

47th ANNUAL REPORT 2015-16



BOARD OF DIRECTORS

GOPAL SITARAM JIWARAJKA –Chairman & Managing Director

GAUTAM KHAITAN – Director

PREM NATH MEHTA – Director

SANJEEV KAUL DUGGAL – Director

PATANJALI GOVIND KESWANI – Director

TARUN JIWARAJKA – Whole Time Director

CHIEF FINANCE OFFICER

ASHOK KUMAR KUCHERIA

COMPANY SECRETARY

NITIN AGRAHARI

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.

CIN L74899DL1968PLC004962

sect@salora.com

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

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ANNUAL GENERAL MEETING

Day : Wednesday

Date : 14th September, 2016

Time : 11.00 am

Venue : Lok Kala Manch, 20, Lodhi Institutional Area,
Lodhi Road, New Delhi -110 003

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

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DIRECTORS' REPORT

Dear Members,

Your Directors present the 47th Annual Report of the Company together with Audited Financial Statements for the Financial Year ended 31st March, 2016:

1. FINANCIAL RESULTS (STANDALONE)

A snap shot of the Company's financial performance for the financial year under review along with previous years' figures are given hereunder:

	(₹ in Lacs)	
	Year ended 31st March, 2016	Year Ended 31st March, 2015
Net Sales /Income from Business Operations	31169.95	29842.12
Less: Excise Duty	221.88	332.29
Net Sales	30948.07	29509.83
Add: Other Income	329.35	70.81
Increase / (Decrease) in stock	522.65	152.41
Total	31800.07	29733.05
Less: Total Expenditure	31133.14	28877.89
Operating Profit	666.93	855.16
Less: Interest	558.35	489.68
Less: Depreciation & Amortization	250.92	326.09
Profit before exceptional item & tax	(142.34)	39.39
Less: Exceptional Item	-	-
Profit before tax	(142.34)	39.39
Less: Provision for taxes		
Current Tax	-	-
Deferred Tax	55.32	(0.87)
Earlier Year: Deferred Tax	-	-
Earlier Year: Income Tax	-	4.74
Profit / (Loss) after tax	(87.02)	35.53
Add: Balance brought forward from last year	-	-
	(87.02)	35.53
Less: Appropriations	-	-
Balance carried to Balance Sheet	(87.02)	35.53

2. DIVIDEND

Due to non availability of profits, your Directors have not recommended any dividend this year.

3. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

In terms of Section 125 of the Companies Act, 2013, unclaimed / unpaid Dividend related to the financial year 2008-09 is due for transfer on 19.08.2016 to the Investor Education and Protection Fund established by the Central Government.

4. REVIEW OF BUSINESS OPERATIONS AND FUTURE PROSPECTS

During the period under review, the Company has achieved net sales of Rs.309.48 crores in the Financial Year 2015-16 as compared to Rs.295.09 crores in the last Financial Year.

Operating profit for the year was stood at Rs.666.93 lacs against Rs.855.16 lacs during the preceding year.

Company has started commercial production of LED TVs on the new Production Conveyor Line with a capacity of 10,000 units per month installed at our factory premises situated in NOIDA (U.P.). The Company has also started manufacturing and assembling facility for Mobile phones and its Components under flagship of our valued Brand "SALORA". Company's alignment with e-commerce players i.e. Amazon, Flipkart, Snapdeal, ebay, Justbuy and Gadgets 360 for sales and marketing of its products, consumers' response is very enthusiastic.

Company has finalized an alignment with Amazon, which will boost our top line as well as bottom line. This will be regular business with them and your company will be one of their preferred partners in their phase of growth in India.

After agreed alignments your company would be procuring some other well known cross border brands having sharp dominant presence in the ecommerce space to boost up the sales revenue through our well established distribution channels.

Company has been working with Zojirushi Corporation, Japan into Life Style sector to distribute small appliances and thermo-ware products and in the months to come we will be launching some new products in the segment.

5. MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

No material changes and commitments affecting the financial position of the Company occurred at the end of the financial year to which this financial statement relates on the date of this report.

6. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information pertaining to conservation of energy, technology absorption, Foreign exchange Earnings and outgo as required under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in Annexure-'I' and is attached to this report.

7. RESEARCH AND DEVELOPMENT

Particulars regarding Research & Development as required under Section 134 (3)(m) of the Companies Act, 2013 read

with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in Annexure-'I' and is attached to this report.

8. STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY

Risk Management is attempting to identify, assessment, minimization and then management of threats that could severally impact or bring down an organization. Your Company believes that it is need of the hour in the present market scenario for any Business organization to impeccably recognise and effectively address the risk existing in the environment. Your Board, Audit Committee and Executive Management are continuously identifying the possible risk and make guidance to the management to hedge against those threats.

Audit Committee of the Company with the help of periodical internal audit reports and management's representations is identifying and evaluating all possible risk and inform Board with their possible recommendations to hedge those risk and minimization procedures. In the opinion of your Board there is no risk that may threaten the existence of the Company.

9. DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Provisions of Section 135 of the Companies Act, 2013 are not applicable to the Company.

10. LOANS, GUARANTEES OR INVESTMENTS

There were no loans, guarantees or investments made by the Company exceeding the limit as specified under Section 186 of the Companies Act, 2013 during the year under review and particulars of loans given, investments made, guarantees given and securities provided under Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 along with the purpose for which the loan or guarantee are provided in Note 13 & 14 of the standalone financial statement.

11. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

All Related Party Transactions are placed before the Audit Committee as well as Board, for prior approval wherever required. None of the transaction is without approval of the Audit Committee and every such transaction is being placed before for review periodically. Prior omnibus approval of the Audit Committee is obtained for the transactions which are of a foreseen and repetitive nature. A statement giving details of all related party transactions entered into pursuant to the omnibus approval is placed before the Audit Committee for their review on a quarterly basis. All related party transactions are in the Ordinary Course of Business and at Arm's Length Basis, which are not material in nature too, hence, outside the scope of Section 188(1) of the Act. Related Party Transaction Statement for approval of the Board and Audit Committee

is supported by a certificate of an Independent Chartered Accountant Firm.

The policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions as approved by the Audit Committee and the Board of Directors is available on the website of the Company at www.salora.com.

Attention of the members is drawn to the disclosure of Related Party Transactions set out in Note 40 of the Standalone Financial Statements forming part of this Annual Report.

12. EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS

Statutory Auditor

M/s. K. Prasad & Co., Chartered Accountants (ICAI Registration No. 002755N), Statutory Auditors of the Company, hold office till the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. They have confirmed their eligibility to the effect that their re-appointment, if made, would be within the prescribed limits under the Act and that they are not disqualified for re-appointment.

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

Secretarial Auditor

The Board has appointed M/s. Navneet K Arora and Co., Company Secretaries Firm, to conduct Secretarial Audit for the financial year 2016-17. The Secretarial Audit Report for the financial year ended March 31, 2016 is annexed herewith marked as Annexure-'II' to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

Cost Auditor

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and the Companies (Cost Records and Audit) Amendment Rules, 2014, the Company maintains the cost audit records for its business. The Board of Directors of the Company has, on the recommendation of the Audit Committee, at its meeting held on 30th June, 2016, appointed M/s. Gurminder Chopra & Co. Cost Accountants as the Cost Auditors for the financial year 2016-17 and has recommended their remuneration to the Shareholders for their ratification.

13. COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES

The Company's Policy relating to appointment of Directors, payment of Managerial remuneration, Directors' qualifications, positive attributes, independence of Directors and other related matters as provided under Section 178(3) of the Companies

Act, 2013 is being dealt in the Corporate Governance report under Nomination and Remuneration Committee section.

14. EXTRACT OF ANNUAL RETURN

The extracts of Annual Return in MGT- 9 pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and administration) Rules, 2014 is furnished in Annexure-'III' and is attached to this Report.

15. NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW

The Company had five (5) Board Meetings during the financial year under review with a gap of statutory time limit provided under the Companies Act, 2013 and SEBI (Listing Obligations & Listing Requirements) Regulations, 2015. Members of the Board duly met on 30th May, 2015, 2nd July, 2015, 13th August, 2015, 5th November, 2015 and 11th February, 2016.

16. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013 with respect to the Directors' Responsibility Statement, it is hereby confirmed that:

- a. in preparation of the annual accounts for the financial year 2015-16, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. 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, 2016 and of the profit / (loss) of the company for year ended on that date;
- c. proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d. the annual accounts have been prepared on a going concern basis;
- e. the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

17. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company have one Subsidiary i.e. Salora components Ltd.

The Company has no joint venture company.

The detail of financial performance of Subsidiary Company is furnished in Annexure-'IV' and attached to this report.

18. DEPOSITS

The Company has neither accepted nor renewed any deposits during the year under review.

19. DIRECTORS

Shri Tarun Jiwrajka, Whole Time Director, who is liable to retire by rotation, retires at this Annual General Meeting and being eligible offer himself for re-appointment.

Smt. Sushmita Shekhar, had resigned from the office of director w.e.f. 11.02.2016

20. DECLARATION OF INDEPENDENT DIRECTORS

The Independent Directors have submitted their disclosures to the Board that they fulfil all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 so as to qualify themselves to continue as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules.

21. DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE AND PROVIDING VIGIL MECHANISM

The Audit Committee consists of the following members:

- 1) Shri Gautam Khaitan, Chairman
- 2) Shri P. N. Mehta, Member
- 3) Shri Sanjeev Kaul Duggal, Member
- 4) Shri Patanjali Govind Keswani, Member

The above composition of the Audit Committee consists of all independent Directors.

The Company has established a vigil mechanism and oversee through the committee, the genuine concerns expressed by the employees and other Directors. The Company has also provided adequate safeguards against victimization of employees and Directors who express their concerns. The Company has also provided direct access to the Chairman of the Audit Committee on reporting issues concerning the interests of company employees and the Company.

22. DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013 AND PROVIDING VIGIL MECHANISM

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The following is a summary of sexual harassment complaints received and disposed off during each calendar year.

No. of complaints received: NIL

No. of complaints disposed off: NIL

23. SHARES

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 2016-17 have been paid to both the Stock Exchanges in advance. Recently company has executed new listing agreements with Stock Exchanges under the requirements of provisions of newly introduced SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

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 98.10% of the total number of Equity Shares being held in the electronic mode with the two depositories.

24. PARTICULARS OF EMPLOYEES

The information required under Section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in the Annexure-‘V’.

25. CORPORATE GOVERNANCE REPORT

A separate report of the Board of Directors on Corporate Governance is included in the Annual Report as Annexure-‘VI’ and the certificate from M/s. Navneet K. Arora & Co., Practicing Company Secretary (CoP No. 3005) confirming compliance with requirements of Corporate Governance as stipulated in SEBI (Listing Obligations & Disclosure Requirements) Regulation, 2015 (previously for Clause 49 of the Listing Agreement) is annexed as Annexure-‘VII’.

26. MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis Report as required by Regulation 34 of SEBI (Listing Obligations & Disclosure Requirements) Regulation, 2015 is given in Annexure-‘VIII’

forming part of this report. A certificate regarding compliance conditions of Corporate Governance is annexed. A separate section on Management Discussion and Analysis is given in Annual Report.

27. INTERNAL FINANCIAL CONTROL

Company has a proper and adequate system of internal control to oversee the Company’s financial reporting process, disclosure of financial information, reviewing the performance of statutory and internal auditors with management, adequacy of internal audit function and internal control system, related party transactions etc., and for this purpose Company has a well constituted Audit Committee headed by a Non-Executive Independent Director. Further, the Company’s Internal Auditors verify the information concerning the reliability of the financial statements as well as the compliance with your Company policies so as to maintain accountability of all its assets and correctness of recorded transactions.

28. EVALUATION OF BOARD AND INDIVIDUAL DIRECTORS

Pursuant to the Section 134(3)(p) of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, a formal evaluation has been made by the Board of its own performance and that of its committees and individual directors.

29. ACKNOWLEDGEMENTS

Your Directors place on record their sincere thanks to bankers, business associates, consultants, and various Government Authorities for their continued support extended to your Company’s activities during the year under review. Your Directors also acknowledges gratefully the shareholders for their support and confidence reposed on the Company.

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

Date: New Delhi
Place: 30th June, 2016

(Gopal Sitaram Jiwrajka)
Chairman & Managing Director

Annexure – I

STATEMENT CONTAINING PARTICULARS PURSUANT TO SECTION 134(3)(m) OF THE COMPANIES ACT, 2013 READ WITH RULE 8 OF THE COMPANIES (ACCOUNTS) RULES, 2014.

A. CONSERVATION OF ENERGY

- (a) The Steps Taken or Impact on Conservation of Energy : The Company is taking appropriate steps for conservation of energy by using energy efficient equipments and creating awareness in the employees for conservation of energy. Introduction of LED lights in Production floor and workshops.
- (b) The Steps Taken by the Company for Utilizing Alternate Sources of Energy : N.A.
- (c) The Capital Investment on Energy Conservation Equipments : N.A.

B. TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

- (a) The Efforts Made in Technology Absorption : **Research and Development (R & D):**
Deflection Yoke: New version of 21" TFT V-2 DY start for Thomson China.
FBT:
 (a) Development of 14", 21" Flat, 21" Ultra Slim FBT for Company and Other customers
 (b) Developed Market Model FBT in new Plastic Parts (low Cost FBT) and also started many new models for market segment
Speaker:
 (a) Development of Multimedia speakers for Company and different customers like Philips etc.
 (b) Development of LCD & LED TV Speakers for Company and Videocon, Panasonic & other customers.
CRT TV: Designed a new CTV chassis based on Toshiba Micom for 14" and 21" Pure Flat CPT and another for 21" Ultra Slim CPT with new features.
LED TV: Developed new 80 CM LED TV in single board concept (Power supply and small signal processing are combined) for better reliability, productivity and serviceability
Telecom Product Division:
 (a) Development of CDMA Mobile Phone for Tata and MTS Telecom providers
 (b) Development of charger (adopter) for Mobile phone
 (c) Development of speaker for mobile phone
 (d) Development of Battery for mobile Phone
 Company has successfully absorbed the LED TV assembly technology to manufacture LED TV in house and started use of LED TV technology for mass production.
 This creates a new opening for company to produce cost effective high end CTV for masses adding margin to the company. Localization of Mobile Phone charger reduced dependency on foreign suppliers.

- (b) The Benefits Derived Like Product Improvement, Cost Reduction, Product Development or Import Substitution: : a. Cost competitiveness w.r.t. competition
b. Use of latest technology
c. Being in pace with the latest trend of the industry
d. Getting leadership position in market latest technology absorption and quality improvement
- (c) In Case Of Imported Technology (Imported During The Last Three Years Reckoned From The Beginning Of The Financial Year) : N. A.
- i) the details of technology imported
- ii) the year of import
- iii) whether the technology been fully absorbed
- iv) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof:-
- (d) The Expenditure Incurred on Research & Development:

	2015-16	(Rs. in lacs) 2014-15
(a) Capital	0.00	0.00
(b) Recurring	0.81	0.07
	-----	-----
(c) Total	0.81	0.07
	====	====

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The foreign exchange earned in terms of actual inflows during the year and the foreign exchange outgo during the year in terms of actual outflows. : Mainly Foreign Exchange used during the year was for import of goods and it includes minor expenses of visits of marketing staffs to different countries for increasing the exports of the Company and better market penetration.

		(Rs. in lacs)
	2015-16	2014-15
	-----	-----
Total foreign exchange used and earned :		
Foreign Exchange used	2394.41	3082.36
Foreign Exchange earned	4143.82	2340.23

Annexure – II

Secretarial Audit Report

[For the Financial Year ended on 31st March 2016]

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9
of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
SALORA INTERNATIONAL LIMITED

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by SALORA INTERNATIONAL LIMITED (CIN No. L74899DL1968PLC004962) (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion there on.

Based on our verification of the SALORA INTERNATIONAL LIMITED'S books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March 2016** complied with the statutory provisions listed hereunder and also that the Company has proper Board - Processes and Compliance -Mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the period ended on **31st March 2016** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act 1956 ('SCRA') and the rules made there under and The Securities Contracts (Regulation) Rules 1957.
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.- No such transaction was held during the financial year hence the said Act, Rules and Regulations were not applicable to the Company during the audit period;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): —
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and

Takeovers) Regulations, 2011;

- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.- No such transaction was held during the financial year hence the said Regulations were not applicable to the Company during the audit period;
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;- No such transaction was held during the financial year hence the said Regulations were not applicable to the Company during the audit period;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;- No such Transaction was held during the financial year hence the said Regulations were not applicable to the Company during the audit period;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;- The Company was not engaged in the activities relating to Registrar to a issue and also not acting as Share Transfer Agent hence the said Regulations were not applicable to the Company during the audit period
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; - No such transaction was held during the financial year hence the said Regulations were not applicable to the Company during the audit period; and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; - No such Transaction was held during the financial year hence the said Regulations were not applicable to the Company during the audit period;
- (vi) Other Labour, Environment & Other specific applicable Acts / Laws for which Secretarial Audit was conducted as an overview test check basis audit and was generally based/ relied upon on the documents provided to us, Management Confirmation Certificate & other Audit Report and certificates given by other professionals, the company has complied with the following Acts / Laws applicable to the Company during the audit period:
 - a. The Employees State Insurance Act 1948 and The Employees State Insurance (General) Regulation, 1950 and The Employees State Insurance Rules, 1950

- b. The Employees Provident Fund & Miscellaneous provisions Act 1952 & The Employees Deposit-Linked Insurance Scheme, 1976 and Employees Provident Fund Scheme, 1952
- c. The Payment of Bonus Act 1965 and the Payment of Bonus Rules, 1975
- d. The Payment of Gratuity Act 1972 and The Payment of Gratuity (Central) Rules, 1972
- e. The Employees Compensation Act 1923 & The Workmen's Compensation Rules, 1924
- f. Minimum Wages Act 1948 & Minimum Wages (Central) Rules, 1950
- g. The Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act 2013 read with The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules 2013
- h. The Maternity Benefit Act 1961 and The Maternity Benefit Rules, 1963
- i. Environment (Protection) Act 1986 read with The Environment (Protection) Rules 1986 & Hazardous Waste (Management Handling & Transboundary Movement) Rules 2008 and other Environment Laws.
- j. The Explosives Act, 1884 and Gas Cylinder Rules, 2004
- k. The Electricity Act, 2003 & The Electricity Rules, 1956

We have also examined compliance with the applicable clauses of the followings:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) Listing Agreements (Equity) entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

We have not examined compliance by the Company with applicable financial laws, like direct and indirect tax laws, since the same have been subject to review by statutory financial audit and other designated professionals.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

We further report that:

- 1) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the

composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

- 2) Adequate notice is given to all directors to schedule the Board Meetings atleast seven days in advance and agenda and detailed notes on agenda were also sent in advance to all the directors subsequently, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- 3) Majority decision is carried through while the dissenting members' views, if any, were captured and recorded as part of the minutes.
- 4) There was no prosecution initiated and no fines or penalties were imposed during the year under review under the Companies Act 2013, Depositories Act and Rules, Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers.
- 5) The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the Code of Business Conduct & Ethics for Directors and Management Personnel;

We further report that based on the information received and records maintained there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with other applicable laws, rules, regulations and guidelines.

We further report that during the audit period, there were no instances of:

- a) Public / Rights / Preferential Issue of Shares / Sweat Equity.
- b) Redemption / Buy-back of Securities.
- c) Merger / Amalgamation / Reconstruction etc. and
- d) Foreign Technical Collaborations.

For **Navneet K Arora & Co.**
Company Secretaries

CS Navneet Arora Prop.
FCS: 3214, COP: 3005

Place: New Delhi
Date: 27th May, 2016

[Note: This report is to be read with our letter of even date which is annexed as "Annexure-A" and forms an integral part of this report].

To,
The Members,
SALORA INTERNATIONAL LIMITED

Annexure –“A”

Our report of even date is to be read along with this letter as under:

- 1) Maintenance of secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these secretarial records on our audit.
- 2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- 3) We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
- 4) Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- 5) The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
- 6) The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **Navneet K Arora & Co.**
Company Secretaries

CS Navneet Arora Prop.
FCS: 3214, COP: 3005

Place: New Delhi
Date: 27th May, 2016