

2011-12

43rd Annual Report



CTV/LCD • Home Theatre System • 3G Data Card • Mobile Phone • Component • Audio Speakers

SALORA
Technology for Happiness



Late Shri Sitaram Jiwarajka

(31st May 1925 - 18th Oct 2011)

Our respected chairman Shri Sitaram Jiwarajka has left for heavenly abode. His memories are here always to stay. He was an exceptional human being and an outstanding entrepreneur.

His sterling leadership qualities, remarkable foresight, uncompromising pursuit of excellence, humility, prodigious capacity to motivate and trust people will continue to guide and inspire. We miss him every single day.

Fondly remembered by Salora family.

BOARD OF DIRECTORS

GOPAL SITARAM JIWARAJKA –Chairman & Managing Director

GAUTAM KHAITAN – Director

P. N. MEHTA – Director

SANJEEV KAUL DUGGAL – Director

PATANJALI GOVIND KESWANI – Director

TARUN JIWARAJKA – Whole Time Director

CHIEF FINANCE OFFICER

SURINDER SOOD

COMPANY SECRETARY

PRINCY ANAND

AUDITORS

K. PRASAD & COMPANY, CHARTERED ACCOUNTANTS

BANKERS

STATE BANK OF INDIA

CANARA BANK

HDFC BANK LTD.

REGISTERED & CORPORATE OFFICE

SALORA INTERNATIONAL LTD.

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.)

REGISTRAR & SHARE TRANSFER AGENTS

SKYLINE FINANCIAL SERVICES PVT. LTD.

D-153-A, 1st FLOOR, OKHLA INDUSTRIAL AREA,
PHASE -I, NEW DELHI-110020

Tel. No. 011-26812682, 83 & 84.

Fax No. : 011-30857562

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ANNUAL GENERAL MEETING

Day : Wednesday

Date : 1st August, 2012

Time : 12.00 Noon.

Venue : Sri Sathya Sai International Centre,
Pragati Vihar, Lodhi Road, New Delhi -110 003

Note : Members are requested to bring their copy
of the Annual Report to the Meeting.

NOTICE

NOTICE is hereby given that the 43rd Annual General Meeting of the Members of Salora International Limited will be held on Wednesday, the 1st day of August, 2012 at 12.00 Noon at Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi -110 003 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt Balance Sheet of the Company as at 31st March, 2012 and Statement of Profit & Loss for the year ended on that date and the Reports of Board of Directors and Auditors' thereon.
2. To appoint a Director in place of Shri Gautam Khaitan, who retires by rotation and being eligible, offers himself for re-appointment.
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, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT Shri Tarun Jiwarajka, who was appointed as an Additional Director with effect from 10th November, 2011 on the Board of the Company in terms of Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting and in respect of whom the company has received a notice in writing from a Member, proposing his candidature for the office of a Director, under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company."

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force) subject to the such approvals as may be necessary and further subject to the approval of Shareholders and subject to the approval of the Central Government, if necessary, Shri Tarun Jiwarajka be and is hereby appointed as Whole time Director of the Company of the Company for a period of 3 (three) years w.e.f. 10.11.2011 on the following terms of remuneration:

Name of Director	Amount of monthly remuneration
Shri Tarun Jiwarajka	₹ 2,00,000/-

RESOLVED FURTHER THAT in the event of there being loss or inadequacy of profits for any financial year, the aforesaid remuneration payable to Whole Time Director shall be the minimum remuneration payable in terms of Schedule XIII of the Companies Act, 1956 and subject to the approval of the Central Government, if necessary;

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

None of the Directors except Shri Gopal Sitaram Jiwarajka and Shri Tarun Jiwarajka is concerned or interested in this resolution.

By Order of the Board of Directors
Salora International Ltd.

Regd. Office:
D – 13/4, Okhla Industrial Area,
Phase – II, New Delhi – 110 020

Dated: 29th May, 2012

(Princy Anand)
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/HERSELF 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. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of Special Business to be transacted at the meeting is enclosed hereto.
3. The Share Transfer Register and Register of Members of the Company will remain closed from 23rd July, 2012 to 30th July, 2012 (both days inclusive).
4. Members/Proxies are requested to produce the enclosed Attendance Slip duly filled in and signed as per the specimen signatures recorded with the Company/Depository Participant for attending the meeting.
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 to its Share Transfer Agent 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.
11. Members wishing to claim dividend, which remains unclaimed, are requested to correspond with the Company at its Registered Office at D – 13/4, Okhla Industrial Area, Phase – II, New Delhi – 110 020. Shareholders may please refer to table showing last date for claiming/due date for transfer to Investors Education and Protection Fund (IEPF) in respect of dividend declared after the Financial Year ended 31st March, 2005 given in the Corporate Governance Report published in this Annual Report.
12. Pursuant to provisions of Section 205A and 205C of the Companies Act, 1956 dividend for the Financial Years ended 1998-99, 1999-2000, 2000-01, 2001-02, 2002-03, 2003-04 (Interim Dividend), 2003-04 (final dividend) and 2004 – 05 (Interim Dividend) has been transferred to Investors Education and Protection Fund (IEPF), set up by the Government of India and no payment there from shall be made.
13. At the ensuing Annual General Meeting, Shri Gautam Khaitan, Director of the Company retires by rotation and being eligible, offer himself for re-appointment. In terms of Clause 49 of the Listing Agreement, the information or details relating to Shri Gautam Khaitan, Director of the Company is furnished in the statement on Corporate Governance, which is published in this Annual Report.
14. All document referred to in the notice are open for inspection at the Registered Office of the Company on all working days between 10.00 AM to 2.00 PM up to the date of Annual General Meeting.
15. Pursuant to General Circular No. 2/2011 (No.:51/12/2007-CL-III) dated 8th February, 2011 the Company has not attached annual accounts of its subsidiary Companies with the Balance Sheet. Members who are interested in obtaining the annual accounts of subsidiary Companies at any point of time may write to the Company Secretary at the Registered Office of the Company. The annual accounts of subsidiary Companies shall be kept available at the head office of the Company for inspection by any member during working hours.
16. **SHAREHOLDERS MAY KINDLY NOTE THAT NO GIFTS/GIFT COUPONS OR CASH IN LIEU OF GIFTS WILL BE DISTRIBUTED AT 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.**

By Order of the Board of Directors
Salora International Ltd.

Regd. Office:
D – 13/4, Okhla Industrial Area,
Phase – II, New Delhi – 110 020

Dated: 29th May, 2012

(Princy Anand)
Company Secretary

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 4

Shri Tarun Jiwarajka, was appointed as an Additional Director by the Board of Directors w.e.f. 10th November, 2011 in accordance with the provisions of Section 260 of the Companies Act, 1956.

Pursuant to Section 260 of the Companies Act, 1956 the above director holds office up to the date of the ensuing Annual General Meeting. In this regard the Company has received request in writing from a member of the company proposing his candidature for appointment as Director of the Company in accordance with the provisions of Section 257 and all other applicable provisions of the Companies Act, 1956.

The Board feels that presence of Shri Tarun Jiwarajka on the Board is desirable and would be beneficial to the Company and hence recommend resolution No. 4 for adoption.

None of the Directors except Shri Gopal Sitaram Jiwarajka and Shri Tarun Jiwarajka is concerned or interested in this resolution.

The Board recommends resolutions under item No. 4 to be passed as ordinary resolution.

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 for payment of remuneration to the managerial person in case of loss or inadequacy of profits. The remuneration as proposed has also been approved by the remuneration committee of the company.

The members are requested to consider and pass the said special resolution and authorize the payment of remuneration as proposed in the said special resolution.

Shri Traun Jiwarajka is interested or concerned to the extent of the remuneration proposed in the aforesaid resolution. Shri Gopal Sitaram Jiwarajka, Chairman of the Company is related to Shri Tarun Jiwarajka and deemed to be interested or concerned in this resolution and no other Director is interested or concerned in the resolution.

By Order of the Board of Directors
Salora International Ltd.

Regd. Office:
D – 13/4, Okhla Industrial Area,
Phase – II, New Delhi – 110 020

Dated: 29th May, 2012

(Princy Anand)
Company Secretary

STATEMENT PURSUANT TO SCHEDULE XIII PART II SECTION – II.

- (1) Nature of Industry : Manufacturing of Color Television Sets and components for Color Television Sets.
Sales and Marketing of IT, Telecom, Household and Lifestyle Products.
Wind Power Generation
- (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		₹ in lacs	
		2011-12	2010-11
	i. EBITD	172.57	(205.28)
	ii. FBT	-	-
	iii. PAT	(790.63)	(912.76)
(5) Export performance and net foreign exchange	Export	18648.92	17518.57
	Net Foreign Exchange earnings	14832.26	13897.73

- (6) Foreign investment or collaborations, if any : No foreign collaboration or investment

II. INFORMATION ABOUT THE APPOINTEE

- (1) Background details : As provided in explanatory statement above
- (2) Past remuneration : **Salary:** Gross Remuneration ₹ 50,000/- (Rupees Fifty Thousand Only) per month.
- (3) Recognition or awards : NIL
- (4) Job profile and his suitability : The Company is engaged in the manufacturing Color Television Sets and components for Color Television Sets, Sales and Marketing of IT, Telecom, Household and Lifestyle Products and Generation of Wind Power.
Shri Tarun Jiwarajka is graduate from Indiana University, Bloomington holds the degree of Bachelor of Science in Business and he is involved in the company's business for last six years.
- (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 Tarun 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 Director and as shareholder, he has no other pecuniary relationship with the Company. He is relative of Shri Gopal Sitaram Jiwarajka, Chairman & Managing Director, Smt. Neetu Jiwarajka and Shri Ayush Jiwarajka.

III. OTHER INFORMATION

- | | | | |
|-----|--|---|--|
| (1) | Reasons of loss or inadequate profits. | : | The inadequacy of the profit is a temporary phenomenal and is caused mainly by business slow down which has affected not only our Company, the world as a whole. |
| (2) | Steps taken or proposed to be taken for improvement | : | <p>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 business.</p> <p>The coming period will be challenging and at the same time bring new opportunities for us. From a long term perspective company has decided to focus on Salora Brand. Company has already launched mobile phones and data cards under Salora Brand. It is also planned to launch memory card, Home theatres and LCD TVs under Salora Brand.</p> <p>The Company has entered into an agreement with Micromax for providing after sale service to its super phone. The Company also entered into agreement with LEXMARK for sale and marketing of its intelligent printers on pan India basis. It is expected that the results will start coming during this financial year.</p> <p>Leveraging on business back ground and experience of Shri Tarun Jiwarajka in the diverse field of management, the Company expects the revenues to grow and earning to become positive in the coming year.</p> |
| (3) | Expected increase in productivity and profits in measurable terms. | : | |

IV. DISCLOSURE

- | | | | |
|-------|---|---|---|
| (1) | The shareholders of the Company shall be informed : remuneration package of the managerial person. | : | Provided in the resolution and Corporate Governance Report. |
| (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 Report. |
| (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. | | |

By Order of the Board of Directors
Salora International Ltd.

Regd. Office:
D – 13/4, Okhla Industrial Area,
Phase – II, New Delhi – 110 020

Dated: 29th May, 2012

(Princy Anand)
Company Secretary

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 43rd Annual Report together with the Audited Financial Statements for the Financial Year ended 31st March 2012.

FINANCIAL RESULTS

The performance of the Company for the Financial Year ended 31st March, 2012 is summarized below:

	Year Ended 31 st March, 2012	Year Ended 31 st March, 2011
	(₹ in Lacs)	
Sales	41416.25	52062.39
Less: Excise Duty	217.28	857.67
Net Sales	41198.97	51204.72
Add: Other Income	154.20	175.54
Increase/(Decrease) in Stock	814.08	(3549.58)
Total	40539.09	47830.68
Less: Total Expenditure	40366.52	48035.96
Operating Profit	172.57	(205.28)
Less: Interest	744.79	672.56
Less: Depreciation	360.25	387.49
Profit before Tax	(932.47)	(1265.33)
Less: Exceptional Item	130.79	-
Less: Provision for taxes	(1063.26)	(1265.33)
Current Tax	-	-
Deferred Tax	(282.97)	(352.85)
Fringe Benefit Tax	-	-
Earlier Year : Income Tax	10.34	0.28
Profit/(Loss) after tax	(790.63)	(912.76)
Add: Balance brought forward from last year	446.77	1359.53
	(343.86)	446.77
Less: Appropriations	-	-
Balance carried to Balance Sheet	(343.86)	446.77

BUSINESS OPERATIONS & FUTURE OUTLOOK

During the period under review, the Company has been able to achieve net sales of ₹ 411.99 crore despite increasing competition in the market as compared to ₹ 512.05 crore in the Financial Year 2010-11.

The Company suffered a net loss after tax of ₹ 7.91 crore in the Financial Year 2011-12 as compared to ₹ 9.13 crore in the Financial Year 2010-11.

The coming period will be challenging and at the same time bring

new opportunities for us. 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 business. From a long term perspective company has decided to focus on Salora Brand. Company has already launched mobile phones and data cards under Salora Brand. It is also planned to launch memory card, Home theatres and LCD TVs under Salora Brand. The Company has entered into an agreement with Micromax for providing after sale services to its super phone. The Company also entered into agreement with LEXMARK for sale and marketing of its intelligent printers on pan India basis.

It is expected that the results will start coming during this financial year.

DIVIDEND

During the year under review, the Company suffered a net loss after tax of ₹ 7.91 crore and therefore, Board of Directors has not recommended any dividend for the Financial Year 2011-12.

FIXED DEPOSITS

The Company has not accepted any deposit in the year under report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956 with respect to the Directors' Responsibility Statements, it is hereby confirmed that:

- i) in preparation of the annual accounts for the Financial Year 2011-12, the applicable accounting standards have been followed and there are no material departures.
- ii) the accounting policies selected and applied are consistent and judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2012 and of the profit/(loss) of the Company for the year ended on that date;
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the annual accounts have been prepared on a going concern basis.

DIRECTORS

Shri Gautam Khaitan, Director, retires by rotation at the forthcoming Annual General Meeting and being eligible offer himself for re-appointment. Brief resume of Shri Gautam Khaitan, Director is given in the Corporate Governance Report. Shri Tarun Jiwrajka, who was appointed as an Additional Director on 10th November, 2011 on the Board of the Company in terms of Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting and propose to be regularized as a director of the Company. Shri Tarun Jiwrajka was also appointed as a Whole Time Director w.e.f. 10.11.2011 and will continue to hold that position, in his regularisation."

LISTING OF SECURITIES OF COMPANY

The Equity Shares of the Company continue to be listed at Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE) and listing fees for the Financial Year 2012-13 have been paid to both the Stock Exchanges.

DEMATERIALISATION

Trading of Equity Shares of the Company in dematerialized form is compulsory for all shareholders w.e.f. 28.08.2000 in terms of the Notification issued by the Securities and Exchange Board of India (SEBI). Your Company has achieved higher level of dematerialization with 98% of the total number of Equity Shares being held in the electronic mode with the two depositories.

CORPORATE GOVERNANCE REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT

Management Discussion and Analysis Report as required by Clause 49 of the Listing Agreement with the Stock Exchanges is given in "Annexure – I" forming part of this report. A Certificate regarding compliance of conditions of Corporate Governance is annexed. A separate section on Corporate Governance is given in the Annual Report.

AUDITORS AND AUDITORS' REPORT

M/s. K. Prasad & Co., Chartered Accountants, Statutory Auditors of the Company hold office up to the conclusion of the ensuing Annual General Meeting. The Company has received a certificate from them as required by the proviso to Sub-section (1) of Section 224 of the Companies Act, 1956, certifying that their appointment, if made, will be within the limits as specified in Section 224 (1B). There is no qualification in the Auditors' Report.

RESEARCH AND DEVELOPMENT

Particulars regarding Research & Development are given in the "Annexure – II" in Form B of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 forming part of this Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO

The information relating to conservation of energy, technology absorption, foreign exchange earnings and outgo in terms of Section 217(1)(e) of the Companies Act, 1956 read with Companies

(Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in "Annexure II" forming part of this Report.

SUBSIDIARY COMPANIES

The annual accounts of subsidiaries of this Company i.e. Salora Capital Ltd. and Salora Components Ltd. are not attached pursuant to General Circular No. 2/2011 (No.:51/12/2007-CL-III) dated 8th February, 2011. Members who are interested in obtaining the annual accounts of subsidiary Companies at any point of time may write to the Company Secretary at the Registered Office of the Company. The annual accounts of subsidiary Companies shall be kept available at the head office of the Company for inspection by any member during working hours. A statement pursuant to Section 212 of the Companies Act, 1956 is given in Annexure III.

PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are required to be set out in the Annexure to the Directors' Report. However, as per the provisions of Section 219 (1)(b) (iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the Members of the Company and others entitled thereto. Members who are interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

ACKNOWLEDGEMENTS

Your Directors would like to express their sincere thanks to the Financial Institutions, Banks, Government Authorities, Customers, Vendors and Shareholders for the assistance, co-operation and valuable support to the Company. Your Directors also wish to place on record their sincere appreciation for the valuable services of the Executives, Staff and Workers of the Company.

For and on behalf of the Board of Directors
Salora International Ltd.

Regd. Office:
D-13/4, Okhla Industrial Area,
Phase – II, New Delhi- 110 020.

Date: 29th May, 2012

(Gopal Sitaram Jiwrajka)
Chairman