

# 40<sup>th</sup> Annual Report 2008-2009



**Salora International Ltd.**



# SALORA INTERNATIONAL LIMITED

## SALORA INTERNATIONAL LIMITED

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

NOTICE is hereby given that the 40<sup>th</sup> Annual General Meeting of the Members of Salora International Limited will be held on Tuesday, the 21<sup>st</sup> day of July, 2009 at 11.00 A.M. at Sri Sathya Sai International Centre, Pragati Vihar, Institutional Area, Lodhi Road, New Delhi - 110 003, to transact the following Ordinary Business :

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Profit & Loss Account of the Company for the year ended 31<sup>st</sup> March, 2009, the Balance Sheet as on that date and Directors' and Auditors' Report thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Shri Gautam Khaitan, who retires by rotation and being eligible, offers himself for re-appointment.
4. 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 :

5. To consider and pass, with or without modification, the following resolution as a Special Resolution:

Resolved that pursuant to the provisions of section 198, 309 and 310 read with schedule XIII and other applicable provisions of the Companies Act, 1956, subject to approval of the Central Government, the payment of following amount to Shri Gopal Sitaram Jiwarajka be and is hereby approved and ratified for the period from 1<sup>st</sup> April, 2008 till 30<sup>th</sup> June, 2010.

1. Salary: Rs. 4,00,000 (Rupees Four Lac only) per month
2. Commission: 2% of the net profits of the Company. Additional Commission up to 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
  - 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 purpose and long distance personal calls on telephone will be charged.

Resolved further that in case of inadequacy of profits or no profits in the company in any financial year during the tenure of Shri Gopal Sitaram Jiwarajka, he shall be entitled to the above mentioned salary, allowances and perquisites (except commission) as minimum remuneration.

Notice

**40TH ANNUAL REPORT 2008-2009****BOARD OF DIRECTORS**

SITARAM JIWARAJKA — Chairman

GOPAL SITARAM JIWARAJKA — Vice Chairman &amp; Managing Director

GAUTAM KHAITAN — Director

P. N. MEHTA — Director

SANJEEV KAUL DUGGAL — Director

PATANJALI GOVIND KESWANI — Director

**COMPANY SECRETARY**

NITI ARYA

**AUDITORS**

K. PRASAD &amp; 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 &amp; 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** : 21st July, 2009**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 MeetingVisit us at [www.salora.com](http://www.salora.com)



# SALORA INTERNATIONAL LIMITED

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

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4. 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 :

5. To consider and pass, with or without modification, the following resolution as a Special Resolution:

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**SALORA INTERNATIONAL LIMITED**

6. To consider and pass, with or without modification, the following resolution as a Special Resolution:

"Resolved that in case the Central Government, for any reason, does not grant approval for the payment of remuneration to Shri Gopal Sitaram Jiwarajka in terms of proposed resolution no. 5 above, for any particular year, the amount of the remuneration already paid for the financial year ending 2009 be waived off subject to the approval of the Central Government."

By Order of the Board of Directors

Place : New Delhi  
Dated: 16th May, 2009

**Niti Arya**  
Company Secretary

**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 15<sup>th</sup> July, 2009 to 21<sup>st</sup> July, 2009 (both days inclusive).
3. Dividend on Equity shares as recommended by the Board of Directors for the year ended 31<sup>st</sup> March, 2009, if declared at the Annual General Meeting, will be payable on or after 27<sup>th</sup> July, 2009.
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.
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 1997-98, 1998-99, 1999-2000 & 2000 - 01 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 31<sup>st</sup> March, 2002, given in the Corporate Governance Report published in this Annual Report.
11. At the ensuing Annual General Meeting, Shri Gautam Khaitan retires by rotation and being eligible offer himself for reappointment. The details in respect of the 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,

Notice



## SALORA INTERNATIONAL LIMITED

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: 16th May, 2009

**Niti Arya**  
Company Secretary

### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF SPECIAL BUSINESS OF THE 40<sup>th</sup> ANNUAL GENERAL MEETING TO BE HELD ON 21.07.2009

#### ITEM NO. 5

Section 198, 309 & 310 read with Schedule XIII of the Companies Act, 1956 requires approval of the members in the General Meeting by way of Special Resolution subject to the approval of the Central Government for payment of remuneration to the managerial person in case of inadequacy of profits. The remuneration as proposed has also been approved by the remuneration committee of the company.

It is proposed to the members that Shri Gopal Sitaram Jiwarajka, VC & MD of the company be paid the same remuneration as was decided by the members earlier in the Annual General Meeting held on 12<sup>th</sup> June, 2007 for the year with adequate profits, during his balance tenure up to 30<sup>th</sup> June, 2010 despite there being inadequacy of profits in any year.

The Board considers that inadequacy of the profit is a temporary phenomenal and is caused mainly by economic slow down which has affected not only our company, the world as a whole. The payment of the remuneration (except commission) is equitable and justifiable as the inadequate profits in the present economic scenario can not be attributable to the performance of the managerial person. The Board hopes that the position will gradually improve.

Hence the payment of the remuneration to Shri Gopal Sitaram Jiwarajka, requires approval of the members.

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

#### ITEM NO. 6

The company had reported profits till the half year ending 30<sup>th</sup> September, 09 and based on the same the remuneration as was decided by the members earlier in the Annual General Meeting held on 12<sup>th</sup> June, 2007 was paid to Shri Gopal Sitaram Jiwarajka.

For payment of remuneration to the managerial person in case of inadequacy of profits, the company requires approval of the members in the General Meeting by way of Special Resolution subject to the approval of the Central Government.

However, the Central Government may not grant post facto approval for the same and may require the company to apply for the waiver of the remuneration already paid to the managerial person.

Hence, waiver of the remuneration already paid to Shri Gopal Sitaram Jiwarajka, requires approval of the members. He possesses rich experience in TV and electronic industry and possesses in depth knowledge of the industry and in the past has rendered valuable services to the company

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

Shri Gopal Sitaram Jiwarajka was appointed as director of the company on 26.08.1987 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.

By Order of the Board of Directors

Place : New Delhi  
Dated: 16th May, 2009

**Niti Arya**  
Company Secretary

**SALORA INTERNATIONAL LIMITED****STATEMENT PURSUANT TO SCHEDULE XIII PART II SECTION-II****1. GENERAL INFORMATION**

- (1) Nature of Industry : 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)

	<b>2008-09</b>	<b>2007-08</b>
--	----------------	----------------

- |  |  |       |
|--|--|-------|
| i. EBITDA  | 15.49                                  | 33.33 |
| ii. FBT  | 0.44                                   | 0.40  |
| iii. PAT   | (0.28)                                 | 23.35 |
| (5) Export performance and net foreign exchange collaborations |  |       |
| Export   | 39.49                                  | 70.88 |
| Net Foreign Exchange earnings                                  | 43.02                                  | 78.03 |
| (6) Foreign investment or collaborations, if any               |  |       |
|  | No foreign collaboration or investment |       |

**2. INFORMATION ABOUT APPOINTEE**

- (1) Background details : As provided in Explanatory statement above
- (2) Past remuneration : Particulars Rs.
- : Basic : 4,00,000 p.m.
- : Executive Pay : 2,00,000 p.m.
- : House Rent Allowance 2,40,000 p.m.
- : Reimbursement of electricity, water and gas expenses subject to the limit of 10% of salary.
- : Reimbursement of Medical expenses - One month basic per annum or three month's salary over a period of three year.
- : LTC – one month basic per annum or two months basic over a period of two years.
- : Club fee for 2 clubs excluding life membership
- : Contribution to Provident Fund, Superannuation, as per Company's Rules
- : Gratuity – One half month's salary for each completed year of service.
- : Encashment of earned leave, as per company's rules.
- : Provision of company's car, mobile and telephone at residence excluding use of car for personal use and long distance personal calls.
- : 2% commission of net profit and additional commission 1% of net profit at the discretion of the Board.
- (3) Recognition or awards : NIL
- (4) Job profile and his suitability : The company is mainly engaged in the manufacture and distribution of electronic goods including TV components, mobile phone and computers distribution.

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

Notice



- (5) Remuneration proposed : As provided in the Resolution above
- (6) Comparative remuneration profile with respect to industry size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin). : The remuneration for the similar position in the industry, having regard to the size of the Companies and profile of persons is not less than the proposed remuneration of Shri Gopal Sitaram Jiwarajka.
- (7) Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any. : Except for holding position and drawing remuneration as Managing Director and as shareholder, he has no other pecuniary relationship with the Company. He is relative of Shri Sita Ram Jiwarajka, Chairman, Shri Tarun Jiwarajka and Smt. Neetu Jiwarajka.

**3. OTHER INFORMATION**

- (1) Reasons of loss or inadequate profits. : The inadequacy of the profit is a temporary phenomenal and is caused mainly by economic slow down which has affected not only our company, the world as a whole.
- (2) Steps taken or proposed to be taken for improvement : Considering the market scenario and the state of the current portfolio of products, the company is looking at other new avenues of business to reduce the risk of slow down in the existing businesses.  
The prevailing competitive environment increases the challenges involved in recruiting and retaining skilled personnel. Failure to manage this vital resource effectively could have an adverse effect on the company's business prospects.
- (3) Expected increase in productivity and profits in measurable terms. : Leveraging on the vast experience of Shri Gopal Jiwarajka in the diverse field of management, the company expects the revenues to grow by more than 30% in the coming year and earning to become positive in the coming year.

Notice

**4. DISCLOSURE**

- (1) The shareholders of the company shall be informed of the remuneration package of the managerial person. : Provided in the Corporate Governance
- (2) The following disclosures shall be mentioned in the Board of Director's report under the heading "Corporate Governance", if any, attached to the annual report. : Provided in the Corporate Governance
- (i) All elements of remuneration package such as salary benefits, bonuses, stock options, pension, etc. of all the directors;
- (ii) Details of fixed components and performance linked incentives along with the performance criteria;
- (iii) Service contracts, notice period, severance fees;
- (iv) Stock option details, if any, and whether the same has been issued at the discount as well as the period over which accrued and over which exercisable.

Shri Gopal Sitaram Jiwarajka, the appointee, Shri S. R. Jiwarajka, Chairman of the company, who is his relatives, is interested or concerned in the resolution and no other director is so interested or concerned.

By Order of the Board of Directors

Place : New Delhi  
Dated: 16th May, 2009

**Niti Arya**  
Company Secretary



# SALORA INTERNATIONAL LIMITED



## MANAGEMENT DISCUSSIONS & ANALYSIS

### COMPANY OVERVIEW

During the financial year, revenues decreased from Rs.1111.25 crores to Rs.713.89 crores. The Board has recommended dividend of Rs. 1/- per equity share. The Company employs over 900 people.

#### Business Overview

The operations of the Company can be classified into three main areas of business.

#### 1. Infocom business

Salora has become one of the leading distribution companies in the IT & Telecom space. It has 25 branches spread all over the country. The Company is connected by a VPN and the complete operation is controlled by an Oracle based ERP system.

Infocom Division is involved into the distribution of the following products:-

- Sony Ericsson – Distribution Partner for mobile handset
- Virgin Mobiles – Distribution partner for their service & handset
- Acer – National Distributor for Laptops, Desktops and LCD projectors
- Lenovo – National Distributor for Laptops & Desktops
- Kingmax & Pleomax – Distribution partner
- Moser Baer – National Distributor for USB Drives, IT Peripherals & CE products

**Sony Ericsson** Mobile phones which constitute a major part of the turnover had witnessed a gradual decline in market share throughout the year because of gaps in the product portfolio and aggressive trade marketing policies adopted by the competition. The Company expects to launch new models in the month of July, 09 to fill this vacuum, subsequent to which there are hopes to increase its business of Sony Ericsson mobile phones.

**Virgin Mobiles** – The Company had entered into an agreement with Virgin Mobile India Ltd. (VMI) and started distribution of their products to large format retail stores in North, East & West India since March' 08. The initial response has been encouraging. This business has been growing and the brand is also being well accepted in the market. VMI has initiated its marketing activities and expects to gain a reasonable share in the Indian market within a year. VMI is also planning to launch their GSM services during the year.

Last fiscal, also witnessed division of our **IT business** in two broad categories:-

- PC
- Peripheral

**PC** – Due to the economic slow down market for IT has declined which has its impact on the PC business for all brands.

**However, ACER** has taken Indian market as a focus market and directed its market activities, resulting into brand building and enhanced demand of ACER. We increased our reach in PC business from 25 locations to 30 locations. **Lenovo** has focused a lot on marketing in India. With its super brand status, it is well equipped for the next phase of this challenging journey to becoming the market leader. Also, to take our PC vertical business to next level, we are in advanced stage of negotiations with couple of quality brands.

**Peripheral**– This business started with the launch of Moser Baer pen drives. This year Moser Baer added few more product lines in their peripheral portfolio. The products added include UPS, Mouse, TFT, Speakers, and Casings etc. To get maximum leverage from this vertical, we have already finalized our alliance with Samsung Pleomax for distribution of their products, which includes over and above the aforesaid range, media products like CDs & DVDs. For Kingmax the company is handling the distribution of USB and Memory Cards.

**Consumer Electronics** – Moserbaer has launched its CE Business in Nov'07 & has been growing steadily month on month. They had started with 3 models of DVD players and with the time has increased the range to 11 DVD models with different variants. Moserbaer has also introduced LCD's, Digital Photo Frame, Multi media Speaker Systems, Media Players (MP3 & MP4) & most recently introduced CTV 's to the range Basket. Moserbaer is slowly and steadily gaining pace in Consumer Electronic Arena and plans to be amongst the top 5 players within a couple of years. The company is the national distributor for these products.

#### 2. Consumer Electronics Division

Consumer Electronics Division comprises of two divisions namely, Components Division and Consumer Electronics Division. Both of these belong to same segment and cater to the same industry.

Consumer Electronics Division business consists of colour television, DVDs players and component for CTV. During the year the division has witnessed negative growth. The Company has been considering all possible options to contain the negative growth impact.

Increase in cost of raw material and low prices being offered from China has adversely impacted the component business and the company is in discussion with the buyers to pass on the increased cost of the raw material.

Due to the imposition of Antidumping Duty on CPT's import of CPT increased which adversely affected the Indian CPT manufacturers. The company being the supplier of DY to the



# SALORA INTERNATIONAL LIMITED

CPT manufacturers also had an adverse impact on its business.

Salora Components Limited, a subsidiary of the company is also manufacturing Deflection Yokes.

**Fly Back Transformer:** New FBT's have been approved by LG Electronics, Samsung and commercial supply likely to commence in the year 2009 - 10. Low Cost FBT for the market Segment has been started.

**Loud Speaker:** Cost rationalizing by Value Engineering progress has been implemented and is continuous process. Entering in High Value Speakers like Car Speakers & Home theatre.

**Colour Television** – The indigenously developed chassis based on Ultimate one chip Processor (UOC TOP) has further extended to low cost version with wide voltage range operation to cater rural areas. The company has also received order for supply of 100,000 CTVs (36 cm) from Tamil Nadu Government which is to be done in the calendar year, 2009.

Company has done efforts towards standardization of products for better compatibility with each other and higher productivity.

Based on successful launch of 20" and 32" LCD TV, company has decided to aggressively launch the full range of LCD TV. Company is also in a process to launch the 21" PF Ultra Slim CRT TV.

**DVD** – Company has introduced memory card reader feature in DVD players.

The development as above have resulted in better competitiveness in the market and higher realization / margins.

## SERVICE SEGMENT

This segment acts as the authorized Service Centre of Sony Ericsson Handsets & HTC on PAN India basis through own service centre and authorized franchisees. It is also providing services for palm mobiles. It is a profit centre for the Company. The Company has also tied up with Karbonn & Bleu for service of their products.

### 3. Wind Power Project

All the five Wind Turbine each of 1.25 MW (total 6.25 MW) installed at Dhule, Maharashtra, have been in operation during the year under review. Stoppages had occurred during the year, which has been rectified by Suzlon Energy Ltd. The Company has also availed the benefit of automatic escalation in Power Purchase Agreement (PPA) at the end of first year. The company had appointed validators for availing the CDM benefits as the project had received the Host Country approval. Further the validators shall take steps for the preparation and submission of the **Validation and Verification Report** of our project.

## FINANCIALS

### 1. Share Capital

At present, the paid-up Equity Share Capital of the Company is Rs.8.80 crore, consisting of 88 lakh Equity Shares of Rs.10/- each. The Authorized Share Capital of the Company is Rs.20.00 crore divided into 2.0 crore shares of Rs 10/- each. During the year, there has been no change in the number of equity shares.

### 2. Reserves and Surplus

During Financial Year 2008-09, Reserves of the Company have decreased by Rs.1.31 crore to Rs.124.59 crore. The share premium account remains unchanged.

### 3. Loans and Working Capital Limits

The Company is presently operating with Working Capital Limits (utilized) of Rs.63.48 crore. Working Capital Loan substantially increased during the year from Rs.55.71 crores.

### 4. Fixed Assets

Gross fixed assets of the Company at Rs.99.92 crore have increased by more than Rs.0.52 crore as compared to the previous year (Rs.99.40).

### 5. Investments

Company has an investment of Rs.8.17 crore including investments in subsidiaries and stocks of other quoted and unquoted companies.

### 6. Net Current Assets

The Net Current Assets have decreased to Rs.173.59 crore from Rs.180.41 crore. Sundry debtors of the Company have increased to Rs.104.53 crores from Rs.90.64 crores

Inventories for the year stand at Rs.100.80 crore, a decrease of Rs.30.29 crore over the previous year.

Current Liabilities and provisions of the Company have come down by Rs.16.07 crores to Rs.67.08 crores as compared to Rs.83.15 crores in the previous year.

## Operational Results

The following factors have impacted the operational results of Financial Year 2008-09:

1. Majority of raw materials like metals and plastics rise globally resulting in higher raw material costs for the company.
2. Intense competition especially from multinational brands drove prices downwards, resulting in lower margins for the Company.

### 1. Revenues

During the year, gross revenues of the Company decreased by Rs.401.58 crores i.e. by 35.79% to Rs.720.34 crore from Rs.1121.92 crore last year. The downfall in the turnover was due to the economic slow down and less acceptability of the Sony Ericsson products.