

SALORA



Renewed Vision

38th Annual Report 2006-2007
Salora International Ltd.

Change, as they say, is the only constant. In keeping with changing times, we are giving our vision, our goal, our focus a brand new identity.

The legend *Salora* appears in red, pure red, denoting an organization full of dynamism and vigor. The jointed letters, which forms our name, represents unity of strength and vision. The letter "A" which appears as inverted "V" at the end of our name speaks of an organization which is willing to explore new horizons, break barriers of conventional and accepted beliefs. The swish below the initial letters encompasses our belief that as an organization it's our duty, first and foremost, to bring smile and spread *joie de vivre* amongst all our stakeholders: employees, business associates, suppliers, dealers, distributors and above all our millions of customers.

As a corporate house, we are steadfastly committed to adhering to our new identity in letter and spirit.



38TH ANNUAL REPORT 2006-2007**BOARD OF DIRECTORS**

SITA RAM JIWARAJKA — Chairman
 RAJENDRA PRASAD KHAITAN — Vice Chairman & Managing Director
 SUSHIL KUMAR JIWARAJKA — Managing Director
 GOPAL SITARAM JIWARAJKA — Managing Director
 GAUTAM KHAITAN — Director
 P. N. MEHTA — Director
 SANJEEV KAUL DUGGAL — Director
 PATANJALI GOVIND KESWANI — Director

CHIEF FINANCE OFFICER

R. SRIDHARAN

COMPANY SECRETARY

SANDEEP SABHARWAL

AUDITORS

K. PRASAD & COMPANY, CHARTERED ACCOUNTANTS

BANKERS

STATE BANK OF INDIA
 CANARA BANK
 HDFC BANK LTD.

REGISTERED & CORPORATE OFFICE

SALORA INTERNATIONAL LIMITED
 D-13/4, OKHLA INDUSTRIAL AREA, PHASE-II
 NEW DELHI – 110 020

MANUFACTURING PLANTS

PLOT NO. B-31-34 & 50-53, SECTOR – 80 NOIDA (U.P.)
 C-52, PHASE-II, NOIDA. (U.P.)

REGISTRAR AND SHARE TRANSFER AGENTS

SKYLINE FINANCIAL SERVICES PVT. LTD.
 246, 1ST FLOOR SANT NAGAR,
 EAST OF KALASH NEW DELHI – 110056.
 TEL. : 011 – 26922683, 26292680
 FAX : 011 – 26918352
 Email : skyline_fspl@rediffmail.com

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ANNUAL GENERAL MEETING

Day : Tuesday
Date : 12.06.2007
Time : 11.00 A.M.
Venue : Sri Sathya Sai International Centre,
 Pragati Vihar, Institutional Area,
 Lodhi Road, New Delhi – 110 003
Note : Members are requested to bring their copy
 of the Annual Report to the Meeting

Visit us at www.salora.com

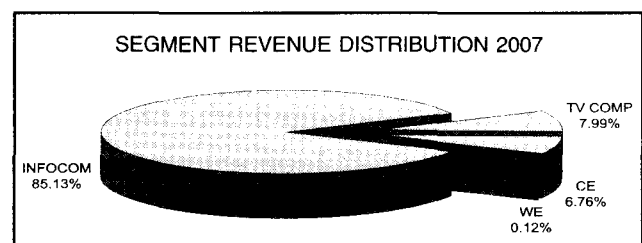
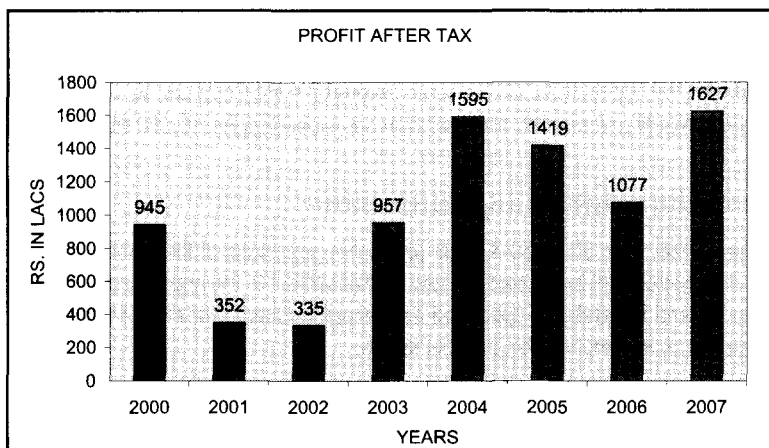
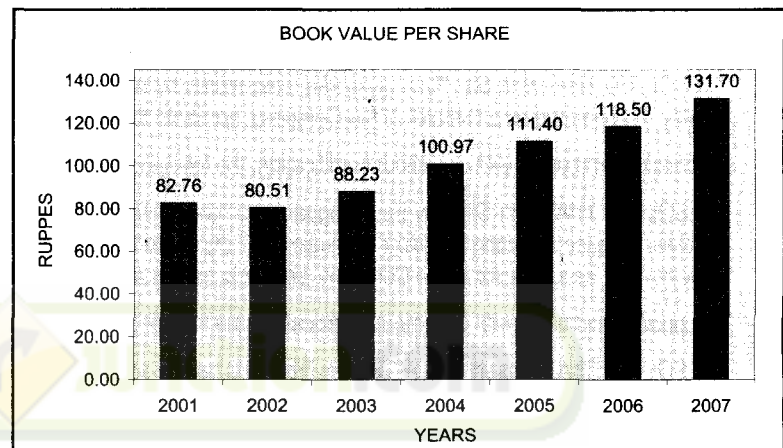
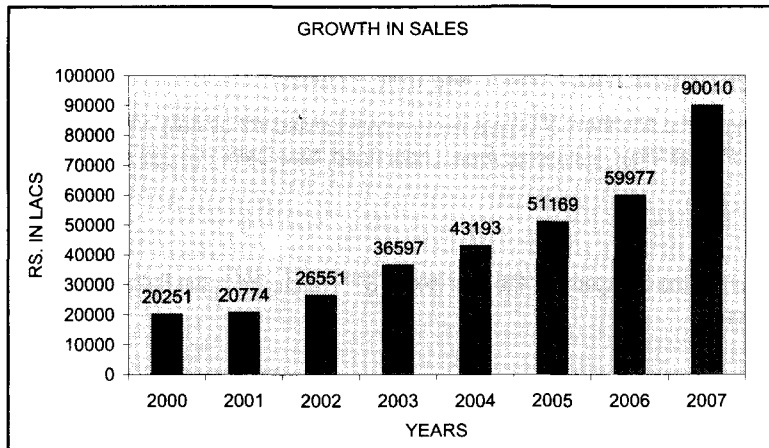


SALORA INTERNATIONAL LIMITED

AT A GLANCE

	Year ended 31st March, 2007 (Rs. in lacs)	Year ended 31st March, 2006 (Rs. in lacs)	Year ended 31st March, 2005 (Rs. in lacs)	Year ended 31st March, 2004 (Rs. in lacs)
OPERATING RESULTS :				
Net Income from Operations	88,337	58,427	49,438	41,433
Manufacturing & other Cost	85,402	56,348	46,804	38,414
Operating Profit	2,935	2,079	2,634	3,019
Non-operative Income (Net)	347	180	209	(13)
Interest & Financial Charges	275	114	174	114
Depreciation & Deferred Expenses Write-off	535	513	463	419
Profit Before Tax	2,472	1,632	2,206	2,473
Taxation	845	555	787	878
Profit After Tax	1,627	1,077	1,419	1,595
Dividend Payout (including dividend tax)	464	452	500	497
Retained Earnings	1,163	625	919	1,098
FINANCIAL POSITION :				
Equity Capital	881	881	881	881
Reserves	10,718	9,555	8,930	8,011
Shareholders' Fund	11,600	10,437	9,812	8,892
Long-term Borrowings	2,193	15	29	42
Capital Employed	13,792	10,451	9,841	8,934
Net Fixed Assets	5,696	3,141	3,323	3,185
Net Current Assets	10,340	7,904	8,590	7,243
KEY OPERATIONAL INDICATORS :				
Operating Profit Margin (%)	3.32	3.56	5.33	7.29
Return on Capital Employed (%)	11.80	10.30	14.42	17.85
Return on Capital Employed (%) (excluding non-operative income net)	9.28	8.58	12.29	18.01
Debtors Turnover Ratio (in days)	39	32	26	38
Creditors Turnover Ratio (in days)	45	35	36	40
Current Ratio	1.68	2.24	1.98	2.04
PER-SHARE DATA :				
Earnings Per Share (Rs)	18.47	12.23	16.11	18.11
Cash Earnings Per Share (Rs)	24.54	18.05	21.36	22.87
Dividend (%)	45	45	50	50
Book Value (Rs)	131.70	118.50	111.40	100.97
Market Price (Rs)	79.50	111.75	142.66	98.70
Price Earnings Multiple	4.30	9.14	8.86	5.45

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Registered Office : D-13/4, Okhla Industrial Area, Phase-II, New Delhi – 110020

NOTICE is hereby given that the 38th Annual General Meeting of the Members of Salora International Limited will be held on Tuesday, the 12th day of June, 2007 at Sri Sathy Sai International Centre, Pragati Vihar, Institutional Area, Lodhi Road, New Delhi 110 003 at 11.00 A.M. to transact the following

ORDINARY BUSINESS :

1. To receive, consider and adopt the Profit & Loss Account of the Company for the year ended 31st March, 2007, the Balance Sheet as on that date and Directors' and Auditors' Report thereon.
2. To declare Dividend on Equity Shares.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS :

4. To consider and pass, with or without modification, the following resolution as an Ordinary Resolution –
 “RESOLVED THAT Shri Sita Ram Jiwarajka, who retires by rotation and being eligible, offers himself for re-appointment be and is hereby re-appointed as a Director of the Company, not liable to retire by rotation.”
5. To consider and pass, with or without modification, the following resolution as an Ordinary Resolution -
 “RESOLVED THAT Shri Sanjeev Kaul Duggal, who has consented to act as a Director, and in respect of whom the Company has received a notice in writing pursuant to Section 257 (1) of the Companies Act, 1956, from a member of the Company, proposing his appointment, as a Director of the Company, be and is hereby appointed a Director of the Company, liable to retire by rotation.”
6. To consider and pass, with or without modification, the following resolution as a Special Resolution –
 “RESOLVED THAT consent of the Company be and is hereby accorded under Section 293 (1) (d) of the Companies Act, 1956 to create charge and / or mortgage on the moveable and immovable assets of the Wind Power Project of the Company including charge on Wind Turbine Generators and mortgage on land situated at District Dhule, Maharastra, in favour of State Bank of India, for securing External Commercial Borrowings of US Dollar 5 million.”
7. To consider and pass, with or without modification, the following resolution as a Special Resolution –
 “RESOLVED THAT pursuant to Section 314 of the Companies Act, 1956, read with Director's Relatives (Office or Place of Profit) Rules, 2003, consent of the Company be and is hereby accorded to the appointment of Shri Tarun Jiwarajka in the Company as an Executive of the Company with such designation as the Board may deem fit at a monthly remuneration not exceeding Rs. 50,000 (Rupees Fifty Thousand only).”
8. To consider and pass, with or without modification, the following resolution as a Special Resolution –
 “RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 & other applicable provisions of the Companies Act, 1956, read with and in accordance with the conditions of Schedule XIII to the said Act and further subject to the approval of Central Government, if required, Shri Gopal Sitaram Jiwarajka be and is hereby re-appointed as Managing Director of the Company for a period of 3 years w.e.f. 1st July, 2007 on the following terms as to remuneration payable to him:
 1. **Salary** : Rs. 4,00,000 (Rupees Four Lac only) per month.
 2. **Commission** : 2% of the net profits of the Company. Additional commission upto 1% of the net profits at the discretion of the Board/ Remuneration Committee depending upon the performance of the Company and Mr. Jiwarajka.
 3. **Executive Pay**: Rs. 2,00,000 per month.
 4. **Perquisites** :
 - a. House Rent Allowance @ 60% of the salary.
 - b. Reimbursement of expenses incurred on Gas, Electricity and Water subject to the limit of 10% of salary.
 - c. Reimbursement of Medical expenses actually incurred for self and family subject to a ceiling of one month's salary in a year or 3 months' salary over a period of 3 years.

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- d. Leave Travel Concession for self and family every year subject to maximum of one month salary in a year or two months' salary over a period of 2 years.
- e. Fees of clubs subject to maximum of two clubs, shall be borne by the company but admission fee and life membership fee shall not be paid.
- f. Company's Contribution towards Provident Fund, Superannuation or Annuity Fund shall be made as per rules of the Company but to the extent these are not taxable under the Income Tax Act, 1961.
- g. Gratuity shall be paid equal to one half month's salary for each completed year of service.
- h. Encashment of Earned leave shall be permitted at the end of tenure as per rules of the Company, which is 21 days in a year.
- i. Provision of Company's Car for use on Company's business, mobile and Telephone at residence but use of car for personal purposes and long distance personal calls on telephone will be charged.

RESOLVED FURTHER THAT in the event of inadequacy or absence of profits in any year, Shri Gopal Sitaram Jiwarajka will be entitled to get the minimum remuneration as specified in the Schedule XIII of the Companies Act, 1956;

RESOLVED FURTHER THAT Shri Gopal Sitaram Jiwarajka will not be liable to retire by rotation as Director."

By Order of the Board of Directors

(Sandeep Sabharwal)
Company Secretary

Place : New Delhi
Dated: 24th April, 2007

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and such proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company not less than 48 hours before the commencement of the meeting.
2. The Share Transfer Register and Register of Members of the Company will remain closed from 6th June, 2007 to 12th June, 2007 (both days inclusive).
3. Dividend on Equity shares as recommended by the Board of Directors for the year ended 31st March, 2007, if declared at the Annual General Meeting, will be payable on or after 18th June, 2007.
4. Members are requested to produce the enclosed Attendance Slip duly signed as per the specimen signatures recorded with the Company / Depository Participant for admission to the meeting hall.
5. As an economy measure, copies of Annual Report will not be distributed at Annual General Meeting. Shareholders are, therefore, requested to bring their copies of Annual Report to the Meeting.
6. Members who hold shares in dematerialized form, are requested to write their Client ID and DP ID Nos. and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.
7. A Member desirous of getting any information on the accounts or operations of the Company, is requested to forward his / her queries to the company at least seven working days prior to the meeting, so that the required information can be made available at the meeting.
8. Members holding shares in physical form, are requested to notify immediately any change in their address and Bank particulars to the Company or its Share Transfer Agents and in case their shares are held in dematerialized form, this information should be furnished directly, without any delay, to their respective Depository Participants and not to the Company or the Share Transfer Agents.
9. Members holding shares in physical form who have not yet provided the bank details are once again requested to provide their Bank Account No., Name of the Bank and address of the Branch, quoting their Folio No., to the Company.



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10. In all correspondence with the Company, members are requested to quote their folio numbers and in case their shares are held in the dematerialized form, they must quote their DP ID and Client ID Number.

Pursuant to provisions contained in Section 205A and 205C of the Companies Act, 1956 dividend for the financial years ended 1996-97, 1997-98 & 1998-99 has been transferred to Investors Education Fund (IEPF), set up by the Government of India, pursuant to Section 205C of the Companies Act, 1956 and no payment there from shall be made. Shareholders may please refer to table showing last date for claiming / due date for transfer to IEPF in respect of dividend declared after the financial year ended 31st March, 2000, given in the Corporate Governance Report published in this Annual Report.

11. At the ensuing Annual General Meeting, Shri Sita Ram Jiwarajka retires by rotation and being eligible offer themselves for reappointment. The Company has received a notice under Section 257 of the Companies Act, 1956 for appointment of Shri Sanjeev Kaul Duggal as Director of the Company. The details in respect of these Directors to be provided in terms of Clause 49 of the Listing Agreement with the Stock Exchanges are furnished in the statement on Corporate Governance published in this Annual Report.
12. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of Special Business is enclosed.
13. SHAREHOLDERS MAY KINDLY NOTE THAT NO GIFTS / COUPONS WILL BE DISTRIBUTED AT THE VENUE OF THE MEETING, AS THE SAME HAS BEEN PROHIBITED UNDER THE SECRETARIAL STANDARDS FRAMED BY THE INSTITUTE OF COMPANY SECRETARIES OF INDIA, FOR HOLDING GENERAL MEETING WHICH HAS COME INTO EFFECT FROM MAY 01, 2002.

By Order of the Board of Directors

Place : New Delhi
Dated: 24th April, 2007

(Sandeep Sabharwal)
Company Secretary

Notice



SALORA INTERNATIONAL LIMITED

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956
IN RESPECT OF SPECIAL BUSINESS OF THE 38th ANNUAL GENERAL MEETING TO BE HELD
ON 12th JUNE, 2007**

ITEM NO. 4

Shri Sita Ram Jiwarajka, Chairman of the Company retire by rotation and holds office upto this Annual General Meeting.

He has been steering the Company for decades. With his guidance the company has been expanding its business in diverse fields.

It is proposed that Shri Sita Ram Jiwarajka be appointed as a Director not liable to retire by rotation. Hence this resolution.

Shri Sushil Kumar Jiwarajka and Shri Gopal Sitaram Jiwarajka, Managing Directors are relative of Shri Sita Ram Jiwarajka and may be deemed to be interested in this resolution along with Shri Sita Ram Jiwarajka. No other Director is concerned or interested in this resolution.

ITEM NO. 5

To fill the casual vacancy caused due to Resignation of Shri Ketan Dala, the Board in its meeting held on 28th October, 2005, after considering the qualifications and experience possessed by Shri Sanjeev Kaul Duggal, decided to appoint him as a Director of the Company.

The Company has received a notice under Section 257 of the Companies Act, 1956, along with requisite fee of Rs.500/-, from a Member of his intention to move the resolution to appoint Shri Duggal as a Director of the Company.

No other director except Shri Sanjeev Kaul Duggal is concerned or interested in the resolution.

The members are requested to consider and pass the said Ordinary Resolution.

ITEM NO. 6.

The Company has set up a Wind Power Project at Dhule, Maharashtra for generation and distribution of wind power.

To part finance the project, the Company has borrowed an External Commercial Borrowing of US Dollar 5 million from State Bank of India, Nassau, Bahamas with a security on the moveable and immoveable assets of the said project at Dhule.

The members are accordingly requested to approve the creation of charge and mortgage on the assets of the Wind Power Project of the Company.

No director is concerned or interested in this resolution.

ITEM NO. 7

Section 314 of the Companies Act, 1956 read with Director's Relatives (Office or Place of Profit) Rules, 2003, requires prior approval of the member in General Meeting by way of a special resolution for holding office or place of profit of relatives of a Director carrying a monthly remuneration upto Rs. 50,000.

It is proposed to appoint Shri Tarun Jiwarajka as an Executive of the Company at a monthly remuneration of Rs. 50,000.

Shri Tarun Jiwarajka is a Bachelor of Science in Business. He has varied experience in Finance and Marketing besides having worked as Business Development Manager - BPO Head in SAB Electronics Ltd.

Shri Tarun Jiwarajka is relative of Shri Sita Ram Jiwarajka, Chairman, Shri Sushil Kumar Jiwarajka and Shri Gopal Sitaram Jiwarajka, Managing Directors. Hence, his appointment requires approval of the members.

No other directors except Shri Sita Ram Jiwarajka, Shri Sushil Kumar Jiwarajka and Shri Gopal Sitaram Jiwarajka are concerned or interested in this resolution.

ITEM NO. 8

The present tenure of Shri Gopal Sitaram Jiwarajka, Managing Director expires on 30.06.2007 and the Board of Directors of the Company has in its meeting held on 24th April, 2007, re-appointed him, to the office of Managing Director for a further period of 3 years, with effect from the 01st July, 2007, on the terms and conditions as to remuneration as specified in the resolution as per item No. 8 of Notice. The remuneration as proposed has also been approved by the Remuneration Committee.

The re-appointment of Shri Gopal Sitaram Jiwarajka requires approval of the shareholders in terms of Schedule XIII, of the Companies Act, 1956. Hence the resolution as per item No. 8 above is commended for your approval.



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Shri Gopal Sitaram Jiwarajka was appointed as director of the Company on 28.08.1987 and is holding the office of Managing Director/ Joint Managing Director since 01.04.1992. He is a commerce graduate and possesses rich experience in Marketing, Finance, Production and Administration and has extensively traveled all over the globe. He possesses rich experience in TV and electronic industry and possesses in depth knowledge of Indian conditions in respect of this industry.

STATEMENT PURSUANT TO SCHEDULE XIII PART II SECTION – II.

1. GENERAL INFORMATION

(1)	Nature of Industry	<ul style="list-style-type: none">• Manufacture of TV and its components• Distribution of electronic goods												
(2)	Date or expected date of commencement of commercial production.	20.11.1968												
(3)	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.	Not Applicable												
(4)	Financial performance based on given indicators.	(Rs. in Crore)												
		<table><tr><td></td><td>2006-07</td><td>2005-06</td></tr><tr><td>i. EBITDA</td><td>32.81</td><td>22.07</td></tr><tr><td>ii. PBT</td><td>24.72</td><td>16.32</td></tr><tr><td>iii. PAT</td><td>16.27</td><td>10.77</td></tr></table>		2006-07	2005-06	i. EBITDA	32.81	22.07	ii. PBT	24.72	16.32	iii. PAT	16.27	10.77
	2006-07	2005-06												
i. EBITDA	32.81	22.07												
ii. PBT	24.72	16.32												
iii. PAT	16.27	10.77												
(5)	Export performance and net foreign exchange collaborations	<table><tr><td>Export</td><td>14.29</td><td>16.60</td></tr><tr><td>Net Foreign Exchange earnings</td><td>23.91</td><td>19.94</td></tr></table>	Export	14.29	16.60	Net Foreign Exchange earnings	23.91	19.94						
Export	14.29	16.60												
Net Foreign Exchange earnings	23.91	19.94												
(6)	Foreign investments or collaborators, if any.	No foreign collaboration or investment												

2. INFORMATION ABOUT APPOINTEE:

(1) Background details	As provided in Explanatory statement above
(2) Past remuneration	<p>Particulars Rs.</p> <ul style="list-style-type: none"> • Basic: 100,000 p.m. • House Rent Allowance 60,000 p.m. • Reimbursement of electricity, Water and gas expenses • Reimbursement of Medical expenses - one month basic per annum • LTC – one month basic per annum • Club fee for 2 clubs excluding life membership • Personal Accident insurance – Rs. 4,000 per annum • Contribution to Provident Fund, Superannuation, as per Company's Rules • 1% commission of net profit
(3) Recognition or awards	Nil
(4) Job profile and his suitability	<p>The company is mainly engaged in the manufacture and distribution of electronic good including TV, Components, mobile phone and computers distribution.</p> <p>Shri Gopal Sitaram Jiwarajka is a commerce graduate and possesses rich experience in Marketing, Finance, Production and Administration and has extensively traveled all over the globe. He possesses rich experience in TV and electronic industry and possesses in depth knowledge of Indian conditions in respect of this industry.</p>