1417.52	1417.52
Add : 2,48,000 Forfeited Equity Shares of Re.1 each partly paid up (Previous year 2,48,000 Forfeited Equity Shares of Re.1 each partly paid up)	1.86	1.86
	1419.38	1419.38
TOTAL	1419.38	1419.38

ADDITIONAL INFORMATION :**2.1 Reconciliation of Equity Shares outstanding**

PARTICULARS	31st March, 2013	31st March, 2012
Fully paid up shares		
At the beginning of the year	141751678	141751678
At the end of the year	141751678	141751678
Partly paid up shares		

At the beginning of the year	248000	248000
At the end of the year	248000	248000

2.2 Rights, Preferences and Restrictions attached to Equity Shares

The Company has one class of equity shares having a par value of Re 1 per share. Each shareholder is entitled to one vote per equity share. The shareholders are entitled to dividend declared on proportionate basis. On liquidation of the Company, the equity shareholders are eligible to receive remaining assets of the Company after distribution of all preferential amounts in proportion to their shareholding.

2.3 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.

2.4 Details of Shareholders holding more than 5 % of the issued shares :

Name of the Shareholder	31st March, 2013		31st March, 2012	
	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 (Beneficial owner Mr. Vijay J. Mansukhani)	25688283	18.12	25688283	18.12
Mr. Kaval G. Mirchandani	12516829	8.83	12516829	8.83
Mr. Sasha G. Mirchandani	12478750	8.80	12478750	8.80

NOTE 3

RESERVES AND SURPLUS

PARTICULARS	31st March, 2013	31st March, 2012
	₹Lacs	₹Lacs
Capital Reserve	7.07	7.07
Capital Redemption Reserve	1891.51	1891.51
Securities Premium Account	1.39	1.39
General Reserve	8902.96	8902.96
Surplus in Profit and Loss Statement		
Opening Balance	10534.77	14428.74
Add : Profit / (Loss) for the year	(2863.71)	(3893.97)
Closing Balance	7671.06	10534.77

TOTAL	18473.99	21337.70
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NOTE 4

LONG-TERM BORROWINGS

PARTICULARS	31st March, 2013 ₹Lacs	31st March, 2012 ₹Lacs
Secured		
Term Loan from Banks	1500.14	3500.06
Less : Disclosed under Other Current Liabilities		
- Current maturities of Long Term borrowings	1500.14	1999.92
TOTAL	-	1500.14

Security	As at 31st March 2013 ₹ Lacs	Repayment terms
Secured by 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 & Building and Plant & Machinery embedded to the earth in Roorkee.	1500.14	Monthly in equal installments payable over a period of three years

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 :

PARTICULARS	31st March, 2013 ₹Lacs	31st March, 2012 ₹Lacs
Deferred Tax Liabilities		
Related to Fixed Assets	2056.15	1980.46
Related to Others	8.67	-
Total (A)	2064.82	1980.46
Less : Deferred Tax Assets		
Disallowed expenses as per Section 43B of Income Tax Act-1961	194.66	230.69
Provision for Doubtful Debts	234.03	204.98
Carry forward of Income Tax Loss and Unabsorbed	1636.13	

Depreciation		
Total (B)	2064.82	435.67
Net Liability (A) - (B)	-	1544.79

Note: Deferred Tax Asset on carry forward Income Tax loss and unabsorbed depreciation is created to the extent of Deferred Tax Liability.

NOTE 6
LONG TERM PROVISIONS

PARTICULARS	31st March, 2013	31st March, 2012
	₹Lacs	₹Lacs
For employees benefit	212.81	215.12
TOTAL	212.81	215.12

NOTE 7
SHORT-TERM BORROWINGS

PARTICULARS	31st March, 2013	31st March, 2012
	₹Lacs	₹Lacs
Loans repayable on demand from Banks		
Secured		
Cash Credit Facility	9784.14	5565.08
Others	1500.00	2500.00
	11284.14	8065.08
Unsecured		
Term Loan	-	4100.00
	-	4100.00
TOTAL	11284.14	12165.08

7.1 Cash Credit Facility and Secured Working Capital 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 & Building and Plant & Machinery embedded to the earth at Roorkee.

NOTE 8
TRADE PAYABLES

PARTICULARS	31st March, 2013	31st March, 2012
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		₹Lacs	₹Lacs
Acceptances and Buyers Credit		26624.39	23235.58
Others		7343.77	7691.58
TOTAL		33968.16	30927.16

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

PARTICULARS		31st March, 2013 ₹Lacs	31st March, 2012 ₹Lacs
Current maturities of long-term borrowings		1500.14	1999.92
Interest accrued but not due on borrowings		71.29	90.91
Unclaimed dividends		118.84	133.95
Advances from Customers		286.09	487.43
Other payables			
Dealer Deposits		278.37	277.92
Employees Benefit		940.62	935.65
Statutory Dues		1997.02	2372.75
Creditors for Capital items		38.22	12.99
Liability for expenses		1679.68	1689.36
Others		72.58	62.95
		5006.49	5351.62
TOTAL		6982.85	8063.83

NOTE 10

SHORT TERM PROVISIONS

PARTICULARS		31st March, 2013 ₹Lacs	31st March, 2012 ₹Lacs
For employees benefit		257.87	541.84
TOTAL		257.87	541.84

NOTE 11
FIXED ASSETS

										₹ Lacs
	DESCRIPTIONS	GROSS BLOCK				DEPRECIATION & AMORTISATION				NET BLOCK
		As at	Additions /	Deletions /	As at	Up to	For the	Deletions /	Upto	As at
		01.04.2012	Adjustment s	Adjustment s	31.03.2013	31.03.2012	year	Adjustments	31.03.2013	31.03.2013
	TANGIBLE ASSETS									
1	Leasehold land	760.22	-	-	760.22	119.61	9.67	-	129.28	630.94
		(760.22)	-	-	(760.22)	(109.94)	(9.67)	-	(119.61)	(640.61)
2	Freehold land	1776.68	-	-	1776.68	-	-	-	-	1776.68
		(1776.68)	-	-	(1776.68)	-	-	-	-	(1776.68)
3	Buildings	10337.30	-	-	10337.30	3090.11	331.99	-	3422.10	6915.20
		(10300.82)	(36.48)	-	(10337.30)	(2758.40)	(331.71)	-	(3090.11)	(7247.19)
4	Plant and Machinery and Electrical Fittings	22938.26	452.92	285.11	23106.07	17022.29	1143.09	284.25	17881.13	5224.94
		(26293.03)	(710.18)	(4064.95)	(22938.26)	(16481.62)	(1709.72)	(1169.05)	(17022.29)	(5915.97)
5	Furniture and Fixtures	747.85	-	0.54	747.31	586.77	16.72	0.52	602.97	144.34
		(728.59)	(66.49)	(47.23)	(747.85)	(574.50)	(23.77)	(11.50)	(586.77)	(161.08)
6	Office Equipments	478.20	34.48	8.17	504.51	257.56	18.85	7.82	268.59	235.92
		(444.14)	(41.06)	(7.00)	(478.20)	(240.93)	(18.01)	(1.38)	(257.56)	(220.64)

7	Motor Vehicles	409.20	11.40	42.02	378.58	203.14	24.65	40.02	187.77	190.81
		(334.64)	(77.58)	(3.02)	(409.20)	(183.07)	(22.56)	(2.49)	(203.14)	(206.06)
8	R & D - Building	157.08	-	-	157.08	90.50	5.24	-	95.74	61.34
		(157.08)	-	-	(157.08)	(85.25)	(5.25)	-	(90.50)	(66.58)
9	R & D - Plant and Machinery and Electrical Fittings	665.43	-	-	665.43	436.45	23.11	-	459.56	205.87
		(661.56)	(5.96)	(2.09)	(665.43)	(412.52)	(26.02)	(2.09)	(436.45)	(228.98)
10	R & D - Furniture and Fixture	87.76	-	0.15	87.61	70.06	1.63	0.14	71.55	16.06
		(88.79)	-	(1.03)	(87.76)	(69.43)	(1.66)	(1.03)	(70.06)	(17.70)
11	R & D - Office Equipment	40.25	-	-	40.25	26.84	1.68	-	28.52	11.73
		(40.25)	-	-	(40.25)	(25.16)	(1.68)	-	(26.84)	(13.41)
Total Tangible Assets		38398.23	498.80	335.99	38561.04	21903.33	1576.63	332.75	23147.21	15413.83
		(41585.80)	(937.75)	(4125.32)	(38398.23)	(20940.82)	(2150.05)	(1187.54)	(21903.33)	(16494.90)
INTANGIBLE ASSETS										
1	R & D Software	59.27	-	-	59.27	50.83	2.12	-	52.95	6.32
		(55.27)	(4.00)	-	(59.27)	(45.90)	(4.93)	-	(50.83)	(8.44)
Total Intangible Assets		59.27	-	-	59.27	50.83	2.12	-	52.95	6.32
		(55.27)	(4.00)	-	(59.27)	(45.90)	(4.93)	-	(50.83)	(8.44)

Total Assets	38457.50	498.80	335.99	38620.31	21954.16	1578.75	332.75	23200.16	15420.15
	(41641.07)	(941.75)	(4125.32)	(38457.50)	(20986.72)	(2154.98)	(1187.54)	(21954.16)	(16503.34)

Note : Figures in brackets are of previous year

NOTE 12**NON-CURRENT INVESTMENTS**

PARTICULARS	No. of Shares	31st March, 2013 ₹Lacs	31st March, 2012 ₹Lacs
Long Term-Trade Investments			
Equity Instruments (Unquoted and Fully Paid unless otherwise stated)			
In Subsidiary Company			
Akasaka Electronics Limited (Face value ₹10)	8148000 (PY.8148000)	2624.85	2624.85
In Others			
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
		-	-
TOTAL		2624.85	2624.85
12.1 Aggregate amount of Unquoted Investments			
Cost		2765.62	2765.62
Less: Provision for diminution in the value of Investments		140.77	140.77
		2624.85	2624.85

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

PARTICULARS	31st March, 2013 ₹Lacs	31st March, 2012 ₹Lacs
Unsecured - considered good unless otherwise stated		
Capital Advances	16.24	30.25
Security Deposits	3260.27	3362.20
Advance Income-tax (Net of Provisions)	121.91	121.91
Loans and advances to related parties		
Relatives of Directors	231.00	479.00

Entity in which Directors have significant influence	125.00	125.00
Other Loans and Advances	356.00	604.00
Prepaid Expenses	3.75	17.37
TOTAL	3758.17	4135.73

NOTE 14

OTHER NON-CURRENT ASSETS

PARTICULARS	31st March, 2013 ₹Lacs	31st March, 2012 ₹Lacs
Margin Money with Banks With more than 12 months maturity	45.02	33.60
TOTAL	45.02	33.60

NOTE 15

CURRENT INVESTMENTS

PARTICULARS	No. of Shares	31st March, 2013 ₹Lacs	31st March, 2012 ₹Lacs
Non - Trade Investments In Equity Instruments Menon Pistons Limited (Quoted) (Face Value ₹10)	27804 (PY.27804)	19.46	19.46
Less: Provision for diminution in the value of Investment		2.78	-
TOTAL		16.68	19.46
15.1 Aggregate amount of Quoted Investments			
Book Value		19.46	19.46
Market Value		16.68	28.64

NOTE 16

INVENTORIES

PARTICULARS	31st March, 2013 ₹Lacs	31st March, 2012 ₹Lacs
Raw Materials (including Packing Materials and Service Spares)	6550.27	6794.23
Stock in Transit	970.46	1369.91

	7520.73	8164.14
Stores and Spares	291.45	304.16
Work-in-Progress	1613.44	2078.90
Finished Goods	3440.60	4200.85
Stock-in-Trade	9793.73	14483.23
Stock in Transit	2446.29	1128.44
	12240.02	15611.67
TOTAL	25106.24	30359.72

NOTE 17

TRADE RECEIVABLES

PARTICULARS	31st March, 2013 ₹Lacs	31st March, 2012 ₹Lacs
Over six months due		
Unsecured - considered good	563.91	138.99
- considered doubtful	688.53	631.77
	1252.44	770.76
Less : Provision for Doubtful Debts	688.53	631.77
	563.91	138.99
Others - considered good		
Secured	88.16	197.99
Unsecured	12602.41	12413.18
	12690.57	12611.17
TOTAL	13254.48	12750.16

NOTE 18

CASH, CASH EQUIVALENTS AND BANK BALANCES

PARTICULARS	31st March, 2013 ₹Lacs	31st March, 2012 ₹Lacs
Cash and Cash Equivalents		
Cash in hand	12.26	9.28
Bank Balances in Current Account	289.26	378.99
Cheques, drafts on hand	19.60	294.16
Bank Remittances in Transit	2481.04	2034.81
	2802.16	2717.24
Other Bank Balances		
Margin Money		

With less than 12 months maturity	152.00		-	
Unclaimed Dividend Accounts	118.84	270.84	133.95	133.95
TOTAL		3073.00		2851.19

NOTE 19
SHORT TERM LOANS AND
ADVANCES

PARTICULARS	31st March, 2013	31st March, 2012
	₹Lacs	₹Lacs
Unsecured & Considered Good		
Advance Income-tax (Net of Provisions)	287.39	121.50
Balance with Excise and Customs	131.96	116.96
Other Receivables	372.52	364.03
Prepaid Expenses	156.24	96.17
Others	2584.39	3325.26
TOTAL	3532.50	4023.92

NOTE 20
OTHER CURRENT ASSETS

PARTICULARS	31st March, 2013	31st March, 2012
	₹Lacs	₹Lacs
Insurance claims receivable	4995.50	4411.60
Interest receivable	5.95	1.47
TOTAL	5001.45	4413.07

NOTE 21
OTHER OPERATING INCOME

PARTICULARS	2012-13	2011-12
	₹Lacs	₹Lacs
Sale of Scrap	80.25	61.92
Export Incentives	83.82	57.95
Others	24.26	42.80
TOTAL	188.33	162.67

NOTE 22**OTHER INCOME**

PARTICULARS	2012-13 ₹Lacs	2011-12 ₹Lacs
Dividend Income	0.97	12.06
Interest Income	53.05	112.90
Profit on sale of Assets	3.18	-
Profit on sale of Investment	-	5.39
Interest on Income Tax Refund	15.90	107.91
Conducting Fees	18.00	17.00
Credit balances written back	109.82	-
TOTAL	200.92	255.26

NOTE 23**COST OF MATERIALS CONSUMED**

PARTICULARS	2012-13 ₹Lacs	2011-12 ₹Lacs
Colour Picture Tube and LCD / LED panels	8759.11	17983.95
Components and Parts for Display Devices	25040.03	25037.95
Components and Parts for Air Conditioners	503.21	1901.68
Components and Parts for Washing Machine	3767.72	5674.62
Others	9333.24	13309.54
TOTAL	47403.31	63907.74

NOTE 24**PURCHASES OF STOCK-IN-TRADE**

PARTICULARS	2012-13 ₹Lacs	2011-12 ₹Lacs
Display Devices	14945.51	14588.29
Washing Machines	6568.50	4160.50
Air Conditioners	21360.58	26253.90
DVD	1842.17	3811.88
Microwave Ovens	2667.46	3811.94

Mobiles	3661.27	9018.58
Others	2689.24	3664.92
TOTAL	53734.73	65310.01

NOTE 25

**CHANGES IN INVENTORIES OF FINISHED GOODS
WORK-IN-PROGRESS AND STOCK-IN-TRADE**

PARTICULARS	2012-13 ₹Lacs	2011-12 ₹Lacs
Opening Stock (including in transit)		
Finished Goods	4200.85	6629.79
Work in Progress	2078.90	2272.75
Stock in Trade	15611.67	15792.19
Less:	21891.42	24694.73
Closing Stock (including in transit)		
Finished Goods	3440.60	4200.85
Work in Progress	1613.44	2078.90
Stock in Trade	12240.02	15611.67
	17294.06	21891.42
TOTAL	4597.36	2803.31

NOTE 26

EMPLOYEES BENEFIT EXPENSES

PARTICULARS	2012-13 ₹Lacs	2011-12 ₹Lacs
Salaries, Wages and Bonus	6528.95	7820.95
Contribution to Provident Fund and Other Funds	340.58	342.81
Staff Welfare Expenses	853.68	1062.62
TOTAL	7723.21	9226.38

NOTE 27

FINANCE COST

PARTICULARS	2012-13 ₹Lacs	2011-12 ₹Lacs
Interest Expense	2261.97	2730.75

Other Borrowing costs	485.94	388.50
Exchange difference on foreign currency	1123.74	467.08
TOTAL	3871.65	3586.33

NOTE 28

OTHER EXPENSES

PARTICULARS	2012-13	2011-12
	₹Lacs	₹Lacs
Power and Fuel	703.57	1066.91
Rent	949.23	966.21
Rates and Taxes	363.64	338.13
Repairs to:		
- Plant and Machinery	196.90	232.46
- Building	9.12	65.92
- Others	493.29	545.86
	699.31	844.24
Insurance Charges	227.14	170.81
Freight and Forwarding Expenses	4073.51	6101.03
Advertisement	3094.93	5601.66
Sales Commission	2.82	8.69
Service Charges	2273.05	2938.86
Travelling and Conveyance	778.62	1131.77
Loss on Sale of Assets	-	0.08
Bad debts written off	0.16	37.98
Less : Provision for Doubtful Debts written back	0.16	37.98
	-	-
Provision for Doubtful Debts	56.91	31.53
Provision for Diminution in the value of investments	2.78	-
Research and Development Expenses	557.32	867.22
Bank Charges	10.02	6.56
Adjustment of Excise Duty on stock	(61.30)	(145.84)
Exchange Difference on foreign currency	25.21	(3.21)
Miscellaneous Expenses	1451.70	1929.98
TOTAL	15208.46	21854.63

NOTES FORMING PART OF THE ACCOUNTS

- 29) a. Exceptional item of previous year represents expected loss of ₹501.22 lacs on account of major fire on 8th February, 2012 at one of the Company's factory located at Roorkee Uttarkhand
- b. In respect of the said fire incident the Company has made claim from insurance company and the amount (net of provision) of ₹4995.50 lacs for the loss made in the earlier year is carried as Insurance claim receivable under other current assets in the Balance Sheet. An adhoc amount of ₹1500 lacs has been received subsequent to the Balance Sheet date against the said receivables and the Management is confident of balance recovery.
- 30) The Company have normal operating cycle of less than twelve months, hence a period of twelve months has been considered for bifurcation of Assets and Liabilities into Current and Non-Current as required by Revised Schedule VI of the Companies Act, 1956 for preparation of the financial statements.
- 31) During the year net debit in respect of foreign exchange fluctuation is ₹639.88 Lacs (previous year debit of ₹576.28 Lacs). Out of this credit of ₹531.31 Lacs (previous year debit of ₹102.33 Lacs) is in respect of raw material purchases, debit of ₹44.86 Lacs (previous year debit of ₹6.87 Lacs) is in respect of export of goods (included in miscellaneous expenses), and debit of ₹1126.33 Lacs (previous year debit of ₹467.08 Lacs) is in respect of premium on forward contracts included in finance cost.
- 32) **Contingent Liabilities and Commitments :**

				₹Lacs
Particulars		31st March 2013	31st March 2012	
Contingent Liabilities				
a) Guarantees given to Bank against which ₹Nil (previous year ₹Nil) has been deposited as margin money		1453.35		1565.22
b) Guarantees given to bank on behalf of subsidiary company - Akasaka Electronics Limited		2132.00		2132.00
c) Income tax demands in respect of which appeals have been filed		188.45		77.69
d) Excise Duty, Service Tax and Custom Duty in respect of which appeals have been filed (Refer note below)		2708.80		31136.40
e) Claims made against the Company not acknowledged as debts		6661.85		3681.12
Commitments				
Estimated amount of contracts remaining to be		21.17		100.34

executed on capital account not provided for (net of advances)		
--	--	--

Note : In the earlier year, the Company has received a demand of Service Tax of ₹29777.33 lacs from the Commissioner of Central Excise. As per the management, the demand is not tenable and the Company has received favourable order from CESTAT for stay of the said demand.

33) **Employee Defined Benefits :**

a) **Defined contribution plans**

The Company has recognised an expense of ₹241.47 Lacs (previous year ₹291.59 Lacs) 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	2012-13		2011-12	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Discount rate	8.25%	8.25%	8.75%	8.75%
Rate of Return on Plan Assets	8.25%	N.A.	8.75%	N.A.
Salary Escalation	5.00%	5.00%	5.00%	5.00%

d) **Reconciliation of Benefit Obligation :**

₹L

acs

Particulars	2012-13		2011-12	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Liability at the beginning of the year	853.00	269.20	793.19	220.39
Interest cost	74.64	23.56	65.44	18.18
Current Service Cost	58.74	12.85	68.29	21.70
Benefit Paid	(56.95)	(42.48)	(51.87)	(86.96)
Actuarial (Gain) / Loss on Obligations	8.35	8.06	(22.05)	95.89
Liability at the end of the year	937.78	271.19	853.00	269.20
Fair Value of Plan Assets at the end of the year	798.14	-	784.36	-
Liability at the end of the year recognised and disclosed under the head "Provisions for Employees Benefit"				
- Long term provision	-	212.81	-	215.12
- Short term provision	139.64	58.38	68.64	54.08

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

₹Lacs

Particulars	Gratuity	
	2012-13	2011-12
Fair Value of Plan Assets at the beginning of the year	784.36	715.69
Expected Return on Plan Assets	68.63	59.04
Contributions	0.16	56.46
Benefit Paid	(56.95)	(51.88)
Actuarial Gain / (Loss) on Asset	1.94	5.04
Fair Value of Plan Assets at the end of the year	798.14	784.36

f) **Return on Plan Assets:**

₹Lacs

Particulars	Gratuity	
	2012-13	2011-12

Expected Return on Plan Assets	68.63	59.04
Actuarial Gain / (Loss) on Plan Assets	1.94	5.04
Actual Return on Plan Assets	70.57	64.08

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

Particulars	2012-13		2011-12	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Current Service Cost	58.74	12.85	68.29	21.70
Interest Cost	74.64	23.56	65.44	18.18
Expected Return on Plan Assets	(68.63)	N.A.	(59.04)	N.A.
Net Actuarial (Gain) / Loss recognised	6.41	8.06	(27.09)	95.89
Expenses recognised in Profit and Loss Statement	71.16	44.47	47.60	135.77

- 34) In view of non-availability of profits for the current year, remuneration paid to the managerial personnel is in excess of the limit prescribed under Schedule XIII of the Companies Act, 1956, by ₹65.07 lacs. The said amount is subject to approval from Central Government and therefore the amount paid is held in trust by the concerned managerial personnel.

35) **Imported and Indigenous Material Consumed :**

Sr. No.	Particulars	2012-13		2011-12	
			%		%
a)	Imported	30349.28	64	43977.77	69
b)	Indigenous	17054.03	36	19929.97	31
	Total	47403.31	100	63907.74	100

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

Sr. No.	Particulars	2012-13		2011-12	
a)	Raw Materials (Incl. In-Transit)	34651.26		41822.45	
b)	Finished Goods - Stock in Trade (Incl. In-Transit)	32285.90		45012.91	
b)	Capital Goods	765.41		563.97	

37) **Details of earnings in Foreign Currency :**

Particulars	2012-13		2011-12	

Exports (at FOB Value)	1716.14	1207.32
------------------------	---------	---------

38) **Details of expenditure in Foreign Currency :**

₹Lacs			
Sr. No.	Particulars	2012-13	2011-12
a)	Royalty	6.72	10.03
b)	Finance cost	456.37	182.11
c)	Personnel expenses	252.26	255.58
d)	Freight and Forwarding	33.93	18.31
e)	Travelling and conveyance	42.06	78.44
f)	Others	337.97	294.00
	Total	1129.31	838.47

- 39) In the earlier year, Mobile Communication Device was treated as a separate segment and accordingly disclosure required under (AS) -17 on Segment Reporting was made in the Consolidated Financial Statements. Based on the composition of sales Mobile Communication Device is no longer considered as a separate reportable segment and hence the Company is left with only one reportable segment ie. Consumer Durable products. Further, there is no separately identifiable geographical segment and hence no reporting is made for segment.

40) **Disclosure of Foreign Currency exposure :**

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.

In Lacs			
Sr.No.	Particulars	Currency	Amount in foreign currency
a)	Amount payable on account of import of goods	USD	281.97
	(Previous year)	USD	(364.38)
			Amount in Indian Rupees (in lacs)
			15414.81
			(18762.04)

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

In Lacs				
Sr.No.	Particulars	Currency	Amount in foreign currency	Amount in Indian Rupees
a)	Amount payable on account of import of goods	USD	239.72	13012.94
		EUR	**	(0.14)
		SGD	0.13	5.47
		JPY	54.24	31.29
	(Previous year)	USD	(120.13)	(6111.83)

		JPY	(354.55)	(219.68)
b)	Amount receivable on export of goods	USD	5.41	293.58
	(Previous year)	USD	(3.81)	(193.89)

** Denotes having values less than 500

41) **Computation for Earnings Per Share (EPS) is as under :**

Particulars	2012-13	2011-12
Profit/(Loss) after Tax (₹ In lacs)	(2863.71)	(3893.97)
Net Profit/(Loss) after tax attributable to Equity shareholders (₹ In lacs)	(2863.71)	(3893.97)
Weighted average number of Equity Shares outstanding	14175167 8	14175 1678
Basic / Diluted Earnings Per Share (₹)	(2.02)	(2.75)

- 42) Research and development expenses consist of personnel expenses and other expenses of ₹437.90 Lacs (previous year ₹571.99 Lacs), and ₹119.41 Lacs (previous year ₹295.23 Lacs) respectively. Depreciation on Research and Development assets is ₹33.79 Lacs (previous year ₹39.53 Lacs) shown under Fixed Assets.

43) **Miscellaneous Expenses charged to Profit and Loss Statement includes Remuneration to Auditors :**

Particulars	2012-13	2011-12
Auditors	22.50	21.00
For Taxation matters	4.00	4.00
For Company Law matters	0.25	0.25
For other Services	0.78	0.81
For reimbursement of expenses	0.41	0.25
TOTAL	27.94	26.31

- 44) a) Balances of Trade Receivables, Loans and Advances and Deposits are subject to confirmation and reconciliation.
b) There is no amount due and Outstanding, as at 31st March, 2013 to be credited to Investor Education and Protection Fund.

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

a) Ordinary course of business

₹ 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)
Transactions during 1.4.2012 to 31.03.2013				
Purchase of goods, services, spares and fixed assets				
Akasaka Electronics Limited	391.70	-	-	-
	(777.32)	-	-	-
Iwai Electronics Pvt.Limited	-	-	-	1425.52
	-	-	-	(2256.00)
Adino Telecom Limited	-	-	-	0.54

	-	-	-	(0.15)
Sale of goods, fixed assets, spares and services				
Akasaka Electronics Limited	0.25	-	-	-
	(1.17)	-	-	-
Iwai Electronics Pvt. Limited	-	-	-	21.48
	-	-	-	(19.69)
Adino Telecom Limited	-	-	-	3.21
	-	-	-	(3.26)
Inter Corporate Deposits / Loan repaid				
Gita Mirchandani	-	-	50.00	-
	-	-	(425.00)	-
Ayesha Mansukhani			198.00	
			(65.00)	
Interest due & received on Inter Corporate Deposits / loans / advances				
Adino Telecom Limited	-	-	-	18.75
	-	-	-	(18.75)
Ayesha Mansukhani	-	-	14.32	-
	-	-	(35.37)	-
Gita Mirchandani	-	-	11.39	-
	-	-	(39.51)	-
Rent paid				
G.L.Mirchandani	-	4.03	-	-
	-	(4.03)	-	-
Gita Mirchandani	-	-	27.74	-
	-	-	(27.74)	-
Marissa Mansukhani		-	8.18	

	-			-
	-	-	(8.18)	-
Akshay Mansukhani	-	-	0.89	-
	-	-	(0.89)	-
Ayesha Mansukhani	-	-	0.89	-
	-	-	(0.89)	-
G.L.Mirchandani (HUF)	-	-	13.66	-
	-	-	(13.66)	-
V.J.Mansukhani (HUF)	-	-	2.59	-
	-	-	(2.59)	-
Gulita Wealth Advisors Pvt. Ltd.	-	-	-	30.00
	-	-	-	(30.00)
Rent received				
Adino Telecom Limited	-	-	-	1.25
	-	-	-	(7.38)
Payment of Rent Deposit				
Gita Mirchandani	-	-	-	-
	-	-	(8.18)	-
Marissa Mansukhani	-	-	-	-
	-	-	(4.09)	-
G.L. Mirchandani (HUF)	-	-	-	-
	-	-	(4.09)	-
Remuneration				
G.L. Mirchandani	-	144.19	-	-
	-	(144.19)	-	-
V.J.Mansukhani (*)	-	126.03	-	-
	-	(126.03)	-	-
Kaval Mirchandani	-	-	45.00	-

	-	-	(45.00)	-
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(*) Subject to Central Government approval

Closing Balance as at 31.03.2013

₹ in Lacs

Particulars	Subsidiaries	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)
Receivable				
G.L.Mirchandani				
Rent Deposit	-	119.82	-	-
	-	(119.82)	-	-
Gita Mirchandani				
Rent Deposit	-	-	631.40	-
	-	-	(631.40)	-
Loan given	-	-	101.00	-
	-	-	(151.00)	-
	-	-	732.40	-
	-	-	(782.40)	-
Marissa Mansukhani				
Rent Deposit	-	-	8.18	-
	-	-	(8.18)	-
Akshay Mansukhani				
Rent Deposit	-	-	0.89	-
	-	-	(0.89)	-
Ayesha Mansukhani				
Rent Deposit	-	-	0.89	-

Loan given	-	-	(0.89)	-
	-	-	130.00	-
	-	-	(328.00)	-
	-	-	130.89	-
	-	-	(328.89)	-
G.L.Mirchandani (HUF)				
Rent Deposit	-	-	349.70	-
	-	-	(349.70)	-
V.J.Mansukhani (HUF)				
Rent Deposit	-	-	2.59	-
	-	-	(2.59)	-
Gulita Wealth Advisors Pvt Ltd.				
Rent Deposit	-	-	-	1000.00
	-	-	-	(1000.00)
Adino Telecom Limited				
Debtors	-	-	-	7.06
				(6.46)
Inter corporate deposit given	-	-	-	125.00
	-	-	-	(125.00)
	-	-	-	132.06
	-	-	-	(131.46)
Payable				
Akasaka Electronics Limited				
Creditors payable	19.85	-	-	-
	(56.41)	-	-	-
	19.85	-	-	-
	(56.41)	-	-	-

Iwai Electronics Pvt. Ltd.			-	-
Creditors payable	-	-	-	62.70
	-	-	-	(169.85)

Note :Figures in brackets are of previous year

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

Signatures to Notes '1' to '46' forming part of the Balance Sheet and Profit and Loss Statement

As per our Report of even date attached

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

For and on behalf of the
Board of Directors

J.M.GANDHI
Partner
Membership No.37924

PREDEEP K. GUPTA
Chief Financial Officer

G.L.MIRCHANDANI
Chairman and Managing Director

Mumbai - May
14, 2013

ANOOP PILLAI
Company Secretary and Head - Corporate Affairs

V.J. MANSUKHANI
Managing Director

INDEPENDENT AUDITOR'S REPORTS

TO THE BOARD OF DIRECTORS OF MIRC ELECTRONICS LIMITED

1. We have audited the accompanying consolidated financial statements of **MIRC ELECTRONICS LIMITED ('the Company')** and its subsidiary, which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Profit and Loss Statement and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Consolidated Financial Statements

Management of the Company is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

The Consolidated Financial Statements have been prepared by the Company's management in accordance with the requirements of the Accounting Standard (AS) 21 "Consolidated Financial Statements" as notified under the Companies (Accounting Standards) Rules, 2006.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

4. Emphasis of Matters

- iii) We draw attention to Note no. 27 of the Financial Statements with regards to the claim receivable from the Insurance Company and outstanding of ₹ 4995.50 lacs as on the balance sheet date. The Management of the Company is confident of recovery of the full amount and therefore no further provision has been made. Our opinion is not qualified in respect of this matter.
- iv) We also draw the attention to Note no. 31 of the financial statements relating to excess managerial remuneration of ₹ 65.07 lacs charged to the profit and loss statement of the current year, which is subject to the approval of the Central Government. Our opinion is not qualified in respect of this matter.

5. Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on the financial statements of the subsidiary as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- ii) in the case of the consolidated Profit and Loss Statement, of the loss for the year ended on that date; and
- iii) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

6. Other Matter

We did not audit the financial statements of the subsidiary Company, whose financial statements reflect total assets (net) of ₹ 1841.26 lacs as at March 31, 2013, total revenues of ₹ 1756.94 lacs and net cash inflow of ₹ 73.46 lacs for the year ended on that date. These financial statements have been audited by other auditors whose report have 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 the report of the other auditors. Our opinion is not qualified in respect of this matter.

For N. M. RAIJI & CO.

Chartered Accountants

Firm Registration No.: 108296W

J. M. GANDHI

Partner

Membership No.: 37924

Place: Mumbai

Date: May 14, 2013

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2013

PARTICULARS	Note No.	31st March, 2013	31st March, 2012
		₹Lacs	₹Lacs
I. EQUITY AND LIABILITIES			
Shareholders Funds			
Share capital	2	1419.38	1419.38
Reserves and Surplus	3	<u>17684.39</u>	<u>20768.84</u>
		19103.77	22188.22
Minority Interest		2.04	2.34
Non-current Liabilities			
Long-term borrowings	4	-	1500.14
Deferred tax liabilities (Net)	5	-	1544.79
Long-term provisions	6	<u>227.11</u>	<u>228.91</u>
		227.11	3273.84
Current Liabilities			
Short-term borrowings	7	11707.03	12364.95
Trade Payables	8	33969.67	31160.54
Other current liabilities	9	7119.40	8212.79
Short-term provisions	10	<u>259.50</u>	<u>543.46</u>
		53055.60	52281.74
TOTAL		<u>72388.52</u>	<u>77746.14</u>
II. ASSETS			
Non-current Assets			
Fixed assets			
Tangible assets	11	15923.02	17085.49
Intangible assets	11	6.32	8.44
Capital work-in-progress		<u>1413.71</u>	<u>272.80</u>
		17343.05	17366.73
Non-current investments	12	-	-
Long-term loans and advances	13	3838.10	4210.79
Other non-current assets	14	45.02	33.60
Current Assets			
Current investments	15	16.68	19.46
Inventories	16	25537.36	31191.51
Trade Receivables	17	13596.19	13237.32
Cash, cash equivalents and bank balances	18	3347.34	3052.07
Short-term loans and advances	19	3642.89	4209.01
Other current assets	20	5021.89	4425.65
TOTAL		<u>72388.52</u>	<u>77746.14</u>

Significant Accounting Policies

1

The Note numbers 1 to 38 form integrated part of the Financial Statements

As per our Report of even date attached

For N.M. RAIJI & CO.

Chartered Accountants

Firm Regn. No. 108296W

For and on behalf of the
BOARD OF DIRECTORS

J.M.GANDHI

Partner

Membership No.37924

PREDEEP K. GUPTA

Chief Financial Officer

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

Mumbai, May 14, 2013

ANOOP PILLAI

Company Secretary and
Head - Corporate Affairs

V.J.MANSUKHANI
Managing Director

**CONSOLIDATED PROFIT AND LOSS STATEMENT FOR YEAR ENDED MARCH 31,
2013**

PARTICULARS	Note No.	2012-13	2011-12
		₹Lacs	₹Lacs
I. Revenue from Operations			
Sales of products		137819.88	175993.31
Other Operating Income	21	252.31	299.42
		138072.19	176292.73
Less: Excise Duty		7508.92	8922.97
Total Revenue from Operations		130563.27	167369.76
II. Other Income	22	231.65	285.34
TOTAL REVENUE		130794.92	167655.10
III. EXPENSES			
Cost of materials consumed		47975.57	65157.03
Purchases of Stock-in-Trade		53734.73	65310.01
Changes in inventories of Finished goods,	23	4650.62	2839.53
Work-in-progress and Stock-in-Trade			
Employee benefits expense	24	8090.48	9624.06
Finance Cost	25	3891.22	3618.10
Depreciation and amortization expense	11	1728.21	2302.92
Other Expenses	26	15666.98	22438.97
TOTAL EXPENSES		135737.81	171290.62
IV. PROFIT / (LOSS) BEFORE EXCEPTIONAL ITEMS AND TAX		(4942.89)	(3635.52)
V. EXCEPTIONAL ITEMS	27	-	501.22
VI. PROFIT / (LOSS) BEFORE TAX		(4942.89)	(4136.74)
VII. Tax Expenses			
Current Tax		-	3.07
Income Tax of earlier years		(279.04)	-
Deferred Tax	5	(1544.79)	(267.43)
PROFIT / (LOSS) FOR THE YEAR		(3119.06)	(3872.38)
Adjustment for Minority Interest		(0.30)	0.02
VI. PROFIT / (LOSS) AFTER TAX		(3118.76)	(3872.40)

AND MINORITY			
INTEREST CARRIED TO			
BALANCE SHEET			
Earnings per Equity Shares (Face Value of Re. 1 each)			
Basic and Diluted (₹)	30	(2.20)	(2.73)
Significant Accounting Policies			
1			
The Note numbers 1 to 38 form integrated part of the Financial Statements			
As per our Report of even date attached		For and on behalf of the	
For N.M. RAIJI & CO.		BOARD OF DIRECTORS	
Chartered Accountants Firm Regn. No. 108296W			
J.M.GANDHI	PREDEEP K. GUPTA	G.L. MIRCHANDANI	
Partner	Chief Financial Officer	Chairman and Managing Director	
Membership No.37924			
	ANOOP PILLAI	V.J.MANSUKHANI	
Mumbai, May 14, 2013	Company Secretary and Head - Corporate Affairs	Managing Director	

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, 2013
- 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 2013
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.

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 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.

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.

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 Borrowing cost

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

1.14 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.

1.15 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.

1.16 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".

**Consolidated Cash Flow Statement for the year
ended March 31, 2013**

(₹ in Lacs)

	Particulars	2012-13	2011-12
A. CASH FLOW FROM OPERATING ACTIVITIES	CASH FLOW FROM OPERATING ACTIVITIES :		
	Net Profit/(loss) Before Tax as per Profit and Loss Statement	(4942.89)	(4136.74)
	Adjustments for :		
	Depreciation and Amortisation	1728.21	2302.92
	Unrealised Foreign Exchange Fluctuations	(364.57)	(417.71)
	Borrowing Cost	3891.22	3552.16
	Interest Income	(83.63)	(250.89)
	Dividend Income	(0.97)	(12.06)
	(Profit) / Loss on Sale of Fixed Assets (Net)	(3.18)	0.08
	(Profit) / Loss on Sale of Investments (Net)	-	(5.39)
	Provision for Diminution of Investments	2.78	-
	Exceptional Item - Provision for loss of Fixed Assets due to fire		300.00
		5169.86	5469.11
	Operating Profit before Working Capital changes	226.97	1332.37
	Changes in Working Capital :		
	(Increase)/Decrease in Trade and Other receivables	(315.63)	3185.04
	Decrease in Inventories	5654.15	3986.86
	Increase/(Decrease) in Trade and Other Payables	2624.52	(5668.79)
		7963.04	1503.11
	Cash Generated from Operations	8190.01	2835.48
	Direct Taxes Paid (Net of Refunds)	(172.60)	(137.08)

NET CASH GENERATED FROM OPERATING ACTIVITIES.....(A)	8017.41	2698.40
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets and additions in CWIP	(1686.41)	(1226.17)
Purchase of Investments	-	(5700.08)
Proceeds from Sale of Fixed Assets	6.42	1.07
Proceeds from Sale of Investments	-	5715.46
Loans and Advances received	248.00	490.00
Interest Income	71.29	250.89
Dividend Income	0.97	12.06
NET CASH USED IN INVESTING ACTIVITIES.....(B)	(1359.73)	(456.77)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Repayment of Borrowings	(2657.84)	(1499.94)
Addition to Borrowings	-	1757.83
Payment of Borrowing Cost	(3910.84)	(3518.35)
Dividends Paid (including Dividend Tax)	-	(1632.44)
NET CASH USED IN FINANCING ACTIVITIES.....(C)	(6568.68)	(4892.90)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	89.00	(2651.27)
Cash & Cash Equivalents at the beginning of the year	2724.46	5375.73
Cash & Cash Equivalents at the end of the year	2813.46	2724.46
Cash & Cash Equivalents		

comprises of :		
Cash in hand	19.97	13.06
Bank Balances in Current Account	292.85	382.43
Cheques, drafts on hand	19.60	294.16
Bank Remittances in Transit	2481.04	2034.81
Total	2813.46	2724.46

Note 1 : Cash flow statement has been prepared under the Indirect method as set-out in Accounting Standard-3, notified under the Companies (Accounting Standards) Rules, 2006

Note 2 : Figures of the Previous Year has been regrouped/reclassified, wherever considered necessary.

As per our report attached

For N.M. RAIJI & CO.

Chartered Accountants

Firm Regn. No. 108296W

J.M.GANDHI

Partner

Membership No.37924

Mumbai, May 14, 2013

PREDEEP K. GUPTA

Chief Financial Officer

**ANOOP
PILLAI**

Company Secretary and Head -
Corporate Affairs

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

**G.L.MIRCHA
NDANI**
Chairman &
Managing
Director

**V. J.
MANSUKHAN
I**
Managing
Director

Notes forming Part of the Consolidated Accounts

NOTE 2

SHARE CAPITAL

PARTICULARS	31st March, 2013	31st March, 2013	31st March, 2012
	ADJUSTME NT	₹Lacs	₹Lacs
Authorised : 16,80,20,000 Equity Shares of Re.1 each (Previous year 16,80,20,000 Equity Shares of Re.1 each)		1680.20	1680.20
20,00,000 5% Cumulative Redeemable Preference Shares of ₹100 each (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 (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 (Previous year 10,00,000 11% Non-Cumulative Redeemable Preference Shares of ₹100 each)		1000.00	1000.00
		4690.20	4690.20
Issued, Subscribed and Paid Up : 14,17,51,678 Equity Shares of Re.1 each fully paid up (Previous year 14,17,51,678 Equity Shares of Re.1 each fully paid up)		1417.52	1417.52
Add : 2,48,000 Forfeited Equity Shares of Re.1 each partly paid up (Previous year 2,48,000 Forfeited Equity Shares of Re.1 each partly paid up)		1.86	1.86
		1419.38	1419.38

TOTAL		1419.38	1419.38
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**ADDITIONAL
INFORMATIONS :**

**2.1 Reconciliation of Equity
Shares outstanding**

PARTICULARS	31st March, 2013	31st March, 2013	31st March, 2012
Fully paid			
At the beginning of the year		141751678	141751678
At the end of the year		141751678	141751678
Partly paid			
At the beginning of the year		248000	248000
At the end of the year		248000	248000

2.2 Rights, Preferences and Restrictions attached to Equity Shares

The Company has one class of equity shares having a par value of Re 1 per share. Each shareholder is entitled to one vote per equity share. The shareholders are entitled to dividend declared on proportionate basis. On liquidation of the Company, the equity shareholders are eligible to receive remaining assets of the Company after distribution of all preferential amounts in proportion to their shareholding.

2.3 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.

2.4 Details of Shareholders holding more than 5 % of the issued shares ;

Name of the Shareholder	31st March, 2013	31st March, 2013		31st March, 2012	
	As a % of Total Shares	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 (Beneficial owner Mr. Vijay J. Mansukhani)		25688283	18.12	25688283	18.12
Mr. Kaval G. Mirchandani		12516829	8.83	12516829	8.83
Mr. Sasha G. Mirchandani		12478750	8.80	12478750	8.80

NOTE 3**RESERVES AND SURPLUS**

PARTICULARS	31st March, 2013 ADJUSTM ENT	31st March, 2013 ₹Lacs	31st March, 2012 ₹Lacs
Capital Reserve		7.07	7.07
Capital Redemption Reserve		1990.74	1990.74
Capital Reserve on Amalgamation		207.55	207.55
Capital Reserve on Consolidation		340.97	340.97
Securities Premium Account		1.39	1.39
General Reserve		8896.85	8896.85
Surplus in Profit and Loss Statement			
Opening Balance		9324.26	13196.67
Add : Profit / (Loss) for the year		(3118.76)	(3872.40)
Adjustment for prior years		34.32	-
Closing Balance		6239.82	9324.27
TOTAL		17684.39	20768.84

NOTE 4**LONG-TERM BORROWINGS**

PARTICULARS	31st March, 2013 ADJUSTM ENT	31st March, 2013 ₹Lacs	31st March, 2012 ₹Lacs
Secured			
Term Loan from Banks		1500.14	3500.06
Less : Disclosed under Other Current Liabilities			
- Current maturities of Long Term borrowings		1500.14	1999.92

TOTAL	-	1500.14

Security	As at 31st March 2013 ₹ Lacs	Repayment terms
Secured by 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 & Building and Plant & Machinery embedded to the earth in Roorkee.	1500.14	Monthly in equal installments payable over a period of three years

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 :

PARTICULARS	31st March, 2013 ADJUSTMENT	31st March, 2013 ₹Lacs	31st March, 2012 ₹Lacs
Deferred Tax Liabilities			
Related to Fixed Assets		2056.15	1980.46
Related to Others		8.67	-
Total (A)		2064.82	1980.46
Less : Deferred Tax Assets			
Disallowed expenses as per Section 43B of Income Tax Act-1961		194.66	230.69
Provision for Doubtful Debts		234.03	204.98
Carry forward of Income Tax Loss and Unabsorbed Depreciation		1636.13	-
Total (B)		2064.82	435.67
Net Liability (A) - (B)		-	1544.79

Note: Deferred Tax Asset on carry forward Income Tax loss and unabsorbed depreciation is created to the extent of Deferred Tax Liability.

NOTE 6

LONG TERM PROVISIONS

PARTICULARS	31st March, 2013	31st March, 2013	31st March, 2012
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	ADJUSTME NT	₹Lacs	₹Lacs
For employees benefit		227.11	228.91
TOTAL		227.11	228.91

NOTE 7
SHORT-TERM
BORROWINGS

PARTICULARS	31st March, 2013 ADJUSTME NT	31st March, 2013 ₹Lacs	31st March, 2012 ₹Lacs
Loans repayable on demand from Banks			
Secured			
Cash Credit Facility		9868.81	5764.95
Others		1838.22	2500.00
		11707.03	8264.95
Unsecured			
Term Loan		-	4100.00
		-	4100.00
TOTAL		11707.03	12364.95

7.1 Cash Credit Facility and Secured Working Capital 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 & Building and Plant & Machinery embedded to the earth at Roorkee.

NOTE 8
TRADE PAYABLES

PARTICULARS	31st March, 2013 ADJUSTME NT	31st March, 2013 ₹Lacs	31st March, 2012 ₹Lacs
Acceptances and Buyers Credit		26624.39	23235.58
Others		7345.28	7924.96
TOTAL		33969.67	31160.54

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

PARTICULARS	31st March, 2013 ADJUSTME NT	31st March, 2013	31st March, 2012
		₹Lacs	₹Lacs
Current maturities of long-term borrowings		1500.14	1999.92
Interest accrued but not due on borrowings		71.29	90.91
Unclaimed dividends		118.84	133.95
Advances from Customers		286.09	487.43
Other payables			
Dealer Deposits		278.37	277.92
Employees Benefit		970.74	994.22
Statutory Dues		2024.54	2401.48
Creditors for Capital items		38.22	37.16
Laibility for expenses		1679.68	1689.36
Others		151.49	100.44
		5143.04	5500.58
TOTAL		7119.40	8212.79

NOTE 10
SHORT TERM PROVISIONS

PARTICULARS	31st March, 2013 ADJUSTME NT	31st March, 2013	31st March, 2012
		₹Lacs	₹Lacs
For employees benefit		259.50	543.46
TOTAL		259.50	543.46

NOTE 12
NON-CURRENT
INVESTMENTS

PARTICULARS	No. of	31st March, 2013	31st March, 2013	31st March, 2012
	Shares	ADJUSTMENT	₹Lacs	₹Lacs
Long Term-Trade Investments				
Equity Instruments (Unquoted and Fully Paid unless otherwise stated)				
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
			-	-
TOTAL			-	-
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

PARTICULARS	31st March, 2013	31st March, 2013	31st March, 2012
	ADJUSTMENT	₹Lacs	₹Lacs
Unsecured - considered good unless otherwise stated			
Advance Income-tax (Net of Provisions)		155.20	151.05
Amount paid under Protest		16.92	-
Capital Advances		16.24	30.25
Security Deposits		3288.56	3389.77
Loans and advances to related			

parties			
Relatives of Directors	231.00		479.00
Entity in which Directors have significant influence	125.00		125.00
		356.00	604.00
Other Loans and Advances			
Prepaid Expenses		3.75	17.37
Others		1.43	18.35
TOTAL		3838.10	4210.79

NOTE 14

OTHER NON-CURRENT ASSETS

PARTICULARS	31st March, 2013 ADJUSTMENT	31st March, 2013 ₹Lacs	31st March, 2012 ₹Lacs
Margin Money with Banks With more than 12 months maturity		45.02	33.60
TOTAL		45.02	33.60

NOTE 15

CURRENT INVESTMENTS

PARTICULARS	No. of Shares	31st March, 2013 ADJUSTMENT	31st March, 2013 ₹Lacs	31st March, 2012 ₹Lacs
Non - Trade Investments				
In Equity Instruments				
Menon Pistons Limited (Quoted)	27804		19.46	19.46
(Face Value ₹10)	(PY.27804)			
Less: Provision for diminution in the value of Investment			2.78	19.46
TOTAL			16.68	19.46

15.1 Aggregate amount of Quoted Investments

Book Value	19.46	19.46
Market Value	16.68	28.64

NOTE 16
INVENTORIES

PARTICULARS	31st March, 2013 ADJUSTMENT	31st March, 2013 ₹Lacs	31st March, 2012 ₹Lacs
Raw Materials (including Packing Materials and Service Spares)		6791.23	7376.00
Stock in Transit		970.46	1369.91
		7761.69	8745.91
Stores and Spares		316.08	335.39
Work-in-Progress		1729.85	2258.83
Finished Goods		3489.72	4239.71
Stock-in-Trade		9793.73	14483.23
Stock in Transit		2446.29	1128.44
		12240.02	15611.67
TOTAL		25537.36	31191.51

NOTE 17
TRADE RECEIVABLES

PARTICULARS	31st March, 2013 ADJUSTMENT	31st March, 2013 ₹Lacs	31st March, 2012 ₹Lacs
Over six months due			
Unsecured - considered good		646.13	169.45
- considered doubtful		692.87	636.11
		1339.00	805.56
Less : Provision for Doubtful Debts		692.87	636.11
		646.13	169.45
Others - considered good			
Secured		88.16	197.99

Unsecured	12861.90	12869.88
	12950.06	13067.87
TOTAL	13596.19	13237.32

NOTE 18
CASH, CASH EQUIVALENTS AND
BANK BALANCES

PARTICULARS	31st March, 2013 ADJUSTMENT	31st March, 2013 ₹Lacs	31st March, 2012 ₹Lacs
Cash and Cash Equivalents			
Cash in hand		19.97	13.06
Bank Balances in Current Account		292.85	382.43
Cheques, drafts on hand		19.60	294.16
Bank Remittances in Transit		2481.04	2034.81
		2813.46	2724.46
Other Bank Balances			
Term deposit		263.04	193.66
Margin Money			
With less than 12 months maturity		152.00	-
Unclaimed Dividend Accounts		118.84	133.95
		533.88	327.61
TOTAL		3347.34	3052.07

NOTE 19
SHORT TERM LOANS AND
ADVANCES

PARTICULARS	31st March, 2013 ADJUSTMENT	31st March, 2013 ₹Lacs	31st March, 2012 ₹Lacs
Unsecured & Considered Good			
Advance Income-tax (Net of Provisions)		287.39	121.50
Balance with Excise and Customs		207.44	270.17
Other Receivable		372.52	364.03
Prepaid Expenses		164.22	107.60

Others	2611.32	3345.71
TOTAL	3642.89	4209.01

NOTE 20

OTHER CURRENT ASSETS

PARTICULARS	31st March, 2013 ADJUSTME NT	31st March, 2013 ₹Lacs	31st March, 2012 ₹Lacs
Insurance claims receivable		4995.50	4411.60
Interest receivable		26.39	14.05
TOTAL		5021.89	4425.65

NOTE 11

FIXED ASSETS

											₹ Lacs
DESCRIPTIONS		GROSS BLOCK				DEPRECIATION & AMORTISATION				NET BLOCK	
		As at 01.04.2012	Additions / Adjustments	Deletions / Adjustments	As at 31.03.2013	Up to 31.03.2012	For the year	Deletions / Adjustments	Upto 31.03.2013	As at 31.03.2013	
I	TANGIBLE ASSETS										
	1 Leasehold land	770.78 (770.78)	- -	- -	770.78 (770.78)	128.97 (119.19)	9.78 (9.78)	- -	138.75 (128.97)	632.03 (641.81)	
2	Freehold land	1776.68 (1776.68)	- -	- -	1776.68 (1776.68)	- -	- -	- -	- -	1776.68 (1776.68)	
	3 Buildings	10597.99 (10561.51)	- (36.48)	- -	10597.99 (10597.99)	3208.54 (2868.12)	340.70 (340.42)	- -	3549.24 (3208.54)	7048.75 (7389.45)	
4	Plant and Machinery and Electrical Fittings	25784.19 (28980.03)	519.00 (869.11)	285.11 (4064.95)	26018.08 (25784.19)	19372.78 (18698.26)	1278.28 (1843.57)	284.25 (1169.05)	20366.81 (19372.78)	5651.27 (6411.41)	
	5 Furniture and Fixtures	785.38 (763.69)	0.11 (68.92)	0.54 (47.23)	784.95 (785.38)	688.82 (673.36)	19.99 (26.96)	0.52 (11.50)	708.29 (688.82)	76.66 (96.56)	
6	Office Equipment	503.37 (466.97)	36.35 (43.40)	8.17 (7.00)	531.55 (503.37)	270.68 (252.96)	20.04 (19.10)	7.82 (1.38)	282.90 (270.68)	248.65 (232.69)	
	7 Motor Vehicles	419.91 (345.35)	11.40 (77.58)	42.02 (3.02)	389.29 (419.91)	209.70 (188.64)	25.64 (23.55)	40.02 (2.49)	195.32 (209.70)	193.97 (210.21)	
8	R & D - Building	157.08 (157.08)	- -	- -	157.08 (157.08)	90.50 (85.25)	5.24 (5.25)	- -	95.74 (90.50)	61.34 (66.58)	
	9 R & D - Plant and Machinery and Electrical Fittings	665.43 (661.56)	- (5.96)	- (2.09)	665.43 (665.43)	436.45 (412.52)	23.11 (26.02)	- (2.09)	459.56 (436.45)	205.87 (228.98)	
10	R & D - Furniture and Fixture	87.76 (88.79)	- -	0.15 (1.03)	87.61 (87.76)	70.05 (69.42)	1.63 (1.66)	0.14 (1.03)	71.54 (70.05)	16.07 (17.71)	
	11 R & D - Office	40.25	-	-	40.25	26.84	1.68	-	28.52	11.73	

Equipment	(40.25)	-	-	(40.25)	(25.16)	(1.68)	-	(26.84)	(13.41)
Total Tangible Assets	41588.82 (44612.69)	566.86 (1101.45)	335.99 (4125.32)	41819.69 (41588.82)	24503.33 (23392.88)	1726.09 (2297.99)	332.75 (1187.54)	25896.67 (24503.33)	15923.02 (17085.49)
II INTANGIBLE ASSETS									
1 R & D Software	59.27 (55.27)	- (4.00)	- (59.27)	59.27 (59.27)	50.83 (45.90)	2.12 (4.93)	- (50.83)	52.95 (50.83)	6.32 (8.44)
Total Intangible Assets	59.27 (55.27)	- (4.00)	- (59.27)	59.27 (59.27)	50.83 (45.90)	2.12 (4.93)	- (50.83)	52.95 (50.83)	6.32 (8.44)
Total	41648.09 (44667.96)	566.86 (1105.45)	335.99 (4125.32)	41878.96 (41648.09)	24554.16 (23438.78)	1728.21 (2302.92)	332.75 (1187.54)	25949.62 (24554.16)	15929.34 (17093.93)

Note : Figures in brackets are of previous year

Notes Forming Part of the Consolidated Accounts

NOTE 21

OTHER OPERATING INCOME

PARTICULARS	2012-13	2011-12
	₹Lacs	₹Lacs
Sale of Scrap	144.00	63.88
Export Incentives	83.82	57.95
Others	24.49	177.59
TOTAL	252.31	299.42

NOTE 22

OTHER INCOME

PARTICULARS	2012-13	2011-12
	₹Lacs	₹Lacs
Dividend Income	0.97	12.06
Interest Income	83.63	141.72
Profit on sale of Assets	3.18	-
Profit on sale of Investment	-	5.39
Interest on Income Tax Refund	15.90	109.17
Conducting Fees	18.00	17.00
Credit balances written back	109.82	-
Miscellaneous Income	0.15	-
TOTAL	231.65	285.34

NOTE 23

**WORK-IN-PROGRESS AND STOCK-
IN-TRADE**

PARTICULARS	2012-13	2011-12
	₹Lacs	₹Lacs
Opening Stock (including in transit)		
Finished Goods	4239.71	6686.01
Work in Progress	2258.83	2471.54
Stock in Trade	15611.67	15792.19
Less:	22110.21	24949.74
Closing Stock (including in transit)		

Finished Goods	3489.72	4239.71
Work in Progress	1729.85	2258.83
Stock in Trade	12240.02	15611.67
	17459.59	22110.21
TOTAL	4650.62	2839.53

NOTE 24

EMPLOYEE BENEFITS EXPENSE

PARTICULARS	2012-13	2011-12
	₹Lacs	₹Lacs
Salaries, Wages and Bonus	6842.48	8166.28
Contribution to Provident Fund and Other Funds	363.82	363.97
Staff Welfare Expenses	884.18	1093.81
TOTAL	8090.48	9624.06

NOTE 25

FINANCE COST

PARTICULARS	2012-13	2011-12
	₹Lacs	₹Lacs
Interest Expense	2269.02	2741.78
Other Borrowing costs	498.46	409.24
Exchange difference on foreign currency	1123.74	467.08
TOTAL	3891.22	3618.10

NOTE 26

OTHER EXPENSES

PARTICULARS	2012-13	2011-12
	₹Lacs	₹Lacs
Power and Fuel	872.57	1282.31
Rent	962.38	982.42
Rates and Taxes	368.16	344.51
Repairs to:		
- Plant and Machinery	232.80	289.80
- Building	10.08	67.80
- Others	505.40	557.30
	748.28	914.90
Insurance Charges	230.29	174.58
Freight and Forwarding Expenses	4118.15	6167.37

Advertisement		3094.93	5601.66
Sales Commission		2.82	8.69
Service Charges		2273.05	2938.86
Travelling and Conveyance		794.23	1149.41
Loss on Sale of Assets		-	0.08
Bad debts written off	0.16		37.98
Less : Provision for Doubtful Debts written back	0.16		37.98
		-	-
Provision for Doubtful Debts		56.91	31.53
Provision for Diminution in value of investments		2.78	-
Research and Development Expenses		557.32	867.22
Bank Charges		11.27	8.21
Adjustment of Excise Duty on stock		(55.95)	(145.84)
Exchange Difference on foreign currency		41.13	82.33
Miscellaneous Expenses		1588.66	2030.73
TOTAL		15666.98	22438.97

NOTES FORMING PART OF THE ACCOUNTS

- 27) a. Exceptional item of previous year represents expected loss of ₹501.22 lacs on account of major fire on 8th February, 2012 at one of the Company's factory located at Roorkee Uttarkhand

b. In respect of the said fire incident the Company has made claim from insurance company and the amount net of provision of ₹4995.50 lacs for the loss made in the earlier year is carried as Insurance claim receivable under other current assets in the Balance Sheet. An adhoc amount of ₹1500 lacs has been received subsequent to the Balance Sheet date against the said receivables and the Management is confident of balance recovery.

28) Contingent Liabilities and Commitments :

₹Lacs

Particulars	31st March 2013	31st March 2012
Contingent Liabilities		
a) Guarantees given to Bank against which ₹Nil (previous year ₹Nil) has been deposited as margin money	1453.35	1565.22
b) Guarantees given to bank on behalf of subsidiary company - Akasaka Electronics Limited	2132.00	2132.00
c) Income tax demands in respect of which appeals have been filed	188.45	77.69
d) Excise and Custom Duty in respect of which appeals have been filed (Refer note below)	2731.60	31159.20
e) Claims made against the Company not acknowledged as debts	6701.25	3720.52
Commitments		
Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances)	21.31	349.98

Note : In the earlier year, the Company has received a demand of Service Tax of ₹29777.33 lacs from the Commissioner of Central Excise. As per the management, the demand is not tenable and the Company has received favourable order from CESTAT for stay of the said demand.

29) Employee Defined Benefits :

a) Defined contribution plans

The Company has recognised an expense of ₹257.99 (previous year ₹309.76) 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	2012-13		2011-12	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Discount rate (in case of Subsidiary CY-8.25% and PY-8.50%)	8.25%	8.25%	8.75%	8.75%
Rate of Return on Plan Assets (in case of Subsidiary CY-8.70% and PY-8.00%)	8.25%	N.A.	8.75%	N.A.
Salary Escalation	5.00%	5.00%	5.00%	5.00%

d) **Reconciliation of Benefit Obligation :**

₹Lacs

Particulars	2012-13		2011-12	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Liability at the beginning of the year	907.88	284.62	844.14	236.96
Interest cost	79.31	24.87	69.64	19.55
Current Service Cost	61.72	14.96	71.06	23.83
Benefit Paid	(58.55)	(42.56)	(55.89)	(88.74)
Actuarial (Gain) / Loss on Obligations	9.13	5.23	(21.07)	93.02
Liability at the end of the year	999.49	287.12	907.88	284.62
Fair Value of Plan Assets at the end of the year	879.78	-	857.11	-
Liability at the end of the year recognised and disclosed under the head "Provisions for Employee Benefits"				
- Long term provision	-	227.11	-	228.92
- Short term provision	119.71	60.01	50.77	55.70

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

₹Lacs

Particulars	Gratuity	
	2012-13	2011-12
Fair Value of Plan Assets at the beginning of the year	857.09	758.65
Expected Return on Plan Assets	74.47	62.47

Contributions	3.74	76.66
Benefit Paid	(58.55)	(55.90)
Actuarial Gain / (Loss) on Asset	3.03	15.21
Fair Value of Plan Assets at the end of the year	879.78	857.09

f) **Return on Plan Assets :**

₹Lacs

Particulars	Gratuity	
	2012-13	2011-12
Expected Return on Plan Assets	74.47	62.48
Actuarial Gain / (Loss) on Plan Assets	3.03	15.21
Actual Return on Plan Assets	77.50	77.69

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

₹Lacs

Particulars	2012-13		2011-12	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Current Service Cost	61.73	14.96	71.07	23.83
Interest Cost	79.31	24.87	69.64	19.55
Expected Return on Plan Assets	(74.47)	N.A.	(62.48)	N.A.
Net Actuarial (Gain) / Loss recognised	6.10	5.24	(36.27)	93.02
Expenses recognised in Profit and Loss Account	72.67	45.07	41.96	136.40

30) **Computation for Earnings Per Share (EPS) is as under :**

Particulars	2012-13	2011-12
Profit/(Loss) after Tax (₹ In lacs)	(3118.76)	(3872.40)
Net Profit/(Loss) after tax attributable to Equity shareholders (₹ In lacs)	(3118.76)	(3872.40)
Weighted average number of Equity Shares outstanding	141751678	141751678
Basic / Diluted Earnings Per Share (₹)	(2.20)	(2.73)

- 31) In view of non-availability of profits for the current year in case of Parent Company, remuneration paid to the managerial personnel is in excess of the limit prescribed under Schedule XIII of the Companies Act, 1956, by ₹65.07 lacs. The said amount is subject to approval from Central Government and therefore the amount paid is held in trust by the concerned managerial personnel.
- 32) In the earlier year, Mobile Communication Device was treated as a separate segment and accordingly disclosure required under (AS) -17 on Segment Reporting was made in the Consolidated Financial Statements. Based on the composition of sales Mobile Communication Device is no longer considered as a separate reportable segment and hence the Company is left with only one reportable segment ie. Consumer Durable products. Further, there is no separately identifiable geographical segment and hence no reporting is made for segment.
- 33) Research and development expenses consist of personnel expenses and other expenses of ₹437.90 Lacs (previous year

₹571.99 Lacs), and ₹119.41 Lacs (previous year ₹295.23 Lacs) respectively. Depreciation on Research and Development assets is ₹33.79 Lacs (previous year ₹39.53 Lacs) shown under Fixed Assets.

- 34) a) Balances of Trade Receivables, Loans and Advances and Deposits are subject to confirmation and reconciliation.
- b) There is no amount due and Outstanding, as at 31st March, 2013 to be credited to Investor Education and Protection Fund.

35) **Disclosure of Foreign Currency exposure :**

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.

In Lacs				
Sr.No	Particulars	Currency	Amount in foreign currency	Amount in Indian Rupees (in lacs)
a)	Amount payable on account of import of goods	USD	281.97	15414.81
	(Previous year)	USD	(364.38)	(18762.04)

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

In Lacs				
Sr.No	Particulars	Currency	Amount in foreign currency	Amount in Indian Rupees
a)	Amount payable on account of import of goods	USD	240.13	13035.68
		EUR	**	(0.14)
		SGD	0.13	5.47
		JPY	54.24	31.29
	(Previous year)	USD	(125.51)	(6489.27)
		JPY	(354.55)	(219.68)
b)	Amount receivable on export of goods	USD	5.41	293.58
	(Previous year)	USD	(3.81)	(193.89)

** Denotes having values less than 500

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

a) Ordinary course of business

₹ in Lacs

Particulars	Key management Personnel	Relatives of key management personnel	Enterprise over which any person described in (1) & (2) is having significant influence
	(1)	(2)	(3)
Transactions during 1.4.2012 to 31.03.2013			
Purchase of goods, services, spares and fixed assets			
Iwai Electronics Pvt.Limited	-	-	1425.52
	-	-	(2256.00)
Adino Telecom Limited	-	-	0.54
	-	-	(0.15)
Sale of goods, fixed assets, spares and services			

Iwai Electronics Pvt. Limited	- -	- -	21.99 (20.02)
Adino Telecom Limited	- -	- -	3.21 (3.26)
Inter Corporate Deposits / Loan repaid			
Gita Mirchandani	- -	50.00 (425.00)	- -
Ayesha Mansukhani	- -	198.00 (65.00)	- -
Interest due & received on Inter Corporate Deposits / loans / advances			
Adino Telecom Limited	- -	- -	18.75 (18.75)
Ayesha Mansukhani	- -	14.32 (35.37)	- -
Gita Mirchandani	- -	11.39 (39.51)	- -
Rent paid			
G.L.Mirchandani	4.03 (4.03)	- -	- -
Gita Mirchandani	- -	27.74 (27.74)	- -
Marissa Mansukhani	- -	8.18 (8.18)	- -
Akshay Mansukhani	- -	0.89 (0.89)	- -
Ayesha Mansukhani	- -	0.89 (0.89)	- -
G.L.Mirchandani (HUF)	- -	13.66 (13.66)	- -
V.J.Mansukhani (HUF)	- -	2.59 (2.59)	- -
Gulita Wealth Advisors Pvt. Ltd.	- -	- -	30.00 (30.00)

Rent received Adino Telecom Limited	- -	- -	1.25 (7.38)
Payment of Rent Deposit Gita Mirchandani	- -	- 8.18	- -
Marissa Mansukhani	- -	- 4.09	- -
G.L. Mirchandani (HUF)	- -	- 4.09	- -
Remuneration G.L. Mirchandani	144.19 (144.19)	- -	- -
V.J.Mansukhani (*)	126.03 (126.03)	- -	- -
Kaval Mirchandani	- -	45.00 (45.00)	- -

(*) Subject to Central Government approval

Closing Balance as at 31.03.2013

₹ in Lacs

Particulars	Key management Personnel	Relatives of key management personnel	Enterprise over which any person described in (2) & (3) is having significant influence
	(1)	(2)	(3)
Receivable			
G.L.Mirchandani Rent Deposit	119.82 (119.82)	- -	- -
Gita Mirchandani Rent Deposit	-	631.40 (631.40)	- -
Loan given	-	101.00 (151.00)	- -
	-	732.40 (782.40)	- -

Marissa Mansukhani Rent Deposit	- -	8.18 (8.18)	- -
Akshay Mansukhani Rent Deposit	- -	0.89 (0.89)	- -
Ayesha Mansukhani Rent Deposit	- -	0.89 (0.89)	- -
Loan given	- -	130.00 (328.00)	- -
	- -	130.89 (328.89)	- -
G.L.Mirchandani (HUF) Rent Deposit	- -	349.70 (349.70)	- -
V.J.Mansukhani (HUF) Rent Deposit	- -	2.59 (2.59)	- -
Gulita Wealth Advisors Pvt Ltd. Rent Deposit	- -	- -	1000.00 (1000.00)
Adino Telecom Limited			
Debtors	- -	- -	7.06 (6.46)
Inter corporate deposit given	- -	- -	125.00 (125.00)
	- -	- -	132.06 (131.46)
Payable			
Iwai Electronics Pvt. Ltd.			
Creditors payable	- -	- -	62.70 (169.77)

Note :Figures in brackets are of previous year

- 37) Figures pertaining to the subsidiary company have been reclassified wherever necessary to bring them in line with the parent company's financial statements.
- 38) Previous year's figures have been rearranged and regrouped wherever necessary.

Signatures to Notes '1' to '38' forming part of the Balance Sheet and Profit & Loss Statement

As per our Report of even date attached

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

For and on behalf of the
Board of Directors

J.M.GANDHI
Partner
Membership No.37924

PREDEEP K. GUPTA
Chief Financial Officer

G.L.MIRCHANDANI
Chairman and
Managing Director

Mumbai - May 14, 2013

ANOOP PILLAI
Company Secretary and
Head - Corporate Affairs

V.J. MANSUKHANI
Managing Director

LIMITED REVIEW REPORT ON SPECIAL PURPOSE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

**Review Report to
The Board of Directors
MIRC Electronics Limited**

Introduction

We have reviewed the accompanying unaudited special purpose condensed consolidated financial information comprising of unaudited consolidated condensed balance sheet of MIRC Group comprising of MIRC Electronics Limited (“the Company”) and its subsidiary (together, “the Group”) as at September 30, 2013, the related unaudited consolidated condensed statement of profit and loss for the six months period ended September 30, 2013 and select explanatory notes (together referred to as “the unaudited special purpose condensed consolidated financial information”), prepared by the management and signed by us for identification and annexed to this report for the purpose of inclusion in the offer document by the Company in connection with its proposed Rights Issue of equity shares (“Rights issue”). Management is responsible for the preparation of the unaudited special purpose condensed consolidated financial information in accordance with the recognition and measurement principles of Accounting Standard 25 “Interim Financial Reporting”, [notified under the Companies Act, 1956 read with General Circular 15/2013 dated 13 September 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013] and other relevant requirements of Clause (5)(X)(A) of part E of the Securities and Exchange Board of India (Issue of Capital and Disclosure requirements) Regulations 2009, as amended.

Scope of Review

We conducted our review in accordance with Standard on Review Engagements (SRE) 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity.” A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review conducted as above and on consideration of report of other auditor on the unaudited separate financial information of the component, nothing has come to our attention that causes us to believe that the accompanying unaudited special purpose condensed consolidated financial information have not been prepared in accordance with recognition and measurement principles laid down in Accounting Standard 25 “Interim Financial Reporting”, [notified under the Companies Act, 1956 read with General Circular 15/2013 dated 13 September 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013] and other relevant requirements of Clause (5)(X)(A) of part E of the Securities and Exchange Board of India (Issue of Capital and Disclosure requirements) Regulations 2009.

Emphasis of matter

We draw attention to Note no. 4 of the unaudited special purpose condensed consolidated financial information, with regards to the claim receivable from the Insurance Company and outstanding of ₹ 3,495.50 lakhs as at September 30, 2013. The Management is confident of recovery of the full amount and hence no provision is considered necessary. Our review conclusion is not qualified in respect of this matter.

Other matter

Component not reviewed by us:

We did not review revenues and assets of ₹ 288.14 lakhs and ₹ 2,445.97 lakhs respectively, included in the accompanying unaudited special purpose condensed consolidated financial information relating to subsidiary, whose financial information have been reviewed by the other auditor and whose report have been furnished to us. Our conclusion on the unaudited special purpose condensed consolidated financial information, in so far as it relates to such subsidiary is based solely on the report of the other auditor.

Comparative figures:

We draw attention to Note 6 to the unaudited special purpose condensed consolidated financial information regarding comparative figures in the unaudited special purpose condensed consolidated financial information, which are as prepared and certified by the management and were not subjected to review.

Restriction of Use:

This report is intended solely for the use of the Company for filing with Securities and Exchange Board of India, Bombay Stock Exchange and national Stock Exchange and for the inclusion in the draft letter of offer in connection with the proposed rights issue of the Company under the Securities and Exchange Board of India (Issue of Capital and Disclosure requirements) Regulations 2009 (as amended) and should not be used, referred to or distributed for any other purpose without our prior written consent.

For S.R. Batliboi & Co. LLP
ICAI Firm registration number: 301003E
Chartered Accountants

per Ravi Bansal
Partner
Membership No.: 49365

Place: Mumbai
Date: March 28, 2014

Unaudited Consolidated Condensed Balance Sheet as at September 30, 2013

(₹ in Lacs)

Sr. No.	Particulars	As at 30.09.2013	As at 31.03.2013
A.	EQUITY AND LIABILITIES		
1	Shareholders' Funds :		
	a. Share capital	1,419	1,419
	b. Reserves and surplus	13,627	17,685
	Sub-total - Shareholders' funds	15,046	19,104
2	Minority interest	2	2
3	Non-current liabilities :		
	a. Long-term borrowings	888	-
	Sub-total - Non-current liabilities	888	-
4	Current liabilities :		
	a. Short-term borrowings	30,101	27,717
	b. Trade payables	21,295	17,959
	c. Other current liabilities	6,332	7,119
	d. Short-term provisions	540	487
	Sub-total - Current liabilities	58,268	53,282
	TOTAL - EQUITY AND LIABILITIES	74,204	72,388
B	ASSETS		
1	Non-current assets :		
	a. Fixed assets	17,175	17,343
	b. Non-current investments	-	-
	c. Long-term loans and advances	3,632	3,838
	d. Other non-current assets	50	45
	Sub-total - Non-current assets	20,857	21,226
2	Current Assets		
	a. Current investments	14	17
	b. Inventories	31,703	25,537
	c. Trade receivables	11,612	13,596
	d. Cash and cash equivalents	1,680	3,347
	e. Short-term loans and advances	4,828	3,643
	f. Other current assets	3,510	5,022
	Sub-total - Current assets	53,347	51,162
	TOTAL - ASSETS	74,204	72,388

Unaudited Consolidated Condensed Statement of Profit and Loss for the six months period ended September 30, 2013

(₹ in Lacs)

Sr. No.	Particulars	Six Months ended 30.09.2013	Six Months ended 30.09.2012
1	Income from operations		
	Sales of products (net of Excise duty)	67,118	65,330
	Other Operating Income	172	115
	Total Income from operations (net)	67,290	65,445
2	Expenses		
	Cost of raw materials consumed	29,461	28,235
	Purchases of stock-in-trade	28,027	25,828
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	(2,744)	(1,656)
	Employee benefits expense	4,205	4,277
	Depreciation and amortisation expense	811	948
	Exchange (Gain) / Loss	1,395	301
	Other expenses	8,309	8,657
	Total Expenses	69,464	66,590
3	Profit / (Loss) from operations before other income and finance cost	(2,174)	(1,145)
4	Other income	37	156
5	Profit / (Loss) from operations before finance cost	(2,137)	(989)
6	Finance cost	1,920	1,868
7	Profit / (Loss) before tax	(4,057)	(2,857)
8	Tax Expenses	-	(279)
9	Net Profit / (Loss) after tax	(4,057)	(2,578)
10	Minority Interest	0.18	0.11
11	Net Profit / (Loss) (11 - 12)	(4,057)	(2,578)
12	Earnings Per Share (EPS) - Basic and Diluted and not annualised (₹)	(2.86)	(1.82)

1. The above consolidated condensed balance sheet and statement of profit and loss have been prepared based on the accounting policies applied for the last audited financial statements (i.e. financial year ended march 31, 2013). There has been no change in accounting policies during the current six months period ended September 30, 2013.
2. The above consolidated condensed balance sheet and statement of profit and loss is for the purpose of inclusion in the offer document by the company in connection with its proposed rights issue of equity shares ("rights issue"). the same is prepared in accordance with the recognition and measurement principles

of accounting standard 25 "interim financial reporting", [notified under the companies act, 1956 read with general circular 15/2013 dated 13 september 2013, issued by the ministry of corporate affairs, in respect of section 133 of the companies act, 2013] and other relevant requirements of clause (5)(x)(a) of part e of the securities and exchange board of india (issue of capital and disclosure requirements) regulations 2009, as amended.

3. The company is mainly engaged in consumer durables business, which as per accounting standard (as) -17 on "segment reporting" is considered as the only reportable segment. There is no separately identifiable geographical segment.
4. In the earlier report for year end and previous quarter, the auditors had given emphasis of matter on insurance claim receivable of ₹ 4,999.50 lacs, out of which part payment of ₹1,500 lacs is received. The company is following up and is confident of recovery of the claim.
5. There is no material change in contingent liabilities since March 31, 2013.
6. Previous year/periods figures have been rearranged / regrouped wherever necessary. The comparative figures are as prepared and certified by the management and are not subjected to review.

For Mirc Electronics Limited

G.L. Mirchandani

Chairman & Managing Director

Place : Mumbai

Date: March 28, 2014

LIMITED REVIEW REPORT ON SPECIAL PURPOSE CONDENSED FINANCIAL INFORMATION

**Review Report to
The Board of Directors
MIRC Electronics Limited**

Introduction

We have reviewed the accompanying unaudited special purpose condensed financial information comprising of unaudited standalone condensed balance sheet of MIRC Electronics Limited (“the Company”) as at September 30, 2013, the related unaudited standalone condensed statement of profit and loss for the six months period ended September 30, 2013 and select explanatory notes (together referred to as “the special purpose condensed financial information”), prepared by the management and signed by us for identification and annexed to this report for the purpose of inclusion in the offer document by the Company in connection with its proposed Rights Issue of equity shares (“Rights issue”). Management is responsible for the preparation of the special purpose condensed financial information in accordance with the recognition and measurement principles of Accounting Standard 25 “Interim Financial Reporting”, [notified under the Companies Act, 1956 read with General Circular 15/2013 dated 13 September 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013] and other relevant requirements of Clause (5)(X)(A) of part E of the Securities and Exchange Board of India (Issue of Capital and Disclosure requirements) Regulations 2009, as amended.

Scope of Review

We conducted our review in accordance with Standard on Review Engagements (SRE) 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity.” A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying special purpose condensed financial information have not been prepared in accordance with recognition and measurement principles laid down in Accounting Standard 25 “Interim Financial Reporting”, [notified under the Companies Act, 1956 read with General Circular 15/2013 dated 13 September 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013] and other relevant requirements of Clause (5)(X)(A) of part E of the Securities and Exchange Board of India (Issue of Capital and Disclosure requirements) Regulations 2009.

Emphasis of matter

We draw attention to Note no. 4 of the special purpose condensed financial information, with regards to the claim receivable from the Insurance Company and outstanding of ₹ 3,495.50 lakhs as at September 30, 2013. The Management is confident of recovery of the full amount and hence no provision is considered necessary. Our review conclusion is not qualified in respect of this matter.

Other matter

Comparative figures:

We draw attention to Note 6 to the special purpose condensed financial information regarding the comparative figures in the special purpose condensed financial information, which are as prepared and certified by the management and were not subjected to review.

Restriction of Use:

This report is intended solely for the use of the Company for filing with Securities and Exchange Board of India, Bombay Stock Exchange and national Stock Exchange and for the inclusion in the draft letter of offer in connection with the proposed rights issue of the Company under the Securities and Exchange Board of India (Issue of Capital and Disclosure requirements) Regulations 2009 (as amended) and should not be used, referred to or distributed for any other purpose without our prior written consent.

For S.R. Batliboi & Co. LLP
ICAI Firm registration number: 301003E
Chartered Accountants

per Ravi Bansal
Partner
Membership No.: 49365

Place: Mumbai
Date: March 28, 2014

Unaudited Standalone Condensed Balance Sheet as at September 30, 2013

(₹ in Lacs)

Sr. No.	Particulars	As at 30.09.2013	As at 31.03.2013
A.	EQUITY AND LIABILITIES		
1	Shareholders' Funds :		
	a. Share capital	1,419	1,419
	b. Reserves and surplus	14,541	18,474
	Sub-total - Shareholders' funds	15,960	19,893
2	Non-current liabilities :		
	a. Long-term borrowings	590	-
	Sub-total - Non-current liabilities	590	-
3	Current liabilities :		
	a. Short-term borrowings	30,002	27,294
	b. Trade payables	21,291	17,958
	c. Other current liabilities	6,015	6,983
	d. Short-term provisions	524	471
	Sub-total - Current liabilities	57,832	52,706
	TOTAL - EQUITY AND LIABILITIES	74,382	72,599
B	ASSETS		
1	Non-current assets :		
	a. Fixed assets	15,830	16,187
	b. Non-current investments	2,625	2,625
	c. Long-term loans and advances	3,524	3,758
	d. Other non-current assets	50	45
	Sub-total - Non-current assets	22,029	22,615
2	Current Assets		
	a. Current investments	14	17
	b. Inventories	31,361	25,106
	c. Trade receivables	11,360	13,254
	d. Cash and cash equivalents	1,394	3,073
	e. Short-term loans and advances	4,728	3,533
	f. Other current assets	3,496	5,001
	Sub-total - Current assets	52,353	49,984
	TOTAL - ASSETS	74,382	72,599

Unaudited Standalone Condensed Statement of Profit and Loss for the six months period ended September 30, 2013

(₹ in Lacs)

Sr. No.	Particulars	Six Months ended 30.09.2013	Six Months ended 30.09.2012
1	Income from operations		
	Sales of products (net of excise duty)	66,831	64,584
	Other Operating Income	125	75
	Total Income from operations (net)	66,956	64,659
2	Expenses		
	Cost of raw materials consumed	29,464	27,862
	Purchases of stock-in-trade	28,027	25,828
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	(2,765)	(1,633)
	Employee benefits expense	4,031	4,077
	Depreciation and amortisation expense	736	874
	Exchange (Gain) / Loss	1,392	291
	Other expenses	8,123	8,421
	Total Expenses	69,008	65,720
3	Profit / (Loss) from operations before other income and finance cost	(2,052)	(1,061)
4	Other income	26	153
5	Profit / (Loss) from operations before finance cost	(2,026)	(908)
6	Finance cost	1,907	1,855
7	Profit / (Loss) before tax	(3,933)	(2,763)
8	Tax Expenses	-	(279)
9	Profit / (Loss) for the year	(3,933)	(2,484)
10	Earnings Per Share (EPS) - Basic and Diluted and not annualised (₹)	(2.77)	(1.75)

1. The above condensed balance sheet and statement of profit and loss have been prepared based on the accounting policies applied for the last audited financial statements (i.e. financial year ended March 31, 2013). There has been no change in accounting policies during the current six months period ended September 30, 2013.
2. The above condensed balance sheet and statement of profit and loss is for the purpose of inclusion in the offer document by the Company in connection with its proposed Rights Issue of equity shares ("Rights issue"). The same is prepared in accordance with the recognition and measurement principles of Accounting Standard 25 "Interim Financial Reporting", [notified under the Companies Act, 1956 read with General Circular 15/2013 dated 13 September 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013] and other relevant requirements of Clause (5)(X)(A) of part E of the Securities and Exchange Board of India (Issue of Capital and Disclosure requirements) Regulations 2009, as amended.
3. The company is mainly engaged in Consumer Durables business, which as per Accounting Standard (AS) - 17 on "Segment Reporting" is considered as the only reportable segment. There is no separately identifiable geographical segment.
4. In the earlier report for year end and previous quarter, the auditors had given Emphasis of Matter on insurance claim receivable of ₹4999.50 lacs, out of which part payment of ₹1500 lacs is received. The company is following up and is confident of recovery of the claim.

5. There is no material change in Contingent liabilities since March 31, 2013.
6. Previous year / periods figures have been rearranged / regrouped wherever necessary. The comparative figures are as prepared and certified by the management and are not subjected to review.

For Mirc Electronics Limited

G.L. Mirchandani

Chairman & Managing Director

Place : Mumbai
Date: March 28, 2014

MATERIAL DEVELOPMENTS

In accordance with circular no.F.2/5/SE/76 dated February 5, 1977 issued by the Ministry of Finance, Government of India, as amended by Ministry of Finance, Government of India through its circular dated March 8, 1977, the information relating to the working results for the period between the last date of the financial statements and up to the end of the last but one month preceding the date of the Draft Letter of Offer is provided below:

1. Un-audited Working results of the Company on a stand-alone basis for the period from April 1, 2013 to January 31, 2014:

Sr. No.	Particulars	Amount (₹ in Lacs)
(i)	Total sales/ turnover	1,06,992
(ii)	Other income	39
(iii)	Total income	1,07,031
(iv)	Estimated PBDIT	(1,106)
(v)	Interest/ finance charges (net)	3,085
(vi)	Provision for depreciation	1,205
(vii)	Provision for tax	-
(viii)	Estimated profit / (loss) after tax	(5,396)

2. Material changes and commitments, if any, affecting the financial position of the Company:

Except as disclosed below, there are no material changes and commitments, other than as disclosed in the Draft Letter of Offer, which are likely to affect the financial position of the Company since March 31, 2013 (i.e. last date up to which audited information is incorporated in the Draft Letter of Offer)

- As the Company is in requirement of capital, following members of the Promoter and Promoter Group have brought in a sum of ₹ 32,00,00,000 (Rupees thirty two crores only) as interest free unsecured loan. The said unsecured loan is free of any interest and any amount received as unsecured loan from the members of Promoter and Promoter group which is in excess or shortage towards their actual entitlement including for additional subscription, if any, by the members of the Promoter and Promoter Group and/or for under-subscription in the Issue shall be adjusted or refunded.

Sr. No.	Name of the person/entity	Shareholding as December 31, 2013	% shareholding	Amount paid as unsecured loan (₹)
1.	Gulita Securities Ltd	10,91,160	0.77	24,65,184
2.	Gulu Lalchand Mirchandani	1,57,85,348	11.14	13,13,77,996
3.	Gulu Lalchand Mirchandani J/w Gita Gulu Mirchandani	9,76,010	0.69	22,05,034
4.	Gita Gulu Mirchandani	92,11,256	6.50	2,08,10,369
5.	Kaval G Mirchandani	1,25,02,829	8.82	2,82,46,798
6.	Kaval G Mirchandani J/w Gulu Lalchand Mirchandani	14,000	0.01	31,629
7.	Sasha G Mirchandani	1,24,78,370	8.80	2,81,91,539
8.	Sasha G Mirchandani J/w Gulu Lalchand Mirchandani	380	Negligible	859
9.	IIFL Investment Adviser & Trustee Services Ltd (Formerly IIFL Trustee Services Ltd.): - Trustee for Tamarind Family Private Trust	2,56,88,283	18.12	5,80,35,804
10.	Adino Electronics Limited	3,44,000	0.24	7,77,176
11.	Vijay Jaikrishin Mansukhani*	NIL	NIL	4,78,57,612

Sr. No.	Name of the person/entity	Shareholding as December 31, 2013	% shareholding	Amount paid as unsecured loan (₹)
	Total	7,80,91,636	55.09	32,00,00,000

* Vijay Mansukhani is a member of the Promoter and Promoter Group, however he is not holding any equity shares in the Company

- We have received an amount of ₹ 1,500 lacs subsequent to March 31, 2013 against the receivables from insurance companies due on account of fire at our factory located at Roorkee, Uttarakhand. Further, the Company has also received ₹ 132 lacs on account of sale of scraps
- We have surrendered excise registration of Noida plant on July 8, 2013.
- Mr. Manoj Madangopal Maheshwari, one of our Non Executive Independent Director has resigned from the Board of Directors w.e.f. March 26, 2014.
- M/s S.R. Batliboi & Co. LLP, Chartered Accountants, was appointed as Statutory Auditor of the company in place of M/s N. M. Raiji & Co., Chartered Accountants in the 32nd Annual General Meeting of the Company held on July 31, 2013.
- Mr. Anoop Pillai, Company Secretary & Head Corporate Affairs resigned from the Company with effect from November 19, 2013. Thereafter, Mr. Aashay Khandwala was appointed as Corporate Affairs, Legal and Company Secretary of the Company with effect from March 26, 2014.

3. Stock Market Data

- a. The week end prices of the Equity Shares of the Company for last four weeks on BSE and NSE are provided in the table below:

Week ended on	Closing Price (In ₹)	
	BSE	NSE
February 28, 2014	5.23	5.25
March 7, 2014	5.26	5.15
March 14, 2014	5.10	5.05
March 22, 2014	5.00	4.85

(Source: www.nseindia.com and www.bseindia.com, the websites of NSE and BSE, respectively)

- b. The highest and lowest closing prices of the Equity Shares of the Company on BSE and NSE for last four weeks are provided in the table below:

Week ended on	BSE		NSE	
	Highest Price (₹)	Date of Highest Price	Highest Price (₹)	Date of Highest Price
February 28, 2014	5.23	February 28, 2014	5.25	February 28, 2014
March 7, 2014	5.26	March 7, 2014	5.20	March 3, 2014
March 14, 2014	5.05	March 14, 2014	5.05	March 13, 2014
March 22, 2014	5.00	March 22, 2014	4.95	March 19, 2014

Week ended on	BSE		NSE	
	Lowest Price (₹)	Date of Lowest Price	Lowest Price (₹)	Date of Lowest Price
February 28, 2014	4.91	February 25, 2014	5.00	February 25, 2014
March 7, 2014	5.08	March 4, 2014	5.05	March 4, 2014
March 14, 2014	4.92	March 12, 2014	4.90	March 12, 2014
March 22, 2014	4.75	March 18, 2014	4.80	March 20, 2014

(Source: www.nseindia.com and www.bseindia.com, the websites of NSE and BSE, respectively)

In the event the high or low of the daily closing price of equity shares are the same on more than one day of daily closing prices, the day on which there has been higher volume of trading has been considered for the purpose of this section.

c. Current Market Price:

The closing prices of our Equity Shares on BSE and NSE on March 27, 2014, the trading day immediately prior to the date of the Draft Letter of Offer, were ₹4.63 and ₹4.60 per Equity Share, respectively. (Source: www.bseindia.com and www.nseindia.com, the websites of BSE and NSE, respectively)

ACCOUNTING RATIOS AND CAPITALISATION STATEMENT

Accounting Ratios

The following tables present certain accounting and other ratios on standalone and consolidated basis derived from the Company's audited financial statements as at and for the year ended March 31, 2013 and from the unaudited standalone and consolidated balance sheet as at September 30, 2013 and condensed statement of profit & loss for the six months period ended September 30, 2013 included in the chapter "*Financial Statements*" on page 69:

A. Standalone Basis

Particulars	For the six months ended September 30, 2013 (un-audited)	For the year ended March 31, 2013
Number of equity shares outstanding	14,17,51,678	14,17,51,678
Earnings per Equity Shares:		
- Basic (₹)	(2.77)	(2.02)
- Diluted (₹)	(2.77)	(2.02)
Return on Net Worth (%)	(24.64)	(14.40)
Net Asset Value Per Equity Share (₹)	11.26	14.03

B. Consolidated Basis

Particulars	For the six months ended September 30, 2013 (un-audited)	For the year ended March 31, 2013
Number of equity shares outstanding	14,17,51,678	14,17,51,678
Earnings per Equity Shares:		
- Basic (₹)	(2.86)	(2.20)
- Diluted (₹)	(2.86)	(2.20)
Return on Net Worth (%)	(26.97)	(16.33)
Net Asset Value Per Equity Share (₹)	10.61	13.48

The Ratios have been computed as below:

Earnings per Equity Shares (Basic) (₹) $\frac{\text{Net profit / (loss) after tax attributable to Equity Shareholders}}{\text{Weighted average number of Equity Shares outstanding at the end of the fiscal year/period}}$

Earnings per Equity Shares (Diluted) (₹) $\frac{\text{Net profit / (loss) after tax attributable to Equity Shareholders}}{\text{Weighted average number of diluted Equity Shares outstanding at the end of the fiscal year/period}}$

Return On Net worth (%): $\frac{\text{Net profit / (loss) after tax}}{\text{Net Worth (being sum of equity share capital and reserves, including forfeiture amount) at the end of the fiscal year/period (excluding revaluation reserves)}}$

Net Asset Value per Equity Share (₹) $\frac{\text{Net Worth (being sum of equity share capital and reserves, including forfeiture amount) at the end of the fiscal year (excluding revaluation reserves)}}{\text{Weighted average number of Equity shares outstanding at the end of the fiscal year/period}}$

Net profit / (loss) attributable to Equity Shareholders used in computing the above ratios refers to

- Net profit / (loss) for the fiscal year as per the standalone financial statements of the Company as at and for

the year ended March 31, 2013 or from the unaudited standalone and consolidated condensed balance sheet as at September 30, 2013 and condensed statement of profit & loss for the six months period ended September 30, 2013, as the case may be, for the standalone ratios, and;

- Net profit/(loss) attributable to shareholders of the Company as per the consolidated financial statements of the Company as at and for the year ended March 31, 2013 or from unaudited standalone and consolidated condensed balance sheet as at September 30, 2013 and condensed statement of profit & loss for the six months period ended September 30, 2013, as the case may be, for the consolidated ratios.

Shareholders funds in the standalone and the consolidated ratios refers to the shareholders funds as per the standalone and consolidated financial statements of the Company as at and for the year ended March 31, 2013 and from the unaudited standalone and consolidated condensed balance sheet as at September 30, 2013 and condensed statement of profit & loss for the six months period ended September 30, 2013, respectively.

Capitalization Statement

The statement on our capitalization, on a standalone is as set out below:

(₹ in Lacs)

Particulars	Pre-issue as at September 30, 2013	Adjusted for the Issue
Borrowing		
Short Term Debt	30,002.00	[●]
Long Term Debt (including current maturities of long term borrowings)	1,045.15	[●]
Total Debt	31,047.15	[●]
Shareholders' funds		
Equity Share Capital (including forfeiture amount)	1,419.00	[●]
Reserves & Surplus	14,541.07	[●]
Total Shareholders' Funds	15,960.07	[●]
Total Debt/ Equity Ratio	1.95	[●]
Long-term Debt/Equity ratio	0.07	[●]

The Ratios have been computed as below:

Total Debt/ Equity Ratio =
$$\frac{\text{Short Term Debt} + \text{Long Term Debt (including current maturities of long term borrowings)}}{\text{Equity (i.e., Equity Share Capital including forfeiture amount} + \text{Reserves \& Surplus excluding Revaluation Reserves)}}$$

Long Term Debt/ Equity Ratio =
$$\frac{\text{Long Term Debt (including current maturities of long term borrowings)}}{\text{Equity (i.e., Equity Share Capital including forfeiture amount} + \text{Reserves \& Surplus excluding Revaluation Reserves)}}$$

'Long Term Debt' represents debts with an original maturity of more than one year at inception as increased by the amount of such debt repayable within one year as on the date of computing such Long Term Debt.

'Short Term Debt' represents debts with an original maturity of upto one year including buyer's credit of ₹ 15,583.11 Lacs and excluding the amount of long term debt repayable within one year as described above.

STOCK MARKET DATA FOR EQUITY SHARES OF THE COMPANY

The Company's Equity Shares are currently listed on NSE and BSE. Stock market data for our Equity Shares has been given separately for NSE and BSE. As the Company's Equity Shares are actively traded on both NSE and BSE, stock market data has been given separately for each of these Stock Exchanges.

The high and low of the closing prices recorded on NSE and BSE for the preceding three fiscal years, the number of Equity Shares traded on the days the high and low of the closing prices were recorded and average of the daily closing prices for the preceding three fiscal years are stated below:

NSE									
Year ending March 31	High (₹)*	Date of High	No. of Shares traded on date of high	Total Volume traded on date of high (₹ in Lacs)	Low (₹)*	Date of Low	No. of Shares traded on date of low	Total Volume of traded on date of low (₹ in Lacs)	Average price for the year (₹)**
2011	29.35	October 13, 2010	23,79,914	704.84	16.65	May 26, 2010	95,252	15.94	22.46
2012	28.00	June 8, 2011	2,43,315	67.84	14.30	March 29, 2012	23,466	3.36	19.91
2013	15.05	July 6, 2012	59,122	8.73	6.35	March 26, 2013	43,329	2.83	11.59

* High and Low of daily closing price

** Average of the daily closing prices

BSE									
Year ending March 31	High (₹)*	Date of High	No. of Shares traded on date of high	Total Volume traded on date of high (₹ in Lacs)	Low (₹)*	Date of Low	No. of Shares traded on date of low	Total Volume of traded on date of low (₹ in Lacs)	Average price for the year (₹)**
2011	29.25	October 13, 2010	17,71,269	523.15	16.70	May 26, 2010	118,604	19.71	22.46
2012	27.95	June 8, 2011	1,65,839	46.21	14.30	March 30, 2012	24,673	3.56	19.91
2013	15.24	July 3, 2012	3,80,006	56.70	6.37	March 26, 2013	83,400	5.36	11.58

* High and Low of daily closing price

** Average of the daily closing prices

(Source: www.nseindia.com and www.bseindia.com, the websites of NSE and BSE, respectively)

In the event the high or low of the daily closing price of equity shares are the same on more than one day of daily closing prices, the day on which there has been higher volume of trading has been considered for the purpose of this section.

The high and low of the closing prices, the volume of Equity Shares traded on the respective dates, average of the daily closing price and total volume of shares traded during the last six months on NSE and BSE is as follows:

NSE											
Month	High (₹)*	Date of High	No. of Shares traded on date of high	Total Volume of Shares traded on date of high (₹ in Lacs)	Low (₹)*	Date of Low	No. of Shares traded on date of low	Total Volume of Shares traded on date of low (₹ in Lacs)	Average price for the month (₹)**	Total volume of Shares traded in the month	
										In number	(₹ in Lacs)
September 2013	5.05	September 27, 2013	1,27,711	6.10	4.45	September 23, 2013	1,39,246	6.11	4.81	12,13,719	57.31
October 2013	6.30	October 18, 2013	94,009	5.96	4.70	October 1, 2013	1,35,641	6.70	5.54	18,24,193	99.32
November 2013	6.15	November 8, 2013	63,510	3.84	5.05	November 22, 2013	58,819	2.97	5.63	6,07,543	34.13
December 2013	6.20	December 27, 2013	37,724	2.39	5.10	December 3, 2013	67,914	3.47	5.63	5,33,425	30.06
January 2014	6.60	January 6, 2014	55,358	3.61	5.25	January 30, 2014	20,276	1.06	5.89	7,03,538	42.94
February 2014	5.60	February 19, 2014	29,752	1.67	4.95	February 21, 2014	108,423	5.49	5.27	498,103	25.86

** High and Low of daily closing price

** Average of the daily closing prices

BSE											
Month	High (₹)*	Date of High	No. of Shares traded on date of high	Total Volume of Shares traded on date of high (₹ in Lacs)	Low (₹)*	Date of Low	No. of Shares traded on date of low	Total Volume of Shares traded on date of low (₹ in Lacs)	Average price for the month (₹)**	Total volume of Shares traded in the month	
										In number	(₹ in Lacs)
September 2013	5.14	September 27, 2013	1,32,861	6.38	4.52	September 25, 2013	1,13,113	5.30	4.83	9,33,072	44.18
October 2013	6.32	October 18, 2013	39,311	2.49	4.76	October 1, 2013	5,315	0.25	5.54	5,80,081	32.93
November 2013	6.11	November 12, 2013	4,300	0.26	5.08	November 22, 2013	15,135	0.77	5.60	2,68,310	15.14
December 2013	6.25	December 26, 2013	38,612	2.36	5.10	December 3, 2013	11,588	0.59	5.61	2,32,394	13.35

BSE											
Month	High (₹)*	Date of High	No. of Shares traded on date of high	Total Volum e of Share s traded on date of high (₹ in Lacs)	Low (₹)*	Date of Low	No. of Shares traded on date of low	Total Volum e of Share s traded on date of low (₹ in Lacs)	Avera ge price for the month (₹)**	Total volume of Shares traded in the month	
										In number	₹ in Lacs)
January 2014	6.61	January 6, 2014	28,842	1.86	5.33	January 30, 2014	7,899	0.42	5.91	3,31,042	20.30
February 2014	5.56	February 19, 2014	60,704	3.39	4.91	Februar y 25, 2014	28,396	1.42	5.28	3,06,011	16.21

* High and Low of daily closing price

** Average of the daily closing prices

(Source: www.nseindia.com and www.bseindia.com, the websites of NSE and BSE, respectively)

In the event the high or low of the daily closing price of equity shares are the same on more than one day of daily closing prices, the day on which there has been higher volume of trading has been considered for the purpose of this section.

FINANCIAL INDEBTEDNESS

Set forth below is a brief summary of the Company's secured borrowings:

Sr. No.	Name of the Lender and Documentation	Name of the Facility	Amount Sanctioned (₹ in Lacs)	Amount outstanding as on February 28, 2014 (₹ in Lacs)	Security	Rate of Interest (per annum)	Repayment
1	Consortium of Banks – a) State Bank of India Arrangement letter dated February 1, 2014	Working Capital	Fund Based - Cash Credit Limit : 2,500 - Corporate Loan: 925 Non Fund Based: - Letter of Credit(LC): 8,800 - Buyers credit (fungible sub limit of LC, 3,000) - Bank Guarantee (fungible sub limit of Letter of Credit, 500) - Derivative /FC/CEL: 500	Fund Based - Cash Credit Limit : 2,684.82 - Corporate Loan: 167.00 Non Fund Based: - Letter of Credit: 4633.86 - Buyers credit (fungible sub limit of LC, 1,830.22) - Bank Guarantee (fungible sub limit of Letter of Credit, 265.02) - Derivative /FC/CEL: 500	a) All the current assets of the Company both present and future, including without limitation Stock of raw materials, semi finished and finished goods, outstanding receivables, investments, deposits etc., b) All the movable properties both present and future, including without limitation its movable plants & machinery, spares, tools, accessories and other movables etc.,	As determined by Bank from time to time	Repayable on demand.
	b) ICICI Bank Limited Credit Arrangement Letter dated March 20, 2013 revised vide Amendatory Credit Arrangement letter dated January 17, 2014		Fund Based - Cash Credit Limit : 1,000 - Buyers Credit – (fungible sublimit of Letter of Credit: 1,000) Non Fund Based: - Letter of Credit : 7,800 - Buyers credit LUT (fungible sub limit of Letter of Credit, 1,000)	Fund Based - Cash Credit Limit : 850.94 - Buyers Credit – (fungible sublimit of Letter of Credit: 0) Non Fund Based: - Letter of Credit: 1540.09 - Buyers credit LUT (fungible sub limit of Letter of Credit, 0) - Bank Guarantee (fungible limited of Letter of Credit, 0.22)			
	c) HDFC Bank Limited Sanction letter dated August 8, 2012 revised vide		Fund Based - Cash Credit / Working Capital Demand Loan : 2,000 Non Fund Based: - Letter of Credit :	Fund Based - Cash Credit / Working Capital Demand Loan : 1,877.37 Non Fund Based: - Letter of Credit :			

	E-mail dated December 30, 2013		1,500 - Bank Guarantees / Buyers Credit / LUT (fungible sub limit of LC, 1,500)	0 - Bank Guarantees (fungible sub limit of LC,519.16) - Buyers Credit / LUT (fungible sub limit of LC,618.19)	c) First simple mortgage over the properties located at (a) Wada, Village Kudus, Dist. Thane (b) G-1, MIDC, Mahakali Caves Road, Andheri (E), Mumbai - 400093.		
	d) Canara Bank Sanction letter dated December 3, 2012		Fund Based - OCC/ODBD/PC/FDB/ FBE: 1,500 (fungible sub limit ODBD, 400) Non Fund Based: - ILC/FLC (DA/DP) : 6,000 - Buyers Credit (fungible sub limit of ILC/FLC,3,000)	Fund Based - OCC/ODBD/PC/FDB/ FBE: 1,628.61 (fungible sub limit ODBD: 0) Non Fund Based: - ILC/FLC (DA/DP) : 1,416.22 Buyers Credit (fungible sub limit of,2,605.06)			
	e) IDBI Bank Limited Sanction letter dated November 3, 2012 revised vide sanction letter dated March 20, 2014		Fund Based - Cash Credit (CC): 3,200 - EPC / PCFC/ EBR (fungible inner limit to CC,900) Non Fund Based - Letter of Credit (LC) : 7,700 - Buyers Credit (fungible inner limit to LC,4,000) - Bank Guarantee (fungible inner limit to LC,500) LER: 500	Fund Based - Cash Credit (CC): 2,112.63 - EPC / PCFC/ EBR (fungible inner limit to CC, 0) Non Fund Based - Letter of Credit (LC) : 393.69 - Buyers Credit (fungible inner limit to LC,6,195.86) - Bank Guarantee (fungible inner limit to LC, 391.90) LER: 500	d) Simple mortgage of additional properties i.e. Gala Nos. 3 to 6 and 9 to 16 (Total 12 Galas) located at Village Navghar, Taluka- Vasai, Dist: Thane.		
	f) Yes Bank Limited Sanction letter dated September 17, 2012 revised vide email dated March 27, 2014		Fund Based - Cash Credit: 1,000 Non Fund Based: NIL	Fund Based: - Cash Credit: 996.50 Non Fund Based: NIL			
	g) The Royal Bank of Scotland Sanction letter		Fund Based: - Cash Credit: 500 Non Fund Based: 3000	Fund Based: - Cash Credit: 670.98 Non Fund Based:			

	dated October 7, 2010			NIL			
	h) Axis Bank Limited Sanction letter dated March 26, 2013		Fund Based: - Cash Credit / Working Capital Demand Loan: 2,800 Non Fund Based: Letter of credit interchangeable with buyers credit: 1,700	Fund Based: - Cash Credit / Working Capital Demand Loan: 2,597.88 Non Fund Based: - Letter of credit: 207.85 - Buyers credit: 524.41			

Financial Covenant:

Our financing arrangement entail various restrictive conditions and covenants restricting certain corporate actions, and we are required to take the prior approval of the lender before carrying out such activities.

For instance, we are required to intimate of the lenders in the following instances:

- effect any change in the capital structure;
- formulate any scheme of amalgamation or reconstruction;
- declare or pay dividend for any year except out of profits for the year or of the previous year and after meeting the bank's obligations;
- undertake any new projects or implement any scheme of expansion or acquire fixed assets except those indicated in the funds flow statement submitted to the banks;
- create any charge, lien or encumbrance over its undertakings;
- sells, assign, mortgage or otherwise dispose off any of the fixed assets charged to the banks

The index of charges on MCA website is currently showing various charges other than as mentioned above. The Company has already satisfied these charges, however the banks/lenders have not provided no-dues certificates in this regard. In the absence of such no-dues certificate the Company has not been able to file Form 17 required to be filed in this regard. The Company has in March 2014 requested the banks/lenders to issue the no-dues certificate.

LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND OTHER DEFAULTS

Except as stated below, there are no (i) outstanding litigations, suits, criminal or civil prosecutions, statutory or legal proceedings including those for economic offences, tax liabilities, show cause notices or legal notices pending against our Company, whose outcome could have a materially adverse effect on the business operations or financial position of our Company, (ii) pending criminal liability, cases involving moral turpitude on the part of our Company, proceedings involving material violations of statutory regulations by the Company or economic offences where proceedings have been initiated against the issuer in the immediately preceding 10 years.

Unless stated to the contrary, the information provided below is as of the date of this Draft Letter of Offer.

A. Cases filed against our Company

1. **Parties:** Abhyudaya Co-operative Bank Limited (Bank) V/s M/s. Crystal Audio Limited, Mr. Niranjan B. Shah, Mrs. Geeta N. Shah and Company.

Complaint/ Case No./ Forum: In the third Co-Operative Court at Mumbai, Case No. CC/III/820 of 2000

Brief Facts: It is alleged by the Bank that the Bank had granted a cash credit facility to Crystal Audio Limited since 1988. The same was renewed and enhanced from time to time. The facility was enhanced to ₹ 3.50 crores along with a fresh letter of credit for 2.0 crores. The Bank had granted the cash credit facility of ₹ 2.50 crores at an interest rate of 18.5 % p.a to M/s. Crystal Audio Limited against the security of hypothecation of stock and book debts. The Bank had filed this suit for the recovery of an outstanding amount of ₹ 3,88,02,735.85 as on July 01, 2000 jointly and severally from the opponents with further interest of 18.5% p.a. The Bank impleaded the Company as the fourth party, considering that the Company was the principal purchaser of M/s. Crystal Audio Limited and a substantial amount was due from the Company to M/s. Crystal Audio Limited. Considering the fact that book debts were hypothecated with the Bank, the Company was impleaded through M/s. Crystal Audio Limited as a necessary party to the dispute.

The Company submitted that they are not a member, surety or a guarantor to M /s. Crystal Audio Limited. The Company has stated that M /s. Crystal Audio Limited has a due of ₹ 7,79,069.13/- towards the Company, its subsidiary and group company by virtue of buying raw materials from the Company. The Company states that as per the accounts of M /s. Crystal Audio Limited a sum of ₹ 16,49,682.37 is due. Post the aforesaid adjustments, the Company has offered an amount of ₹ 8,70,613.24 to as full and final settlement. The same has been rejected by M /s. Crystal Audio Limited. The company states that it is ready to deposit the same in the Court or with the Bank on the Court passing the necessary orders.

Status: The matter is pending adjudication

2. **Parties:** S. Ram Kumar (Plaintiff) V/s Company and others.

Complaint/ Case No./ Forum: In the Hon'ble High Court of Judicature in Madras (Ordinary Original Civil Jurisdiction), C.S. No. 221 of 2009

Brief Facts: It is alleged by the Plaintiff that the sale of mobile phones with plurality of sim cards facility without taking a license from the Plaintiff amounted to the infringement of the patent No. 214388 and have prayed for a permanent injunction restraining the manufacturing, destruction of the products that amounts to infringement and damages. The Company in its written statement denied the allegations. It is stated that the technology used in mobile

F910 under the brand name of ONIDA was compared to the invention disclosed in patent No. 214388 and are of the confirmed opinion that the Onida device is not in breach of the claims under the 214388 patent.

The Company claims that the aforesaid patent is neither novel nor original. It also claims that the said patent is subject to prior art, prior publication and well documented prior knowledge.

As per order of June 01, 2012, the Intellectual Property Appellate Board, Chennai has revoked patent number 214388 and directed the Controller of Patents, Chennai to remove the patent from the Register of Patents.

Status: The matter is pending adjudication.

3. **Parties:** State (Deputy Commissioner of Police, CBI, Chennai) V/s Satheesh Kumar, Regional Manager and L. Seshadri Nathan, Branch Accountant (employees of Company) (Opposition)

Complaint/ Case No./ Forum: Criminal Enquiry Number 230/2007 as per section 406 and 420 of Indian penal Code before the Additional Magistrate, Egmore, Chennai

Brief Facts: The Complainant (Baby Electronics) alleged that the Opposition took an advance of ₹ 50,00,000/- from the Complainant with the assurance to supply electronic goods to the Complainant. It was alleged that the material was not supplied and the money was also not returned.

The Opposition alleged that the Complainant use to order materials in its own name as well as in the name of the sister concern. However the payments were made by the Complainant and they payments were not irregularly. The Opposition alleged that as on July 30, 2006 an amount of ₹ 98,17,290/- was outstanding from the Complainant and the same was duly acknowledged. The Opposition alleged that the said ₹ 50,00,000/- was towards the balance payment as mentioned herein above. The Company has also initiated action under section 138 proceedings under the Negotiable Instruments Act, 1882 for dishonor of cheque due to insufficient funds.

The Company has filed a petition for quashing of the order under section 482 of the Criminal Procedure Code vide Criminal O.P. No. 20172 of 2008 before the High Court of Judicature at Madras which was dismissed as withdrawn.

Status: The matter is pending adjudication.

4. **Parties:** Crystal Software Solutions Limited (Plaintiff) V/s Company

Complaint/ Case No./ Forum: Suit No. 1884 of 2002, Ordinary Original Civil Jurisdiction before the High Court of Judicature at Bombay

Brief Facts: The Plaintiff has filed the suit for a recovery of ₹ 6,90,50,524.98/-. The Plaintiff alleged that the Company made payments only based on the purchase order prices. The difference between the actual cost and the cost determined in the purchase order was to be accounted separately and to be paid for. The plaintiff alleges that on the request of the Company it has set up new plants, and has also further invested on it. The Plaintiff alleged that gradually the payments were considerably delayed and the no information regarding the reconciliation of accounts was provided. The Plaintiff also alleged that the Company had falsely debited expenses towards research and development expenses to be payable by the Plaintiff. The amount pending being 3,46,26,607/- along with a simple interest 21% p.a, thus amounting to 6,90,50,524.98/-.

The Company has in its written statement alleged that the suit filed by the Plaintiff is false and baseless. The Company alleged that the reconciliation was done by Plaintiff unilaterally. The Company also states that the suit filed by the Plaintiff is barred by limitation.

The Company also claims that an amount of ₹ 2,91,862.26/- is due from the Plaintiff to the Company towards raw materials. It also alleges that ₹ 2,72,601.74/- is due from the Plaintiff to Akasaka Electronics Limited, a subsidiary of the Company towards raw material. It further alleges that ₹ 2,14,605.13/- is due payable to Iwai Electronics Private Limited, a group company of the Company towards raw materials.

The Company states that due to the nonpayment of the aforesaid amount, the same was debited from the Plaintiffs account with the consent of the Plaintiff.

The Company alleged that there was considerable delay from the Plaintiffs end in supplying the materials due to which the Company has suffered losses. The Company alleged that an amount of ₹ 59,18,921.54/- with an interest of 18% per annum is due from the Plaintiff.

Status: The matter is pending adjudication.

5. Parties: Koninklijke Philips N.V (Plaintiff) V/s The Company

Complaint/ Case No./ Forum: CS(OS) No. 1130/2013 & I.A. No. 9538/2013 before the Hon'ble High Court of Delhi.

Brief Facts: The Plaintiff has instituted the suit for permanent injunction restraining infringement of patent; rendition of accounts; delivery up; etc. The suit is with respect to the infringement of the Patent No. 184753 in India for 'decoding device for converting a modulated signal to a series of m-bit information words'. The Plaintiff alleged that the Company does not manufacture digital video disc (DVD) player on its own, and imports the same and sells it in its brand name ONIDA, in India.

The plaintiff alleged that the Company stated that they were in the business of importing and selling DVD video players in India and that the same was imported from China. The Plaintiff alleged that it did repeated follow up with the Company on the licensed status confirmation document issued by the Plaintiff that allows any entity that wishes to legally procure and market licensed DVD players from a third party manufacturer to the manufacturer to show that royalty has been paid by the manufacturer.

The Plaintiff alleged that upon the examination of the DVD players of the Company, it was evident that the Company was infringing the decoding device as mentioned here in above.

The Plaintiff has claimed damages of ₹ 2,00,00,001/-, permanent injunction restraining infringement of patent, permanent injunction restraining the making, selling, distributing, advertising, importing, exporting offering for sale DVD Video & DVD ROM Player Patents, decree restraining the Company from storing and selling DVD Video players, decree for delivery for seizure and destruction of the infringing DVD players, a decree for rendition of accounts in favour of the Plaintiff and a decree granting leave to the Plaintiff to seek remedies regarding its other essential patents infringed by the Company.

The Company in its written statement stated that it has entered into master supply agreement with authorised manufacturer and have procured requisite certificates for the same. The Company in its written statement states that the suit is not maintainable since no right of the Plaintiff has been violated. The Company also states in its written statement that the objections raised by the Plaintiff amounts to unfair competition. It also states that the present suit is barred by limitation. The Company further stated that it is a dispute between the Plaintiff and the manufacturers and there is no cause of action against the defendant.

Status: The matter is pending adjudication. Next date of hearing is April 03, 2014

6. Parties: Ashok Padhye and Ors V/s The Company

Complaint/ Case No./ Forum: Revision Application (ULP) No. 143 of 2013 before the Industrial court at Mumbai.

Brief Facts: The revision application has been filed by the employees being dissatisfied and aggrieved with the order dated September 30, 2013, by which the Labour Court dismissed all complaints on the ground of non maintainability due to no jurisdiction.

The applicant alleges that they had joined the Company in the year 1985 to 1988 and were not provided with any appointment letter. The Company later on signed a settlement with a trade union and agreed that a confirmation letter will be issued to all workmen. The applicants alleged that the Company in the year 2001 signed a settlement with a new trade union and certain benefits were not extended to 3 workmen. The applicants alleged that the workers were not allowed to report for work. There was a complaint for unfair labour practice by the trade union. The applicants alleged that the employees were transferred to various service centers. On July 26, 2003, they found the service centers to be locked and containing a board which said it is closed. They were later transferred to various places

The third labour court at Mumbai in its Order dated September 30, 2013 stated that it did not have the jurisdiction to try the matter.

Status: The matter is pending adjudication.

7. **Parties:** Mohd. Avais Siddiqui and others (Petitioners) V/s Company and the Deputy Commissioner of Labour

Complaint/ Case No./ Forum: Writ Petition No. 2102 of 2009 before the High Court of Judicature at Bombay.

Brief Facts: It was alleged that the Company had entered into Agreement with certain trade union for the betterment of services of the workmen. It was alleged that the certain workers of the Company had shifted their allegiance to a new trade union. After the expiry of the settlement with the existing trade union with the efflux of time, the Company revised the salary of workmen from the new trade union and not the existing trade union. The same was objected and was considered to be discriminatory by the workers belonging to the existing trade union.

The Petitioners have claimed for re instatement with continuity in service and full back wages with effect from December 26, 2003. The Petitioner also alleged that the award passed by the Labour Court on September 11, 2008 dismissing the references is illegal, improper, invalid, incorrect and liable to be quashed.

Status: The matter is admitted and pending adjudication for hearing and final disposal.

8. **Parties:** Amit Electronics (Petitioner) V/s the Company, V.K. Dubey and Ashok Batra (Accused)

Complaint/ Case No./ Forum: Un-numbered Criminal Case No /2001 before the Second Additional Chief Judicial Magistrate, Indore.

Brief Facts: The Petitioner was the distributor of the Company. It was alleged the officials of the Company had taken a cheque of ₹ 13,76,000/- from the Petitioners. The aforesaid cheque was given as a security. It was alleged that the Company already owed some amount to the Petitioner. Hence, the Petitioner had ordered for a stop payment of the cheque to the bank. It has been alleged that based on the assurances given by the accused, the Petitioner allowed the Company to present the cheque for encashment.

The Petitioner further alleges that the Company owed the Petitioner an amount of ₹ 6,00,000/- and a publicity claim amount of ₹ 2,32,688/-, which has not been received by the Petitioner. It was further alleged that Mr. V. K. Dubey had provided with a photocopy of a ₹ 6,00,000/- cheque to the Petitioner stating that the same will be a full and final

settlement to the entire due. It has been alleged that the Accused wanted to cheat the Petitioner. The Petitioner alleged that the accused has caused offence under section 120B and 420 of the Indian Penal Code, 1860.

The Company has filed a petition under section 482 of Criminal Procedure Code before the Hon'ble High Court of Madhya Pradesh (Indore Bench) bearing the Miscellaneous Criminal Case no. 4071/2001 for quashing the proceedings. The same was dismissed.

Status: The matter is posted for presence of the accused persons. The next date of hearing is April 24, 2014.

9. Parties: Notice issued by the Payment of Gratuity Inspector, Vadodara to the Company

Brief Facts: The Inspector has issued a notice to the Company for non compliance under the provisions of the Payment of Gratuity Act, 1972, rules made there under and the Payment of Gratuity Rules for Gujarat in the year 2008, such as not maintaining various forms for nomination, not exhibiting proper notice, no intimation for closure of office and etc.

Status: Company has stated that they have not received any further communications in the matter.

B. Cases filed by the Company

10. Parties: Company V/s the State of Maharashtra & Others.

Complaint/ Case No./ Forum: Complaint filed by the Company against Mr. Abhishek Saboo, Mr. Rajiv Vaghani and Mr. Jasubhai Vaghani (Partners of M/s. J.P. Electronics) with C.C. No. 27/Misc/2007 filed before the 26th Metropolitan Magistrate Court at Borivali by M/s. J.P. Electronics against the Company and others, followed by Revision Application No. 2 of 2008 before the Dindoshi Sessions Court filed by the Company, followed by Criminal Application No. 5680 of 2010 filed before the Hon'ble High Court of Mumbai by the Company and Writ Petition No. 1873 of 2013 before the High Court of Judicature at Bombay by the Company against the State of Maharashtra and Others.

Brief Facts: The Company had filed the complaint against M/s. J.P. Electronics and Mr. Abhishek Saboo. It has alleged that M/s. J.P. Electronics were dealing in respect of purchase of the Company's products. Mr. Abhishek Saboo is the Company's sales executive and was assigned for the book orders and collect payments from M/s. J.P. Electronics. The Company alleged that an amount of ₹ 96,82,605/- was due from M/s. J.P. Electronics towards the products supplied. On enquiring, M/s. J.P. Electronics stated that all payments were made. On enquiring with Mr. Abhishek Saboo it was found that he was made to sign many debit notes from time to time and sign on certain reconciliation statements under pressure. It was alleged that his signatures were obtained on certain other papers, payment advisors and payment journal vouchers of M/s JP Electronics coercively. It was also alleged that certain documents were prepared and forged by him.

M/s. J.P. Electronics has filed C.C. No. 27/Misc/2007 before the 26th Metropolitan Magistrate Court at Borivali against the Company and its Directors and officers, alleging that Abhishek Saboo was making necessary endorsements on the debit vouchers based on the discounts given to the M/s. J.P. Electronics. M/s. J.P. Electronics alleged that as a part of business practice, M/s. J.P. Electronics use to provide blank cheques. M/s. J.P. Electronics further alleged that the Company and others who are a party to this suit have fraudulently filled up a number and presented one of the blank signed cheque to the bank. M/s. J.P. Electronics alleged that an apology letter was provided by few of the officers of the Company with respect to the above. M/s. J.P. Electronics alleged that the accused parties had conspired against M/s. J.P. Electronics.

The 26th Metropolitan Magistrate Court directed the Borivali Police Station to enquire in the matter and submit a report wherein Mr. Abhishek Saboo was found guilty. The 26th Metropolitan Magistrate Court issued a process against the Company.

Aggrieved by the order, the Company filed a revision application No. 2 of 2008 before the Dindoshi Sessions Court, Mumbai for the purpose of quashing the order passed by the 26th Metropolitan Magistrate Court at Borivali. The Sessions Court stayed all proceedings.

Subsequently, based on our initial complaint, charge sheet was filed. In the said chargesheet the partners of M/s. J.P. Electronics were shown as accused, not charge sheeted.

The Company approached the Hon'ble High Court at Mumbai by filing a criminal application No. 5680 of 2010 against exoneration of the partners of M/s. J.P. Electronics reiterating the alleged facts as in the initial complaint of the case and praying before the Court to quash and set aside the order passed by the learned Metropolitan Magistrate, 19th Court, Esplanade, Mumbai (charge sheeting the employees of the Company, and not the partners of M/s. J.P. Electronics) , to issue process against the partners of M/s. J.P. Electronics, the Metropolitan Magistrate, 19th Court, Esplanade, Mumbai be directed to consider the police report afresh and issue notice to the Company to hear them on the question of issuing process against the partners of M/s. J.P. Electronics.

The said petition is pending before the Hon'ble High Court at Mumbai. In the meantime, the revision application No. 2 of 2008 before the Dindoshi Sessions Court, Mumbai was dismissed. The Company then filed a writ petition before the Hon'ble High Court at Bombay in Criminal Writ Petition No. 1873 of 2013 against the order of issuance of process passed by the 26th Metropolitan Magistrate Court at Borivali and in the matter of Order passed in the Criminal Revision Application No.2/2008 by Additional Sessions Judge, Dindoshi, Mumbai.

Status: The matter is pending for admission. Next date of hearing is April 04, 2014.

11. Parties: Company V/s M/s. Real Deal Corporation and Mr. Raktim Swamy (Accused)

Complaint/ Case No./ Forum: Criminal Revision Application No. 24 of 2008 in Criminal Complaint No. 314 of 2003.

Brief Facts: The Company had sold and delivered televisions to the Accused and had raised invoice for the same which was duly acknowledged by the accused. The Criminal complaint was filed against the Accused in 2003 for dishonor of cheques under section 138 of the Negotiable Instruments Act, 1882 for an amount of ₹ 1,66,347/-. It is alleged that summons were issued to the Accused and they were released on bail on surety. It is further alleged that during the pendency of the suit, the accused came forward to settle the matter and had made a partial payment of ₹ 40,000/- and had requested the Court for an adjournment of the matter for the purpose of paying the remaining amount.

The Company alleges that the Court instead of giving a time period to the Accused for the purpose of the payment of the balance amount dismissed the suit. Aggrieved by the order passed by the Hon'ble Trial Court on December 22, 2007, the Company has caused this revision application.

Status: The matter is pending adjudication.

C. Criminal Proceedings against our Directors in respect of matters relating to the Issuer

12. Parties: Ram Prakash Tiwari (Petitioner) V/s Mr. Gulu Lalchand Mirchandani, Mr. Ashok Batra and the Company

Complaint/ Case No./ Forum: Complaint Case No. 572 of 2000 before Judicial Magistrate of First Class, Ranchi and Criminal Miscellaneous Petition No 1179/2005 with Criminal Miscellaneous Petition No. 4938/2001 before The High Court of Jharkhand at Ranchi.

Brief Facts: The Petitioner complained that the advertisement depicting Goddess Durga carrying various television sets in hand has affected the religious sentiments of Hindus and thereby directors / company committed offences under section 153, 153A, 153B, 295, 295A, 297, 298, 501, 504, 505(2) and 120 B of Indian Penal Code. He alleged that the advertisement was an insult to Hindu religion.

The Company stated that the advertisement in no manner had caused rioting or breach of public tranquility. It was also argued that the Goddess Durga was in no manner depicted as a model which could hurt the sentiments of Hindus. The Company has obtained bail for Mr. Gulu Lalchand Mirchandani, Mr. Ashok Batra.

The Company has filed the Criminal Miscellaneous Petition No. 4938/2001 with Criminal Miscellaneous Petition No 1179/2005 before The High Court of Jharkhand at Ranchi against Ram Prakash Tiwari and State of Jharkhand for quashing the entire criminal proceeding. It was stated that there was no criminal conspiracy and the case was brought about for personal benefit. In the aforesaid proceedings the Hon'ble High Court of Jharkhand at Ranchi has directed for further investigation without coercive measures and dismissed the Petition.

Status: The matter is pending investigation by Police.

13. Parties: State through Factory Inspector V/s Mr. Gulu Lalchand Mirchandani & Mr. Sudhir Mahindra

Complaint/ Case No./ Forum: Criminal Complaint under the provisions of the Factories Act, 1948 before the Chief Judicial Magistrate, Haridwar.

Brief Facts: A total of five cases were filed by the labour inspector for violation of various provisions of Factories Act and the Rules, after the fire accident in the month of February, 2012. The accident resulted in the death of 11 people and 2 were injured.

- (a) It was alleged that no proper measures of safety were ensured for the workers at the location. It was also alleged that the location did not had proper supervision.
- (b) It was also alleged that inflammable objects were kept in the store room where welding work was undertaken. It was also alleged that there was no provision for a proper fire exit in the location. It was also alleged that no proper training were provided to the employees towards safety of fire.
- (c) It was alleged that the unit did not have sufficient firefighting equipment. It was alleged there was no trained person for firefighting purpose at the unit.
- (d) It was alleged that the notice for period of work was not displayed at the entrance or at any place in the unit. It was also alleged that the attendance register in the manner of Form 12 was not available. It was also alleged that the notice of change of manager was not provided in form 4A.
- (e) It was alleged that the unit was unable to produce the leave with wages register for the workers. It was also alleged that various records and registers in accordance to the Factories Act, 1948 and the Rules were not available.

If found guilty the Accused will be liable for a maximum penalty of ₹ 1 lac and/or imprisonment of 2 years for each of the cases stated herein.

Status: Mr. Gulu Lalchand Mirchandani & Mr. Sudhir Mahindra appeared and have taken bail. The Company has given compliance list to the factory Inspector The matter is pending adjudication.

14. Parties: M. Preston (Complainant) V/s Mr. K.A. Krishnan, Mr. S. Balasubramanian, Mr. Anoop Pillai and Managing Director and Chairman of Company (Respondents)

Complaint/ Case No./ Forum: S.T.C. No. 495 of 2010 before the Court of the Judicial Magistrate No. 1 at Tirunelveli.

Brief Facts: The Complainant alleges that he purchased an Onida Split A/c, 1.5 ton with wall mounting stabilizer from a dealer of the Company. The Complainant alleged that the total amount paid was ₹ 22,500, however the bill provided was for ₹ 21,700/- only. The Complainant filed a consumer complaint for the same. The Complainant alleged that the Respondents had filed a written submission defaming the Complainant. The Complainant has caused this suit for defamation along with damages of ₹ 20,00,000/-.

Status: The matters are pending for adjudication.

15. Parties: State vs. Mr. Gulu Lalchand Mirchandani & Mr. Sudhir Mahendra

Complaint/ Case No./ Forum: Criminal Complaint under section 304A Indian Penal Code before Kotwali police station, Manglour, Haridwar, Uttarakhand.

Brief Facts: On account of fire that broke out in Roorkee plant, there was death of 11 employees. A criminal complaint has been filed under the provisions of section 304A of Indian Penal Code for death due to negligence on statement of First informant's information in police station.

Based on the statements gathered, Mr. Gulu Lalchand Mirchandani had no involvement in day to day working, and had only visited factory once in 2009 at the time of the opening of factory. Mr. Sudhir Mahendra was authorised to look after factory administration and Mr. Gulu Lalchand Mirchandani had no interference in factory affairs. No involvement of Mr. Gulu Lalchand Mirchandani was found in the factory management, subsequently the investigation against him was closed and his name was not mentioned in the chargesheet as an accused. It further stated that Mr. Sudhir Mahendra along with other officers in charge of the factory were liable for the day to day operations including safety precautions. The chargesheet concluded that four officials of the factory was liable for the safety of the factory including Mr. Sudhir Mahendra and were accused for the accident. However, due to the death of the remaining three officers, the chargesheet has been filed against Mr. Sudhir Mahendra only.

Status: Charge sheet is filed under section 304 A of the Indian Penal Code. The matter is pending adjudication.

D. Tax Litigations

Excise

16. Parties: Company V/s Commissioner of Central Excise, Thane

Case No./ Forum: E/1401/11-MUM before the Customs, Excise and Service Tax Appellate Tribunal

Brief Facts: Adonis Electronics Private Limited is a company providing after sales service (repairs and maintenance) to the customers of the Company during the warranty period and raising bills of such services inclusive of service tax on the Company. The Company has utilised the CENVAT credit in respect of service tax paid. The department's view is that the services provided by AEPL does not appear to be "input service" and credit on these services is inadmissible. Accordingly, a demand notice of ₹ 2,59,72,450 was issued. The said demand was disputed by the Company. Thereafter, the Commissioner of Central Excise, Thane I, vide its order dated June 13, 2011 confirmed the demand of CENVAT duty of ₹ 2,59,72,450. Further a penalty of ₹ 2,59,72,450 was imposed on the Company vide the said order. Aggrieved, the Company has preferred this appeal before the Customs, Excise and Service Tax Appellate Tribunal.

Status: The matter is pending adjudication.

Income Tax

17. Parties: Company V/s Asst. Commissioner of Income Tax

Case No./ Forum: ITA No. 49/Mum/2011 before the Income Tax Appellate Tribunal

Brief Facts: This appeal has been preferred against the order dated November 29, 2010 of the Commissioner of Income Tax (Appeals) 41, Mumbai on three grounds namely, re-computation of disallowance u/s 14A of the Income Tax Act, 1961 ("I.T. Act"), rate of depreciation on moulds and additions u/s 145A of the I.T. Act. The Hon'ble Tribunal, vide its order dated March 18, 2013 was pleased to set aside the order of the CIT (Appeals) on the ground 2 of rate of depreciation claimed at 30% as against the ordered 25%. The Tribunal further restored the file to the Assessing Officer to recompute disallowances under Sections 14A and 145A of the Income Tax Act, 1961.

Status: The matter is before the Assessing Officer.

18. Parties: Company V/s Dy. Commissioner of Income Tax

Case No./ Forum: Appeal No. 58 for AY 2010-11 before the Commissioner of Income Tax (Appeals)

Brief Facts: The Dy. Commissioner of Income Tax vide an order dated March 14, 2013 with respect to AY 2010-11 added an amount of ₹ 5,62,48,145 towards disallowance under section 14A, excess depreciation, and MODVAT adjustment under section 145A. Aggrieved by the order, the Company preferred an appeal with the Income Tax Appellate Tribunal.

Status: The matter is pending adjudication.

Sales Tax/ Value Added Tax

19. Parties: Company V/s. Addl. Commissioner, West Bengal

Case No./ Forum: Revision application in 2159 CT/SLK before the Commercial Taxes Appellate and Revisional Board, West Bengal.

Brief Facts: The Senior Joint Commissioner had issued demand notices to the Company dated June 18, 2012 for payment of ₹ 7,55,405.53 as Central Sales Tax dues and ₹ 30,73,1151.71 towards Value Added Tax. The Company thereafter, filed an appeal before the Additional Commissioner of Sales Tax, West Bengal. Aggrieved by the order dated August 23, 2013 passed by the Additional Commissioner of Sales Tax, West Bengal in respect of the Company's taxable income in FY 2009-10, the Company has filed this revision application before the Commercial Taxes Appellate and Revisional Board. The total tax amount in dispute in this matter is approximately ₹ 3.14 crores.

Status: The matter is pending adjudication

20. Parties: Company V/s Commercial Tax Officer, Jaipur

Case No./ Forum: 317/Appeal 3/ 2013-14 before the Dy. Commissioner Appeals

Brief Facts: The Commercial Tax Officer, Jaipur vide an order dated December 13, 2013 with respect to FY 2011-12 denied input credit under section 18(2) of the Rajasthan Value Added Tax Act, 2003. The total amount involved is ₹ 9,59,57,761. Aggrieved by the order, the Company has preferred this appeal before the Dy. Commissioner (Appeals). The Company has also filed a writ petition before the Rajasthan High Court seeking a stay on the recovery of dues. The Hon'ble High Court, vide order dated March 12, 2014, directed the appellate authority to decide the appeal within a period of one month. The Court was also pleased to order maintenance of status quo in regards to recovery of tax amount and interest until disposal.

Status: The matter is pending adjudication.

21. Parties: Company V/s Commercial Tax Officer, Jaipur

Case No./ Forum: 318/DC(Appeal)/ 2013-14 before the Dy. Commissioner Appeals

Brief Facts: The Commercial Tax Officer, Jaipur vide an order dated December 13, 2013 with respect to FY 2012-13 denied input credit under section 18(2) of the Rajasthan Value Added Tax Act, 2003. The total amount involved is ₹ 4,62,44,031. Aggrieved by the order, the Company has preferred this appeal before the Dy. Commissioner (Appeals). The Company has also filed a writ petition before the Rajasthan High Court seeking a stay on the recovery of dues. The Hon'ble High Court, vide order dated March 12, 2014, directed the appellate authority to decide the appeal within a period of one month. The Court was also pleased to order maintenance of status quo in regards to recovery of tax amount and interest until disposal.

Status: The matter is pending adjudication.

22. Parties: Company V/s State of Maharashtra

Case No./ Forum: SLP (Civil) 33032/ 2013 before the Supreme Court of India

Brief Facts: The Company has preferred this petition before the Hon'ble Supreme Court against the judgment of the Hon'ble Bombay High Court. The Hon'ble Bombay High Court, vide its order dated June 10, 2013 upheld of retrospective the constitutional validity of the retrospective operation of the 2009 amendment to the Maharashtra Value Added Tax, 2002. The Company had availed of certain financial incentives under the Package Scheme of Incentives, 1993 promulgated by the Government of Maharashtra. By virtue of the amendment, the incentives specifically granted to the Petitioners are withdrawn with retrospective effect. As per the judgment of the Hon'ble Bombay High Court, the Petitioner's liability would be approximately ₹ 17.10 crores.

Status: The matter is pending adjudication.

E. Cases filed by or against its Subsidiaries:

23. Parties: Smt. Tanuja Santosh Revankar and others (Complainant) vs. The Managing Director, Akasaka Electronics Limited and others

Complaint/ Case No./ Forum: M.A.C.P. No. 2797/09 before the Motor Accidents Claims Tribunal, Mumbai

Brief Facts: The Complainant alleged that on February 19, 2009 the accident occurred on Mumbai - Ahmedabad highway road. It was alleged that at the time of the accident, the deceased was travelling in a Scorpio jeep driven by one of the respondent in a rash and negligent manner. It was alleged that the accident occurred due to the rash and negligent act of one of the respondents. The complainant has made a claim for ₹ 2,21,65,000/-. It was alleged that the vehicle was registered in the name of Akasaka Electronics Limited.

Akasaka Electronics Limited, in its written statement stated that the aforesaid claim application is false and frivolous and that the application filed be dismissed. Akasaka Electronics Limited submitted that the accident happened due to unavoidable circumstances, and not due to any rash or negligent driving on the part of the driver.

Status: The matter is pending adjudication.

F. Others

In addition to the above, the Company has initiated 145 proceedings under section 138 of the Negotiable Instruments Act, 1882 in various jurisdictions. The aggregate amount claimed is approximately ₹ 8,48,44,400/-

In addition to the above, the Company is party to 124 consumer proceedings before various fora. The aggregate amount involved is approximately ₹ 62,88,950/-

GOVERNMENT AND OTHER APPROVALS

The Company has obtained necessary consents, licenses, permissions and approvals from the governmental and regulatory authorities that are required for carrying on the present business, except as stated below. Some of the approvals and licenses that the Company requires for its present business operations may expire in the ordinary course of business, and the Company will apply for their renewal from time to time. The Company undertake to obtain all approvals, licenses, registrations and permissions required to operate its business.

Stated below are the details of the applications that have been applied for to obtain approval from relevant authority and approvals that are expired & have been applied:

Particulars	Place for which approval has been obtained	Term/ Validity	Current Status
Application of registration of trademark "Onida" under class 9	Mozambique	-	The trademark has been advertised in the Official Gazette No.61 on June 15, 2012.
Application of registration of trademark "Ondia" under class 7, 9 and 11 vide Application No. 302597220 dated May 3, 2013	Hong Kong	-	Approval awaited
Application of registration of trademark "Nothing But The Truth" with Onida Logo. Three similar marks as series marks under class 9 vide Application No. 1475779 dated August 3, 2009	India	-	The current status of the application is that an examination report has been issued by the Trademark Authority
Application of registration of trademark "Oxygen" (Special Form of Writing) under class 9 vide Application No. 2429344 filed on November 19, 2012	India	-	The current status of the application is that the same is objected
Application of registration of trademark "CANDY" under class 11 vide Application No. 1559199 dated May 16, 2007	India	-	The current status is of the application is that the same has been opposed
Application of registration of trademark "TV MENU (LOGO) 4+1 central button with colour code skeleton" under class 9 vide Application No. 1693551 dated June 2, 2008	India	-	The current status is of the application is that the trademark is advertised in the trademark journal before acceptance.
Application No. 1631771 in class 11 "Onida Device" dated December 17, 2007	India	-	The current status is of the application is that the same has been opposed
Application No. 1475784 in class 9 "BLACK" dated August 3, 2006	India	-	The current status is of the application is that the same has been opposed

Application No. 1475783 in class 9 ONIDA LOGO IN RED SHADE dated August 3, 2006	India	-	The current status is of the application is that the same has been opposed
Application No. 1752575 in class 11 “ONIDA Black Beauty” dated November 11, 2008	India	-	The current status is of the application is that the same has been opposed
Application of registration of trademark “ONIDA WASH” under class 7 vide Application No. 1859463 dated September 07, 2009	India	-	The current status is of the application is that the trademark is accepted and advertised in trademark journal.
Application of registration of trademark “ONIDA THEATRE” under class 9 vide Application No. 1859464 dated September 07, 2009	India	-	The current status is of the application is that the trademark is accepted and advertised in trademark journal.
Application of registration of trademark “ONIDA COOK” under class 11 vide Application No. 1859466 dated September 07, 2009	India	-	The current status of the application is that the same has been objected
Application of registration of trademark “ONIDA CHILL” under class 11 vide Application No. 1859467 dated September 07, 2009	India	-	The current status of the application is that the same has been objected
Application of registration of trademark “ONIDA SERVICE” under class 14 vide application no. 1875033 dated October 21, 2009	India	-	The current status of the application is that the same has been objected
Application of registration of trademark “ONIDA HOUSE” under class 14 vide application no. 1875034 dated October 21, 2009	India	-	The current status of the application is that the same has been objected
Application of registration of trademark “ONIDA SERVICE” under class 11 vide application no. 1875035 dated October 21, 2009	India	-	The current status of the application is that the same has been objected
Application of registration of trademark “ONIDA HOUSE” under class 11 vide application no. 1875036 dated October 21, 2009	India	-	The current status of the application is that the same has been objected
Application of registration of trademark “ONIDA HOUSE” under class 9 vide Application No. 1875037 dated October 21, 2009	India	-	The current status of the application is that the same has been objected

Application of registration of trademark "ONIDA" under class 7, 9, 11 and 35 vide application no. 1970620 dated May 25, 2010	India	-	The current status of the application is that the same has been objected
Application of registration of trademark "MIRC (AHUJA)" under class 99 vide Application No. 2416552 dated October 23, 2012	India	-	The current status of the application is that the same has been objected
Application of registration of trademark "i Care Technology (device of eye)" under class 9 vide application no. 2043806 dated October 26, 2010	India	-	The current status of the application is that the same has been objected
Application of registration of trademark "ONIDA (i Care) Technology (device of eye)" under class 9 vide Application No. 2043807 dated October 26, 2010	India	-	The current status of the application is that the same has been objected
Application of registration of trademark "ONIDA COOLPOINT" under class 11 vide Application No. 2062998 dated December 03, 2010	India	-	The current status of the application is that the same has been objected
Application of registration of trademark "ONIDA SPEEDCOOL" under class 11 vide Application No. 2062999 dated December 03, 2010	India	-	The current status of the application is that the same has been objected
Application of registration of trademark "ONIDA I-COOL" under class 11 vide application no. 2063000 dated December 03, 2010	India	-	The current status of the application is that the same has been objected
Application of registration of trademark "ONIDA I - SPLIT" under class 11 vide Application No. 2063001 dated December 03, 2010	India	-	The current status of the application is that the same has been objected
Application of registration of trademark "I COOL" under class 11 vide Application No. 2063004 dated December 03, 2010	India	-	The current status of the application is that the same has been objected
Application of registration of trademark "SPEEDCOOL" under class 11 vide Application No. 2063005 dated December 03, 2010	India	-	The current status of the application is that the same has been objected

Application of registration of trademark "COOLPOINT" under class 11 vide Application No. 2063006 dated December 03, 2010	India	-	The current status of the application is that the same has been objected
Application of registration of trademark "ONIDA PRECOOL" under class 11 vide application no. 2080019 dated January 03, 2011	India	-	The current status of the application is that the same has been objected
Application of registration of trademark "Onida Twin Cool" under class 11 vide Application No. 2096402 dated February 08, 2011	India	-	The current status of the application is that the same has been objected
Application of registration of trademark "ONIDA (Tumko Dekha Toh Yeh Design Aaya) (AHUJA)" under class 7, 9, 11 vide application no. 2112852 dated March 10, 2011	India	-	The current status of the application is that the same has been objected
Application of registration of trademark "ONIDA (SMS Gone. AC ON)" under class 11 vide application no. 2124843 dated April 4, 2011	India	-	The current status of the application is that the same has been objected
Application of registration of trademark "ONIDA Lighting" under class 11 vide application no. 2137849 dated April 30, 2011	India	-	The current status of the application is that the same has been objected
Application of registration of trademark "Onida iTube Smart LED TV" under class 9 vide Application No. 2262570 dated January 06, 2012	India	-	The current status of the application is that the same has been objected
Application of registration of trademark "label of multiflow" under class 9 vide Application No. 2342861 dated June 5, 2012	India	-	The current status of the application is that the same has been objected
Application of registration of trademark "IGO" under class 7, 11 vide Application No. 2429359 filed on November 19, 2012	India	-	The current status of the application is that the same has been objected
Application of registration of trademark "May Cause Envy" under class 7, 9 & 11 vide Application No. 2466227 filed on January 24, 2013	India	-	The current status of the application is that the same has been objected

Application of registration of trademark “ONIDA OWNER'S PRIDE” under class 7, 9 & 11 vide No. 2634398 filed on November 28, 2013	India	-	The current status is that the initial formalities are complete
Application for registration of patent “Twin Cool Box” vide application no. 117/MUM/2011 sated January 13, 2011	India	-	The current status of the application is application awaiting examination (FER filed on 15-Mar-2012)
Appliacion for registration of patent “Appliance Control Mobile Phone” vide No. 977/MUM/2011 dated on March 29, 2011	India	-	The current status of the application is application not yet published
Application for registration of patent “Money Saver Indicator” vide No. 1135/MUM/2011 dated April 5, 2011	India	-	The current status of the application is Application Awaiting Examination (FER filed on 15-Mar-2012)
Application for registration of patent “Top Loading Fully Automatic / Semi-Automatic Washing Machine with Mechanised Rotatary Brush” vide No. 1350/MUM/2013 dated April 10, 2013	India	-	The current status of the application is application not yet published
Application for renewal of the trade license for the branch located at Cochin	India	-	The Company has filed an application for renewal of the trade license and has paid the necessary payments towards the same on November 6, 2013
Application for renewal of the registration under Karnataka Shops and Commercial Establishment Act,1961 for the branch located at complex no. 4036 old, 2nd floor, “vivish aryan”, 80 feet Road, girinagar, 4th phase, giri nagar, Bangalore - 560085,	India	-	The Company has filed an application for renewal on October 15, 2013.
Application for obtaining consolidated consent and authorization under Air (Prevention and Control of Pollution) Act, 1981, Water (Prevention and Control of Pollution) Act, 1974 and Hazardous Waste (Management, Handling & Transboundary Movement) Rules, 2008	Khasra No.399 to 401 & 405 to 410, 158, km. Milestone, Delhi-Roorkee Highway – NH 58, Mundiyaiki, Pargana, Manglour, Tehsil- Roorkee, District–Haridwar, Uttarakhand	-	The Company has filed an application on February 16, 2013. The Company received a letter dated July 17, 2013 from the Uttarakhand Environment Protection and Pollution Control Board requesting the submission of certain documents / information in this regard. The Company is yet to file a reply to the said letter.

<p>Application for renewal of:</p> <p>(i) Consent to operate under the Air (Prevention and Control of Pollution) Act, 1981</p> <p>(ii) Consent to operate under Water (Prevention and Control of Pollution) Act, 1974 with the Maharastra Pollution Control Board</p> <p>(iii) Authorisation under Hazardous Wastes (Management and Handling) Rules, 1989</p>	<p>Kudus Village, Bhiwandi – Wada Road, Wada Taluka, Thane, Maharashtra</p>	<p>February 28, 2014</p>	<p>The Company has filed an application for renewal on January 29, 2014.</p>
<p>Application has been made with Mangalore City Corporation for renewal of Trade License</p>	<p>Albuquerque chambers ground floor next to corp bank, H.O. Pandeshwar, Mangalore</p>	<p>March 31, 2014</p>	<p>The Company has applied vide applicated dated March 25, 2014.</p>

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorised by a resolution of the Board of Directors of the Company passed at their meeting held on December 4, 2013, pursuant to Section 81(1) and 81(1A) of the Companies Act, 1956.

The Issue has further been authorised by a special resolution of the Shareholders of the Company passed at the EGM held on January 20, 2014, pursuant to Section 81(1) and 81(1A) of the Companies Act, 1956.

The Company has received in-principle approvals from BSE and NSE for listing of the Equity Shares to be allotted in the Issue pursuant to letters dated [●] and [●], respectively.

RBI Approval for Renunciation

Our Company proposes to apply to the RBI for seeking approval for renunciation of Rights Entitlement by (a) an Equity Shareholder resident in India, in favour of any person resident outside India (other than OCBs); (b) an Equity Shareholder resident outside India (other than OCBs), in favour of any person resident in India; and (c) an Equity Shareholder resident outside India (other than OCBs), in favour of any other person resident outside India (other than OCBs).

Prohibition by SEBI or Other Governmental Authorities

The Company, the Promoter, the Directors and Promoter Group have not been prohibited from accessing or operating in capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other regulatory or governmental authority and there are no violations of securities laws committed by them in the past or are pending against them.

The companies with which the Promoters, the Directors or the persons in control of the Company are or were associated as promoter, directors or persons in control have not been debarred from accessing the capital market under any order or direction passed by SEBI or any other regulatory or governmental authority.

None of the Directors are associated with any entities which are engaged in securities market related business and are registered with SEBI for the same, except as stated below:

Name of Director	Company with which the Director is associated
Vimal Bhandari	<ul style="list-style-type: none">• ING Investment Management (India) Private Limited• The Ratnakar Bank Limited
Gulu Lalchand Mirchandani	<ul style="list-style-type: none">• Gulita Securities Limited

Prohibition by RBI

Currently, none of the Company, the Promoter, Promoter Group entities and group companies have been identified as willful defaulters by RBI or any other governmental authority.

Eligibility for the Issue

The Company is a listed company and has been incorporated under the Companies Act, 1956. The Equity Shares of the Company are presently listed on BSE and NSE. It is eligible to offer this issue in terms of Chapter IV of the SEBI Regulations.

Compliance with Part E of Schedule VIII of the SEBI Regulations

The Company is in compliance with the provisions specified in Clause (1), Part E, Schedule VIII of the SEBI Regulations as explained below:

- (a) The Company has been filing periodic reports, statements and information in compliance with the listing agreement for the last three years immediately preceding the date of filing the Draft Letter of Offer with SEBI.
- (b) The reports, statements and information referred to in sub-clause (a) above are available on the website of BSE and NSE or on a common e-filing platform specified by SEBI.
- (c) The Company has an investor grievance-handling mechanism which includes meeting of the Shareholders/Investors' Grievance Committee at frequent intervals, appropriate delegation of power by the Board of Directors of the Company as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

As the Company satisfies the conditions specified in Clause (1) of Part E of Schedule VIII of SEBI Regulations, disclosures in the Draft Letter of Offer have been made in terms of Clause (5), Part E, Schedule VIII of SEBI Regulations.

DISCLAIMER CLAUSE OF SEBI

AS REQUIRED, A COPY OF THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THE DRAFT LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT LETTER OF OFFER. THE LEAD MANAGER, INGA CAPITAL PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE LEAD MANAGER, INGA CAPITAL PRIVATE LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED MARCH 28, 2014 WHICH READS AS FOLLOWS:

- (1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT LETTER OF OFFER PERTAINING TO THE ISSUE;**
- (2) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:**
 - (a) THE DRAFT LETTER OF OFFER FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**

- (b) **ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY SEBI, THE GOVERNMENT OF INDIA AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
- (c) **THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, SEBI REGULATIONS AND OTHER APPLICABLE LEGAL REQUIREMENTS.**
- (3) **WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID.**
- Link Intime India Private Limited has made an application dated January 30, 2014 to SEBI for grant of renewal of its registration.*
- (4) **WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – NOT APPLICABLE**
- (5) **WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF ITS SPECIFIED SECURITIES AS PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT LETTER OF OFFER WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT LETTER OF OFFER – NOT APPLICABLE**
- (6) **WE CERTIFY THAT REGULATION 33 OF THE SEBI REGULATIONS WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER – NOT APPLICABLE**
- (7) **WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SEBI REGULATIONS SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE ISSUE – NOT APPLICABLE**
- (8) **WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.**

- (9) WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION. TRANSFER OF MONIES RECEIVED PURSUANT TO THE ISSUE SHALL BE RELEASED TO THE COMPANY AFTER FINALISATION OF THE BASIS OF ALLOTMENT IN COMPLIANCE WITH THE REGULATION 56 OF THE SEBI REGULATIONS.
- (10) WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE.
- (11) WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SEBI REGULATIONS HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.
- (12) WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER:
- (a) AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY AND
 - (b) AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.
- (13) WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SEBI REGULATIONS WHILE MAKING THE ISSUE. NOTED FOR COMPLIANCE.
- (14) WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE COMPANY, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.
- (15) WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SEBI REGULATIONS CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.
- (16) WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKERS BELOW (WHO ARE RESPONSIBLE FOR PRICING THIS ISSUE)', AS PER FORMAT SPECIFIED BY SEBI THROUGH CIRCULAR DATED SEPTEMBER 27, 2011 - NOT APPLICABLE
- (17) WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS – COMPLIED WITH TO THE EXTENT OF

RELATED PARTY TRANSACTIONS REPORTED IN ACCORDANCE WITH AS-18 FOR THE YEAR ENDED MARCH 31, 2013.

THE FILING OF THE DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCE AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE DRAFT LETTER OF OFFER.

CAUTION

Disclaimer clauses from the Company and the Lead Manager

The Company and the Lead Manager accepts no responsibility for statements made otherwise than in the Draft Letter of Offer or in any advertisement or other material issued by the Company or by any other persons at the instance of the Company and anyone placing reliance on any other source of information would be doing so at his own risk.

The Lead Manager and the Company shall make all information available to the Eligible Equity Shareholders and no selective or additional information would be available for a section of the Eligible Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of the Draft Letter of Offer with SEBI.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this document. You must not rely on any unauthorized information or representations. The Draft Letter of Offer is an offer to sell only the Equity Shares and rights to purchase the Equity Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in the Draft Letter of Offer is current only as of its date.

Investors who invest in the Issue will be deemed to have represented to the Company and Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares, and are relying on independent advice / evaluation as to their ability and quantum of investment in the Issue.

Disclaimer with respect to jurisdiction

The Draft Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Mumbai, India only.

Designated Stock Exchange

The Designated Stock Exchange for the purpose of the Issue will be BSE Limited.

Disclaimer Clause of the BSE

As required, a copy of the Draft Letter of Offer has been submitted to the BSE. The Disclaimer Clause as intimated by the BSE to us, post scrutiny of the Draft Letter of Offer, shall be included in the Letter of Offer prior to filing with the Stock Exchanges.

Disclaimer Clause of the NSE

As required, a copy of the Draft Letter of Offer has been submitted to the NSE. The Disclaimer Clause as intimated by the NSE to us, post scrutiny of the Draft Letter of Offer, shall be included in the Letter of Offer prior to filing

with the Stock Exchanges.

Selling Restrictions

The distribution of the Draft Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession the Draft Letter of Offer may come are required to inform themselves about and observe such restrictions. The Company is making the Issue of Equity Shares on a rights basis to the Eligible Equity Shareholders of the Company and will dispatch the Letter of Offer and CAFs only to Eligible Equity Shareholders who have provided an Indian address.

No action has been or will be taken to permit the Issue in any jurisdiction, or the possession, circulation, or distribution of the Draft Letter of Offer or any other material relating to the Company, the Equity Shares or Rights Entitlement in any jurisdiction, where action would be required for that purpose, except that the Draft Letter of Offer has been filed with SEBI.

Accordingly, the Equity Shares and Rights Entitlement may not be offered or sold, directly or indirectly, and none of the Draft Letter of Offer or any offering materials or advertisements in connection with the Equity Shares or Rights Entitlement may be distributed or published in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of the Draft Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer.

The Draft Letter of Offer and its accompanying documents are being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

If the Draft Letter of Offer is received by any person in any jurisdiction where to do so would or might contravene local securities laws or regulation, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the Rights Entitlement referred to in the Draft Letter of Offer. Investors are advised to consult their legal counsel prior to applying for the Rights Entitlement and additional Equity Shares or accepting any provisional allotment of Equity Shares, or making any offer, sale, resale, pledge or other transfer of the Equity Shares or Rights Entitlement.

Neither the delivery of the Draft Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in the Company's affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Each person who exercises Rights Entitlement and subscribes for Equity Shares or excess Equity Shares, or who purchases Rights Entitlement or Equity Shares shall do so in accordance with the restrictions set out below.

The rights referred to in this Draft Letter of Offer are being offered in India, but not in the United States. The offering to which this Draft Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or rights for sale in the United States or as a solicitation therein of an offer to buy any of the said Rights Equity Shares or rights. Accordingly, the Draft Letter of Offer and the enclosed CAF should not be forwarded to or transmitted in or into the United States at any time. Neither our Company nor any person acting on behalf of our Company will accept subscriptions or renunciation from any person, or the agent of any person, who appears to be, or who our Company or any person acting on behalf of our Company has reason to believe is, either a "U.S. person" (as defined in Regulation S) or otherwise in the United States when the buy order is made. Envelopes containing Draft Letter of Offer / Abridged Letter of Offer and CAF should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer under this Draft Letter of Offer, and all persons subscribing for the Rights Equity Shares and wishing to hold such Rights Equity Shares in registered form must provide an address for registration of the Rights Equity Shares in India. Our Company is making this issue of Rights Equity Shares on a rights basis to its Eligible Equity Shareholders and the Draft Letter of Offer / Abridged Letter of Offer and CAF will be dispatched to Eligible Equity Shareholders who have an Indian address.

Any person who acquires rights and the Rights Equity Shares will be deemed to have declared, represented, warranted and agreed, (i) that it is not and that at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it will not be, in the United States when the buy order is made, (ii) it is not a “U.S. person” (as defined in Regulation S), and does not have a registered address (and is not otherwise located) in the United States, and (iii) is authorised to acquire the rights and the Rights Equity Shares in compliance with all applicable laws and regulations.

Our Company reserves the right to treat as invalid any CAF which: (i) does not include the certification set out in the CAF to the effect that the subscriber is not a “U.S. person” (as defined in Regulation S), and does not have a registered address (and is not otherwise located) in the US and is authorized to acquire the rights and the Rights Equity Shares in compliance with all applicable laws and regulations; (ii) appears to our Company or its agents to have been executed in or dispatched from the US; (iii) where a registered Indian address is not provided; or (iv) where our Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements; and our Company shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such CAF.

Filing

The Draft Letter of Offer has been filed with the Corporation Finance Department of the SEBI, located at SEBI Bhavan, C-4-A, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051, India for its observations. After SEBI gives its observations, the final Letter of Offer will be filed with the Stock Exchanges.

Issue Related Expenses

The Issue expenses include, amongst others, lead management fees, printing and distribution expenses, legal fees, advertisement expenses, registrar and depository fees and listing fees. The estimated expenses of the Issue are as follows:

Particulars	Expense (₹ lacs)	Expense (% of the total expenses)	Expense* (% of the Issue size)
Fees of Lead Manager, Registrar to the Issue, Legal Advisor etc.	[●]	[●]	[●]
Advertising & marketing expenses, printing, stationery, distribution, etc.	[●]	[●]	[●]
Others (including but not limited to Stock Exchange fees, depository Fees and SEBI filing fees and other miscellaneous expenses)	[●]	[●]	[●]
Total estimated Issue expenses	[●]	[●]	[●]

**To be filled at the time of filing of Letter of Offer and determination of Issue Price and other details.*

Investor Grievances and Redressal System

The Company has adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements under the Listing Agreement. The Shareholders & Investors’ Grievance Committee currently comprises Ranjan Kapur as Chairman, Gulu Lalchand Mirchandani as member and Vijay Jaikrishin Mansukhani as member and its broad terms of reference include redressing complaints from shareholders such as non-receipt of dividend or annual report, transfer of shares and issue of duplicate share certificates; monitoring transfers, transmissions, dematerialization, rematerialization, splitting and consolidation of Equity Shares issued by the Company; and issues relating to the relationship of the Company with its share transfer agents.

Time normally taken for disposal of various types of investor complaints: Not more than one month.

Status of outstanding investor complaints in relation to the Company

As of date of the Draft Letter of Offer, there were no outstanding investor complaints.

Investor Grievances arising out of the Issue

The Company's investor grievances arising out of the Issue will be handled by Link Intime India Private Limited, who is the Registrar to the Issue. The Registrar will have a separate team of personnel handling only post-Issue correspondence.

The agreement between the Company and the Registrar will provide for retention of records with the Registrar from the last date of dispatch of Allotment Advice/ share certificate / demat credit / refund order to enable the Registrar to redress grievances of Investors.

All grievances relating to the Issue may be addressed to the Registrar to the Issue or the SCSB in case of ASBA applicants giving full details such as folio no., name and address, contact telephone / cell numbers, email id of the first applicant, number and type of shares applied for, application form serial number, amount paid on application and the name of the bank and the branch where the application was deposited, alongwith a photocopy of the acknowledgement slip. In case of renunciation, the same details of the Renouncee should be furnished.

The average time taken by the Registrar for attending to routine grievances will be 7 days from the date of receipt of complaints. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavour of the Registrar to attend to them as expeditiously as possible. The Company undertakes to resolve the Investor grievances in a time bound manner.

Registrar to the Issue

Link Intime India Pvt. Ltd.

C-13, Pannalal Silk Mills Compound,

L.B.S. Marg,

Bhandup (W), Mumbai – 400 078

Tel: +91 22 25967878

Fax: +91 22 25960329

Email: mel.rights@linktime.co.in

Investor Grievance Email: mel.rights@linktime.co.in

Website: www.linkintime.co.in

Contact Person: Mr. Pravin Kasare

SEBI Registration No.: INR000004058*

**The SEBI registration of Link Intime India Private Limited will expire on May 5, 2014. Link Intime India Private Limited has made an application dated January 30, 2014 to SEBI for grant of renewal of the registration, in accordance with the Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agent) Regulations, 1993, as amended. The renewal of the registration from SEBI is currently awaited.*

Investors may contact the Compliance Officer in case of any pre-Issue/ post -Issue related problems such as non-receipt of Allotment advice/share certificates/ demat credit/refund orders etc. The contact details of the Compliance Officer are as follows:

Mr. Predeep Kumar Gupta

MIRC Electronics Limited

Onida House, G-1 MIDC,

Mahakali Caves Road,

Andheri (E),

Mumbai - 400 093

Tel: +91- 22 - 66975777
Fax : +91- 22 - 28202002
Email: investors@onida.com

Status of Complaints

During the quarter ended December 31, 2013, the Company had received 17 complaints and all of said complaints received were resolved.

ISSUE INFORMATION

TERMS OF THE ISSUE

The Equity Shares proposed to be issued on a rights basis, are subject to the terms and conditions contained in the Draft Letter of Offer, the Letter of Offer / Abridged Letter of Offer, the CAF, the Memorandum of Association and Articles of Association of the Company, and the provisions of the Companies Act, FEMA, the SEBI Regulations, any other notifications, guidelines and regulations issued by SEBI, the guidelines, notifications and regulations for the issue of capital and for listing of securities issued by the Government of India and other statutory and regulatory authorities from time to time, the terms of listing agreements entered into by the Company with the Stock Exchanges and terms and conditions as stipulated in the allotment advice or letter of Allotment or security certificate and rules as may be applicable and introduced from time to time.

Please note that, in terms of SEBI circular CIR/CFD/DIL/1/ 2011 dated April 29, 2011, QIB applicants, Non-Institutional Investors and other applicants whose application amount exceeds ₹ 200,000 can participate in the Issue only through the ASBA process. The Investors who are not QIBs, Non-Institutional Investors or whose application amount is not more than ₹ 200,000 can participate in the Issue through the ASBA process as well as the non ASBA process. ASBA Investors should note that the ASBA process involves application procedures that may be different from the procedure applicable to non ASBA process. ASBA Investors should carefully read the provisions applicable to such applications before making their application through the ASBA process. For details, please see “Procedure for Application through the Applications Supported by Blocked Amount (“ASBA”) Process” on page 213 below.

Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in its own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, for ensuring compliance with the applicable regulations.

All rights/obligations of Eligible Equity Shareholders in relation to application and refunds pertaining to this Issue shall apply to the Renouncee(s) as well.

Authority for the Issue

This Issue to our Eligible Equity Shareholders with a right to renounce is being made pursuant to a resolution passed by our Board of Directors on December 4, 2013. The Issue has further been authorised by a special resolution of the shareholders of the Company passed at the EGM held on January 20, 2014, pursuant to Section 81(1) and 81(1A) of the Companies Act, 1956.

Basis for the Issue

The Equity Shares are being offered for subscription for cash to the Eligible Equity Shareholders of the Company whose names appear, as beneficial owners as per the list to be furnished by the Depositories in respect of the Equity Shares held in the electronic form, and on the register of members of our Company in respect of Equity Shares held in the physical form at the close of business hours on the Record Date, i.e. [●], fixed in consultation with the Stock Exchanges.

Mode of Payment of Dividend

We shall pay dividends (in the event of declaration of such dividends) to our Equity Shareholders as per the provisions of the Companies Act and our Articles of Association.

Rights Entitlement

As your name appears as an Eligible Equity Shareholder you are entitled to the number of Equity Shares as set out in Part A of the CAFs.

The distribution of the Draft Letter of Offer, the Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. The Company is making the issue of Equity Shares on a rights basis to the Eligible Equity Shareholders and the Letter of Offer/Abridged Letter of Offer and the CAFs will be dispatched only to those Eligible Equity Shareholders who have a registered address in India. Any person who acquires Rights Entitlements or Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer, that it is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States.

PRINCIPAL TERMS OF THE EQUITY SHARES

Face Value

Each Equity Share will have the face value of ₹ 1/-.

Issue Price

Each Equity Share shall be offered at an Issue Price of ₹ [●] for cash at a premium of ₹ [●] per Equity Share. The Issue Price has been arrived at after consultation between the Company and the Lead Manager.

Rights Entitlement Ratio

The Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of [●] Equity Shares for every [●] Equity Shares held on the Record Date.

Terms of Payment

Full amount of ₹ [●] per Equity Share is payable on application.

Fractional Entitlements

For Equity Shares being offered on a rights basis under this Issue, if the shareholding of any of the Eligible Equity Shareholders is less than [●] Equity Shares or not in the multiple of [●], the fractional entitlement of such Eligible Equity Shareholders shall be ignored. Eligible Equity Shareholders whose fractional entitlements are being ignored would be given preferential consideration for the Allotment of one additional Equity Share each if they apply for additional Equity Shares over and above their Rights Entitlement, if any.

For example, if an Eligible Equity Shareholder holds between [●] and [●] Equity Shares, he will be entitled to [●] Equity Shares on a rights basis. He will also be given a preferential consideration for the Allotment of one additional Equity Share if he has applied for the same.

Those Eligible Equity Shareholders holding less than [●] Equity Shares will therefore be entitled to zero Equity Shares under this Issue and shall be despatched a CAF with zero entitlement. Such Eligible Equity Shareholders are entitled to apply for additional Equity Shares. However, they cannot renounce the same in favour of third parties. CAFs with zero entitlement will be non-negotiable/non-renounceable.

For example, if an Eligible Equity Shareholder holds between one and [●] Equity Shares, he will be entitled to zero Equity Shares on a rights basis. He will be given a preference for Allotment of one additional Equity Share if he has applied for the same.

An illustration stating the Rights Entitlement for number of Equity Shares is set out below:

No. of Equity Shares held as on Record Date	Rights Entitlement
[●]	[●]
[●]	[●]
[●]	[●]

Ranking

The Equity Shares being issued shall be subject to the provisions of the Memorandum of Association and Articles of Association. The Equity Shares allotted in the Issue shall rank *pari passu* with the existing Equity Shares.

Listing and trading of Equity Shares proposed to be issued

The Company's existing Equity Shares are currently traded on the BSE (scrip code 500279) and NSE (symbol **MIRCELECTR**) under the ISIN INE831A01028. The fully paid-up Equity Shares proposed to be issued pursuant to the Issue shall, in terms of the circular (no. CIR/MRD/DP/21/2012) by SEBI dated August 2, 2012, be Allotted under a temporary ISIN which shall be kept blocked till the receipt of final listing and trading approval from the Stock Exchanges. Upon receipt of such listing and trading approval, the Equity Shares proposed to be issued pursuant to the Issue shall be debited from such temporary ISIN and credited in the existing ISIN of the Company and be available for trading.

The listing and trading of the Equity Shares shall be based on the current regulatory framework applicable thereto. Accordingly, any change in the regulatory regime would affect the listing and trading schedule. Upon Allotment, the Equity Shares shall be traded on Stock Exchanges in the demat segment only.

The Equity Shares allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of the necessary formalities for listing and commencement of trading shall be taken within seven working days of finalisation of the basis of Allotment. The Company has made an application for "in-principle" approval for listing of the Equity Shares to the BSE and the NSE and has received such approval from the BSE pursuant to the letter no. [●] dated [●] and from the NSE pursuant to letter no. [●] dated [●]. The Company will also apply to the Stock Exchanges for final approval for the listing and trading of the Equity Shares. No assurance can be given regarding the active or sustained trading in the Equity Shares or that the price at which the Equity Shares offered under the Issue will trade after listing on the Stock Exchanges.

If permissions to list, deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchanges, the Company shall repay all moneys received from the applicants in pursuance of the Letter of Offer in accordance with the applicable laws.

Rights of the Equity Shareholder

Subject to applicable laws, the Equity Shareholders of the Company shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right to free transferability of Equity Shares; and
- Such other rights as may be available to a shareholder of a listed public company under the Companies Act and the Memorandum of Association and Articles of Association.

General Terms of the Issue

Market Lot

The Equity Shares of the Company are tradable only in dematerialized form. The market lot for Equity Shares in dematerialised mode is one. In case an Eligible Equity Shareholder holds Equity Shares in physical form, the Company would issue to such Allottees one certificate for the Equity Shares allotted to each folio (“Consolidated Certificate”).

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint tenants with the benefit of survivorship subject to the provisions contained in the Articles of Association.

Nomination

Nomination facility is available in respect of the Equity Shares in accordance with the provisions of the Section 109A of the Companies Act, 1956. An Eligible Equity Shareholder can nominate any person by filling the relevant details in the CAF in the space provided for this purpose. In case of Eligible Equity Shareholders who are individuals, a sole Eligible Equity Shareholder or the first named Eligible Equity Shareholder, along with other joint Eligible Equity Shareholders, if any, may nominate any person(s) who, in the event of the death of the sole Eligible Equity Shareholder or all the joint Eligible Equity Shareholders, as the case may be, shall become entitled to the Equity Shares offered in the Issue. A person, being a nominee, becoming entitled to the Equity Shares by reason of the death of the original Eligible Equity Shareholder(s), shall be entitled to the same advantages to which he would be entitled if he was an Eligible Equity Shareholder. Where the nominee is a minor, the Eligible Equity Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Shares, in the event of death of the said Eligible Equity Shareholder, during the minority of the nominee. A nomination shall stand rescinded upon the sale of the Equity Shares by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. When the Equity Shares are held by two or more persons, the nominee shall become entitled to receive the amount only on the demise of all such Eligible Equity Shareholders. Fresh nominations can be made only in the prescribed form available on request at the Registered Office of the Company or such other person at such addresses as may be notified by the Company.

In terms of Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Only one nomination would be applicable for one folio. Hence, in case the Eligible Equity Shareholders has already registered the nomination with the Company, no further nomination needs to be made for Equity Shares that may be allotted in this Issue under the same folio. However, new nominations, if any, by the Eligible Equity Shareholder(s) shall operate in supersession of the previous nomination, if any.

In case the Allotment of Equity Shares is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be allotted in this Issue. Nominations registered with respective Depository Participant (“DP”) of the applicant would prevail. Any applicant desirous of changing the existing nomination is requested to inform its respective DP.

Notices

All notices to the Eligible Equity Shareholder(s) required to be given by the Company shall be published in one English language national daily newspaper, one Hindi national daily newspaper and one Marathi language daily newspaper with wide circulation in Maharashtra and/or, will be sent by post to the registered address of the Eligible Equity Shareholders in India or the Indian address provided by the Eligible Equity Shareholders from time to time.

Additional Subscription by the Promoter

The members of the Promoter and Promoter Group have, through their letters dated March 27, 2014 (the “Subscription Letter”) confirmed that they, either by themselves or through entities/persons belonging to the Promoter and Promoter Group of the Company intend to subscribe to the full extent of their Rights Entitlement in the Issue.

Further, subject to compliance with applicable laws including the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, the members of the Promoter and Promoter Group reserve the right to subscribe for additional equity shares in the Issue and also intend to subscribe for additional equity shares to the extent of any undersubscribed portion in the Issue. Such subscription of Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding above their current percentage shareholding. In this regard, the members of the Promoter and Promoter Group acknowledge and undertake that their investment would be restricted to ensure that the public shareholding in the Company after the Issue do not fall below the permissible minimum level as specified in the listing conditions or Clause 40A of the listing agreement.

As the Company is in requirement of capital, following members of the Promoter and Promoter Group have brought in a sum of ₹ 32,00,00,000 (Rupees thirty two crores only) as interest free unsecured loan. The said unsecured loan is free of any interest and any amount received as unsecured loan from the members of Promoter And Promoter Group which is in excess or shortage towards their actual entitlement including for additional subscription, if any, by the members of the Promoter and Promoter Group and/or for under-subscription in the Issue shall be adjusted or refunded.

Sr. No.	Name of the person/entity	Amount paid as unsecured loan (₹)
1.	Gulita Securities Ltd	24,65,184
2.	Gulu Lalchand Mirchandani	13,13,77,996
3.	Gulu Lalchand Mirchandani J/w Gita Gulu Mirchandani	22,05,034
4.	Gita Gulu Mirchandani	2,08,10,369
5.	Kaval G Mirchandani	2,82,46,798
6.	Kaval G Mirchandani J/w Gulu Lalchand Mirchandani	31,629
7.	Sasha G Mirchandani	2,81,91,539
8.	Sasha G Mirchandani J/w Gulu Lalchand Mirchandani	859
9.	IIFL Investment Adviser & Trustee Services Ltd (Formerly IIFL Trustee Services Ltd):- Trustee for Tamarind Family Private Trust	5,80,35,804
10.	Adino Electronics Limited	7,77,176
11.	Vijay Jaikrishin Mansukhani*	4,78,57,612
	Total	32,00,00,000

* Vijay Mansukhani is a member of the Promoter and Promoter Group, however he is not holding any equity shares in the Company

Offer to Non Resident Eligible Equity Shareholders/ Applicants

Applications received from NRs for Allotment shall be *inter alia*, subject to the conditions imposed from time to time by the RBI under FEMA in the matter of receipt and refund of Application Money, Allotment, issue of letters of Allotment/ Allotment advice/ share certificates, payment of interest, dividends, etc. General permission has been granted to any person resident outside India to purchase shares offered on a rights basis by an Indian company in

terms of FEMA and Regulation 6 of notification No. FEMA 20/2000-RB dated 3 May 2000. Our Board of Directors may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the Allotment of Equity Shares, payment of dividend etc. to the Non Resident Eligible Equity Shareholders. The Equity Shares purchased on a rights basis by non-residents shall be subject to the same conditions including restrictions in regard to the repatriability as are applicable to the original equity shares against which equity shares are issued on a right basis.

How to Apply?

Resident Eligible Equity Shareholders

Applications should be made only on the CAF enclosed with the Letter of Offer/Abridged Letter of Offer. The CAF should be complete in all respects, as explained in the instructions indicated in the CAF. An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an Application to subscribe to the Issue on plain paper. For further details, see the section titled – **Application on Plain Paper**’ on page 206 of the Letter of Offer. Applications will not be accepted by the Lead Manager or by the Registrar to the Issue or by our Company at any offices, except in the case of postal Applications as per instructions given in the Letter of Offer. ASBA Investors shall be required to indicate either in (i) Part A of the CAF, or (ii) a plain paper Application, as to their desire to avail of the ASBA option of payment.

Non Resident Eligible Equity Shareholders

Non Resident Indian applicants can obtain the CAF from the Registrar to the Issue. Applications received from Non Resident Eligible Equity Shareholders for the Issue shall, *inter alia*, be subject to the conditions as may be imposed from time to time by the RBI under FEMA, in the matter of receipt and refund of Application Money, Allotment, issue of letters of Allotment/ Allotment advice payment of interest, dividends etc.

Procedure for Application

The CAF for the Equity Shares would be printed in black ink for all Eligible Equity Shareholders. In case the original CAFs are not received by the Eligible Equity Shareholder or is misplaced by the Eligible Equity Shareholder, the Eligible Equity Shareholder may request the Registrar to the Issue, for issue of a duplicate CAF, by furnishing the registered folio number, DP ID Number, Client ID Number and their full name and address. In case the signature of the Eligible Equity Shareholder does not match with the specimen registered with the Company, the application is liable to be rejected.

Please note that neither the Company, Lead Manager nor the Registrar to the Issue shall be responsible for delay in the receipt of the CAF/duplicate CAF attributable to postal delays or if the CAF/duplicate CAF are misplaced in the transit.

Please note that QIB applicants, Non-Institutional Investors and other applicants whose application amount exceeds ₹ 200,000 can participate in the Issue only through the ASBA process. The applicants who are not QIBs and whose application amount is not more than ₹ 200,000 can participate in the Issue through the ASBA process as well as the non ASBA process.

The CAF consists of four parts:

Part A: Form for accepting the Equity Shares offered as a part of this Issue, in full or in part, and for applying for additional Equity Shares;

Part B: Form for renunciation of Equity Shares;

Part C: Form for application of Equity Shares by Renouncee(s);

Part D: Form for request for split Application forms.

Option available to the Equity Shareholders

The CAFs will clearly indicate the number of Equity Shares that the Eligible Equity Shareholder is entitled to.

If the Eligible Equity Shareholder applies for an investment in Equity Shares, then Eligible Equity Shareholder can:

- Apply for its Rights Entitlement of Equity Shares in full;
- Apply for its Rights Entitlement of Equity Shares in part;
- Apply for its Rights Entitlement of Equity Shares in part and renounce the other part of the Equity Shares;
- Apply for its Rights Entitlement in full and apply for additional Equity Shares;
- Renounce its Rights Entitlement in full.

Acceptance of the Issue

You may accept the offer to participate and apply for the Equity Shares offered, either in full or in part, by filling Part A of the CAFs and submit the same along with the application money payable to the Bankers to the Issue or any of the collection centers as mentioned on the reverse of the CAFs before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by our Board of Directors in this regard. Investors at centres not covered by the collection branches of the Bankers to the Issue can send their CAFs together with the cheque drawn at par on a local bank at Mumbai/demand draft payable at Mumbai to the Registrar to the Issue by registered post. Such applications sent to anyone other than the Registrar to the Issue are liable to be rejected. For further details on the mode of payment, see “*Mode of Payment for Resident Investors*” and “*Mode of Payment for Non-Resident Investors*” on pages 207 and 208, respectively.

Additional Equity Shares

You are eligible to apply for additional Equity Shares over and above your Rights Entitlement, provided that you are eligible to apply under applicable law and have applied for all the Equity Shares offered to you without renouncing them in whole or in part in favour of any other person(s). Applications for additional Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board, subject to sectoral caps and in consultation if necessary with the Designated Stock Exchange and in the manner prescribed under “*Basis of Allotment*” on page 220.

If you desire to apply for additional Equity Shares, please indicate your requirement in the place provided for additional Equity Shares in Part A of the CAF. The Renouncee applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares.

Where the number of additional Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

Renunciation

The Issue includes a right exercisable by you to renounce the Equity Shares offered to you either in full or in part in favour of any other person or persons. Your attention is drawn to the fact that the Company shall not Allot and/or register the Equity Shares in favour of (i) more than three persons (including joint holders); (ii) partnership firm(s) or their nominee(s); (iii) minors; (iv) HUF (however, you may renounce your Rights Entitlements to the Karta of an Hindu Undivided Family acting in his capacity of a Karta); or (v) any trust or society (unless the same is registered under the Societies Registration Act, 1860 or the Indian Trust Act, 1882 or any other applicable law relating to societies or trusts and is authorized under its constitution or bye-laws to hold Equity Shares, as the case may be). Additionally, existing Equity Shareholders may not renounce in favour of persons or entities in the United States or who would otherwise be prohibited from being offered or subscribing for Equity Shares or Rights Entitlement under applicable securities laws.

Any renunciation (i) from resident Indian equity shareholder(s) to non-resident(s); (ii) from non-resident equity shareholder(s) to resident Indian(s); or (iii) from a non-resident equity shareholder(s) to other non-resident(s), is subject to the renouncer(s)/ renounee(s) obtaining the necessary regulatory approvals. The Company proposes to apply to the RBI for seeking approval for renunciation of Rights Entitlement by (a) an Investor resident in India, in

favour of any person resident outside India (other than OCBs); (b) an Investor resident outside India (other than OCBs), in favour of any person resident in India; and (c) an Investor resident outside India (other than OCBs), in favour of any other person resident outside India (other than OCBs). In case the Company does not receive such approval, the renouncer/ renounee is required to obtain such approval and attach to the CAF. All such renunciations shall be subject to any conditions that may be specified in the RBI approval. Applications not complying with conditions of the approval/ not accompanied by such approvals are liable to be rejected.

By virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies (“OCBs”) have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Accordingly, the existing Equity Shareholders of the Company who do not wish to subscribe to the Equity Shares being offered but wish to renounce the same in favour of Renounee shall not renounce the same (whether for consideration or otherwise) in favour of OCB(s).

Part ‘A’ of the CAF must not be used by any person(s) other than those in whose favour this offer has been made. If used, this will render the application invalid. Submission of the CAF to the Banker to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part ‘B’ of the CAF) duly filled in shall be the conclusive evidence for the Company of the fact of renouncement to the person(s) applying for Equity Shares in Part ‘C’ of the CAF for the purpose of Allotment of such Equity Shares. The Renounees applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares. Part ‘A’ of the CAF must not be used by the Renounee(s) as this will render the application invalid. Renounee(s) will have no right to further renounce any Equity Shares in favour of any other person.

Procedure for renunciation

To renounce all the Equity Shares offered to an Equity Shareholder in favour of one Renounee

If you wish to renounce the offer indicated in Part ‘A’, in whole, please complete Part ‘B’ of the CAF. In case of joint holding, all joint holders must sign Part ‘B’ of the CAF. The person in whose favour renunciation has been made should complete and sign Part ‘C’ of the CAF. In case of joint Renounees, all joint Renounees must sign Part ‘C’ of the CAF.

To renounce in part/or renounce the whole to more than one person(s)

If you wish to either (i) accept this offer in part and renounce the balance, or (ii) renounce the entire offer under this Issue in favour of two or more Renounees, the CAF must be first split into requisite number of forms. Please indicate your requirement of SAFs in the space provided for this purpose in Part ‘D’ of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on the last date of receiving requests for SAFs. On receipt of the required number of SAFs from the Registrar, the procedure as mentioned in paragraph above shall have to be followed.

In case the signature of the Eligible Equity Shareholder(s), who has renounced the Equity Shares, does not match with the specimen registered with the Company/Depositories, the application is liable to be rejected.

Renounee(s)

The person(s) in whose favour the Equity Shares are renounced should fill in and sign Part ‘C’ of the CAF and submit the entire CAF to the Bankers to the Issue or any of the collection branches as mentioned on the reverse of the CAFs on or before the Issue Closing Date along with the application money in full.

Change and/or introduction of additional holders

If you wish to apply for Equity Shares jointly with any other person(s), not more than three including you, who is/are not already a joint holder with you, it shall amount to renunciation and the procedure as stated above for

renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above shall have to be followed.

However, this right of renunciation is subject to the express condition that the Board of Directors shall be entitled in its absolute discretion to reject the request for Allotment from the Renouncee(s) without assigning any reason therefore.

APPLICATIONS BY NON – ASBA INVESTORS

Eligible Equity Shareholders who are eligible to apply under the non – ASBA process

The option of applying for Equity Shares through non – ASBA process is available only to Eligible Equity Shareholders of our Company on the Record Date as well as Renouncees whose application not exceed ₹ 2,00,000. **All Applicants who are QIBs and Non – Institutional Investors can apply in the Issue only through the ASBA process.**

Instructions for Options for Non – ASBA Investors

The summary of options available to the Eligible Equity Shareholder who applies through the non-ASBA process is presented below. You may exercise any of the following options with regard to the Equity Shares offered, using the CAF:

Option Available	Action Required
1. Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A (<i>All joint holders must sign</i>)
2. Accept your Rights Entitlement in full and apply for additional Equity Shares	Fill in and sign Part A including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares (<i>All joint holders must sign</i>)
3. Accept a part of your Rights Entitlement and renounce the balance to one or more Renouncee(s) OR Renounce your Rights Entitlement to all the Equity Shares offered to you to more than one Renouncee	Fill in and sign Part D (<i>all joint holders must sign</i>) requesting for SAFs. Send the CAF to the Registrar to the Issue so as to reach them on or before the last date for receiving requests for SAFs. Splitting will be permitted only once. On receipt of the SAF take action as indicated below. (i) For the Equity Shares you wish to accept, if any, fill in and sign Part A. (ii) For the Equity Shares you wish to renounce, fill in and sign Part B indicating the number of Equity Shares renounced and hand it over to the Renouncees. (iii) Each Renouncee should fill in and sign Part C for the Equity Shares accepted by them.
4. Renounce your Rights Entitlement in full to one person (<i>Joint Renouncees are considered as one</i>).	Fill in and sign Part B (<i>all joint holders must sign</i>) indicating the number of Equity Shares renounced and hand it over to the Renouncee. The Renouncee must fill in and sign Part C (<i>All joint Renouncees must sign</i>)
5. Introduce a joint holder or change the sequence of joint holders	This will be treated as renunciation. Fill in and sign Part B and the Renouncee must fill in and sign Part C.

Please note that:

- Part 'A' of the CAF must not be used by any person(s) other than the Eligible Equity Shareholder to whom the Letter of Offer has been addressed. If used, this will render the application invalid.
- Request for each SAF should be made for a minimum of [●] Equity Share or, in each case, in multiples thereof and one SAF for the balance Equity Shares, if any.
- Request by the Investor for the SAFs should reach the Registrar on or before [●].
- Only the Eligible Equity Shareholder to whom the Letter of Offer has been addressed shall be entitled to renounce and to apply for SAFs. Forms once split cannot be split further.
- SAFs will be sent to the Investor(s) by post at the applicant's risk.
- Eligible Equity Shareholders may not renounce in favour of persons or entities in the United States or who would otherwise be prohibited from being offered or subscribing for Equity Shares or Rights Entitlement under applicable securities laws.
- While applying for or renouncing their Rights Entitlement, joint Eligible Equity Shareholders must sign the CAF in the same order and as per specimen signatures recorded with the Company/ Depositories.

Availability of duplicate CAF

In case the original CAF is not received, or is misplaced by Eligible Equity Shareholder, the Registrar to the Issue will issue a duplicate CAF on such request of the Eligible Equity Shareholder who should furnish the registered folio number/ DP and Client ID number and his/ her full name and address to the Registrar to the Issue. Please note that the request for duplicate CAF should reach the Registrar to the Issue within [●] days from the Issue Opening Date. Please note that those who are making the application in the duplicate form should not utilize the original CAF for any purpose including renunciation, even if it is received/ found subsequently. If the Investor violates such requirements, he / she shall face the risk of rejection of either original CAF or both the applications. The Company, the Lead Manager or the Registrar to the Issue will not be responsible for postal delays or loss of duplicate CAF in transit, if any.

Application on Plain Paper

An Eligible Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with an account payee cheque drawn on a bank in Mumbai/ demand draft, net of bank and postal charges payable at Mumbai and the Investor should send the same by registered post directly to the Registrar to the Issue. For details of the mode of payment, please see "*Modes of Payment*" on page 207. Applications on plain paper will not be accepted from any address outside India.

The envelope should be super scribed "MIRC Electronics Limited – Rights Issue" and should be postmarked in India. The application on plain paper, duly signed by the Investors including joint holders, in the same order and as per specimen recorded with the Company/ Depositories, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

- Name of the Company, being MIRC Electronics Limited;
- Name and address of the Investor including joint holders;
- Registered Folio Number/ DP and Client ID no.;
- Number of Equity Shares held as on Record Date;
- Share certificate numbers and distinctive numbers of Equity Shares, if held in physical form;
- Allotment option preferred - physical or demat form, if held in physical form;
- Number of Equity Shares entitled to;

- Number of Equity Shares applied for;
- Number of additional Equity Shares applied for, if any;
- Total number of Equity Shares applied for;
- Total amount paid at the rate of ₹ [●] per Equity Share;
- Particulars of cheque/ demand draft;
- Savings/current account number and name and address of the bank where the Investor will be depositing the refund order (in case of Equity Shares held by such Eligible Equity Shareholders in physical form). In case of Equity Shares allotted in dematerialised form, the bank account details will be obtained from the information available with the Depositories;
- Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN number of the Investor and for each Investor in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue;
- If the payment is made by a draft purchased from NRE/FCNR/NRO account, as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/FCNR/NRO account; and
- A representation that the Investor is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States and is not a “U.S. Person” (as defined in Regulation S under the Securities Act).

Please note that those who are making the application otherwise than on original CAF shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the Investor violates such requirements, he/she shall face the risk of rejection of both the applications. The Company shall refund such application amount to the Investor without any interest thereon.

Applicants are requested to strictly adhere to these instructions. Failure to do so could result in the Application being liable to be rejected without our Company, the Lead Manager and the Registrar to the Issue incurring any liabilities to such applicants for such rejections.

Last date for Application

The last date for submission of the duly filled in CAF is [●]. The Board may extend the said date for such period as it may determine from time to time, subject to the period of Issue not exceeding 30 days.

If the CAF together with the amount payable is not received by the Banker to the Issue/ Registrar to the Issue on or before the close of banking hours on the aforesaid last date or such date as may be extended by the Board/ committee of Directors, the invitation to offer contained in the Letter of Offer shall be deemed to have been declined and the committee / Board of Directors shall be at liberty to dispose off the Equity Shares hereby offered, as provided under “- *Basis of Allotment*” on page 220.

Modes of Payment

Mode of payment for Resident Investors

- All cheques / demand drafts accompanying the CAF should be drawn in favour of “[●]” crossed ‘A/c Payee only’ and should be submitted along with the CAF to the Bankers to the Issue or to the Registrar to the Issue;
- Investors residing at places other than places where the bank collection centres have been opened by the Company for collecting applications, are requested to send their CAFs together with an account payee cheque drawn on a bank in Mumbai/demand draft for the full application amount, net of bank and postal charges drawn in favour of “[●]”, crossed ‘A/c Payee only’ and payable at Mumbai directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. The Company, the Lead Manager or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.

Mode of payment for Non-Resident Investors

As regards the application by non-resident Investor, the following conditions shall apply:

- Individual non-resident Indian applicants who are permitted to subscribe for Equity Shares by applicable local securities laws can also obtain application forms from the following address:

Link Intime India Pvt. Ltd.

C-13, Pannalal Silk Mills Compound,

L.B.S. Marg,

Bhandup (W), Mumbai – 400 078

Tel: +91 22 25967878

Fax: +91 22 25960329

Email: mel.rights@linktime.co.in

Investor Grievance Email: mel.rights@linktime.co.in

Website: www.linkintime.co.in

Contact Person: Mr. Pravin Kasare

SEBI Registration No.: INR000004058*

**The SEBI registration of Link Intime India Private Limited will expire on May 5, 2014. Link Intime India Private Limited has made an application dated January 30, 2014 to SEBI for grant of renewal of the registration, in accordance with the Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agent) Regulations, 1993, as amended. The renewal of the registration from SEBI is currently awaited.*

Note: The Letter of Offer/ Abridged Letter of Offer and CAFs to NRIs shall be sent only to their Indian address, if provided.

- Applications will not be accepted from non-resident Indian in the United States or its territories and possessions, or any other jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.
- All non-resident investors should draw the cheques/demand drafts in favour of “[●]”, crossed “A/c Payee only” for the full application amount, net of bank and postal charges and which should be submitted along with the CAF to the Bankers to the Issue/collection centres or to the Registrar to the Issue.
- Non-resident investors applying from places other than places where the bank collection centres have been opened by the Company for collecting applications, are requested to send their CAFs together with Demand Draft for the full application amount, net of bank and postal charges drawn in favour of “[●]”, crossed ‘A/c Payee only’ and marked “[●]” payable at Mumbai directly to the Registrar to the Issue by registered / speed post so as to reach them on or before the Issue Closing Date. The Company, the Lead Manager or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.
- Payment by non-residents must be made by demand draft payable at Mumbai/cheque payable drawn on a bank account maintained at Mumbai or funds remitted from abroad in any of the following ways:

Application with repatriation benefits

- By the ASBA Process, from an ASBA Account maintained with an SCSB;
- By Indian Rupee drafts purchased from abroad and payable at Mumbai or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate); or

- By cheque/draft drawn on an NRE or FCNR Account maintained in Mumbai; or
- By Rupee draft purchased by debit to NRE/FCNR Account maintained elsewhere in India and payable in Mumbai;
- FPIs must remit funds from special non-resident rupee deposit account; .
- In the case of NRIs who remit their application money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account, details of which should be furnished in the appropriate columns in the CAF. In the case of NRIs who remit their application money through Indian Rupee drafts from abroad, refunds and other disbursements, if any will be made in U.S. Dollars at the rate of exchange prevailing at such time subject to the permission of RBI. The Company will not be liable for any loss on account of exchange rate fluctuation for converting the Rupee amount into U.S. Dollar or for collection charges charged by the applicant's bankers.

Application without repatriation benefits

- By the ASBA Process, from an ASBA Account maintained with an SCSB
- As far as non-residents holding Equity Shares on non-repatriation basis are concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained in Mumbai or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Mumbai. In such cases, the Allotment of Equity Shares will be on non-repatriation basis.
- Applicants should note that where payment is made through drafts purchased from NRE/ FCNR/ NRO accounts as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR/ NRO account should be enclosed with the CAF. In the absence of such an account debit certificate, the application shall be considered incomplete and is liable to be rejected.
- An Eligible Equity Shareholder whose status has changed from resident to non-resident should open a new demat account reflecting the changed status. Any application from a demat account which does not reflect the accurate status of the Applicant are liable to be rejected at the sole discretion of the Company and the Lead Manager.

Notes:

- In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to the IT Act.
- In case Equity Shares are allotted on a non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India.
- The CAF duly completed together with the amount payable on application must be deposited with the Banker to the Issue indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.
- In case of an application received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines/ rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.

- Renouncees who are NRIs/ FPIs/Non-Resident should submit their respective applications either by hand delivery or by registered post / speed post with acknowledgement due to the Registrar to the Issue only along with the cheque/demand draft payable at Mumbai so that the same are received on or before the closure of the Issue.

General instructions for Investors

- Please read the instructions printed on the CAF carefully.
- QIB applicants and other applicants whose application amount exceeds ₹ 200,000 can participate in the Issue only through the ASBA process. The Investors who are not QIBs and whose application amount is not more than ₹ 200,000 can participate in the Issue through the ASBA process as well as the non ASBA process.
- Application should be made on the printed CAF, provided by the Company except as mentioned under the head “Application on Plain Paper” in this section on page 206 as the case may be and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of the Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the Investors, details of occupation, address, father’s / husband’s name must be filled in block letters.

The CAF together with the cheque/demand draft should be sent to the Bankers to the Issue or to the Registrar to the Issue and not to the Company or Lead Manager to the Issue. Investors residing at places other than cities where the branches of the Bankers to the Issue have been authorised by the Company for collecting applications, will have to make payment by Demand Draft payable at Mumbai of an amount net of bank and postal charges and send their CAFs to the Registrar to the Issue by registered post. If any portion of the CAF is/are detached or separated, such application is liable to be rejected.

Applications where separate cheques/demand drafts are not attached for amounts to be paid for Equity Shares are liable to be rejected.

- Except for applications on behalf of the Central and State Government, the residents of Sikkim and the officials appointed by the courts, all Investors, and in the case of application in joint names, each of the joint Investors, should mention his/her PAN number allotted under the I.T. Act, 1961, irrespective of the amount of the application. **CAFs without PAN will be considered incomplete and are liable to be rejected.**
- Investors are advised that it is mandatory to provide information as to their savings/current account number and the name of the bank with whom such account is held in the CAF to enable the Registrar to the Issue to print the said details in the refund orders, if any, after the names of the payees. Application not containing such details is liable to be rejected.
- All payment should be made by cheque/demand draft only. Application through the ASBA process as mentioned is acceptable. Cash payment is not acceptable. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Investors must sign the CAF as per the specimen signature recorded with the Company.
- In case of an application under power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the

relevant investment under this Issue and to sign the application and a copy of the Memorandum and Articles of Association and / or bye laws of such body corporate or society must be lodged with the Registrar to the Issue giving reference of the serial number of the CAF. In case the above referred documents are already registered with the Company, the same need not be a furnished again. In case these papers are sent to any other entity besides the Registrar to the Issue or are sent after the Issue Closing Date, then the application is liable to be rejected. In no case should these papers be attached to the application submitted to the Bankers to the Issue.

- (i) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with the Company/Depositories. Further, in case of joint Investors who are Renouncees, the number of Investors should not exceed three. In case of joint Investors, reference, if any, will be made in the first Investor's name and all communication will be addressed to the first Investor.
- (j) Application(s) received from NRs/NRIs, or persons of Indian origin residing abroad for Allotment of Equity Shares shall, *inter alia*, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, Allotment of Equity Shares, subsequent issue and Allotment of Equity Shares, interest, export of share certificates, etc. In case a NR or NRI Investor has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF. Additionally, applications will not be accepted from NRs/NRIs in the United States or its territories and possessions, or any other jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.
- (k) All communication in connection with application for the Equity Shares, including any change in address of the Investors should be addressed to the Registrar to the Issue prior to the date of Allotment in this Issue quoting the name of the first/sole Investor, folio numbers and CAF number. Please note that any intimation for change of address of Investors, after the date of Allotment, should be sent to the Registrar and Transfer Agents of the Company, in the case of Equity Shares held in physical form and to the respective depository participant, in case of Equity Shares held in dematerialized form.
- (l) SAFs cannot be re-split.
- (m) Only the person or persons to whom Equity Shares have been offered and not Renouncee(s) shall be entitled to obtain SAFs.
- (n) Investors must write their CAF number at the back of the cheque /demand draft.
- (o) Only one mode of payment per application should be used. The payment must be by cheque / demand draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub member of the bankers clearing house located at the centre indicated on the reverse of the CAF where the application is to be submitted.
- (p) A separate cheque / draft must accompany each CAF. Outstation cheques / demand drafts or post-dated cheques and postal / money orders will not be accepted and applications accompanied by such cheques / demand drafts / money orders or postal orders will be rejected. The Registrar to the Issue will not accept payment against application if made in cash.
- (q) No receipt will be issued for application money received. The Bankers to the Issue / Registrar to the Issue will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.
- (r) The distribution of the Letter of Offer and issue of Equity Shares and Rights Entitlements to persons in certain jurisdictions outside India may be restricted by legal requirements in those jurisdictions. Persons in the United States and such other jurisdictions are instructed to disregard the Letter of Offer and not to attempt to subscribe for Equity Shares.

Grounds for Technical Rejections

Investors are advised to note that applications are liable to be rejected on technical grounds, including the following:

- Amount paid does not tally with the amount payable;
- Bank account details (for refund) are not given;
- Age of Investor(s) not given (in case of renouncees);
- Except for CAFs on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN number not given for application of any value;
- In case of CAF under power of attorney or by limited companies, corporate, trust, relevant documents are not submitted;
- If the signature of the Investor does not match with the one given on the CAF and for renounce(s) if the signature does not match with the records available with their depositories;
- CAFs are not submitted by the Investors within the time prescribed as per the CAF and the Letter of Offer;
- CAFs not duly signed by the sole/joint Investors;
- CAFs by OCBs;
- CAFs accompanied by Stockinvest;
- In case no corresponding record is available with the depositories that matches three parameters, namely, names of the Investors (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity;
- CAFs that do not include the certifications set out in the CAF to the effect that, among other thing, the subscriber is not located in the United States and is authorized to acquire the Rights Entitlements and Equity Shares in compliance with all applicable laws and regulations;
- CAFs which have evidence of being executed in/dispatched from the United States or any other jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws;
- CAFs by ineligible non-residents (including on account of restriction or prohibition under applicable local laws) and where a registered address in India has not been provided;
- CAFs where the Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements;
- In case the GIR number is submitted instead of the PAN;
- Applications by persons not competent to contract under the Contract Act, 1872, as amended, except bids by minors having valid demat accounts as per the demographic details provided by the Depositories.
- Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application; and
- Applications by QIB applicants or applicants whose application amount exceeds ₹ 200,000, not through

ASBA process.

- The Application by an Eligible Equity Shareholder whose cumulative value of Equity Shares applied for is more than ₹ 2,00,000 but has applied separately through split CAFs of less than ₹ 2,00,000 and has not done so through the ASBA process.

Please read the Letter of Offer and the instructions contained therein and in the CAF carefully before filling in the CAF. The instructions contained in the CAF are an integral part of the Letter of Offer and must be carefully followed. The CAF is liable to be rejected for any non-compliance of the provisions contained in the Letter of Offer or the CAF.

Procedure for Application through the Applications Supported by Blocked Amount (“ASBA”) Process

This section is for the information of the ASBA Investors proposing to subscribe to the Issue through the ASBA process. The Company and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Letter of Offer. Investors who are eligible to apply under the ASBA process are advised to make their independent investigations and to ensure that the CAF is correctly filled up, specifying the number of the bank account maintained with the Self Certified Syndicate Bank (“SCSB”) in which the Application Money will be blocked by the SCSB.

The Lead Manager, the Company, its directors, affiliates, associates and their respective directors and officers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to applications accepted by SCSBs, applications uploaded by SCSBs, applications accepted but not uploaded by SCSBs or applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for applications uploaded by SCSBs, the amount payable on application has been blocked in the relevant ASBA Account.

Please note that QIB applicants and other applicants whose application amount exceeds ₹ 200,000, can participate in the Issue only through the ASBA process. The applicants who are not QIBs and whose application amount is not more than ₹ 200,000 can participate in the Issue through the ASBA process as well as non ASBA process.

The list of banks which have been notified by SEBI to act as SCSBs for the ASBA Process is provided on <http://www.sebi.gov.in>. For details on Designated Branches of SCSBs collecting the CAF, please refer the above mentioned SEBI link.

Equity Shareholders who are eligible to apply under the ASBA process

The option of applying for Equity Shares in the Issue through the ASBA process is only available to the Eligible Equity Shareholders of the Company on the Record Date and who:

- hold the Equity Shares in dematerialised form as on the Record Date and have applied towards his/her Rights Entitlements or additional Equity Shares in the Issue in dematerialised form;
- have not renounced his/her Rights Entitlements in full or in part;
- are not in the United States and are eligible under applicable securities laws to subscribe for the Rights Entitlements and Equity Shares in the Issue;
- are not a Renouncee; and
- are applying through a bank account maintained with SCSBs.

CAF

The Registrar will despatch the CAF to all Eligible Equity Shareholders as per their Rights Entitlement on the Record Date for the Issue. Those Investors who wish to apply through the ASBA payment mechanism will have to select for this mechanism in Part A of the CAF and provide necessary details.

Eligible Equity Shareholders desiring to use the ASBA process are required to submit their applications by selecting

the ASBA option in Part A of the CAF only. Application in electronic mode will only be available with such SCSBs who provide such facility. The Eligible Equity Shareholder shall submit the CAF to the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the said ASBA Account.

More than one ASBA Investor may apply using the same ASBA Account, provided that the SCSBs will not accept a total of more than five CAFs with respect to any single ASBA Account.

Acceptance of the Issue

You may accept the Issue and apply for the Equity Shares either in full or in part, by filling Part A of the respective CAFs sent by the Registrar, selecting the ASBA process option in Part A of the CAF and submit the same to the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of the Company in this regard.

Mode of payment

The Investor applying under the ASBA process agrees to block the entire amount payable on application with the submission of the CAF, by authorizing the SCSB to block an amount, equivalent to the amount payable on application, in an ASBA Account.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the CAF, the SCSB shall block an amount equivalent to the amount payable on application mentioned in the CAF until it receives instructions from the Registrar. Upon receipt of intimation from the Registrar, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account. This amount will be transferred in terms of the SEBI Regulations, into the separate bank account maintained by the Company as per the provisions of section 40(3) of the Companies Act, 2013. The balance amount remaining after the finalisation of the basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue and the Lead Manager to the respective SCSB.

The Investor applying under the ASBA process would be required to give instruction to block the entire amount payable on their application at the time of the submission of the CAF.

The SCSB may reject the application at the time of acceptance of CAF if the ASBA Account details of which have been provided by the Investor in the CAF does not have sufficient funds equivalent to the amount payable on application mentioned in the CAF. Subsequent to the acceptance of the application by the SCSB, the Company would have a right to reject the application only on technical grounds.

Options available to the Eligible Equity Shareholders applying under the ASBA process

The summary of options available to the Eligible Equity Shareholder is presented below. You may exercise any of the following options with regard to the Equity Shares, using the respective CAFs received from Registrar:

Sr. No.	Option Available	Action Required
1.	Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A of the CAF (<i>All joint holders must sign</i>)
2.	Accept your Rights Entitlement in full and apply for additional Equity Shares.	Fill in and sign Part A of the CAF including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares (<i>All joint holders must sign</i>)

The Eligible Equity Shareholder applying under the ASBA process will need to select the ASBA option process in the CAF and provide required necessary details. However, in cases where this option is not

selected, but the CAF is tendered to the SCSBs with the relevant details required under the ASBA process option and the SCSBs block the requisite amount, then that CAFs would be treated as if the Eligible Equity Shareholder have selected to apply through the ASBA process option.

Additional Equity Shares

Eligible Equity Shareholders are eligible to apply for additional Equity Shares over and above the number of Equity Shares that you are entitled to, provided that you are eligible to apply for Equity Shares under applicable law and you have applied for all the Equity Shares (as the case may be) offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Equity Shares shall be considered and Allotment shall be made at the sole discretion of the Board, in consultation with the Designated Stock Exchange and in the manner prescribed under “*Basis of Allotment*” in this section on page 220.

If you desire to apply for additional Equity Shares please indicate your requirement in the place provided for additional Equity Shares in Part A of the CAF.

Renunciation under the ASBA process

ASBA Investors can neither be Renouncees, nor can renounce their Rights Entitlements.

Application on Plain Paper

An ASBA Investor who has neither received the original CAF nor is in a position to obtain the duplicate CAF and who is applying under the ASBA process may make an application to subscribe to the Issue on plain paper and the ASBA Investors should send the same by registered post directly to the SCSB. Applications on plain paper will not be accepted from any address outside India.

The envelope should be super scribed “[●]” and should be postmarked in India. The application on plain paper, duly signed by the ASBA Investor including joint holders, in the same order and as per the specimen recorded with the Company/ Depositories, must reach the Designated Branch of SCSBs before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, being MIRC Electronics Limited;
- Name and address of the Investor including joint holders;
- Registered Folio Number/ DP and Client ID no.;
- Number of Equity Shares held as on Record Date;
- Number of Equity Shares entitled to;
- Number of Equity Shares applied for;
- Number of additional Equity Shares applied for, if any;
- Total number of Equity Shares applied for;
- Total amount paid at the rate of ₹ [●] per Equity Share;
- Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
- In case of non-resident investors, details of the NRE/FCNR/NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;
- Except for applications on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, PAN number of the Investor and for each Investor in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue; and
- A representation that the Investor is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States and is not a “U.S. Person” (as defined in Regulation S under the Securities Act).

ASBA Investors has option to receive Equity Shares in Dematerialized Form only.

General instructions for Investors applying under the ASBA process

- (a) Please read the instructions printed on the respective CAF carefully.
- (b) Pursuant to the applicability of the directions issued by SEBI vide its circular no. CIR/CFD/DIL/1/2011 dated 29 April 2011, all applicants who are QIBs or Non Institutional Investors shall, on a mandatory basis, make use of the ASBA process in the Issue. In addition all investors applying through the ASBA process including QIBs and Non Institutional Investors will have to comply with the eligibility conditions as specified in SEBI circular no. SEBI/CFD/DIL/ASBA/1/2009/30/12 dated 30 December 2009.
- (c) QIB applicants and other applicants whose application amount exceeds ₹ 200,000 can participate in the Issue only through the ASBA process. The Investors who are not QIBs and whose application amount is not more than ₹ 200,000 can participate in the Issue through the ASBA process as well as the non ASBA process.
- (d) Application should be made on the printed CAF only and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of the Letter of Offer are liable to be rejected. The CAF must be filled in English.
- (e) The CAF in the ASBA process should be submitted at a Designated Branch of the SCSB and whose bank account details are provided in the CAF and not to the Bankers to the Issue (assuming that such Banker the Issue is not a SCSB), to the Company or Registrar or Lead Manager to the Issue.
- (f) All applicants, and in the case of application in joint names, each of the joint applicants, should mention his/her PAN number allotted under the Income-Tax Act, 1961, irrespective of the amount of the application. Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, CAFs without PAN will be considered incomplete and are liable to be rejected. With effect from 16 August 2010, the demat accounts for applicants for which PAN details have not been verified shall be “suspended credit” and no allotment and credit of Equity Shares pursuant to the Issue shall be made into the accounts of such applicant.
- (g) All payments will be made by blocking the amount in the ASBA Account. Cash payment is not acceptable. In case payment is affected in contravention of this, the application may be deemed invalid and the application money will be refunded by un-blocking the amount in the ASBA Account and no interest will be paid thereon.
- (h) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Eligible Equity Shareholder must sign the CAF as per the specimen signature recorded with the Company/or Depositories.
- (i) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with the Company/ Depositories. In case of joint applicants, reference, if any, will be made in the first applicant’s name and all communication will be addressed to the first applicant.
- (j) All communication in connection with application for the Equity Shares, including any change in address of the Investors should be addressed to the Registrar to the Issue prior to the date of Allotment in this Issue quoting the name of the first/sole applicant Investor, folio numbers and CAF number.
- (k) Only the person or persons to whom the Equity Shares have been offered and not renouncee(s) shall be eligible to participate under the ASBA process.
- (l) Only persons outside the restricted jurisdiction and who are eligible to subscribe for Rights Entitlement and Equity Shares under applicable securities laws are eligible to participate.

- (m) SCSBs making ASBA Applications on their own account are required to have a separate ASBA Account in their own name with any other SEBI registered SCSB. Such ASBA Account should be used solely for the purpose of making applications in rights issues and clear demarcated funds should be available in such account for ASBA Applications

Do's:

- (a) Ensure that the ASBA process option is selected in part A of the CAF and necessary details are filled in. In case of non receipt of CAF, application can be made on plain paper mentioning all necessary details as mentioned under “*Application on Plain Paper*” on page 206.
- (b) Ensure that you submit your application in physical mode only. Electronic mode is only available with certain SCSBs and not all SCSBs and you should ensure that your SCSB offers such facility to you.
- (c) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be allotted in the dematerialized form only.
- (d) Ensure that the CAFs are submitted at the SCSBs and details of the correct bank account have been provided in the CAF.
- (e) Ensure that there are sufficient funds (equal to {number of Equity Shares as the case may be applied for} X {Issue Price of Equity Shares, as the case may be}) available in the ASBA Account before submitting the CAF to the respective Designated Branch of the SCSB.
- (f) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the CAF, in the ASBA Account, of which details are provided in the CAF and have signed the same.
- (g) Ensure that you receive an acknowledgement from the SCSB for your submission of the CAF in physical form.
- (h) Except for CAFs submitted on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, each applicant should mention their PAN allotted under the I. T. Act.
- (i) Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.
- (j) Ensure that the Demographic Details are updated, true and correct, in all respects.
- (k) Ensure that the account holder in whose bank account the funds are to be blocked has signed authorizing such funds to be blocked.
- (l) Ensure that you apply through ASBA process if you are a QIB or a Non – Institutional Investor or if you are an applicant whose application amount exceeds ₹ 200,000 and satisfy the eligibility requirements for being an ASBA Investor in terms of the December 2009 Circular. Further even Retail Individual Investors complying with the eligibility requirements for being an ASBA Investor in terms of the December 2009 Circular can apply in the Issue through ASBA process.

Don'ts:

- (a) Do not apply if you are in the restricted jurisdiction or are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.

- (b) Do not apply on duplicate CAF after you have submitted a CAF to a Designated Branch of the SCSB.
- (c) Do not pay the amount payable on application in cash, by money order or by postal order.
- (d) Do not send your physical CAFs to the Lead Manager to Issue / Registrar / Bankers the the Issue (assuming that such Bankers to the Issue is not a SCSB) / to a branch of the SCSB which is not a Designated Branch of the SCSB / Company; instead submit the same to a Designated Branch of the SCSB only.
- (e) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- (f) Do not instruct your respective banks to release the funds blocked under the ASBA process.
- (g) Do not submit more than five CAFs per ASBA Account;
- (h) Do not apply through non ASBA process if you are a QIB or if you are an applicant whose application amount exceeds ₹ 200,000.

Grounds for Technical Rejection under the ASBA process

In addition to the grounds listed under “*Grounds for Technical Rejection*” on page 212, applications under the ASBA Process are liable to be rejected on the following grounds:

- (a) Application for Rights Entitlements or additional shares in physical form.
- (b) DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar.
- (c) Sending an ASBA Application on plain paper to the Registrar to the Issue.
- (d) Sending CAF to a Lead Manager / Registrar / Bankers to the Issue (assuming that such Bankers to the Issue is not a SCSB) / to a branch of a SCSB which is not a Designated Branch of the SCSB / Company.
- (e) Renouncee applying under the ASBA process.
- (f) Submission of more than five CAFs per ASBA Account.
- (g) Insufficient funds are available with the SCSB for blocking the amount.
- (h) Funds in the ASBA Account whose details are mentioned in the CAF having been frozen pursuant to regulatory orders.
- (i) Account holder not signing the CAF or declaration mentioned therein.
- (j) CAFs that do not include the certification set out in the CAF to the effect that the subscriber does not have a registered address (and is not otherwise located) in the United States and is authorized to acquire the rights and the securities in compliance with all applicable laws and regulations.
- (k) CAFs which have evidence of being executed in/dispatched from the United States.
- (l) Application by ASBA Investors on SAFs.
- (m) Submitting the GIR number instead of the PAN

- (n) Applications by SCSBs not complying with the SEBI circulars dated September 13, 2012 and January 2, 2013, whereby SCSBs need to ensure that for making applications on own account using ASBA facility, they should have a separate account in own name with any other SEBI registered SCSBs. Such account should be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.

Depository account and bank details for Eligible Equity Shareholders applying under the ASBA process

IT IS MANDATORY FOR ALL THE ELIGIBLE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS AS ON THE RECORD DATE. ALL ELIGIBLE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF. ELIGIBLE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS MUST ENSURE THAT THE NAME GIVEN IN THE CAF IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE CAF/PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.

Eligible Equity Shareholders applying under the ASBA process should note that on the basis of name of these Eligible Equity Shareholders, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF/plain paper applications, as the case may be, the Registrar to the Issue will obtain from the Depository demographic details of these Eligible Equity Shareholders such as address, bank account details for printing on refund orders and occupation ("Demographic Details"). Hence, Eligible Equity Shareholders applying under the ASBA process should carefully fill in their Depository Account details in the CAF.

These Demographic Details would be used for all correspondence with such Eligible Equity Shareholders including mailing of the letters intimating unblock of bank account of the respective Eligible Equity Shareholders. The Demographic Details given by the Eligible Equity Shareholders in the CAF would not be used for any other purposes by the Registrar. Hence, Eligible Equity Shareholders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the CAFs, the Eligible Equity Shareholders applying under the ASBA process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Letters intimating Allotment and unblocking or refund (if any) would be mailed at the address of the Eligible Equity Shareholders applying under the ASBA process as per the Demographic Details received from the Depositories. Refunds, if any, will be made directly to the bank account linked to the DP ID. Eligible Equity Shareholders applying under the ASBA process may note that delivery of letters intimating unblocking of bank account may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Eligible Equity Shareholders in the CAF would be used only to ensure dispatch of letters intimating unblocking of bank account.

Note that any such delay shall be at the sole risk of the Eligible Equity Shareholders applying under the ASBA process and none of the Company, the SCSBs or the Lead Manager shall be liable to compensate the Eligible Equity Shareholders applying under the ASBA process for any losses caused due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, (a) names of the Eligible Equity Shareholders (including the order of names of joint holders), (b) the DP ID and (c) the beneficiary

account number, then such applications are liable to be rejected.

Underwriting

The Issue is not underwritten.

Issue Schedule

Issue Opening Date:	[●]
Last date for receiving requests for SAFs:	[●]
Issue Closing Date:	[●]

The Board may however decide to extend the period of Issue as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

Basis of Allotment

Subject to the provisions contained in the Letter of Offer, the Articles of Association of the Company and the approval of the Designated Stock Exchange, the Board will proceed to Allot the Equity Shares in the following order of priority:

- (a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s) who has/ have applied for Equity Shares renounced in their favour, in full or in part.
- (b) Investors whose fractional entitlements are being ignored would be given preference in allotment of one additional Equity Share each if they apply for additional Equity Share. Allotment under this head shall be considered if there are any unsubscribed Equity Shares after allotment under (a) above. If number of Equity Shares required for allotment under this head are more than number of Equity Shares available after allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.
- (c) Allotment to the Investors who having applied for all the Equity Shares offered to them as part of the Issue and have also applied for additional Equity Shares. The Allotment of such additional Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there are any unsubscribed Equity Shares after making full Allotment in (a) and (b) above. The Allotment of such Equity Shares will be at the sole discretion of the Board of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.
- (d) Allotment to Renouncees who having applied for all the Equity Shares renounced in their favour, have applied for additional Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Equity Shares will be at the sole discretion of the Board of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and not preferential allotment.

After taking into account Allotment to be made under (a) to (d) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'.

The members of the Promoter and Promoter Group have, through their letters dated March 27, 2014 (the "Subscription Letter") confirmed that they, either by themselves or through entities/persons belonging to the Promoter and Promoter Group of the Company intend to subscribe to the full extent of their Rights Entitlement in the Issue.

Further, subject to compliance with applicable laws including the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, the members of the Promoter and Promoter Group reserve the right to subscribe for additional equity shares in the Issue and also intend to subscribe for additional equity shares to the extent of any undersubscribed portion in the Issue. Such subscription of Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding above their current percentage shareholding. In this regard, the members of the Promoter and Promoter Group acknowledge and undertake that their investment would be restricted to ensure that the public shareholding in the Company after the Issue do not fall below the permissible minimum level as specified in the listing conditions or Clause 40A of the listing agreement.

As the Company is in requirement of capital, following members of the Promoter and Promoter Group have brought in a sum of ₹ 32,00,00,000 (Rupees thirty two crores only) as interest free unsecured loan. The said unsecured loan is free of any interest and any amount received as unsecured loan from the members of Promoter and Promoter Group which is in excess or shortage towards their actual entitlement including for additional subscription, if any, by the members of the Promoter and Promoter Group and/or for under-subscription in the Issue shall be adjusted or refunded.

Sr. No.	Name of the person/entity	Amount paid as unsecured loan (₹)
1.	Gulita Securities Ltd	24,65,184
2.	Gulu Lalchand Mirchandani	13,13,77,996
3.	Gulu Lalchand Mirchandani J/w Gita Gulu Mirchandani	22,05,034
4.	Gita Gulu Mirchandani	2,08,10,369
5.	Kaval G Mirchandani	2,82,46,798
6.	Kaval G Mirchandani J/w Gulu Lalchand Mirchandani	31,629
7.	Sasha G Mirchandani	2,81,91,539
8.	Sasha G Mirchandani J/w Gulu Lalchand Mirchandani	859
9.	IIFL Investment Adviser & Trustee Services Ltd (Formerly IIFL Trustee Services Ltd.): - Trustee for Tamarind Family Private Trust	5,80,35,804
10.	Adino Electronics Limited	7,77,176
11.	Vijay Jaikrishin Mansukhani*	4,78,57,612
	Total	32,00,00,000

* Vijay Mansukhani is a member of the Promoter and Promoter Group, however he is not holding any equity shares in the Company

Allotment Advices / Refund Orders

The Company will issue and dispatch Allotment advice/ share certificates/ demat credit and/or letters of regret along with refund order or credit the allotted Equity Shares to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date. If such money is not repaid within eight days from the day the Company becomes liable to repay it, (i.e. 15 days after the Issue Closing Date or the date of the refusal by the Stock Exchange(s), whichever is earlier) the Company and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to pay the money with interest as prescribed under the Companies Act.

Investors residing at centers where clearing houses are managed by the RBI will get refunds through National Electronic Clearing Service ("NECS") except where Investors have not provided the details required to send electronic refunds.

In case of those Investors who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, advice regarding their credit of the Equity Shares shall be given separately. Investors to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 days of the Issue Closing Date.

In case of those Investors who have opted to receive their Rights Entitlement in physical form and the Company issues letter of allotment, the corresponding share certificates will be kept ready within two months from the date of Allotment thereof or such extended time as may be approved by the Company Law Board under Section 56 (4) (b) of the Companies Act, 2013 or other applicable provisions, if any. Investors are requested to preserve such letters of allotment, which would be exchanged later for the share certificates.

The letter of allotment / refund order exceeding ₹ 1,500 would be sent by registered post/speed post to the sole/first Investors registered address. Such refund orders would be payable at par at all places where the applications were originally accepted. The same would be marked 'Account Payee only' and would be drawn in favour of the sole/first Investor. Adequate funds would be made available to the Registrar to the Issue for this purpose.

Payment of Refund

Mode of making refunds

The payment of refund, if any, would be done through any of the following modes:

1. NECS – Payment of refund would be done through NECS for Investors having an account at any of the prescribed or notified centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories/the records of the Registrar. The payment of refunds is mandatory for Investors having a bank account at any centre where NECS facility has been made available (subject to availability of all information for crediting the refund through NECS).
2. NEFT – Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the registrar to the Company or with the depository participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.
3. Direct Credit – Investors having bank accounts with the Refund Bank shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by the Company.
4. RTGS – If the refund amount exceeds ₹ 200,000, the investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the CAF. In the event the same is not provided, refund shall be made through NECS or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne by the Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.
5. For all other Investors the refund orders will be despatched through Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.
6. Credit of refunds to Investors in any other electronic manner permissible under the banking laws, which are in force, and is permitted by the SEBI from time to time.

In case of ASBA Investors, the Registrar to the Issue shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the amount specified in the CAF for rejected ASBA bids.

Printing of Bank Particulars on Refund Orders

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Investor's bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars, where available, will be printed on the refund orders/refund warrants which can then be deposited only in the account specified. The Company or Lead Manager will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

Allotment advice / Share Certificates/ Demat Credit

Allotment advice/ share certificates/ demat credit or letters of regret will be dispatched to the registered address of the first named Investor or respective beneficiary accounts will be credited within 15 days, from the Issue Closing Date. In case the Company issues Allotment advice, the relative shared certificates will be dispatched within one month from the date of the Allotment. Allottees are requested to preserve such allotment advice (if any) to be exchanged later for share certificates.

Option to receive Equity Shares in Dematerialized Form

Investors shall be allotted the Equity Shares in dematerialized (electronic) form at the option of the Investor. The Company has signed a tripartite agreement with NSDL and Link Intime India Private Limited on October 8, 1999 which enables the Investors to hold and trade in Equity Shares in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates. The Company has also signed a tripartite agreement with CDSL and Link Intime India Private Limited on March 4, 2000 which enables the Investors to hold and trade in Equity Shares in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates.

In this Issue, the allottees who have opted for Equity Shares in dematerialized form will receive their Equity Shares in the form of an electronic credit to their beneficiary account as given in the CAF, after verification with a depository participant. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Allotment advice, refund order (if any) would be sent directly to the Investor by the Registrar to the Issue but the Investor's depository participant will provide to him the confirmation of the credit of such Equity Shares to the Investor's depository account. CAFs, which do not accurately contain this information, will be given the Equity Shares in physical form. No separate CAFs for Equity Shares in physical and/or dematerialized form should be made. If such CAFs are made, the CAFs for physical Equity Shares will be treated as multiple CAFs and is liable to be rejected. In case of partial Allotment, Allotment will be done in demat option for the Equity Shares sought in demat and balance, if any, will be allotted in physical Equity Shares. Equity Shareholders of the Company holding Equity Shares in physical form may opt to receive Equity Shares in the Issue in dematerialized form.

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES OF THE COMPANY CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Equity Shares in this Issue in the electronic form is as under:

- Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of the Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of the Company). In case of Investors having various folios in the Company with different joint holders, the Investors will have to open separate accounts for such holdings. *Those Investors who have already opened such beneficiary account(s) need not adhere to this step.*
- For Eligible Equity Shareholders already holding Equity Shares of the Company in dematerialized form as on the Record Date, the beneficial account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Equity Shares pursuant to this Issue by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the Allotment of Equity Shares arising out of this Issue

may be made in dematerialized form even if the original Equity Shares of the Company are not dematerialized. Nonetheless, it should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of the Company/ Depositories.

The responsibility for correctness of information (including Investor's age and other details) filled in the CAF vis-à-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in CAF should be the same as registered with the Investor's depository participant.

If incomplete / incorrect beneficiary account details are given in the CAF the Investor will get Equity Shares in physical form.

The Equity Shares allotted to applicants opting for issue in dematerialized form, would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice, refund order (if any) would be sent directly to the applicant by the Registrar to the Issue but the applicant's depository participant will provide to him the confirmation of the credit of such Equity Shares to the applicant's depository account.

Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Equity Shares in this Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.

Investment by FIIs

In accordance with the current regulations, the following restrictions are applicable for investment by FIIs:

The Issue of Equity Shares under this Issue to a single FII should not exceed 10% of the post-issue paid up capital of the Company. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts the investment on behalf of each sub-account shall not exceed 5% of the total paid up capital of the Company.

Applications will not be accepted from FIIs in the United States or its territories and possessions, or any other jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.

QIB applicants and other applicants whose application amount exceeds ₹ 200,000 can participate in the Issue only through the ASBA process. The applicants who are not QIBs and whose application amount is not more than ₹ 200,000 can participate in the Issue through the ASBA process as well as the non ASBA process.

Investment by NRIs

Investments by NRIs are governed by the Portfolio Investment Scheme under Regulation 5(3)(i) of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000. Applications will not be accepted from FIIs in the United States or its territories and possessions, or any other jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with the SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

QIB applicants and other applicants whose application amount exceeds ₹ 200,000 can participate in the Issue only through the ASBA process. The applicants who are not QIBs and whose application amount is not more than ₹ 200,000 can participate in the Issue through the ASBA process as well as the non ASBA process.

Procedure for Application by FPIs

In accordance with the SEBI (FPI) Regulations, the issue of Rights Equity Shares under this Issue to a single FPI should not exceed 10% of the post-issue paid up capital of our Company. **Applications will not be accepted from FPIs located in jurisdictions which have any restrictions in connection with offering, issuing and allotting any securities within its jurisdiction, and/or to its citizens.**

FPI Applicants cannot apply for additional Rights Equity Shares or apply for Rights Equity Shares obtained through renunciation in their favour unless accompanied by applicable regulatory approvals from FIPB and/or RBI.

In accordance with foreign investment limits applicable to our Company, the total FII investment cannot exceed 24% of the total paid-up capital of our Company. With the approval of our Board and our shareholders, (by way of a special resolution), the aggregate FII holding can go up to the permitted sectoral cap applicable to our Company. Similar provisions may also be applicable in case of FPIs subject to further direction from the Government of India.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-section (1) of section 68A of the Companies Act which is reproduced below:

Any person who makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities or makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities or otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name shall be liable for action in accordance with the applicable law.

Dematerialized dealing

The Company has entered into agreements dated October 8, 1999 and March 4, 2000 with NSDL and CDSL, respectively, and its Equity Shares bear the ISIN INE831A01028.

Payment by Stockinvest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated 5 November 2003, the Stockinvest Scheme has been withdrawn. Hence, payment through Stockinvest would not be accepted in this Issue.

Disposal of application and application money

No acknowledgment will be issued for the application moneys received by the Company. However, the Bankers to the Issue / Registrar to the Issue receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF.

The Board reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto.

In case an application is rejected in full, the whole of the application money received will be refunded. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on Equity Shares allotted, will be refunded to the Investor within a period of 15 days from the Issue Closing Date. If such money is not repaid within a period of 30 days from the Issue Closing Date, the application money has to be

returned within such period as may be prescribed. In the event of any failure to refund the application money within the specified period, a penalty of ₹ 1,000 for each day during which the default continues or ₹ 100,000, whichever is less as per Section 39 of the Companies Act, 2013.

For further instructions, please read the CAF carefully.

Utilisation of Issue Proceeds

Our Board of Directors declares that:

- (i) This amount will be transferred in terms of the SEBI Regulations, into the separate bank account maintained by the Company as per the provisions of section 40(3) of the Companies Act, 2013;
- (ii) Details of all monies utilized out of the Issue shall be disclosed, and continue to be disclosed till the time any part of the Issue Proceeds remains unutilised, under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies have been utilised;
- (iii) Details of all unutilized monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the form in which such unutilized monies have been invested; and
- (iv) The Company may utilize the funds collected in the Issue only after the basis of Allotment is finalized.

Undertakings by the Company

The Company undertakes the following:

1. The complaints received in respect of the Issue shall be attended to by the Company expeditiously and satisfactorily.
2. All the steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the Equity Shares are to be listed are taken within seven working days of finalisation of basis of allotment.
3. The funds required for making refunds to unsuccessful applicants as per the modes disclosed shall be made available to the Registrar to the Issue by the Company.
4. Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of closure of the Issue giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.
5. Adequate arrangements shall be made to collect all Application Supported by Blocked Amount (“ASBA”) applications and to consider them similar to non-ASBA applications while finalizing the basis of allotment.
6. At any given time there shall be only one denomination for the Equity Shares of the Company.
7. We shall comply with such disclosure and accounting norms specified by SEBI or prescribed under any laws from time to time.

Minimum Subscription

If the Company does not receive the minimum subscription of 90% of the Issue, or the subscription level falls below 90% after the Issue Closing Date on account of cheques being returned unpaid or withdrawal of applications, the Company shall forthwith refund the entire subscription amount received within 15 days from the Issue Closing Date.

If such money is not repaid within a period of 30 days from the date of the Issue Closing Date, the application money has to be returned within such period as may be prescribed. In the event of any failure to refund the application money within the specified period, a penalty of ₹ 1,000 for each day during which the default continues or ₹ 100,000, whichever is less.

Important

- Please read the Letter of Offer carefully before taking any action. The instructions contained in the CAF are an integral part of the conditions of the Letter of Offer and must be carefully followed; otherwise the application is liable to be rejected.
- All enquiries in connection with the Letter of Offer or CAF and requests for SAFs must be addressed (quoting the Registered Folio Number/ DP and Client ID number, the CAF number and the name of the first Equity Shareholder as mentioned on the CAF and super scribed 'MIRC Electronics Limited - Rights Issue' on the envelope and postmarked in India) to the Registrar to the Issue at the following address:

Link Intime India Pvt. Ltd.

C-13, Pannalal Silk Mills Compound,

L.B.S. Marg,

Bhandup (W), Mumbai – 400 078

Tel: +91 22 25967878

Fax: +91 22 25960329

Email: mel.rights@linktime.co.in

Investor Grievance Email: mel.rights@linktime.co.in

Website: www.linkintime.co.in

Contact Person: Mr. Pravin Kasare

SEBI Registration No.: INR000004058*

**The SEBI registration of Link Intime India Private Limited will expire on May 5, 2014. Link Intime India Private Limited has made an application dated January 30, 2014 to SEBI for grant of renewal of the registration, in accordance with the Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agent) Regulations, 1993, as amended. The renewal of the registration from SEBI is currently awaited.*

- The Rights Entitlement and the Equity Shares are not intended to be offered or sold to persons in the United States or any other jurisdiction where such offer or sale may be prohibited. The offering to which the Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any shares or rights to sale in the United States, the territories or possessions thereof, or a solicitation therein of an offer to buy any of the said shares or rights. Accordingly, the Letter of Offer and the CAF should not be dispatched or forwarded to or transmitted in or to, the United States at any time. The Company and the Lead Manager reserve absolute discretion in determining whether to allow such participation as well as the identity of the persons who may be allowed to do so. Any person who acquires Rights Entitlements or Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer, that it is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States or any other jurisdiction where such acquisition may be prohibited.
- The Issue will remain open for a minimum 15 days. However, the Board will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

SECTION IX

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of the Draft Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company. Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office between 10 a.m. and 5 p.m. on all working days from the date of the Draft Letter of Offer until the Issue Closing Date.

Material Contracts

1. Issue Agreement dated March 27, 2014 between the Company and the Lead Manager to the Issue.
2. Memorandum of Understanding dated December 05, 2013 between the Company and the Registrar to the Issue.
3. Escrow Agreement dated [●] between our Company, Lead Manager, the Registrar to the Issue and the Bankers to the Issue.
4. Tripartite Agreement dated October 8, 1999 between our Company, our Registrar and Transfer Agent and NSDL to establish direct connectivity with the Depository.
5. Tripartite Agreement dated March 4, 2000 between our Company, our Registrar and Transfer Agent and CDSL to establish direct connectivity with the Depository.
6. Letter No. [●] dated [●], issued by SEBI in connection with the Issue.

Material Documents / Documents for Inspection

1. The Memorandum and Articles of Association of the Company;
2. Certificate of Incorporation of the Company dated January 1, 1981;
3. Copy of the Board resolution dated December 4, 2013 authorising this Issue, constitution of Rights Issue Committee and appointment of Mr. Predeep Kumar Gupta, as Compliance Officer for the purpose of Rights Issue;
4. Copy of the Shareholders resolution authorizing the Issue dated January 20, 2014
5. Statement of tax benefits dated March 24, 2014, issued by S.R. Batliboi & Co. LLP, Chartered Accountants, as set out in the Draft Letter of Offer;
6. The Report of the previous auditors of the Company dated May 14, 2013 as set out herein in relation to the audited financials of the Company for the Fiscal March 31, 2013;
7. Limited review reports dated March 28, 2014 of the Statutory Auditor namely S.R. Batliboi & Co. LLP, Chartered Accountants, on the unaudited standalone and consolidated condensed balance sheet as at September 30, 2013 and related condensed statement of profit & loss for the six months period ended September 30, 2013.
8. Annual Reports of the Company for the Fiscal March 31, 2009, 2010, 2011, 2012 and 2013;
9. Due Diligence Certificate dated March 28, 2014 from the Lead Manager;
10. Consents of the Directors, the Statutory Auditors, the Previous Auditors, the Lead Manager, the Legal Advisor to the Issue, the Registrar to the Issue, Bankers to the Issue, Company Secretary and the Compliance Officer, to include their names in the Draft Letter of Offer, in their respective capacities;
11. Copy of the order dated May 2, 2009 passed by the Hon'ble High Court of Judicature at Bombay approving the Scheme of Arrangement;
12. In-principle listing approval dated [●] and [●] received from BSE and NSE respectively.
13. Prospectus of initial public offer of debentures of the Company dated September 21, 1992 delivered for registration with the RoC by the Company.

Any of the contracts or documents mentioned in the Draft Letter of Offer may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Equity Shareholders, subject to compliance with applicable law.

DECLARATION

We hereby certify that no statement made in the Draft Letter of Offer contravenes any of the provisions of the Companies Act, 1956 and/or Companies Act, 2013, to the extent applicable, and the rules made thereunder, the Securities and Exchange Board of India Act, 1992, the rules or regulations issued thereunder, as the case may be. We further certify that all the legal requirements connected with the said Issue as also the regulations, guidelines, instructions etc. issued by SEBI, Government of India and any other competent authority in this behalf have been duly complied with. We further certify that all disclosures made in the Draft Letter of Offer are true and correct.

Signed by the Directors of the Company

Sl. No	Name	Signature
1.	Gulu Lalchand Mirchandani <i>Chairman and Managing Director</i>	Sd/-
2.	Vijay Jaikrishin Mansukhani <i>Managing Director</i>	Sd/-
3.	Vimal Bhandari <i>Independent, Non Executive Director</i> <i>(through his duly constituted attorney, Mr. Gulu Lalchand Mirchandani, Chairman and Managing Director)</i>	Sd/-
4.	Ranjan Mohanlal Kapur <i>Independent, Non Executive Director</i>	Sd/-
5.	Shyamsunder Dhoot <i>Whole-time Director</i>	Sd/-
6.	Rafique Abdul Malik <i>Independent, Non-Executive Additional Director</i>	Sd/-

Predeep Kumar Gupta

Sd/-
Chief Financial Officer & Compliance Officer

Place: Mumbai
Date: March 28, 2014