

# SCOOP

INVESTMENT



**MIRC Electronics Ltd.**

**Rights Issue Note**

## About

Founded in 1981, the company is known for its **flagship brand "ONIDA"** and has evolved from a television manufacturer into a full-fledged consumer durables company. Its product portfolio includes flat panel TVs (LED and LCD), air conditioners, washing machines, refrigerators, and air coolers. With established manufacturing capabilities, the company has an *annual production capacity of over 1 million television units and 800,000 washing machines.*

## Investment Rationale

**Increasing focus on branded product portfolio** – The company is increasingly **prioritizing its high-margin branded segment under the "ONIDA" brand**, shifting away from contract manufacturing for OEMs and government contracts. The management plans to focus on air conditioners and televisions for growth.

**Promoter support and capital commitment** – Promoters have demonstrated continued financial backing by infusing Rs. 19 crore as unsecured loans to support debt repayment. Additionally, they have committed to fully subscribing to their rights entitlement, amounting to approximately Rs. 26 crore.

**Strong brand recall** – "ONIDA" remains one of the most recognized names in Indian consumer electronics, particularly in the television segment. The company intends to rejuvenate and capitalize on this legacy brand equity to re-establish itself.

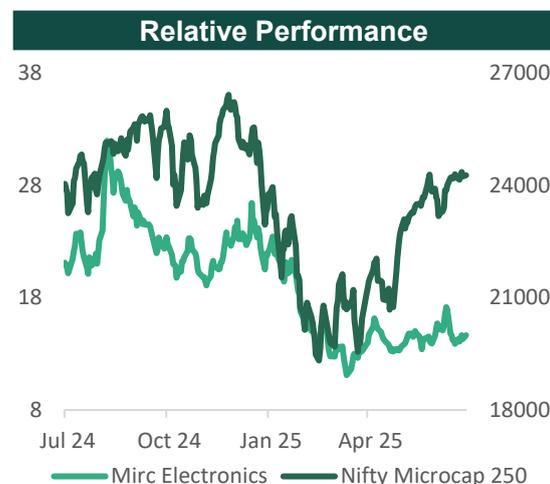
**Industry tailwind** - The Indian consumer durables sector is witnessing steady growth, with air conditioners and washing machines growing at 7% CAGR and flat panel TVs at 17.5% CAGR. With an addressable market size of Rs. 25,000–30,000 crore, the company is well-positioned to grow in line with the broader industry momentum.

We recommend a **"Subscribe"** to the company's rights issue, supported by its *improving revenue mix, strong promoter backing, established brand recall, and better financial visibility.*

Key risks to our thesis include 1) High competitive intensity 2) Dependence on imported raw materials 3) Capacity utilization challenges 4) Technology obsolescence & inventory risk 5) Revenue concentration.

Rating	Subscribe
Ticker	MIRCELECTR
Current Price	16
52 Week High/ Low	31/10
Market cap (INR cr.)	448.71
Free Float (%)	46.64%

INR Cr.	FY23	FY24	FY25
Revenue	1110	968	747
Operating Profit (Excl. OI)	5	-46	8
OPM %	0%	-5%	1%
Net Profit	-12	-62	-2
NPM %	-1%	-6%	0%



	Shareholding Pattern		
	Sep-24	Dec-24	Mar-25
Promoter	53.46%	53.46%	53.46%
FII	0.00%	0.00%	0.00%
Government	0.00%	0.00%	0.00%
Public	46.64%	46.64%	46.64%
Pledge (% of Total Equity)	18.41%	18.41%	18.41%

## Rights issue highlights

On June 24, 2025, the Board of MIRC Electronics Ltd. approved the terms of its upcoming rights issue. The company will issue 4,94,89,847 fully paid-up equity shares of face value Rs. 1 each at an issue price of Rs. 10 per share (comprising Rs. 1 face value and Rs. 9 premium), aggregating up to Rs. 4,948.98 lakhs. The rights entitlement is structured in the ratio of 3 equity shares for every 14 fully paid-up equity shares held as on the record date, June 30, 2025.

Key dates related to the issue are as follows:

**Issue Opens:** July 14, 2025

**Issue Closes:** July 21, 2025

**Last Date for On-Market Renunciation:** July 16, 2025

Assuming full subscription, the total outstanding equity shares post-issue will increase to **28,04,42,466 shares**. The **Promoters and Promoter Group have confirmed their commitment to fully subscribe to their rights entitlement**, reinforcing their confidence in the company's strategic direction.

### Exhibit 1 : Proceeds of the issue

Particulars	Amount (in Rs. cr.)
Working Capital Requirements	38.0
Funding expenditure for General Corporate Purposes*	9.8
<b>Total Gross Proceeds</b>	<b>47.8</b>

Source: Company, Scoop Investment

### Exhibit 2 : Issue schedule

Event	Date
Last Date for credit of Rights Entitlements	July 7, 2025
Issue Opening Date	July 14, 2025
Last Date for On Market Renunciation of Rights Entitlements	July 16, 2025
Issue Closing Date*	July 21, 2025
Finalization of Basis of Allotment (on or about)	July 28, 2025
Date of Allotment (on or about)	July 28, 2025
Date of credit (on or about)	August 1, 2025
Date of listing (on or about)	August 1, 2025

Source: Company, Scoop Investment

## Key Risks

**Competition from established brands and new entrants** – The company operates in a highly competitive consumer durables industry, contending with established multinational players such as LG and Samsung, which enjoy strong brand equity and scale advantages. Additionally, several Chinese brands are actively expanding their presence in India, further intensifying competition and putting pressure on pricing and market share.

**Dependence on imported raw materials** – A significant portion of the company's raw materials is sourced from China and Hong Kong. This reliance increases exposure to geopolitical tensions, supply disruptions, and currency fluctuations, directly impacting production and input costs.

**Capacity utilization challenges** – Current manufacturing facilities are operating below optimal levels due to legacy challenges, and there remains a risk that portions of the capacity may remain underutilized if cost inefficiencies persist. However, with improved working capital following the rights issue, the company aims to ramp up utilization levels as it scales its branded product sales.

**Technology obsolescence and inventory risk** – Consumer electronics are subject to rapid technological changes, which increases the risk of product obsolescence and inventory write-downs. In FY24, the company impaired Rs. 17 crore of slow-moving inventory and incurred a loss of Rs. 33 crore on the sale of obsolete stock, highlighting the impact of this structural risk. Additionally, a Rs. 10 crore loss was incurred due to retrospective changes in EPR (Extended Producer Responsibility) government regulations in FY25.

**Revenue concentration** – The company's revenue is significantly concentrated, with the top 10 customers accounting for 39% of total revenue and the top 3 customers alone contributing 22%. This concentration heightens the risk of revenue volatility in the event of loss or reduction in business from any key account.

### Exhibit 3 : Customer concentration

Customer	% of Revenue Earned
Flipkart India Private Limited	11%
The Commissioner (Infrastructure)	7%
U P Electronic Corporation Limited	5%
Reliance Retail Limited	4%
Khanna & Walia Associates	2%
TTE Technology India Private Limited	2%
Ingram Micro India Private Limited	2%
Sathya Agencies Private Limited	2%
Reliable Home Appliances Private Limited	2%
Ramesh Corporation	2%
<b>Total</b>	<b>39%</b>

Source: Company, Scoop Investment

## Exhibit 4 : Profit & loss statement

<b>INR Cr.</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25</b>
<b>Revenue</b>	<b>1110</b>	<b>968</b>	<b>747</b>
Revenue Growth (YoY, %)	-7%	-13%	-23%
Operating Expenses	1105	1014	739
<b>Operating Profit (Excl OI)</b>	<b>5</b>	<b>-46</b>	<b>8</b>
<b>OPM %</b>	<b>0%</b>	<b>-5%</b>	<b>1%</b>
Other Income	2	6	11
Interest	11	15	15
Depreciation	9	8	7
<b>Profit Before Tax</b>	<b>-12</b>	<b>-62</b>	<b>-2</b>
Tax	0	0	0
<b>Net Profit</b>	<b>-12</b>	<b>-62</b>	<b>-2</b>
<b>NPM %</b>	<b>-1%</b>	<b>-6%</b>	<b>0%</b>

Source: Company, Scoop Investment

## Exhibit 5 : Balance sheet

<b>INR Cr</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25</b>
<b>EQUITY AND LIABILITIES</b>			
Share Capital	23	23	23
Reserves and Surplus	168	105	103
<b>Total Equity</b>	<b>191</b>	<b>128</b>	<b>126</b>
Long Term Borrowing	12	16	14
Other Non-Current liabilities	9	8	9
<b>Total Non-Current Liabilities</b>	<b>20</b>	<b>24</b>	<b>23</b>
Trade Payables	214	299	264
Short Term Borrowings	68	87	87
Other Current Liabilities	36	32	28
<b>Total Current Liabilities</b>	<b>318</b>	<b>418</b>	<b>379</b>
<b>Total Liabilities and Equities</b>	<b>529</b>	<b>570</b>	<b>528</b>
<b>ASSETS</b>			
Non-Current Assets			
PP&E	84	77	72
Capital Work in Progress	0	0	0
Other Non Current Assets	58	57	41
<b>Total Non-Current Assets</b>	<b>142</b>	<b>134</b>	<b>113</b>
Inventories	273	238	190
Total Receivables	90	162	152
Cash and Bank	11	16	23
Other Current Assets	14	21	50
<b>Total Current Assets</b>	<b>387</b>	<b>436</b>	<b>416</b>
<b>Total Assets</b>	<b>529</b>	<b>570</b>	<b>528</b>

Source: Company, Scoop Investment

## Management

### Exhibit 6 : Key Personnel

Name	Designation	Background
Vijay Jaikrishan Mansukhani	Chairman & Managing Director	He holds a degree in Engineering from the College of Marine Engineering, Mumbai.
Kaval Gulu Mirchandani	Joint Managing Director	He completed his MBA in International Management from Thunderbird, The American Graduate School of Management, Arizona, USA, in 2003.
Shirish Mohanbhai Suvagia	CFO	He is a Chartered Accountant and holds a Post Graduate Diploma in Management for Senior Executives from IIM Indore. He also holds an M.Com and a B.Com from Mumbai University.

Source: Company, Scoop Investment

## Valuation & View

The company is entering a phase of strategic realignment as it shifts focus toward high-margin branded products under the “ONIDA” brand. Proceeds from the rights issue are expected to ease working capital constraints, support capacity utilization, and enable deeper market penetration. Investors should also note that 18.41% of the promoter shareholding remains pledged since 2015, and NCDs of Rs. 30 crore has been raised by the company recently. The effectiveness of execution in the coming quarters will be critical in translating these efforts into sustainable financial performance.

## Disclaimer

### Details of terms used

Investment Rating	Definition
Buy	Expected absolute returns of more than 20% over specified time period
Hold	Expected absolute returns between 20% and -15% over specified time period
Sell	Expected absolute returns of less than -15% over a specified time period
Entry Price	Price at which stock was recommended
Target Price	Expected price of stock at end of specified time period
Potential Upside	Expected absolute returns from entry price over a specified time period
Upside Left	Expected absolute returns from current price to Target price

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