

# 2011-12

## 43<sup>rd</sup> Annual Report



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

**SALORA**  
Technology for Happiness



## *Late Shri Sitaram Jiwarajka*

*(31<sup>st</sup> May 1925 - 18<sup>th</sup> 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, 1<sup>st</sup> FLOOR, OKHLA INDUSTRIAL AREA,  
PHASE -I, NEW DELHI-110020

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

Fax No. : 011-30857562

Email: admin@skylinerta.com

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## ANNUAL GENERAL MEETING

**Day** : Wednesday

**Date** : 1<sup>st</sup> 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 43<sup>rd</sup> 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 31<sup>st</sup> 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 Jiwrajka, 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 Jiwrajka 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 Jiwrajka	₹ 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 Jiwrajka will not be liable to retire by rotation as Director."

None of the Directors except Shri Gopal Sitaram Jiwrajka and Shri Tarun Jiwrajka 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: 29<sup>th</sup> 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 23<sup>rd</sup> July, 2012 to 30<sup>th</sup> 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 31<sup>st</sup> 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: 29<sup>th</sup> May, 2012

(Princy Anand)  
Company Secretary

Notice

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

**ITEM NO. 4**

Shri Tarun Jiwrajka, was appointed as an Additional Director by the Board of Directors w.e.f. 10<sup>th</sup> 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 Jiwrajka 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 Jiwrajka and Shri Tarun Jiwrajka 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 Jiwrajka is interested or concerned to the extent of the remuneration proposed in the aforesaid resolution. Shri Gopal Sitaram Jiwrajka, Chairman of the Company is related to Shri Tarun Jiwrajka 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: 29<sup>th</sup> May, 2012

(Princy Anand)  
Company Secretary

Notice

**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)
		<b>2011-12</b>	2010-11
	i.	<b>EBITD</b>	<b>172.57</b>
	ii.	FBT	-
	iii.	PAT	(912.76)

- |   |   |                               |                 |          |
|---|---|-------------------------------|-----------------|----------|
| (5) Export performance and net foreign exchange | : | Export                        | <b>18648.92</b> | 17518.57 |
|   |   | Net Foreign Exchange earnings | <b>14832.26</b> | 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 : 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.
- 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.
- 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.
- (3) Expected increase in productivity and profits in measurable : Leveraging on business back ground and experience of terms. Shri Tarun Jiwrajka in the diverse field of management, the Company expects the revenues to grow and earning to become positive in the coming year.

### IV. DISCLOSURE

- (1) The shareholders of the Company shall be informed : Provided in the resolution and Corporate Governance Report. remuneration package of the managerial person.
- (2) The following disclosures shall be mentioned in the Board of : Provided in the Corporate Governance Report. Director's report under the heading "Corporate Governance", if any, attached to the annual 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: 29<sup>th</sup> May, 2012

(Princy Anand)  
Company Secretary



## DIRECTORS' REPORT

Dear Members,

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

### FINANCIAL RESULTS

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

	Year Ended 31 <sup>st</sup> March, 2012	Year Ended 31 <sup>st</sup> 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 31<sup>st</sup> 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 10<sup>th</sup> 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.

### **DEMATERIALIZATION**

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: 29<sup>th</sup> May, 2012

(Gopal Sitaram Jiwrajka)  
Chairman

## Annexure – I

### MANAGEMENT DISCUSSIONS AND ANALYSIS

The Management Discussion and Analysis report comprises of the followings:

- Industry Structure and Development
- Opportunities and Threats
- Segment wise and Product wise Performance
- Outlook
- Risk and concern
- Internal control system and their adequacy
- Financial Performance viz-a-viz operational performance
- Human Resources and Industrial Relations
- Subsidiaries
- Cautionary Statement

#### 1. Industry Structure and Development

The business of the Company includes sales and marketing, supply chain management and after sale service for wide range of leading national and international brands of consumer electronic goods, IT and telecom products, house hold & lifestyle products and manufacturing of color televisions and components for color television. The Company's value addition in the distribution segment includes the forecasting of demand and procurement of goods from manufacturers/suppliers, stocking at warehouses, supplying to sub-distributors/channel partners with appropriate credit facility and collection of receivables.

The overall consumer electronic market continuous to be competitive and there is a pressure on profit/margin. Company exposed to a variety of business risk including rapidly changing technology, frequent new product introductions, changes in Consumer preferences and demand for features. Consumer preferences have been shifted towards high end and technologically advance branded products. Companies in consumer electronic goods, IT and telecom industry are focusing on customizing products to suit Indian requirements.

#### 2. Opportunities and Threats

##### Opportunities

- There are opportunities to increase market penetration by launching innovative products.
- There are opportunities to reduce cost of products.
- Introduce new products in existing market and existing products in new market.
- The increasing popularity of easily available consumer loans is being leveraged upon by Companies to market the products.
- Phenomenal growth of media in India and flurry of television

channels have spread awareness of IT and telecom products in the remotest markets.

- Growth in internet penetration in both urban and rural markets will lead to growth in sale of IT products.
- There are opportunities to develop high end products.
- Demand for consumer electronic goods, IT and telecom products usually pick up during the festive seasons. Most of the Companies come out with offers like free gifts, discounts etc. This period will continue to be the growth driver for the Company.

##### Threats

- Margins are under pressure due to increasing cost of raw material, marketing, advertising and after sale services.
- Interest rates continue to be the key issue. Any increase in the interest rate will have negative impact on the profitability of the Company.
- Foreign Exchange fluctuation may affect the Company adversely.
- Any increase in taxes and change in Government policies may have negative impact on the Company.

#### 3. Segment wise and Product wise Performance

##### A) Infocom Business

Salora has become one of the leading distribution Companies in consumer electronic goods, IT and Telecom Sector. The Company has 27 branches spread all over the Country. The Company is connected by a VPN and the complete operation is managed by an Oracle based ERP System.

Infocom Division undertakes the distribution of the following products:-

- Salora Mobile Phone and 3G Data Card
- Motorola Mobiles – Distribution Partner for mobile handset.
- Lexmark – Distributor Partner
- Tenda Networking Products – Distribution Partner
- Zojirushi Thermo ware Products – Distribution Partner
- MTS – Distribution Partner
- Acer – National Distributor for Laptops, Desktops and projectors.
- Pleomax (Samsung) – Distribution Partner for computer peripherals and CFL Bulbs.
- Mercury (Kobian) – Distribution Partner for distribution of Motherboard and Computer Cabinet.
- Micromax Mobile – Authorised Service Partner
- Crystal Glass Ware

**Salora Mobile Phone and 3G Data Card** - The Company has launched new models of Salora Brand Mobile Phone during the year.

**Motorola Mobiles** – Motorola has launched high end and niche Mobile Phones in the Indian Market and Salora is distribution partner for Channel distribution and Modern Trade. As far as product strategy is concerned, Motorola boasts of global leadership in Android Platform Handsets and with the rising demand of this portfolio, Motorola smart phones are expected to receive good response in Indian Market.

**Micromax** – The Company has entered into agreement with Micromax for providing after sale service for its super phone on pan India basis

**Lexmark** – The Company is sales and marketing partner of M/s. Lexmark (USA) for its intelligent printers including Inkjet Printer, Laser and Multifunction Printers on pan India basis.

**Tenda Networking Products** – Networking products including switches, routers, hub, gateway, cable modem, LAN Adaptor, related antenna, optic media connector, wireless broad band, routers, wireless LAN Adaptor are being marketed.

**Zojirushi Thermo Ware Products** - Thermo ware products of Zojirushi Hong Kong Co. Ltd. getting good response from Indian market.

**MTS** – The Company is distribution partner of M/s. Sistema Shyam Teleservices Ltd. for distribution of its Data Devices, handsets, cellular mobile services and related products under brand name MTS.

**ACER**-The Company is National Distributor for ACER Laptops.

**Samsung Pleomax**- The Company has also tied up with Samsung Pleomax for distribution of its IT peripherals and CFL.

**Crystal Glassware**- Company has been marketing crystal glassware products.

## **B) Consumer Electronic Business**

The Company has been manufacturing and marketing CTV Fly Back Transformer (FBT), Deflection Yoke (DY) and Speaker. During the year 2011-12 performance of this unit was satisfactory. Company is planning to introduce Home theatres and LCD TVs under Salora Brand during the current year.

## **C) Wind Power Business**

The Company has five wind turbines having capacity of 1.25 MW each (total 6.25 MW) at Dhule, in the State of Maharashtra. The overall performance of this segment was satisfactory during the financial year.

## **4. Outlook**

This has been dealt with in the Directors' Report.

## **5. Risk and Concerns**

The Infocom and IT division is highly competitive segment where the company is directly competing with the leading global brands in the

segment in which the company is operating. Rate of obsolescence is high and prices tend to fall rapidly. The Company is maintaining strict control on inventory and receivables to mitigate the risk.

The Company exposed to a variety of operation, business and market risks including but not limited to technological changes, decrease in product prices, customer defaults, foreign exchange fluctuation, interest rates risk and inventory carrying risk. The Company continuously monitors these risks. The objective of Company's risk management system is to ensure that risk exposure arising out of business does not result in any financial distress.

## **6. Internal Control System and Their Adequacy**

The Company has established a proper and adequate system of internal control commensurate with the size of its operations. Internal Control System is designed in such a way to ensure that all its assets are safeguarded and protected against loss and that all the transactions are appropriately authorized, correctly recorded and disclosed in the financial statements.

The Company has an independent Internal Audit Firm reporting to the Audit Committee, which is a sub-committee of the Board of Directors. The Internal Auditors draw up a quarterly and yearly extensive programme of internal audit. The Internal Audit Report along with management responses is placed before the Audit Committee for discussion and further follow up actions to ensure that adequate internal controls are maintained.

The Audit Committee reviews the functioning and findings of the Internal Auditors. The Audit Committee also reviews quarterly and half yearly results and annual accounts of the Company before these are submitted to the Board for approval and adoption.

The Company has also evolved a set of guiding principles to be followed by all the employees of the Company, setting forth their commitment to perform and conduct business in compliance with the highest ethical standards. These guiding principles reflect Salora's business ethics policy and are an integral part of the internal control system.

## **7. Financial Performance viz-a-viz Operational Performance**

### **i) Share Capital**

At present, the paid-up Equity Share Capital of the Company is ₹ 8.81 crore. The Authorized Share Capital of the Company is ₹ 20 crore divided into 2 crore shares of ₹ 10/- each. During the year, there has been no change in the paid up share capital.

### **ii) Reserves and Surplus**

During Financial Year 2011-12, Reserves of the Company was ₹ 101.37 crore as against ₹ 109.21 crore in the financial year 2010-11. The share premium account remains unchanged.

### **iii) Loans and Working Capital Limits**

The Working Capital Limits (utilized) as on 31<sup>st</sup> March, 2012 was ₹ 46.56 crore.

#### iv) Fixed Assets

Gross fixed assets of the Company on 31<sup>st</sup> March, 2012 was ₹ 92.69 crore as compared to ₹ 96.41 crore in the previous Financial Year.

#### v) Investments

Company has an investment of ₹ 8.17 crore including investments in subsidiaries and shares of other quoted and unquoted Companies

#### vi) Current Assets & Liabilities

The Current Assets of the Company as on 31<sup>st</sup> March, 2012 was ₹ 179.09 crore as compared to ₹ 159.42 crore in the previous financial year. Sundry debtors of the Company as on 31<sup>st</sup> March, 2012 was ₹ 98.06 crore as compared to ₹ 66.81 crore.

Inventories as on 31<sup>st</sup> March, 2012 stand at ₹ 45.07 crore at a decrease of ₹ 54.89 crore over the previous Financial Year.

Current liabilities and provisions of the Company as on 31<sup>st</sup> March, 2012 was ₹ 67.51 crore as compared to ₹ 52.01 crore in the previous Financial Year.

#### Operational Results

The following factors have impacted the operational results of Financial Year 2011-12:

- a) Cost of major raw materials increased during the year.
- b) Intense competition drove prices downwards which resulted in lower margins to the Company.

#### i) Revenues

During the year, gross revenues of the Company as on 31<sup>st</sup> March, 2012 was ₹ 414.16 crore as compared to ₹ 520.62 crore in the last Financial Year.

#### ii) Expenditure

Total Expenses of the Company as on 31<sup>st</sup> March, 2012 was ₹ 403.66 crore as compared to ₹ 480.36 crore in the previous financial year. These expenses include cost of finished tradable goods, raw materials and other direct costs.

- a) **Material consumed and purchases:** Material consumed and purchases were ₹ 371.57 crore as compared to ₹ 436 crore in the last Financial Year.
- b) **Personnel Cost:** During the year, personnel expenses as on 31<sup>st</sup> March, 2012 was ₹ 13.50 crore as compared to ₹ 18.73 crore in the previous Financial Year.
- c) **Manufacturing and other Expenses:** During the Financial Year manufacturing and other expenses was ₹ 18.58 crore as compared to ₹ 25.62 crore in the previous financial year.

#### iii) Earnings before Interest, Tax, Depreciation (EBITD)

During the Financial Year 2011-12, operating profit was ₹ 172.57 lac as compared to the operating loss of ₹ 205.28 lac in the previous Financial Year.

#### iv) Depreciation and Interest

During Financial Year 2011-12 depreciation was ₹ 3.60 crore and interest charges increased from ₹ 6.73 crore to ₹ 7.45 crore.

#### v) Net Loss after tax

The net loss after tax during Financial Year 2011-12 was ₹ 7.91 crore as compared to ₹ 9.13 crore during previous Financial Year.

#### 8. Human Resources and Industrial Relations

The Company firmly believes that Human Resource is the key driver for the success of any organization. Teamwork is encouraged and at the same time every individual is trained and empowered to take right decisions at right time. Training both internal and external has become a part of the lives of every employee so that innovation becomes the key for all their activities. Your Company has a team of 369 employees.

#### 9. Subsidiaries

##### Salora Capital Ltd.

During the year under review Salora Capital Ltd. has made a net profit of ₹ 28.73 lacs as compared to ₹ 32.95 lacs in the previous Financial Year.

##### Salora Components Ltd.

The Company's business is manufacturing of TV Components including Deflection Yokes. During the Financial Year 2011-12 Company's sale was ₹ 1740.06 lacs as compared to ₹ 3581.09 lacs in the previous Financial Year. Net loss of the Company was ₹ 37.43 lacs in the current Financial Year against loss of ₹ 35.95 lacs in the previous Financial Year.

#### 10. Cautionary Statement

Investors are cautioned that statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be forward looking statements within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas market in which the Company operates, risks inherent in the Company's growth strategy, change in Government regulations, tax laws and other statutes and other incidental factors.

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

Place: New Delhi  
Date: 29<sup>th</sup> May, 2012

Gopal Sitaram Jiwrajka  
Chairman

**ANNEXURE 'II'**

**STATEMENT CONTAINING PARTICULARS PURSUANT TO COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.**

**A. CONSERVATION OF ENGERY**

- (a) Energy Conservation measures taken : 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.
- (b) Additional investment and proposal, if any. : NIL
- (c) Impact of above measures : Will result in reduction in energy consumption and lower fuel consumption.
- (d) Total energy consumption and energy consumption percentage of production : N. A.

**B. TECHNOLOGY ABSORPTION**

- (e) Efforts made in technology absorption : As per 'Form-B' attached.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

- (f) Activities relating to exports, initiative taken to increase exports, development of new export markets for products and services and export plans. : Directors and marketing staff visit to different countries for increasing the exports of the Company and better market penetration.

		(₹ in lacs)
<b>Total foreign exchange used and earned</b>	<b><u>2011-12</u></b>	<b><u>2010-11</u></b>
Foreign Exchange used	<b>6449.84</b>	8201.52
Foreign Exchange earned	<b>19023.06</b>	17739.18

**FORM B**

**Form for disclosure of particulars with respect to absorption**

**Research and development (R & D)**

1. Specific areas in which R & D carried out by the Company. : 1. **Deflection Yoke:** Developed Low Cost 20" DY Vertical Coil with Alum. Wire, Already in mass Production
2. **FBT:** (a) Developed FBT for flat TV for Samsung. Mass production already started. (b) Developed Market Model FBT in new Plastic Parts (low Cost FBT) and also started many new models for market segment
3. **Speaker:** Development of LCD TV Speakers for LG, Samsung & Videocon.
2. Benefits derived as a result of the above R & D : Keep the latest trend of the industry . Technology leadership position in market.
3. Future plan of action : **Deflection Yoke:** Development of Ultra Slim Tube 21" DY (Pin free type) for JCT.
- Speaker:** Development of LCD & LED Speakers for Samsung and Panasonic.
- FBT:** Development of FBT for Samsung (Ultra slim) and also new models for market segment.
4. Expenditure on R & D : (₹ in lacs)
- |               |                    |              |
|---------------|--------------------|--------------|
|               | <b>2011-12</b>     | 2010-11      |
| (a) Capital   | -                  | -            |
| (b) Recurring | <b><u>0.20</u></b> | <u>19.05</u> |
| (c) Total     | <b><u>0.20</u></b> | <u>19.05</u> |
- (d) Total R & D expenditure as a percentage of total turnover : Total R & D expenditure as a percentage of total turnover is negligible (previous year 0.04%).

## Technology absorption, adaptation and innovation

1. Efforts, in brief, made towards technology absorption, : adaptation and innovation  
**Deflection Yoke:** 21" Ultra Slim for different customers are being developed with the Company's trained Engineers from Matsushita.  
**FBT:** New Models of FBT for different customers like Samsung, Market are being developed with the help of company's trained Engineers from Matsushita.
2. Benefits derived as a result of the above efforts e.g. product : a) Quality improvement.  
improvement, cost reduction, product development, import b) Cost reduction through Value Engineering in Speakers by substitution etc. Changing the Parts Specification and also VE parts developed locally. Already most of the LG, Panasonic, Samsung & Videocon speakers has been approved & productionized in V.E. Structure.
3. In case of imported technology (imported during the last : N. A.  
5 years reckoned from the beginning of the financial year), following information may be furnished.
  - (a) Technology imported
  - (b) Year of Import
  - (c) Has technology been fully absorbed?
  - (d) If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action.

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

Place: New Delhi  
Date: 29<sup>th</sup> May, 2012

Gopal Sitaram Jiwrajka  
Chairman

**ANNEXURE 'III' TO THE DIRECTORS' REPORT**

**Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies:**

1. Name of the Subsidiary Company	Salora Capital Ltd.	Salora Components Ltd.
2. Financial Year of Subsidiary Company ended on	31.03.2012	31.03.2012
3. a) No. of shares held at the end of the Financial Year	Holders of 42,49,200 Equity Shares of ₹10/- each out of the total issued & subscribed equity shares capital of 46,50,150 shares	Holders of 34,14,800 Equity Shares of ₹10/- each out of the total issued & subscribed equity shares capital of 43,20,000 shares
b) Extent of Interest at the end of the Financial Year	91.38%	79.05%
4. Net aggregate amount of Profit/(Loss) of the Subsidiary Company so far as it concerns the Members of the Holding Company.		
a) Not dealt with in the accounts of the holding Company		
- for the subsidiary's Financial Year ended 31.03.2012 (₹ in lacs)	26.25	(29.59)
- for the previous Financial Year of the subsidiary Company since it became subsidiary.	Yes	Yes
b) Dealt with in the accounts of the holding Company		
- for the subsidiary's Financial Year ended 31.03.2012	NIL	NIL
- for the previous Financial Years of the subsidiary Company since it became subsidiary	NIL	NIL



## CORPORATE GOVERNANCE REPORT

In compliance with corporate governance requirements as specified in Clause 49 of the Listing Agreement with Stock Exchanges, the Company's policies on Corporate Governance and Compliance thereof in respect of specific areas as applicable to the Company for the Financial Year 2011-12 are as below:

### COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Salora's philosophy on Corporate Governance envisages the adoption of best business policies and alignment of the highest levels of transparency, integrity, honesty, accountability and equity in all facets of its operations and in all its interactions with its stakeholders including shareholders, bankers, government and employees.

The Company is committed to best corporate governance practices which stems not only from the letter of law but also from the inherent belief of doing business in the right way. The Company believes that all its actions and operations must serve the underlying goal of enhancing overall shareholder value on a sustained basis.

### BOARD OF DIRECTORS

The Company has six Directors as on 31st March, 2012 with one Executive Director cum Promoter as Chairman. Out of the six Directors, four are Non Executive Directors and out of four, three directors are independent. The Composition of the Board is in conformity with Clause 49 of the Listing Agreement with Stock Exchanges.

None of the Directors on the Board is Director in more than 15 Companies (as specified in Section 275 of the Companies Act, 1956) and is a member of more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49 of the Listing Agreement) across all the Companies in which he is a Director.

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships/membership held by them in other Companies and attendance at last AGM are given below:

Name	Category of Directorship	No. of directorship in other public Companies*		No. of Committee position in other public companies**		Whether attended last AGM held on 1 <sup>st</sup> August, 2011	No. of Board Meetings during the year 2011-12	
		Chairman	Member	Chairman	Member		Held	Attended
Shri S. R. Jiwrajka (upto 18.10.2011)	Non Executive & Promoter	-	-	-	-	No	4	2
Shri Gopal Sitaram Jiwrajka	Executive & Promoter	-	3	-	-	Yes	4	4
Shri Tarun Jiwrajka (appointed w.e.f. 10.11.2011)	Executive & Promoter	-	3	-	-	NA	4	2
Shri Gautam Khaitan	Non-Executive & Independent	-	11	2	5	Yes	4	3
Shri P. N. Mehta	Non-Executive & Non Independent	-	1	1	1	Yes	4	2
Shri Sanjeev Kaul Duggal	Non Executive & Independent	-	3	-	-	No	4	1
Shri Patanjali Govind Keswani	Non Executive & Independent	-	-	-	-	Yes	4	4

\*Directorship in other companies do not include alternate Directorship, Directorship of Private Limited Companies, Section 25 Companies and of Companies incorporated outside India.

\*\*Membership/Chairmanship of Audit Committee & Shareholders/ Investors Grievances Committee have been considered.

Four Board Meetings were held during the year and the gap between two Board Meetings did not exceed four months. The Board Meetings were held on the following dates:

30<sup>th</sup> May, 2011, 26<sup>th</sup> July, 2011, 10<sup>th</sup> November, 2011 and 30<sup>th</sup> January, 2012.

The information as specified in Annexure – 1A to Clause 49 of the Listing Agreement has been placed before the Board for its consideration.

It has always been the Company's policy and practice that apart from matters requiring the Board's approval by statute, all major decisions including quarterly results of the Company as a whole and of division/business segments, financial restructuring, capital expenditure

proposals, collaborations, material investment proposals in joint venture/promoted companies, sale and purchase of assets of material nature, mortgages, guarantees, donations etc. are regularly placed before the Board. This is in addition to information with regard to actual operations, major litigation and feed back reports and minutes of all Committee Meetings.

The Chairman and Managing Director, Chief Finance Officer and Company Secretary in consultation with other concerned persons in the top management, finalise the agenda papers for the Board Meetings.

There is an effective post meeting follow up, review and reporting process for the action taken on decision of the Board and Committees.

#### **BRIEF RESUME OF THE DIRECTOR BEING RE-APPOINTED AT THE ENSUING ANNUAL GENERAL MEETING:**

##### **Shri Gautam Khaitan**

Date of Birth	: 06.05.1965
Date of appointment	: 28.06.2001
Expertise in specific Functional Area	: Shri Gautam Khaitan, a law graduate from Law Campus University of Delhi, is an Advocate associated with M/s. O. P. Khaitan & Co., Solicitors & Advocates, New Delhi. He has vast and varied corporate legal exposure, dealing with Corporate, MNCs, Banks and financial institutions across the globe. He is also a member of International Bar Association.
Directorships held in other Public Companies (excluding foreign Companies and Section 25 Companies)	: J. K. Sugar Ltd. KRB L Ltd. FACOR Alloys Ltd. Aravali Securities & Finance Ltd. Ilpea Paramount Ltd. Bharat Seats Ltd. Texco Infrastructure & Holdings Ltd. Arcotech Ltd. MedSave Healthcare (TPA) Ltd. Arcotech Uniexpat Ltd. Arcofemi Healthcare Ltd.
Membership/Chairmanship of Committees of other Public Companies (includes only Audit Committee and Shareholders/ Investors Grievance Committee)	: J.K. Sugar Ltd. Arcotech Ltd. Aravali Securities & Finance Ltd. Texmaco Ltd. Bharat Seats Ltd.
No. of Shares held in the Company	-

#### **AUDIT COMMITTEE**

The Audit Committee of the Company is constituted in line with the provisions of clause 49 of the Listing Agreement with the Stock Exchanges read with Section 292 A of the Companies Act, 1956.

The terms of reference/role of the Audit Committee are broadly as under:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement reflects a true and fair position and that sufficient and credible information is disclosed
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fee.
- Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval with particular reference to –
  - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
  - b) Changes, if any, in accounting policies and practices and reasons for the same.
  - c) Major accounting entries involving estimates based on the exercise of judgment by management.
  - d) Significant adjustments made in the financial statements arising out of audit findings.
  - e) Compliance with listing and other legal requirements relating to financial statements.

- f) Disclosure of any related party transactions.
- g) Qualifications in the draft audit report.
- Reviewing with the management the quarterly financial statements before submission to the board for approval.
- Reviewing with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow-up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control system of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

The Audit Committee mandatory reviews the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
3. Management letters/letters of internal control weaknesses issued by the statutory auditors.
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

#### COMPOSITION OF AUDIT COMMITTEE

The Audit Committee of the Board comprises of 4 (four) Non Executive Directors, namely Shri Gautam Khaitan, as its Chairman, Shri P.N. Mehta, Shri Sanjeev Kaul Duggal and Shri Patanjali Govind Keswani. Except Shri P. N. Mehta, all other members of the Committee are Independent Directors.

#### Audit Committee Meetings

S. No.	Date of Meeting	Committee Strength	No. of Members Present
1.	30.05.2011	4	2
2.	26.07.2011	4	3
3.	10.11.2011	4	2
4.	30.01.2012	4	3

#### Audit Committee Attendance

S. No.	Name of Director	No. of Meetings attended
1.	Shri Gautam Khaitan	3
2.	Shri P. N. Mehta	2
3.	Shri S. K. Duggal	1
4.	Shri Patanjali Govind Keswani	4

Statutory Auditors, Internal Auditors, executives responsible for finance and accounts functions are permanent invitees to the Audit Committee. The Company Secretary acts as Secretary to the Audit Committee.

The previous Annual General Meeting of the Company was held on 1st August, 2011 and was attended by Shri Gautam Khaitan, Chairman of the Audit Committee.

The necessary quorum was present for all the Audit Committee Meetings.

#### REMUNERATION COMMITTEE

The Company has a Remuneration Committee of Directors. The constitution and terms of reference stipulated by the Board to the Remuneration Committee are in compliance with Clause 49 of the Listing Agreement and Schedule XIII of the Companies Act, 1956. The terms of reference include policy on specific remuneration package for executive Directors including pension rights and compensation payment.

**COMPOSITION OF THE COMMITTEE**

Names	Category	No. of Meetings	
		Held	Attended
Shri Gautam Khaitan	Non Executive & Independent	1	1
Shri Sanjeev Kaul Duggal	Non Executive & Independent	1	0
Shri Patanjali Govind Keswani	Non Executive & Independent	1	1

Shri Gautam Khaitan is Chairman of the Committee.

**REMUNERATION POLICY**

The Remuneration Committee has been constituted to recommend to the Board of Directors remuneration package of the Managing/Whole Time Director based on the responsibilities attached to their position.

**DETAILS OF REMUNERATION PAID/PAYABLE TO THE DIRECTORS FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2012.**

(Amount in ₹)

Name of Director	Salary	Perquisites & Other Benefits	Commission	Sitting Fee paid	Total
Shri S. R. Jiwrajka	-	-	-	20,000	20,000
Shri Gopal Sitaram Jiwrajka	48,00,000	16,43,850	-	-	64,43,850
Shri Tarun Jiwrajka	8,36,600	2,16,120	-	-	10,52,720
Shri Gautam Khaitan	-	-	-	60,000	60,000
Shri P. N. Mehta	-	-	-	40,000	40,000
Shri Sanjeev Kaul Duggal	-	-	-	20,000	20,000
Shri Patanjali Govind Keswani	-	-	-	80,000	80,000

The remuneration of Shri Gopal Sitaram Jiwrajka, Managing Director and Shri Tarun Jiwrajka, Director, includes Superannuation @ 15% of the basic salary included in perquisites and other benefits. The services of Shri Gopal Sitaram Jiwrajka and Shri Tarun Jiwrajka are contractual in nature, for a period of 3 years from 1<sup>st</sup> July, 2010 and 10<sup>th</sup> November, 2011 respectively. The above figures do not include provisions for encashable leave and gratuity as separate actuarial valuation are not available for the Managing Director/Director.

Apart from above remuneration, no Director is entitled for any other benefit, bonus, severance fee or performance linked incentives for the Financial Year 2011-12. The Company has not issued any stock options to its employees or Directors.

Details of shares of the Company held by the Directors as on 31<sup>st</sup> March, 2012 are as under:

Name	No. of Shares
Shri Gopal Sitaram Jiwrajka	35,28,105
Shri Tarun Jiwrajka	3,72,741
Shri Gautam Khaitan	-
Shri P. N. Mehta	100
Shri Sanjeev Kaul Duggal	-
Shri Patanjali Govind Keswani	-

**INVESTORS GRIEVANCE COMMITTEE**

The Company has an Investor Grievance Committee of Directors to look into the redressal of complaints of investors such as non-receipt of dividend/notices/annual reports etc. Investors Grievance Committee comprises of 2 Directors, namely, Shri Gopal Sitaram Jiwrajka (Chairman & Managing Director) as Chairman and Shri Tarun Jiwrajka, Whole Time Director as a member. The Company attends the Investor Grievances/correspondence expeditiously and usually reply is sent within 10 days of receipt except in the cases that are constrained by dispute or legal impediment.

During the year, four meetings of Investors Grievance Committee were held on 30.05.2011, 26.07.2011, 10.11.2011 and 30.01.2012.

The total number of complaints received and replied to the satisfaction of the shareholders during the year ended 31.03.2012 was 1. As on 31.03.2012 there was one complaint pending.

Quarter ended	Outstanding	Complaints Received	Replied	Pending
30.06.2011	1	-	1	-
30.09.2011	-	-	-	-
31.12.2011	-	-	-	-
31.03.2012	-	1	1	1

Smt. Princy Anand, Company Secretary is Compliance Officer of the Company.

## GENERAL BODY MEETINGS

Location and time of last three Annual General Meetings are as under:

AGM	Year Ended	Location	Date & Time	Details of Special Resolutions Passed
40 <sup>th</sup>	31.03.2009	Sri Sathya Sai International Centre, Pragati Vihar, Institutional Area, Lodhi Road, New Delhi – 110 003.	21.07.2009 11.00 AM	(i) Shareholders' approval and ratification for remuneration paid to Shri Gopal Sitaram Jiwarajka for the period from 01.04.2008 to 30.06.2010 (ii) Shareholders approval for waiver of remuneration paid to Shri Gopal Sitaram Jiwarajka in case Central Government does not grant approval.
41 <sup>st</sup>	31.03.2010	Sri Sathya Sai International Centre, Pragati Vihar, Institutional Area, Lodhi Road, New Delhi – 110 003.	21.07.2010 11.00 AM	(i) Shareholders' approval for reappointment of Shri Gopal Sitaram Jiwarajka as Managing Director for the period from 1 <sup>st</sup> July, 2010 to 30 <sup>th</sup> June, 2013 (ii) Shareholders' approval for appointment of Shri Ayush Jiwarajka (Director's relative) as an executive.
42 <sup>nd</sup>	31.03.2011	India Islamic Cultural Centre, 87 – 88, Lodhi Road, New Delhi -110 003	01.08.2011 11.00 AM	Shareholders' approval for payment of remuneration to Shri Gopal Sitaram Jiwarajka, Managing Director of the Company.

No Extraordinary General Meeting of the members was held during the Financial Year 2011-12.

## DISCLOSURE

The particulars of transactions between the Company and its related parties as per the Accounting Standard 18 are mentioned in Note "35" of the Balance Sheet. However, these transactions are not likely to have any conflict with the Company's interest. The Company has complied with all applicable laws and regulations and no strictures/ penalties have been imposed on the Company by Stock Exchanges or SEBI or any statutory authority.

The Board has constituted Remuneration Committee. The Company has not put in place other non-mandatory requirements at present.

A qualified Practicing Company Secretary carried out Reconciliation of Share Capital Audit to reconcile the total admitted equity capital with National Security Depository Ltd. (NSDL) and the Central Depository Services (India) Ltd. (CDSL) and the total issued and listed equity capital. The Reconciliation of Share Capital Audit Report confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialize shares held with NSDL and CDSL.

## MEANS OF COMMUNICATION:

The quarterly/half yearly unaudited and annual audited financial results were furnished to Stock Exchanges and also published in Newspapers - English Newspapers The Pioneer (English) and Haribhoomi/Veer Arjun (Hindi). The results were also displayed on the Company's website www.salora.com and websites of the Stock Exchanges (BSE & NSE). The Company has not made any presentation to Institutional Investors or to analysts. A Management Discussion and Analysis Statement is a part of Company's Annual Report.

## GENERAL SHAREHOLDER INFORMATION

### Annual General Meeting to be held:

Day /Date	:	Wednesday, August, 01, 2012
Time	:	12.00 Noon
Venue	:	Sri Sathya Sai International Centre, Pragati Vihar, Institutional Area, Lodhi Road, New Delhi-100003
Financial Year	:	April, 1 to March, 31
Book Closure date	:	23 <sup>rd</sup> July, 2012 to 30 <sup>th</sup> July, 2012 (both days inclusive)
Dividend	:	Board of Directors has not recommended any dividend for the Financial Year 2011-12.
Outstanding warrants	:	NIL
Convertible instruments	:	NIL

**FINANCIAL CALENDAR (TENTATIVE)**

Result for the quarter ending 30th June, 2012	On or before 14th August, 2012
Result for the quarter ending 30th September, 2012	On or before 14th November, 2012
Result for the quarter ending 31st December, 2012	On or before 14th February, 2013
Result for the quarter ending 31st March, 2013	On or before 30th May, 2013

**REGISTRAR AND SHARE TRANSFER AGENTS**

M/s. Skyline Financial Services Pvt. Ltd.  
Registrars and Transfer Agents  
Unit: Salora International Limited  
D-153-A, 1st Floor, Okhla Industrial Area, Phase -1, New Delhi-110020  
Tel. No. 011--26812682, 83 & 84 Fax No. : 011 – 30857562  
Website: www.skylinerta.com  
Email: admin@skylinerta.com

**INVESTORS CORRESPONDENCE**

In case of any delay in attending to transfer of shares, non-receipt of dividend warrant, non receipt of Annual Report or any other related matter the following official of Salora International Limited may be contacted:

Smt. Princy Anand, Company Secretary

**Registered Office**

**Salora International Limited**

D-13/4, Okhla Industrial Area, Phase-II, New Delhi – 110 020  
Web site: www.salora.com  
Tel. No. 011- 49207100 & 101, Fax No. 011-26388581  
Email – princy.anand@salora.com , sect@salora.com

**LISTING ON STOCK EXCHANGES**

Name of Stock Exchange	Stock Code
National Stock Exchange of India Ltd.	SALORAINTL
Bombay Stock Exchange Ltd.	500370
CIN No.	L74899DL1968PLC004962

**LISTING FEES**

Listing fees have been paid for both the above Stock Exchanges for the Financial Year 2012-13.

**SHAREHOLDING PATTERN OF THE COMPANY AS ON 31<sup>ST</sup> MARCH, 2012.**

Category of Shareholders	No. of Folios	No. of Shares	Percentage
Individuals	5298	2075619	23.56
Companies	225	806362	9.16
Promoters	8	5317337	60.37
Group Companies	1	558929	6.35
FII's, NRIs, OCBs	47	48553	0.55
Mutual Fund, Banks, FIs	2	500	0.01
Others – Trust	0	0	0
<b>Total</b>	<b>5581</b>	<b>88,07,300</b>	<b>100.00</b>

## DISTRIBUTION OF SHAREHOLDING AS AT 31<sup>ST</sup> MARCH, 2012

No. of Equity Shares held	No. of folios	%age of Total folio Nos.	No of Shares	% of Total Shares
Up to 5000	4975	89.14	608024	6.90
5001 – 10000	250	4.48	201407	2.29
10001 – 20000	153	2.74	239777	2.72
20001 – 30000	73	1.31	188437	2.14
30001 – 40000	33	0.59	117950	1.34
40001 – 50000	21	0.38	98814	1.12
50001 – 100000	36	0.65	272540	3.09
100001 and above	40	0.71	7080351	80.40
<b>Total</b>	<b>5581</b>	<b>100.00</b>	<b>8807300</b>	<b>100.00</b>

### SHARE TRANSFER SYSTEM

Transfer of shares held in the electronic form is done through the depositories with no involvement of the Company. Share transfers in physical form are registered by the Registrars and returned to the respective transferees within a period ranging from fifteen days to one month, provided the documents lodged with the Registrars/Company are complete in all respects.

### DEMATERIALISATION OF SHARES

As per notifications issued by the Securities and Exchange Board of India (SEBI), the trading in Company's shares is permitted only in dematerialized form w.e.f. 31.05.1999. In order to enable the shareholders to hold their shares in electronic form and to facilitate scrip less trading, the Company has enlisted its shares with National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL). The Company has also started transfer-cum-Demat Scheme with a view to facilitate the shareholders. The Company's ISIN number is - INE924A01013.

### SHARE DEMATERIALISED RECORD

The following data indicates the extent of dematerialization of the Company's shares as on 31st March, 2012.

No. of Shares Dematerialized	86,32,715	98% of the total share capital
No. of Shareholders holding shares in Demat form	4,167	74.66% of total number of shareholders

### STOCK MARKET DATA\*

The monthly high and low quotations and volume of shares traded on The National Stock Exchange (NSE) and The Stock Exchange, Mumbai (BSE) are as follows:

MONTH	National Stock Exchange of India Ltd.			Bombay Stock Exchange Ltd.		
	High	Low	No. of Shares traded	High	Low	No. of Shares traded
April, 2011	36.00	26.05	25,506	33.25	26.50	28,271
May, 2011	39.00	29.55	42,589	39.00	30.00	73,071
June, 2011	33.30	26.30	32,357	33.40	27.25	9,244
July, 2011	31.50	27.60	52,250	33.90	27.10	58,207
August, 2011	29.80	23.50	35,041	29.25	20.55	13,659
September, 2011	30.40	24.35	1,11,977	31.80	24.85	39,478
October, 2011	29.30	23.20	12,882	28.45	23.70	9,263
November, 2011	28.65	18.75	16,927	28.00	18.00	32,019
December, 2011	29.40	17.80	29,526	29.00	18.10	45,487
January, 2012	27.00	18.65	44,699	29.00	19.50	37,675
February, 2012	26.00	22.85	32,267	26.70	22.75	50,290
March, 2012	24.80	17.35	11,947	26.00	17.60	58,963

\*As per website of Bombay Stock Exchange Ltd. i.e. www.bseindia.com and National Stock Exchange of India Ltd. i.e. www.nseindia.com

## UNCLAIMED DIVIDEND

Pursuant to Section 205C of the Companies Act, 1956, dividends that are unpaid/unclaimed for a period of seven years from the date they become due for payment are required to be transferred by the Company to the Investor Education and Protection Fund (IEPF) administered by the Central Government. Given below are the dates of declaration of dividends and corresponding dates when unpaid/ unclaimed dividends are due for transfer to IEPF:

Financial year	Date of declaration of Dividend/ Interim Dividend	Last date for claiming unpaid dividend	Due date for transfer to IEPF
2004 - 05	18.07.2005	17.07.2012	17.08.2012
2005 - 06	31.01.2006 (Interim)	30.01.2013	01.03.2013
2005 - 06	10.07.2006	09.07.2013	09.08.2013
2006 - 07	12.06.2007	11.06.2014	10.07.2014
2007 - 08	04.07.2008	03.07.2015	02.08.2015
2008 - 09	21.07.2009	20.07.2016	19.08.2016

No dividend was declared by the Company for the Financial Year 2009-10, 2010-11 and 2011-12. Members who have so far not encashed their dividend warrants are requested to have the same revalidated to avoid transfer to IEPF.

## NOMINATION FACILITY

Individual shareholders holding shares singly or jointly in physical form can nominate a person in whose name the shares shall be transferable in case of death of the registered shareholder(s). Nomination facility in respect of shares held in electronic form is also available with the depository participants as per the bye-laws and business rules applicable to NSDL and CDSL. Nomination forms can be obtained from the Company's Registrar and Share Transfer Agent.

## ELECTRONIC CLEARING SERVICE

SEBI had vide its Circular No. DCC/FITTCIR-3/2001 dated 15th October, 2001 advised that all Companies should mandatory use ECS facility wherever available. In the absence of ECS facility, Company may use warrants for distributing the dividends and vide its Circular No. D&CC/FUTTCUR-4/2001 dated 13th November, 2001, SEBI had advised Companies to mandatory print the Bank Account Details furnished by the Depositories on the Dividend warrants. This ensures that the dividend warrants, even if lost or stolen, cannot be used for any purpose other than for depositing the money in the accounts specified on the dividend warrant and ensures safety for the investors. However, members who wish to receive dividend in an account other than the one specified while opening the depository account, may notify their DPs about any change in their bank account details.

## DIVISIONS OF THE COMPANY:

1. Infocom Division:  
D - 13/4, Okhla Industrial Area  
Phase - II, New Delhi - 110 020.
2. Consumer Electronics Division :  
Plot No. B-31-34 & 50-53, Sector - 80, NOIDA.
3. Wind Energy Division  
Village Petle, Israde and Penhalipada  
Taluka Sakri, Dist. Dhule, Maharashtra

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

Place: New Delhi  
Date: 29th May, 2012

Gopal Sitaram Jiwrajka  
Chairman



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## AUDITORS' CERTIFICATE

To

The Members of Salora International Ltd.

We have examined the compliance of conditions of Corporate Governance by Salora International Ltd. for the year ended 31st March, 2012 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholder's Grievance Committee.

We further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency of effectiveness with which the management has conducted the affairs of the Company.

For **K. PRASAD & CO.**  
Chartered Accountants  
FRN 002755N

**R. S. Gupta**  
Partner  
Membership No. 072666

Place: New Delhi  
Date: 29<sup>th</sup> May, 2012

## CEO/CFO CERTIFICATION

The Board of Directors  
Salora International Limited

### **Re: Financial Statements for the year 2011 - 12 - Certification by CEO/CFO**

We, Gopal Sitaram Jiwrajka, CMD & CEO and Surinder Sood, CFO of the Company on the basis of the review of the financial statements and the cash flow statement for the financial year ending 31<sup>st</sup> March, 2012 and to the best of our knowledge and belief, hereby certify that:

1. These statements do not contain any materially untrue statements or omit any material fact or contains statements that might be misleading.
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transaction entered into by the Company during the year ended 31<sup>st</sup> March, 2012 which are fraudulent, illegal or violative of the Company's code of conduct.
4. We accept responsibility for establishing and maintaining internal controls for financial reporting, we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee those deficiencies, of which we are aware, in the design or operation of the internal control systems and that we have taken the required steps to rectify these deficiencies.
5. We further certify that:
  - (a) there have been no significant changes in the internal control over financial reporting during this year.
  - (b) there have been no significant changes in accounting policies during this year and that the same have been disclosed in the notes to the financial statements.
  - (c) there have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having significant role in the Company's internal control systems over financial reporting.

**(Gopal Sitaram Jiwrajka)**  
Chairman & Managing Director & CEO

**(Surinder Sood)**  
Chief Finance Officer

Place: New Delhi  
Date: 24.05.2012

### **DECLARATION - COMPLIANCE WITH THE CODE OF CONDUCT**

In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges, I, Gopal Sitaram Jiwrajka, CMD & CEO of the Company, hereby declare that the Board Members and Senior Management Personnel have affirmed compliance with the said Code of Conduct for the year ended March 31, 2012.

For **SALORA INTERNATIONAL LTD.**,

**(Gopal Sitaram Jiwrajka)**  
Chairman & Managing Director & CEO

Place: New Delhi  
Date: 24.05.2012

**AUDITORS' REPORT**

To the Members of  
Salora International Limited

We have audited the attached Balance Sheet of SALORA INTERNATIONAL LIMITED as at 31<sup>st</sup> March, 2012, Statement of Profit & Loss and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides the reasonable basis for our opinion.

1. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 (hereinafter referred to as the "Act"), we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the annexure referred to in paragraph 1 above, we report that-
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books.
  - (c) The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - (d) In our opinion the Balance Sheet, Statement of Profit & Loss and Cash flow statement dealt with by this report comply with the Accounting Standards as referred to in Sub Section 3C of Section 211 of the Companies Act, 1956.
  - (e) On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2012 and taken on record by the Board of Directors, we report that none of the directors are disqualified from being appointed as a director in terms of Clause (g) of Sub Section (1) of Section 274 of the Companies Act, 1956.
3. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with Significant Accounting Policies and notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

- (a) in the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March 2012;
- (b) in the case of the Statement of Profit and loss, of the "Loss" of the Company for the year ended on that date.
- (c) in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

For **K. PRASAD & COMPANY**

Chartered Accountants  
FRN: 002755N

**(R. S. GUPTA)**

Partner

Place : New Delhi.

Date : 29<sup>th</sup> May, 2012

Membership No. : 072666

**Annexure to the Auditors' Report of even date  
(Refer to in paragraph 1 thereof)**

- (i) (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Major fixed assets have been physically verified by the management during the year. As explained to us no material discrepancies were noticed on such verification.
- (c) The company has not made substantial disposals of fixed assets during the year.
- (ii) (a) Inventories have been physically verified by the management during the year except goods/material in bond, transit and with third parties. In our opinion, the frequency of physical verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company has maintained proper records of inventories and no material discrepancies were noticed on physical verification.
- (iii) (a) The company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act.
- (b),(c) & (d) Since the company has not granted loan, hence the sub clauses (b),(c) and (d) are not applicable.
- (e) The company has taken unsecured loans repayable on demand amounting to ₹ 565 lacs during the year from two companies covered in the register maintained u/s 301 of the Act.
- (f) The rate of interest and other terms and conditions of unsecured loans taken by the company are not prima facie prejudicial to the interest of the company.
- (g) There is no comment on the payment of the principal and the interest since the same are repayable on demand and there is repayment of principal of ₹ 115.70 Lacs and interest of ₹ 68.15 Lacs for the year to two companies during the year.

- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. In our opinion and according to the information and explanations given to us, there were no major weaknesses in internal control systems.
- (v) (a) According to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) As explained to us, transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The company has not accepted any deposits from the public.
- (vii) The company has an internal audit system commensurate with its size and the nature of its business.
- (viii) It has been explained that the cost records and accounts prescribed by the Central Government of India under Section 209 (1) (d) of the Act, are being made up and maintained.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the books of accounts, the company has been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess, and any other statutory dues with the appropriate authorities during the year except of professional tax. No undisputed amounts payable in respect of the aforesaid statutory dues were outstanding as at the last day of the financial year for a period of more than six months from the date they became payable except of professional tax of ₹ 0.78 lacs.
- (b) According to the information and explanations given to us, the following are the particulars of dues on account of Income Tax, Wealth Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty and Cess, that have not been deposited on account of any dispute as on 31<sup>st</sup> March, 2012.

Nature of the Statute	Nature of the dues	Disputed Amount (₹/Lacs)	Amount Deposited (₹/Lacs)	Amount not Deposited (₹/Lacs)	Period to which the amount relates to various years covering the period	Forum where pending
Income Tax Act, 1961	Income Tax	88.51	88.51	NIL	2002 – 2003	Appellate Authority - High court
	Income Tax	21.31	19.42	1.89	2004 – 2005	Appellate Authority - Tribunal
	Income Tax	12.44	12.57	(0.13)	2008 – 2009	Appellate Authority – CIT (A)
	Income Tax	7.12	-	7.12	2009 – 2010	Appellate Authority – CIT (A)
Sales Tax Laws	Sales Tax	16.59	16.18	0.41	2000 – 2004	Appellate Authority -Supreme Court
	Sales Tax	38.21	8.32	29.89	1995 – 2002	Appellate Authority -High Court
	Sales Tax	132.63	113.61	19.02	1999 – 2007	Appellate Authority - Sales Tax Tribunal
	Sales Tax	480.75	261.98	218.77	2000 – 2012	Appellate Authority Sales Tax Commissioner
Service Tax Act, 1994	Service Tax on Royalty	3.74	2.00	1.74	1995 – 2003	Appellate Authority - Excise Commissioner
Customs Act, 1962	Custom Duty	Not ascertained	20.00	-	1994-1995	Appellate Authority – Tribunal
Central Excise Act, 1944	Excise Duty	1142.77	300.00	842.77	2002 -2003 to 2003-2004	Appellate Authority - Tribunal
	Excise Duty	1411.32	19.79	1391.53	1994 -1995 to 2001-2002	Appellate Authority Tribunal
	Penalty	1142.77	NIL	1142.77	2002 -2003 to 2003-2004	Appellate Authority - Tribunal

- |        |  |         |  |
|--------|--|---------|--|
| (x)    | The company does not have any accumulated losses at the end of the financial year and has incurred cash losses in such financial year and in the immediately preceding financial year.                               | (xvii)  | To the best of our knowledge and belief and according to the information and explanations given to us, funds raised on short-term basis have not been used for long term investment. |
| (xi)   | According to the information and explanations given to us, the company has not defaulted in repayment of dues to Financial Institutions & Banks. The Company does not have any debenture holders.                    | (xviii) | The company has not made any preferential allotment of shares to parties and companies covered in register maintained under Section 301 of the Act.                                  |
| (xii)  | According to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.                  | (xix)   | The company has not issued any debentures, so no security or charge has been created.  |
| (xiii) | The company is not a chit fund, nidhi, mutual benefit fund or a society. Accordingly, clause 4 (xiii) of the order is not applicable.  | (xx)    | The company has not raised any money by Public Issue during the year.  |
| (xiv)  | According to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, clause 4(xiv) of the order is not applicable. | (xxi)   | To the best of our knowledge & belief and according to the information & explanations given to us, no material fraud on or by the company was noticed or reported during the year.   |
| (xv)   | The company has not given any Guarantee for loans taken by others from bank or financial institution.  |         |  |
| (xvi)  | The Company has not raised new term loans during the year. Term loan at beginning of the year has been repaid during the year.   |         |  |

For **K. PRASAD & COMPANY**  
Chartered Accountants  
FRN: 002755N

**(R. S. GUPTA)**  
Partner.

Place : New Delhi.  
Date : 29<sup>th</sup> May, 2012.

Membership No.: 072666

Auditors' Report

**BALANCE SHEET AS AT 31ST MARCH, 2012**

(₹ In lacs)

Particulars	Note No.	As at 31.03.2012	As at 31.03.2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	881.45	881.45
Reserves and Surplus	2	10,136.96	10,927.59
<b>Sub Total</b>		<b>11,018.41</b>	<b>11,809.04</b>
<b>Non - Current Liabilities</b>			
Long Term Borrowings	3	712.10	309.19
Deferred Tax Liability (Net)	4	93.24	376.21
Other Long Term liabilities	5	139.51	113.30
Long Term Provisions	6	20.77	27.05
<b>Sub Total</b>		<b>965.62</b>	<b>825.75</b>
<b>Current Liabilities</b>			
Short Term Borrowings	7	4,655.70	4,054.24
Trade Payables	8	6,122.72	3,762.45
Other Current Liabilities	9	497.15	1,264.37
Short Term Provisions	10	128.79	174.60
<b>Sub Total</b>		<b>11,404.36</b>	<b>9,255.66</b>
<b>TOTAL</b>		<b>23,388.39</b>	<b>21,890.45</b>
<b>ASSETS</b>			
<b>Non - Current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	11	3,726.41	4,075.00
Intangible Assets	11	59.25	69.38
Capital Work in Progress	12	-	-
<b>Sub Total</b>		<b>3,785.66</b>	<b>4,144.38</b>
Non - Current Investments	13	817.42	817.42
Long term loans and advances	14	877.95	986.31
<b>Sub Total</b>		<b>5,481.03</b>	<b>5,948.11</b>
<b>Current Assets</b>			
Inventories	15	4,507.53	5,489.18
Trade Receivables	16	9,805.60	6,681.04
Cash and Bank Balances	17	598.02	621.33
Short Term Loans and Advances	18	2,787.60	2,469.51
Other Current Assets	19	208.61	681.28
<b>Sub Total</b>		<b>17,907.36</b>	<b>15,942.34</b>
<b>TOTAL</b>		<b>23,388.39</b>	<b>21,890.45</b>

SIGNIFICANT ACCOUNTING POLICIES AND  
NOTES ON FINANCIAL STATEMENTS  
As per our report of even date annexed.

1 - 45

For and on behalf of the Board

For **K.Prasad & Company**  
Chartered Accountants  
FRN: 002755N

**Tarun Jiwarajka**  
Whole Time Director

**Gopal Sitaram Jiwarajka**  
Chairman & Managing Director

**R.S.Gupta**  
Partner  
M.No: 072666

**Princy Anand**  
Company Secretary

**Surinder Sood**  
Chief Finance Officer

Place: New Delhi  
Date: 29<sup>th</sup> May 2012

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ In lacs)

Particulars	Note No.	Year Ended 31.03.2012	Year Ended 31.03.2011
<b>INCOME</b>			
Revenue from Operations	20	41,198.97	51,204.72
Other Income	21	154.20	175.54
<b>Total Revenue</b>		<u>41,353.17</u>	<u>51,380.26</u>
<b>EXPENSES</b>			
Cost of Materials Consumed	22	1,567.73	5,852.54
Purchases of Stock in Trade	23	35,589.67	37,748.35
Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade	24	814.08	3,549.58
Employee Benefits Expense	25	1,350.57	1,873.48
Finance Costs	26	964.49	814.75
Depreciation and Amortization Expense	27	360.25	387.49
Other Expenses	28	1,638.85	2,419.40
<b>Total Expenses</b>		<u>42,285.64</u>	<u>52,645.59</u>
<b>Profit/(Loss) before Exceptional items and Tax</b>		<u>(932.47)</u>	<u>(1,265.33)</u>
<b>Exceptional Items</b>	29	<u>130.79</u>	<u>-</u>
<b>Profit/(Loss) before Tax</b>		<u>(1,063.26)</u>	<u>(1,265.33)</u>
<b>Tax expense:</b>			
Current tax		-	-
Deferred tax		(282.97)	(352.85)
Earlier year Income Tax		10.34	0.28
<b>Total Tax Expenses</b>		<u>(272.63)</u>	<u>(352.57)</u>
<b>Profit/(Loss) for the year</b>		<u>(790.63)</u>	<u>(912.76)</u>
<b>Earning per Equity Share</b>			
Basic and Diluted	42	<u>(8.98)</u>	<u>(10.36)</u>

Statement of Profit & Loss

SIGNIFICANT ACCOUNTING POLICIES AND  
NOTES ON FINANCIAL STATEMENTS  
As per our report of even date annexed.

1 - 45

For and on behalf of the Board

For **K.Prasad & Company**  
Chartered Accountants  
FRN: 002755N

**R.S.Gupta**  
Partner  
M.No: 072666

**Place:** New Delhi  
**Date:** 29<sup>th</sup> May 2012

**Tarun Jiwrajka**  
Whole Time Director

**Gopal Sitaram Jiwrajka**  
Chairman & Managing Director

**Princy Anand**  
Company Secretary

**Surinder Sood**  
Chief Finance Officer

**NOTES TO FINANCIAL STATEMENTS**

(₹ In lacs)

Particulars	As at 31.03.2012		As at 31.03.2011	
	Number	₹	Number	₹
<b>1 Share Capital:</b>				
<b>Authorised:</b>				
Equity Shares of ₹ 10/- each	20,000,000	2,000.00	20,000,000	2,000.00
<b>Issued and Subscribed :</b>				
Equity Shares of ₹ 10/- each	8,820,000	882.00	8,820,000	882.00
<b>Issued, Subscribed and Paid-up :</b>				
Equity Shares of ₹ 10/- each	8,807,300	880.73	8,807,300	880.73
Add: Share Capital forfeited Equity Shares @ ₹ 5.65/- each	12,700	0.72	12,700	0.72
<b>Total</b>		<b>881.45</b>		<b>881.45</b>
<b>Note :</b> Number of Shares at the beginning and close of the year are same.				
<b>Details of Shareholders holding more than 5% Shares</b>	<b>No.of Shares</b>	<b>%</b>	<b>No.of Shares</b>	<b>%</b>
Gopal Sitaram Jiwarajka	3528105	40.06	3528105	40.06
Neetu Jiwarajka	731410	8.30	731410	8.30
Manori Properties Pvt. Ltd.	558929	6.35	558929	6.35
<b>2 Reserves and Surplus:</b>				
<b>Securities Premium Reserve</b>				
As per last balance sheet				
Share Premium Account		3,244.42		3,244.42
Add : Share Premium Forfeited		2.87		2.87
<b>Sub Total</b>		<b>3,247.29</b>		<b>3,247.29</b>
<b>General Reserve</b>				
As per last Balance sheet		7,233.53		7,233.53
Less : Debit Balance of Profit & Loss Account Adjusted		343.86		-
<b>Sub Total</b>		<b>6,889.67</b>		<b>7,233.53</b>
<b>Profit &amp; Loss Account Balance</b>				
As per last Balance sheet		446.77		1,359.53
Add : Profit/(Loss) Transferred from Profit & Loss Statement		(790.63)		(912.76)
Profit & Loss Account Balance		(343.86)		446.77
Less : Debit Balance of Profit & Loss Account Adjusted to General Reserve		343.86		-
Profit & Loss Account Balance		-		446.77
<b>Grand Total</b>		<b>10,136.96</b>		<b>10,927.59</b>



## NOTES TO FINANCIAL STATEMENTS

(₹ In lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
<b>3 Long term Borrowings</b>		
<b>Secured Loans:</b>		
a. Vehicle Loans from Banks and Others	9.10	12.29
b. Interest Free Loan From PICUP (Under Sales Tax Deferred Scheme)	-	43.20
<b>Sub Total</b>	<u>9.10</u>	<u>55.49</u>
<b>Unsecured Loans:</b>		
Loans and advances from related parties		
From Subsidiary Company	47.00	44.70
From Related Company	656.00	209.00
<b>Sub Total</b>	<u>703.00</u>	<u>253.70</u>
<b>Total</b>	<u>712.10</u>	<u>309.19</u>
<b>Additional Information:</b>		
a Details of security for secured loans		
i) Vehicle Loans referred to in '1 (a)' are secured against hypothecation of cars.		
ii) Interest free Loan from PICUP under sales tax deferred scheme is secured by first charge on all movable fixed assets (present & future) of Noida units and first pari-passu charge with bank(s) on immovable properties of Noida units.		
b Terms of repayment of term loans and others.		
i) Vehicle Loans from Banks and Others on monthly instalment basis.		
ii) Interest Free Loan From PICUP (Under Sales Tax Deferred Scheme) on annual instalment basis.		
iii) Unsecured Loans from related parties repayable on demand.		
c There is no continuing default as on the balance sheet date in respect of loans and interest.		
<b>4 Net Deferred Tax Liability</b>		
<b>Deferred tax liability:</b>		
a) On account of depreciation on fixed assets other than of Wind Mills	180.23	191.75
b) On account of depreciation on fixed assets and business loss of Wind Mills	847.73	847.73
<b>Sub Total</b>	<u>1,027.96</u>	<u>1,039.48</u>
<b>Deferred tax asset:</b>		
a) On account of timing differences in recognition of expenditure	74.41	73.29
b) On account of Unabsorbed loss and depreciation under the Income Tax Act, 1961	860.31	589.98
<b>Sub Total</b>	<u>934.72</u>	<u>663.27</u>
<b>Net Deferred Tax Liability</b>	<u>93.24</u>	<u>376.21</u>
<b>5 Other Long term liabilities</b>		
Trade Deposit	139.51	113.30
<b>Total</b>	<u>139.51</u>	<u>113.30</u>
<b>6 Long term Provisions</b>		
Provisions for employee benefits	-	-
For Leave Pay	20.77	27.05
<b>Total</b>	<u>20.77</u>	<u>27.05</u>

**NOTES TO FINANCIAL STATEMENTS**

(₹ In lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
<b>7 Short Term Borrowings</b>		
<b>Secured Loans:</b>		
<b>Working Capital Loans</b>		
From Banks	4,286.08	3,698.74
Buyers Credit from Banks	369.62	355.50
<b>Total</b>	<u>4,655.70</u>	<u>4,054.24</u>
<b>Additional Information:</b>		
1. Working Capital Loans are secured by hypothecation of inventories & receivables (other than of Wind Mills) and first pari-passu charge with PICUP on immovable properties of Noida units as collateral security.		
2. Buyers Credit loan from bank are secured against FDRS.		
<b>8 Trade Payables</b>		
i) To Micro, Small and Medium Enterprises	-	-
ii) Others	6,122.72	3,762.45
<b>Total</b>	<u>6,122.72</u>	<u>3,762.45</u>
<b>Additional Information:</b>		
*The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act 2006, hence disclosure relating to amounts unpaid as at the year end together with interest paid/payable under this Act have not been given.		
<b>9 Other Current Liabilities:</b>		
a) Current maturities of long term debt		
Foreign Currency Loan	-	571.51
Vehicle Loans	10.45	19.25
Interest Free Loan from PICUP (Under Sales Tax Deferred Scheme)	43.20	144.24
b) Interest accrued but not due on borrowings	61.66	6.63
c) Unpaid dividends	11.88	17.96
d) Statutory Liabilities	111.55	117.82
e) Others	258.41	386.96
<b>Total</b>	<u>497.15</u>	<u>1,264.37</u>
<b>Additional Information:</b>		
i) Foreign currency loan were secured against first exclusive charge over immovable and movable fixed assets relating to the project situated at Dhule in the state of Maharashtra.		
ii) Vehicle Loans are secured against hypothecation of cars.		
iii) Interest free Loan from PICUP under sales tax deferred scheme is secured by first charge on all movable fixed assets (present & future) of Noida units and first pari-passu charge with bank(s) on immovable properties of Noida units.		
<b>10 Short Term Provisions:</b>		
a) Provision for employee benefits		
For Salary and Bonus etc.	123.52	169.38
For Leave Pay	5.19	5.13
b) Others		
Provision for Wealth Tax	0.08	0.09
<b>Total</b>	<u>128.79</u>	<u>174.60</u>

## NOTES TO FINANCIAL STATEMENTS

### 11 Fixed Assets :

(₹ In lacs)

PARTICULARS	-----GROSS BLOCK----->			-----DEPRECIATION----->				-----NET BLOCK----->		
	Balance as at 01.04.2011	Additions	Deductions/ Adjustments	Balance as at 31.03.2012	Upto 31.03.2011	For The Year	Deductions/ Adjustments	Upto 31.03.2012	Balance as at 31.03.2012	Balance as at 31.03.2011
<b>TANGIBLE ASSETS :</b>										
Free Hold Land	-	-	-	-	-	-	-	-	-	-
Lease Hold Land	390.29	-	-	<b>390.29</b>	61.46	6.00	-	<b>67.46</b>	<b>322.83</b>	328.83
Building	563.48	-	(0.01)	<b>563.49</b>	216.15	16.00	(0.01)	<b>232.16</b>	<b>331.33</b>	347.33
Furniture & Fixtures	442.60	0.20	(1.75)	<b>444.55</b>	306.85	13.90	(1.73)	<b>322.48</b>	<b>122.07</b>	135.75
Plant & Machinery	6,967.28	12.74	54.45	<b>6,925.57</b>	3,888.94	269.20	32.59	<b>4,125.55</b>	<b>2,800.02</b>	3,078.34
Dies & Moulds	1,000.92	-	(0.76)	<b>1,001.68</b>	902.04	25.27	(0.41)	<b>927.72</b>	<b>73.96</b>	98.88
Motor Vehicles	118.37	9.09	12.71	<b>114.75</b>	57.19	18.45	11.72	<b>63.92</b>	<b>50.83</b>	61.18
Office Equipment	51.45	2.02	(0.27)	<b>53.74</b>	26.76	1.30	(0.31)	<b>28.37</b>	<b>25.37</b>	24.69
<b>Sub Total</b>	<b>9,534.39</b>	<b>24.05</b>	<b>64.37</b>	<b>9,494.07</b>	<b>5,459.39</b>	<b>350.12</b>	<b>41.85</b>	<b>5,767.66</b>	<b>3,726.41</b>	<b>4,075.00</b>
<b>INTANGIBLE ASSETS :</b>										
Trade Mark	106.18	-	(0.03)	<b>106.21</b>	36.80	10.13	(0.03)	<b>46.96</b>	<b>59.25</b>	69.38
<b>Total</b>	<b>9,640.57</b>	<b>24.05</b>	<b>64.34</b>	<b>9,600.28</b>	<b>5,496.19</b>	<b>360.25</b>	<b>41.82</b>	<b>5,814.62</b>	<b>3,785.66</b>	<b>4,144.38</b>
<b>PREVIOUS YEAR</b>	<b>10,012.69</b>	<b>52.65</b>	<b>424.77</b>	<b>9,640.57</b>	<b>5,415.65</b>	<b>387.49</b>	<b>306.95</b>	<b>5,496.19</b>	<b>4,144.38</b>	<b>4,597.04</b>

### 12 Capital Work in Progress :

Nil Nil

**NOTES TO FINANCIAL STATEMENTS**

(₹ In lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
<b>13 Non Current Investments:</b>		
<b>Investments in Equity Instruments:</b>		
<b>INVESTMENTS (AT COST):</b>		
Long Term(Unquoted,unless otherwise stated)		
<b>a) Trade Investments in Equity Shares (Fully paid up)</b>		
<b>In Subsidiary Companies :</b>		
i) 4249200 Equity Shares of Salora Capital Ltd. of ₹10/-each.	326.60	326.60
ii) 3414800 Equity Shares of Salora Component Ltd.of ₹10/-each.	341.48	341.48
<b>In Associate Companies :</b>		
i) 855000 Equity Shares of Encompass Software & Systems Pvt. Ltd. of ₹ 10/- each.	85.50	85.50
Less: Provision for diminution in value of Investments	(75.09)	(75.09)
ii) 978040 Equity Shares of Salora Retail Venture Ltd. of ₹ 10/- each.	97.80	97.80
iii) 780000 Equity Shares of H.K. Shinsei of Hong Kong \$ 1/-each.	40.61	40.61
iv) 5000 Equity Shares of Terminal Power Pvt. Ltd. of ₹ 10/-each.	0.50	0.50
<b>In Other Companies :</b>		
<b>b) Other Investments in Shares &amp; Bond (Fully paid)</b>		
i) 2 Unsecured Redeemable Money Multiplier Bond of ICICI Ltd. of ₹ 1000/-each	0.02	0.02
Aggregate value of unquoted investments	892.51	892.51
Less : Provision for diminution in value of investments	75.09	75.09
<b>Total</b>	<b>817.42</b>	<b>817.42</b>
<b>14 Long Term Loans and Advances (Unsecured considered good) :</b>		
Inter Corporate Loan Given	255.00	255.00
Security Deposits	102.36	118.71
Payment against disputed Sales Tax Demand	400.09	401.81
Payment against disputed Income Tax Demand	120.50	210.79
<b>Total</b>	<b>877.95</b>	<b>986.31</b>

## NOTES TO FINANCIAL STATEMENT

(₹ In lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
<b>15 Inventories</b>		
Raw materials	579.33	597.93
Work in progress	28.16	57.96
Finished goods	139.06	191.62
Stock in trade	3,721.88	4,453.60
Stores and spares etc.	4.90	3.41
<b>Goods in transit:</b>		
Raw materials	2.57	69.40
Stock in trade	31.63	115.26
<b>Total</b>	<u>4,507.53</u>	<u>5,489.18</u>
<b>16 Trade Receivables (Unsecured)</b>		
i) Trade receivables exceeding six months		
Considered Good	3,609.46	3,603.39
Considered Doubtful	147.87	115.60
Less : Provision for Doubtful Debts	147.87	115.60
ii) Others, Considered Good	6,196.14	3,077.65
<b>Total</b>	<u>9,805.60</u>	<u>6,681.04</u>
<b>17 Cash and Bank Balances</b>		
i) Balances with banks		
- in unpaid dividend accounts	11.88	17.96
- in margin money, security for borrowings, guarantees and other commitments	565.80	541.13
- in other accounts	7.49	55.80
ii) Cheques, Drafts in hand	2.78	2.78
iii) Cash in hand	10.07	3.66
<b>Total</b>	<u>598.02</u>	<u>621.33</u>
<b>18 Short Term Loans and Advances (Unsecured and Considered Good) :</b>		
Advances recoverable in cash or in kind or for value to be received	1,993.62	1,997.22
Income Tax Refund Receivable	83.92	112.42
Advance / Refundable income tax (Net of Provision)	-	18.84
Balance With / Recoverable from Government Authorities	710.06	341.03
<b>Total</b>	<u>2,787.60</u>	<u>2,469.51</u>
<b>19 Other Current Assets</b>		
Insurance Claim Receivable	72.95	585.09
Interest Receivable	102.77	50.78
Gratuity etc. Recoverable	32.89	45.41
<b>Total</b>	<u>208.61</u>	<u>681.28</u>

**NOTES TO FINANCIAL STATEMENTS**

(₹ In lacs)

Particulars	Year Ended 31.03.2012	Year Ended 31.03.2011
<b>20 Revenue From Operations:</b>		
<b>Sales of Goods/Components</b>		
Domestic	22,141.54	34,111.73
Export	18,648.92	17,518.57
<b>Total</b>	<u>40,790.46</u>	<u>51,630.30</u>
<b>Sale of Services</b>		
Infocom Products	250.81	114.44
Sale of Wind Energy	374.98	317.65
<b>Gross Sales</b>	<u>41,416.25</u>	<u>52,062.39</u>
Less : Excise duty	217.28	857.67
<b>Net Sales</b>	<u>41,198.97</u>	<u>51,204.72</u>
<b>20-A Particulars of Sales of Products</b>		
Mobile Phones and Accessories	22,665.13	25,718.52
Computers, Printers and Accessories	12,418.04	12,591.86
Others	5,707.29	13,319.92
<b>Total</b>	<u>40,790.46</u>	<u>51,630.30</u>
<b>21 Other Income:</b>		
Interest on FDRS etc.	142.94	142.02
Cash Discount	0.62	18.06
Bad Debts Recovered	3.24	-
Miscellaneous Income	7.40	15.46
<b>Total</b>	<u>154.20</u>	<u>175.54</u>
<b>22 Cost of Materials Consumed:</b>		
<b>Consumption of raw materials :</b>		
Electronic Components and Others	1,567.73	5,852.54
<b>Total</b>	<u>1,567.73</u>	<u>5,852.54</u>
<b>23 Purchases of Stock in Trade</b>		
Mobile Phones and Accessories	21,067.99	22,386.26
Computers, Printers and Accessories	12,231.05	10,876.25
Others	2,290.63	4,485.84
<b>Total</b>	<u>35,589.67</u>	<u>37,748.35</u>
<b>24 Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade</b>		
<b>Stocks at the end of the year</b>		
Work in Progress	28.16	57.96
Trading Goods	3,721.88	4,453.60
Finished Goods	139.06	191.62
<b>Sub Total :</b>	<u>3,889.10</u>	<u>4,703.18</u>
<b>Less : Stocks at the beginning of the year</b>		
Work in Progress	57.96	138.43
Trading Goods	4,453.60	7,875.26
Finished Goods	191.62	239.07
<b>Sub Total :</b>	<u>4,703.18</u>	<u>8,252.76</u>
<b>(Increase) / Decrease in Stock :</b>	<u>814.08</u>	<u>3,549.58</u>
<b>25 Employee Benefit Expenses</b>		
Salaries and Wages	1,239.00	1,654.67
Contribution to Provident and Other Funds	52.97	109.23
Retrenchment Compensation	-	58.66
Key Man Insurance Received Back	-	(53.73)
Staff Welfare & Other Benefits	58.60	104.65
<b>Total</b>	<u>1,350.57</u>	<u>1,873.48</u>

## NOTES TO FINANCIAL STATEMENTS

(₹ In lacs)

Particulars	Year Ended 31.03.2012	Year Ended 31.03.2011
<b>26 Finance Costs:</b>		
i) Interest	744.79	672.56
ii) Net (gain)/loss on foreign currency transaction	161.53	75.33
iii) Others	58.17	66.86
<b>Total</b>	<b>964.49</b>	<b>814.75</b>
<b>27 Depreciation and Amortization:</b>		
i) Depreciation	354.26	381.50
ii) Amortization of Land	5.99	5.99
<b>Total</b>	<b>360.25</b>	<b>387.49</b>
<b>28 Other Expenses</b>		
Assembly Charges	34.91	54.82
Stores & Spares Consumed	22.46	25.26
Power and fuel	81.21	130.17
Rent	126.24	234.82
Repair & Maintenance :-		
Building	3.40	1.28
Plant & Machinery	76.55	82.91
Others	34.45	64.48
Insurance	41.75	40.56
Rates and taxes	8.41	9.77
Legal and professional charges	85.47	162.15
Payment to the auditors		
Statutory Audit Fee (including Limited review)	11.00	11.00
Tax Audit Fee	1.50	1.50
Certification	0.81	1.30
Expense / Service Tax reimbursed	2.08	1.99
Travelling & Conveyance	167.91	267.30
Freight and Forwarding	298.52	361.44
Discount, Commission & Incentives	147.03	99.49
Advertisement & Publicity	17.10	22.15
After Sale Service Charges	151.40	153.91
Sales Tax, Entry Tax and Service Tax	15.29	14.33
Bad trade receivables written off	-	612.66
Provision for doubtful trade receivables	32.27	(94.33)
Irrecoverable loans and advances written off	1.87	33.70
Loss on sale of fixed asset (net)	3.16	10.61
Short / Excess Claims	(52.10)	(60.84)
Miscellaneous expenses	198.19	269.00
Net (gain)/loss on foreign currency transaction	127.97	(92.03)
<b>Total</b>	<b>1,638.85</b>	<b>2,419.40</b>
<b>29 Exceptional items</b>		
Insurance Claim Receivable Written off	130.79	-
<b>Total</b>	<b>130.79</b>	<b>-</b>

**NOTES TO FINANCIAL STATEMENTS**

(₹ In lacs)

Particulars	Year Ended 31.03.2012		Year Ended 31.03.2011	
	%		%	
<b>Other Additional Information:</b>				
<b>30 Break-up of Material and Component Consumed :</b>				
i) Imported	850.02	54.22	1,474.83	25.20
ii) Indigenous	717.71	45.78	4,377.71	74.80
<b>Total</b>	<u>1,567.73</u>	<u>100.00</u>	<u>5,852.54</u>	<u>100.00</u>
<b>31 Break-up of Store &amp; Spares Consumed :</b>				
i) Imported	-		-	-
ii) Indigenous	22.46	100.00	25.26	100.00
<b>Total Consumption</b>	<u>22.46</u>	<u>100.00</u>	<u>25.26</u>	<u>100.00</u>
<b>32 Value of Imports Calculated on CIF basis:</b>				
i) Raw Material & Components	697.71		1,448.14	
ii) Trading Goods- Direct Purchase	1,525.31		2,809.83	
iii) Trading Goods- High Sea Purchase	4,199.39		3,889.60	
iv) Stores & Spares	1.68		2.39	
v) Capital goods	-		16.34	
<b>Total</b>	<u>6,424.09</u>		<u>8,166.30</u>	
<b>33 Expenditure in foreign currency (Gross of TDS)</b>				
i) Interest	22.16		15.64	
ii) Others	3.61		19.59	
<b>Total</b>	<u>25.77</u>		<u>35.23</u>	
<b>34 Earning in Foreign Exchange :</b>				
i) Export of Goods calculated on FOB basis	14,358.22		13,561.32	
ii) High Sea Export on FOB basis	4,190.80		3,841.45	
iii) Service Charges including Service Tax	233.25		86.74	
iv) Reimbursement of component under warranty service	240.79		249.67	
<b>Total</b>	<u>19,023.06</u>		<u>17,739.18</u>	



## NOTES TO FINANCIAL STATEMENTS

### 35 Significant Accounting Policies :

#### i) Basis of Accounting :

The Financial Statements are prepared under the historical cost convention on accrual basis as a going concern, in accordance with applicable Accounting Standards and relevant presentational requirements of the Companies Act, 1956.

#### ii) Revenue Recognition :

Sales are recognised on the despatch of goods to customers and accounted for including Excise Duty, excluding Sales tax / VAT and net of returns & claims etc. Net Sales as disclosed are net of Excise Duty. Export Sales are recognised as and when the goods are cleared by custom authorities. Service Income is recognised as and when the service is complete.

#### iii) Fixed Assets and Depreciation:

##### a. Fixed Assets :

Fixed assets (except freehold land) are stated at cost of acquisition and/or cost of construction, less accumulated depreciation Cenvat, Vat etc. Claimed on fixed assets is reduced from the cost of respective assets. Borrowing costs that are attributable to the acquisition or construction of fixed assets are capitalized as part of cost of such assets till such time as the asset is ready for its intended use. All other borrowing costs are recognised as an expense in the period in which incurred. Fixed assets are reviewed for impairment of such assets by taking them as part of a cash generating unit and on assets not in use basis on each. Balance Sheet date, Impairment loss and reversal of earlier years, if any is recognised to Statement of Profit & Loss. Intangible assets are recorded at cost of acquisition less accumulated depreciation / amortisation.

##### b. Depreciation on Fixed Assets :

Depreciation is provided on straight-line method, except for Vehicles on which it is provided on written down value method, at the rate and in the manner as prescribed in Schedule XIV of the Companies Act, 1956. Depreciation is charged on pro-rata basis on additions/ sales during the year. Cost of leasehold land and furnishing expenses in leasehold property are amortised over the lease period. Assets purchased after 15.12.1993 the actual cost of which does not exceed ₹ 5000/- are written off in the year of acquisition. Intangible assets are amortised over the useful life of such assets. The useful life thereof is estimated to be ten years.

#### iv) Lease Assets:

Lease rental in respect of assets taken on operating lease are charged to the Statement of Profit and Loss on a straight-line basis over the lease term. Lease under which the Company assumes substantially all the risk and rewards of ownership are classified as operating lease. Such assets acquired are capitalised at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever lower.

#### v) Investments :

Investments are classified into Current and Long-term investments. Current investments are stated at the lower of cost or fair value. Long-term investments are stated at cost. Provision for diminution is made to recognise a decline, other than temporary, in the value of long term investments.

#### vi) Inventory Valuation :

- a. Inventories are valued at cost or net realisable value whichever is lower.
- b. Cost of manufactured finished goods and work in progress includes cost of material, labour and manufacturing overheads and excise duty in case of finished goods.
- c. Cost is calculated on FIFO basis in respect of Infocom Products and on weighted average basis in respect of Consumer Electronic Product & components thereof.
- d. Obsolete, defective and non/slow moving inventories are identified at the year end and adequate provision is made in respect thereof.

#### vii) Excise Duty, Custom Duty & Cenvat:

- a. Excise duty on finished goods and custom duty on raw material is accounted for on clearance of goods from the factory, port / warehouse of the custom. Liability for duties is provided at the end of the year on finished goods stock in factory and raw material stock in custom bonded warehouse or under clearance.
- b. Credit of excise duty, vat under cenvat scheme on goods purchased, is reduced from the cost of purchase.
- c. Credit of service tax under cenvat scheme on expenses is reduced from expenses.

#### viii) Employee Benefits :

- a. Short term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered.
- b. Defined Contribution Plans for Provident fund, Family pension and Superannuation benefits are recognised by contribution at specified rate or percentage on salary. No actuarial assumptions are required to measure the obligations or expenses and there is no possibility of any actuarial gain or loss. Moreover the obligations are measured on an undiscounted basis.
- c. Other Post employment and long term employee benefits Gratuity and Leave Pay are recognised as an expense in the Statement of Profit and Loss for the year in which the employee has rendered services. The expense is recognised at the present value of the

amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the Statement of Profit and Loss.

- d. Contribution to Employees Provident Fund and Family Pension Scheme are charged to Statement of Profit & Loss as incurred under the relevant Act.
- e. Gratuity and Superannuation benefits are charged to Statement of Profit & Loss on the basis of payments made to the trust as per actuarial valuation at the end of the year.
- f. Liability in respect of leave pay is provided on the basis of actuarial valuation at the end of the year.
- g. Differential / extra / temporary employees Gratuity & Leave Pay paid is charged to Statement of Profit & Loss.

**ix) Foreign Currency Transactions :**

Transactions in foreign currency are accounted for at the exchange rates prevalent on the date of transaction. Monetary assets and monetary liabilities related to foreign currency transactions remaining unsettled at the end of the year are worked out at the exchange rate prevalent on the last day of the financial year and exchange difference is charged to Statement of Profit & Loss.

**x) Taxation :**

Income-tax expense comprises current tax and deferred tax charge or credit. The deferred tax asset and deferred tax liability is calculated by applying tax rate and tax laws that have been enacted or substantially enacted by the Balance Sheet date. Deferred tax assets arising mainly on unabsorbed depreciation under tax laws, are recognised, only if there is a virtual certainty of its realisation, supported by convincing evidence. Deferred tax assets on account of other timing differences are recognised only to the extent there is a reasonable certainty of its realisation. At each Balance Sheet date, the carrying amount of deferred tax assets are reviewed to reassure realisation.

**xi) Contingent Liabilities and Assets :**

Contingent liability is recognised and provided for when the Company has present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligations and of which a reliable estimate can be made. Contingent liability is disclosed in notes to accounts in case of obligation is disputed and the possibility of an outflow of resources is remote. Contingent assets is not recognised until the realisation of income is virtually certain.

**36 Contingent Liabilities not provided for in respect of :**

- i) Bank Guarantees issued by Bankers ₹ 291.82 lacs (Previous year ₹ 541.43 lacs) including for Sales Tax and Excise demand ₹ 73.61 lacs (Previous Year ₹ 97.37 lacs), against which margin kept by bank ₹ 129.37 lacs (Previous year ₹ 69.36 lacs).
- ii) Letter of Credits pending for shipment ₹ 32.09 lacs(Previous year ₹ 84.58 lacs.).
- iii) Claim by employee of ₹ 5.79 lacs against the company against which amount deposited ₹ 2.13 lacs is pending in High Court.
- iv) TV sets, VCD's and Office Automation products still under warranty for which amount is not ascertainable.
- v) Disputed Sales Tax demands of ₹ 668.18 lacs (Previous year ₹ 722.89 lacs), against which amount deposited ₹ 400.09 lacs (Previous year ₹ 401.81 lacs) has not been provided for as the cases are pending in appeals with higher authorities.
- vi) Advance Licence utilised for Import of CPT worth ₹ 87.50 lacs during the period from January, 1995 to May 1995, DGFT issued Show Cause Notice to pay duty and penalty thereof on all above imports and included the company's name in the defaulters list. Company challenged the said Notice in Delhi High Court and after admitting the petition and taking into consideration all the facts, the Delhi High Court directed the Company to deposit a sum of ₹ 20.00 lacs with the Collector of Customs and ordered DGFT to remove Company's name from the defaulters list. Accordingly Company has deposited the sum of ₹ 20.00 lacs within the time stipulated by the Court. Duty and penalty amount is not ascertainable at this stage. Petition has been refiled against appeal order by DGFT.
- vii) Demand raised/Cenvat credit disputed, by Excise Authorities amounting to ₹ 3700.60 lacs (Previous year ₹ 3712.78 lacs), against which amount deposited ₹ 321.79 lacs (Previous year ₹ 321.79 lacs) has not been provided for as the matters are pending in appeals with higher authorities. Appellate Authority has passed an order to Pre-deposit sum of ₹ 300 Lacs, which has been deposited Further, Company has been advised that the demand raised by Excise Authorities is purely on Technical point and on the similar point they have raised demand on most of the TV Manufactures and hence representation is being made through manufacturer association before the Government, and the Company has filed a petition on the issue before Supreme Court, and Company expects to get relief in Appeal.
- viii) Income Tax Assessments of the Company have been completed upto Assessment Year 2009-2010 (in previous year upto 2008-09). Demand has been raised of ₹ 129.38 lacs (previous year ₹ 215.48 lacs) for earlier assessment years against which company has filed appeal before appellate authorities and amount ₹ 120.50 lacs(previous year ₹ 210.79 lacs) has been deposited against demands. Appeal of Income Tax department against the ITAT order for the Assessment Year 1997-98 is lying pending before Hon'ble Delhi High Court against which refund of ₹ 1151.57 lacs received by the Company in the Financial Year 2002-2003.

**37 Sundry Debtors, considered good includes :**

- i) ₹ 1732.42 lacs (previous year ₹ 1659.43 lacs) due more than six months and ₹ 285.63 lacs due less than six months (previous year ₹ 70.61 lacs) from parties on whom legal action initiated for recovery.
- ii) ₹ 1232.26 Lacs (previous year ₹ 1129.51 lacs) due more than six months are under follow-up, negotiation, reconciliation, settlement and realisation. Out of which ₹ 147.87 lacs (previous year ₹ 115.60 lacs) has been considered doubtful and provided for.
- iii) ₹ 792.64 lacs (previous year ₹ 930.05 lacs) due more than six months and ₹ 278.10 lacs (Previous year ₹ 142.15 lacs) less than six months from Salora Retail Ventures Limited, a company under the same management.

## NOTES TO FINANCIAL STATEMENTS

### 38 Employees Benefits disclosure as per accounting standard 15 (Revised) :

	Year Ended 31.03.2012 (₹ Lacs)	Year Ended 31.03.2011 (₹ Lacs)	Year Ended 31.03.2012 (₹ Lacs)	Year Ended 31.03.2011 (₹ Lacs)
	Leave Encashment Unfunded		Gratuity Funded	
<b>i. The Principal assumptions in actuarial valuation are as below</b>				
a. Discount Rate	8.60%	8.00%	8.60%	8.00%
b. Expected rate of return on assets	NA	NA	LIC 8.15%	8.25%
			HDFC 3.78%	6.27%
c. Expected rate of future salary increase	Nil	5%	Nil	5%
Note: Expected rate of return on assets is taken on the basis of funds past performance.				
<b>ii. Change in present value of obligations</b>				
Present value of obligations at the beginning of the period	32.19	39.12	120.59	158.87
Interest Cost	2.57	3.01	9.65	12.23
Past Service Cost	-	-	-	7.08
Current Service Cost	6.02	9.70	9.07	13.65
Curtailment /Settlement Cost				
Benefits Paid	(18.40)	(33.66)	(50.29)	(42.35)
Actuarial (gain)/loss on obligations	3.59	14.02	2.95	(28.89)
<b>Present value of obligations at the end of the period</b>	<b>25.97</b>	<b>32.19</b>	<b>91.97</b>	<b>120.59</b>
<b>iii. Change in fair value of plan assets</b>				
Fair value of plan assets at the beginning of the period	-	-	164.57	193.01
Expected Return on plan assets	-	-	11.65	25.08
Contributions	-	-	-	-
Withdrawals	-	-	(50.29)	(42.35)
Actuarial gain / (loss) on plan assets	-	-	(2.49)	(11.16)
<b>Fair value of plan assets at the end of the period</b>	<b>-</b>	<b>-</b>	<b>123.44</b>	<b>164.58</b>
<b>Total Actuarial gain / (loss) to be recognised</b>	<b>3.59</b>	<b>14.02</b>	<b>5.44</b>	<b>11.73</b>
<b>iv. Actual return on plan assets</b>				
Expected return on plan assets	-	-	11.65	25.08
Actuarial gain / (loss) on plan assets	-	-	2.49	11.16
<b>Actual return on plan assets</b>	<b>-</b>	<b>-</b>	<b>14.14</b>	<b>36.24</b>
<b>v. Liability recognised in the Balance Sheet</b>				
Present value of obligations at the end of the period	25.97	32.19	91.97	120.59
Fair value of plan assets as at the end of the period	-	-	123.44	164.58
Unfunded / (funded) status	25.97	32.19	(123.44)	(164.58)
<b>Net (Assets) / Liability recognised in Balance Sheet</b>	<b>25.97</b>	<b>32.19</b>	<b>(31.47)</b>	<b>(43.99)</b>
<b>vi. Expenses recognised in Statement of Profit and Loss</b>				
Current Service Cost	6.02	9.70	9.07	13.65
Past Service Cost	-	-	-	7.08
Interest Cost	2.57	3.01	9.65	12.23
Expected return on plan assets	-	-	(11.65)	(25.08)
Net Actuarial (Gain)/Loss recognised during the year	3.59	14.02	5.44	(17.73)
<b>Expense recognised in Statement of Profit and Loss</b>	<b>12.18</b>	<b>26.73</b>	<b>12.51</b>	<b>(9.85)</b>
Differential/casuals paid debited to P&L	-	-	-	-
<b>Total Expense recognised in Statement of Profit and Loss</b>	<b>12.18</b>	<b>26.73</b>	<b>12.51</b>	<b>(9.85)</b>
<b>vii. Breakup of Plan Assets as a percentage of total plan assets</b>				
Funds managed by Insurer	NA	NA	100%	100%
<b>viii. Balance Sheet Reconciliation</b>				
Opening Net Liability	32.19	32.19	(43.99)	(43.99)
Expenses as above	12.18	26.73	12.51	(9.85)
Withdrawals	-	-	50.29	42.36
Benefits Paid	-	-	(50.29)	(42.36)
Employers Contribution Paid	(18.40)	(33.66)	-	-
<b>Closing Net Liability</b>	<b>25.97</b>	<b>32.19</b>	<b>(31.47)</b>	<b>(43.99)</b>
<b>Current</b>	<b>5.19</b>	<b>5.14</b>	<b>(31.47)</b>	<b>(43.99)</b>
<b>Non Current</b>	<b>20.78</b>	<b>27.05</b>	<b>-</b>	<b>-</b>

Particulars	Year Ended 31.03.2012 (₹ Lacs)	Year Ended 31.03.2011 (₹ Lacs)
<b>39 Exchange difference has been charged/ (credited) to revenue accounts as follows:</b>		
On Import of raw material & finished goods including forward contracts	142.16	(64.41)
On Export sales	(14.20)	(27.55)
On Buyers Credit	150.84	43.77
On Term loan	10.69	31.49
<b>Total</b>	<b>289.49</b>	<b>(16.70)</b>
<b>40 FINANCE LEASE OBLIGATIONS:</b>		
Future obligations towards lease rentals for Fixed assets (Leasehold land) taken on lease as on 31.03.2012 is as under :		
Within one year	6.72	6.72
Later than one year and not later than five years	33.60	33.60
Later than five years	463.68	470.40
<b>Total</b>	<b>504.00</b>	<b>510.72</b>

**41 RELATED PARTIES DISCLOSURES :**

**1. Relationship :**

**(a) Subsidiary :**

Salora Capital Limited  
Salora Components Ltd.

**(b) Associates & Joint Ventures :**

Salora Retail Ventures Ltd.  
H.K.Shinsei Ltd.

**(c) Other related parties in which key managerial personnel are able to exercise significant influence :**

Associated Electronics Research Foundation  
Essjay Ericsson Pvt. Ltd.  
Manori Properties Pvt. Ltd.  
Dukaan Resources Pvt. Ltd.  
Devi Electronics Pvt. Ltd.  
Terminal Power Pvt. Ltd.

**(d) Key Managerial Personnel:**

Shri Gopal Sitaram Jiwarajka  
Shri Tarun Jiwarajka

**(e) Relative of key managerial personnel where transactions have taken place:**

Shri S.R.Jiwarajka  
Smt. Neetu Jiwarajka  
Shri Ayush Jiwarajka

**Note: Related party relationship is as identified by the Company and relied upon by the Auditors.**

**2. Transactions carried out with related parties as above, in ordinary course of business:**

(₹ In Lacs)

Nature of Transactions	Related Parties							
	Referred in 1 (a) above		Referred in 1 (b) above		Referred in 1 (c) above		Referred in 1 (d) & (e) above	
	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11
<b>Purchases</b>								
Goods and Materials	11.82	2,895.00	186.23	167.75	1,305.74	-	-	-
Services - Job Work Charges	-	-	-	-	-	-	-	-
Fixed Assets	-	-	-	-	-	-	-	-
<b>Sales</b>								
Goods and Materials	26.83	775.03	219.38	290.24	-	0.31	-	-
Services - Job Work Income	-	-	-	-	-	-	-	-
Sale of Fixed Assets	-	-	-	-	-	-	-	-
<b>Expenses</b>								
Rent	-	-	-	-	7.20	8.09	-	-
Technical Charges	-	-	-	-	0.32	0.12	-	-
Other Charges/ Reimbursements	3.43	-	-	-	1.50	1.49	-	-
Lease Liability Paid	-	-	-	-	-	-	-	-
Interest	5.75	3.56	-	-	62.40	4.44	-	-
Royalty	-	-	-	-	-	-	-	-
Salary	-	-	-	-	-	-	16.65	17.19
Commission	-	-	-	-	-	-	-	-
Directors Remuneration	-	-	-	-	-	-	74.97	77.37
Directors Fees	-	-	-	-	-	-	0.10	0.40
<b>Income</b>								
Rent	-	-	-	-	-	-	-	-
Hire Charges	-	-	-	-	-	-	-	-
Other Recoveries	3.24	-	-	-	-	-	-	-
Discount	-	-	-	-	-	-	-	-
Interest	-	2.84	-	-	-	-	-	-
Diminution in Investment written back	-	-	-	-	-	-	-	-
<b>Investment</b>								
Shares	-	-	-	-	-	0.50	-	-
Shares Application Money	-	-	-	-	-	-	-	-
Sale of Investment	-	-	-	-	-	-	-	-
<b>Finance</b>								
Loans given	-	-	-	-	-	-	-	-
Loans received back	-	-	-	-	-	-	-	-
Loans received	70.00	133.70	-	-	495.00	409.00	-	-
Loans repaid	67.70	89.00	-	-	48.00	200.00	-	-
Advance received	-	-	-	32.20	-	-	-	-
Advance given and received back	-	-	-	-	-	-	-	-
<b>Others</b>								
Payment to Third Party	132.55	-	-	-	-	-	-	-
Payment from Third Party	195.33	-	-	-	-	-	-	-
Expenses incurred & received back	-	0.44	5.91	27.23	-	-	-	-
<b>Outstandings</b>								
Payables	72.55	24.64	32.20	-	56.21	0.93	6.68	4.29
Receivables	-	-	1,048.73	1,072.20	-	-	-	-
Loan Received	47.00	44.70	-	-	656.00	209.00	-	-
Loan Given	-	-	-	-	-	-	-	-
Advance Received	-	-	32.20	32.20	-	-	-	-
Advance Given	-	-	-	-	-	-	-	-

Particulars	Year Ended 31.03.2012	Year Ended 31.03.2011
<b>42 PARTICULARS OF EARNING PER SHARE :</b>		
Net Profit/(Loss) after tax as per statement of profit and loss (₹ Lacs) attributable to equity shareholders	<b>(790.63)</b>	(912.76)
Net Profit/(Loss) before exceptional item net of tax expense (₹ Lacs)	<b>(790.63)</b>	(912.76)
Weighted Average number of equity shares used as denominator for calculating EPS	<b>8807300</b>	8807300
Basic and Diluted Earnings per share (in ₹)	<b>(8.98)</b>	(10.36)
Basic and Diluted Earnings (before exceptional item) per share (in ₹)	<b>(8.98)</b>	(10.36)
Face Value per equity share (in ₹)	<b>10.00</b>	10.00

**43 SEGMENT REPORTING :**

**A. Information about Primary Business Segments :**

**(I) Segment Revenue :**

a) Infocom Division	<b>36,720.68</b>	42,032.58
b) Consumer Electronics Division	<b>4,103.31</b>	8,854.49
c) Wind Energy	<b>374.98</b>	317.65
<b>Total Segment Revenue as per Financial Statements</b>	<b>41,198.97</b>	<b>51,204.72</b>

**(II) Segment Results (₹ Lacs) :**

a) Infocom Division	<b>71.06</b>	44.70
b) Consumer Electronics Division	<b>(189.32)</b>	(292.69)
c) Wind Energy	<b>131.64</b>	68.88
<b>Total Segment Results</b>	<b>13.38</b>	(179.11)
Less: i) Interest	<b>744.79</b>	672.56
ii) Other un-allocable expenditure net off un-allocable income	<b>331.85</b>	413.66
iii) Provision for Taxes	<b>(272.63)</b>	(352.57)
<b>Net Profit/(Loss) as per Financial Statements</b>	<b>(790.63)</b>	(912.76)

**(III) Other Informations (₹ Lacs) :**

Particulars	Segment Assets	Segment Liabilities	Capital Expenditure	Depreciation & Amortisation
<b>a) Infocom Division</b>				
Current year	14,391.63	5,852.75	5.10	24.23
(Previous year)	(11,714.76)	(3,556.07)	(12.97)	(27.09)
<b>b) Consumer Electronics Division</b>				
Current year	4,444.54	878.29	2.84	135.79
(Previous year)	(5,333.50)	(1,107.96)	(23.78)	(159.21)
<b>c) Wind Energy</b>				
Current year	2,330.47	10.52	-	156.84
(Previous year)	(2,488.43)	(593.13)	-	(156.84)
<b>d) Unallocated Amounts</b>				
Current year	2,221.75	5,628.42	16.11	43.39
(Previous year)	(2,353.76)	(4,824.25)	(15.90)	(44.35)
<b>Total as per Financial Statements (C.Y.)</b>	<b>23,388.39</b>	<b>12,369.98</b>	<b>24.05</b>	<b>360.25</b>
<b>(Previous year)</b>	<b>(21,890.45)</b>	<b>(10,081.41)</b>	<b>(52.65)</b>	<b>(387.49)</b>

## B. GEOGRAPHICAL SEGMENTS

The domestic sales is 54.97% (Previous year 66.35%) and the export sales is 45.03 % (Previous year 33.65%) of the total turnover of the Company, there are no separate reportable Geographical Segments.

## C. OTHER DISCLOSURES :

- i) Segments have been identified in line with the Accounting Standard on Segment Reporting (AS-17) taking into account the organisation structure as well as the differential risks and return of these segments.
- ii) The Company has disclosed Business Segment as the primary segment.
- iii) Type of products and services in each business segment :

### Business Segment

### Type of Products

- |                                  |   |
|----------------------------------|---|
| a) Infocom Division              | Mobile Phones, IT Products and Accessories thereof and other items.                                   |
| b) Consumer Electronics Division | Fly Back Transformer(EHT), Loudspeaker, Deflection Yoke and TV sets, etc. and sub-assemblies thereof. |
| c) Wind Energy                   | Wind Energy Generation.   |

- iv) The Segment Revenues, Results, Assets and Liabilities include the respective amounts identifiable to each of the segment and allocated on a reasonable basis.

44 Any of the assets other than fixed assets and non current investments have the value on realisation in the ordinary course of business equal to the amount at which they are stated, subject to amounts not realised on full and final settlement / disposal.

45 Previous year figures have been re-grouped and/or re-arranged wherever necessary.

As per our report of even date annexed.

Signature to Notes '1' to '45'.

For and on behalf of the Board

For **K.Prasad & Company**  
Chartered Accountants  
FRN: 002755N

**Tarun Jiwrajka**  
Whole Time Director

**Gopal Sitaram Jiwrajka**  
Chairman & Managing Director

**R.S.Gupta**  
Partner  
M.No: 072666

**Princy Anand**  
Company Secretary

**Surinder Sood**  
Chief Finance Officer

**Place:** New Delhi  
**Date:** 29th May 2012

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012**

(₹ In lacs)

Particulars	Year Ended 31.03.2012	Year Ended 31.03.2011
<b>CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Profit/(Loss) before tax	(1,063.26)	(1,265.33)
Adjustment for :		
Depreciation	360.25	387.49
Interest	744.79	672.56
Interest Income	(142.94)	(142.02)
Wealth Tax	0.08	0.09
Deficit / (Surplus) on sale of Fixed Assets	3.16	10.61
<b>Operating Profit before Working Capital changes</b>	<b>(97.92)</b>	<b>(336.60)</b>
Adjustment for :		
Inventories	981.65	3,574.10
Trade and other receivables	(2,949.10)	1,848.19
Trade and other payables	2,201.42	(4,300.27)
<b>Cash Generated from Operating Activities</b>	<b>136.05</b>	<b>785.42</b>
Adjustment for :		
Direct taxes (paid) / Refund Received	127.21	496.84
<b>Net cash from Operating Activities</b>	<b>263.26</b>	<b>1,282.26</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of fixed assets	(24.05)	(32.65)
Sale / adjustment of fixed assets	19.36	107.20
Purchase of Investment in shares	-	(0.50)
<b>Net cash from / (used in) Investing Activities</b>	<b>(4.69)</b>	<b>74.05</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds/(Repayments) of long term borrowings	(727.74)	(797.84)
Proceeds/ (Repayments) of short term borrowings	601.46	150.92
Interest Paid	(689.76)	(685.53)
Loan Received Unsecured	565.00	542.70
Loan Repaid Unsecured	(115.70)	(289.00)
Loans Given	(255.00)	-
Loans Received Back	255.00	-
Margin Money	(24.67)	(440.97)
Interest received	90.95	105.49
Dividend paid	(6.08)	(2.76)
<b>Net cash from/(used in) Financing Activities</b>	<b>(306.54)</b>	<b>(1,416.99)</b>
<b>Net Increase/ (Decrease) in cash and cash equivalents :</b>	<b>(47.97)</b>	<b>(60.68)</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>80.19</b>	<b>140.86</b>
<b>Cash and cash equivalents at end of the year</b>	<b>32.22</b>	<b>80.19</b>

As per our report of even date annexed.

For and on behalf of the Board

For **K.Prasad & Company**  
Chartered Accountants  
FRN: 002755N

**Tarun Jiwrajka**  
Whole Time Director

**Gopal Sitaram Jiwrajka**  
Chairman & Managing Director

**R.S.Gupta**  
Partner  
M.No: 072666

**Princy Anand**  
Company Secretary

**Surinder Sood**  
Chief Finance Officer

Place: New Delhi  
Date: 29<sup>th</sup> May 2012



**AUDITORS REPORT TO THE BOARD OF THE DIRECTORS ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SALORA INTERNATIONAL LIMITED AND ITS SUBSIDIARIES.**

We have audited the attached consolidated Balance Sheet of Salora International Limited (the Company) and its Subsidiaries as at 31st March 2012, the consolidated Statement of Profit & Loss and the consolidated Cash Flow Statement for the year ended on that date, annexed thereto. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our Audit.

We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of following subsidiaries, which have been audited by other auditors whose report have been furnished to us, and our opinion is based solely on report of other auditors. Total assets & revenues of these subsidiaries to extent to which they are reflected in the consolidated financial statements are given below:

(₹ In lacs)

Name of Subsidiary	Total Assets	Total Revenue
Salora Capital Limited.	683.66	64.80
Salora Component Limited.	864.86	159.16

We report that the consolidated financial statements have been prepared by Company's management in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements and Accounting Standard 23, Accounting for Investments in Associates in Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.

We report that on the basis of our audit, the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Salora Group, we are of the opinion that the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.

- In the case of the consolidated Balance Sheet of the State of Affairs of the Salora Group as at 31st March, 2012
- In the case of the consolidated Statement of Profit & Loss of the Salora Group for the financial year ended on that date; and
- In the case of consolidated Cash Flow statement, of the Cash Flows of the Salora Group for the year ended on that date.

For: **K.Prasad & Company**  
Chartered Accountants  
FRN:002755N

**R.S.Gupta**  
Partner  
M.No-072666

Place: New Delhi  
Date: 29th May,2012

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012**

(₹ In lacs)

Particulars	Note No.	As at 31.03.2012	As at 31.03.2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	881.45	881.45
Reserves and Surplus	2	10,363.22	11,157.18
<b>Sub Total</b>		<b>11,244.67</b>	<b>12,038.63</b>
<b>Minority Interest</b>		<b>133.43</b>	<b>138.79</b>
<b>Non - Current Liabilities</b>			
Long Term Borrowings	3	865.10	467.38
Deferred Tax Liability (Net)	4	7.93	310.49
Other Long Term liabilities	5	139.51	113.30
Long Term Provisions	6	22.34	28.51
<b>Sub Total</b>		<b>1,034.88</b>	<b>919.68</b>
<b>Current Liabilities</b>			
Short Term Borrowings	7	4,655.70	4,054.24
Trade Payables	8	6,107.02	3,851.87
Other Current Liabilities	9	596.74	1,354.45
Short Term Provisions	10	129.85	175.88
<b>Sub Total</b>		<b>11,489.31</b>	<b>9,436.44</b>
<b>TOTAL</b>		<b>23,902.29</b>	<b>22,533.54</b>
<b>ASSETS</b>			
<b>Non - Current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	11	4,058.99	4,434.01
Intangible Assets	11	59.25	69.38
Capital Work in Progress	12	-	-
<b>Sub Total</b>		<b>4,118.24</b>	<b>4,503.39</b>
Non - Current Investments	13	172.39	172.39
Long term loans and advances	14	1,417.58	1,525.51
<b>Sub Total</b>		<b>5,708.21</b>	<b>6,201.29</b>
<b>Current Assets</b>			
Inventories	15	4,561.45	5,530.03
Trade Receivables	16	9,940.45	6,942.89
Cash and Bank Balances	17	604.64	650.00
Short Term Loans and Advances	18	2,787.60	2,469.51
Other Current Assets	19	299.94	739.82
<b>Sub Total</b>		<b>18,194.08</b>	<b>16,332.25</b>
<b>TOTAL</b>		<b>23,902.29</b>	<b>22,533.54</b>

SIGNIFICANT ACCOUNTING POLICIES AND  
NOTES ON FINANCIAL STATEMENTS  
As per our report of even date annexed.

1 - 42

For and on behalf of the Board

For **K.Prasad & Company**  
Chartered Accountants  
FRN: 002755N

**Tarun Jiwarajka**  
Whole Time Director

**Gopal Sitaram Jiwarajka**  
Chairman & Managing Director

**R.S.Gupta**  
Partner  
M.No: 072666

**Princy Anand**  
Company Secretary

**Surinder Sood**  
Chief Finance Officer

Place: New Delhi  
Date: 29<sup>th</sup> May 2012

## COSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2012

(₹ In lacs)

Particulars	Note No.	Year Ended 31.03.2012	Year Ended 31.03.2011
<b>INCOME</b>			
Revenue from Operations	20	41,317.94	51,051.74
Other Income	21	196.68	219.56
<b>Total Revenue</b>		<u>41,514.62</u>	<u>51,271.30</u>
<b>EXPENSES</b>			
Cost of Materials Consumed	22	1,672.62	9,005.58
Purchases of Stock in Trade	23	35,562.84	34,101.58
Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade	24	799.83	3,701.29
Employee Benefits Expense	25	1,369.68	1,935.27
Finance Costs	26	986.11	844.16
Depreciation and Amortization Expense	27	386.68	414.40
Other Expenses	28	1,684.39	2,543.18
<b>Total Expenses</b>		<u>42,462.15</u>	<u>52,545.46</u>
<b>Profit/(Loss) before Exceptional items and Tax</b>		<u>(947.53)</u>	<u>(1,274.16)</u>
Exceptional Items	29	130.79	-
<b>Profit/(Loss) before Tax</b>		<u>(1,078.32)</u>	<u>(1,274.16)</u>
<b>Tax expense:</b>			
Current tax		13.23	7.21
Deferred tax		(302.56)	(364.17)
Earlier year Income Tax		10.34	0.04
Mat Credit Entitlement		-	(1.48)
<b>Total Tax Expenses</b>		<u>(278.99)</u>	<u>(358.40)</u>
<b>Profit/(Loss) for the year</b>		<u>(799.33)</u>	<u>(915.76)</u>
Less: Share of Profit/ (Loss) transferred to Minority Interest		5.36	4.69
<b>Profit/(Loss) for the year</b>		<u>(793.97)</u>	<u>(911.07)</u>
<b>Earning per Equity Share</b>			
Basic and Diluted	37	<u>(9.01)</u>	<u>(10.34)</u>

SIGNIFICANT ACCOUNTING POLICIES AND  
NOTES ON FINANCIAL STATEMENTS  
As per our report of even date annexed.

1 - 42

For and on behalf of the Board

For **K.Prasad & Company**  
Chartered Accountants  
FRN: 002755N

**Tarun Jiwrajka**  
Whole Time Director

**Gopal Sitaram Jiwrajka**  
Chairman & Managing Director

**R.S.Gupta**  
Partner  
M.No: 072666

**Princy Anand**  
Company Secretary

**Surinder Sood**  
Chief Finance Officer

**Place:** New Delhi  
**Date:** 29<sup>th</sup> May 2012

Consolidated Statement of Profit & Loss

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(₹ In lacs)

Particulars	As at 31.03.2012		As at 31.03.2011	
	Number	₹	Number	₹
<b>1 Share Capital:</b>				
<b>Authorised:</b>				
Equity Shares of ₹ 10/- each	20,000,000	2,000.00	20,000,000	2,000.00
<b>Issued and Subscribed :</b>				
Equity Shares of ₹ 10/- each	8,820,000	882.00	8,820,000	882.00
<b>Issued, Subscribed and Paid--up :</b>				
Equity Shares of ₹ 10/- each	8,807,300	880.73	8,807,300	880.73
Add: Share Capital forfeited Equity Shares @ ₹ 5.65/- each	12,700	0.72	12,700	0.72
<b>Total</b>		<u>881.45</u>		<u>881.45</u>
<b>Note :</b> Number of Shares at the beginning and close of the year are same.				
<b>Details of Shareholders holding more than 5% Shares</b>	<b>No.of Shares</b>	<b>%</b>	<b>No.of Shares</b>	<b>%</b>
Gopal Sitaram Jiwrajka	3528105	40.06	3528105	40.06
Neetu Jiwrajka	731410	8.30	731410	8.30
Manori Properties Pvt. Ltd.	558929	6.35	558929	6.35
<b>2 Reserves and Surplus:</b>				
<b>Securities Premium Reserve</b>				
As per last balance sheet				
Share Premium Account		3,244.42		3,244.42
Add : Share Premium Forfeited		2.87		2.87
<b>Sub Total</b>		<u>3,247.29</u>		<u>3,247.29</u>
<b>General Reserve</b>				
As per last Balance sheet		7,264.67		7,258.08
Add : Amount transfered from surplus balance in the statement of Profit & Loss Account Adjusted		6.78		6.59
Less : Debit Balance of Profit & Loss Account Adjusted		343.84		-
<b>Sub Total</b>		<u>6,927.61</u>		<u>7,264.67</u>
<b>Profit &amp; Loss Account Balance</b>				
As per last Balance sheet		645.22		1,562.88
Add : Profit/(Loss) Transferred from Profit & Loss Statement		(793.97)		(911.07)
Profit & Loss Account Balance		(148.75)		651.81
Less : Debit Balance of Profit & Loss Account Adjusted to General Reserve		(337.07)		6.59
Profit & Loss Account Balance		188.32		645.22
<b>Grand Total</b>		<u>10,363.22</u>		<u>11,157.18</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
<b>3 Long term Borrowings</b>		
<b>Secured Loans:</b>		
a. Vehicle Loans from Banks and Others	9.10	15.18
b. Interest Free Loan From PICUP (Under Sales Tax Deferred Scheme)	-	43.20
<b>Sub Total</b>	<u>9.10</u>	<u>58.38</u>
<b>Unsecured Loans:</b>		
Loans and advances from related parties		
From Subsidiary Company	-	-
From Related Company	856.00	209.00
From Others	-	200.00
<b>Sub Total</b>	<u>856.00</u>	<u>409.00</u>
<b>Total</b>	<u>865.10</u>	<u>467.38</u>
<b>Additional Information:</b>		
a. Details of security for secured loans		
i) Vehicle Loans are secured against hypothecation of cars.		
ii) Interest free Loan from PICUP under sales tax deferred scheme is secured by first charge on all movable fixed assets (present & future) of Noida units and first pari-passu charge with bank(s) on immovable properties of Noida units.		
b. Terms of repayment of term loans and others.		
i) Vehicle Loans from Banks and Others on monthly instalment basis.		
ii) Interest Free Loan From PICUP (Under Sales Tax Deferred Scheme) on annual instalment basis.		
iii) Unsecured Loans from related parties repayable on demand.		
c. There is no continuing default as on the balance sheet date in respect of loans and interest.		
<b>4 Net Deferred Tax Liability</b>		
<b>Deferred tax liability:</b>		
a) On account of depreciation on fixed assets other than of Wind Mills	180.23	191.75
b) On account of depreciation on fixed assets and business loss of Wind Mills	847.73	847.73
<b>Sub Total</b>	<u>1,027.96</u>	<u>1,039.48</u>
<b>Deferred tax asset:</b>		
a) On account of timing differences in recognition of expenditure	74.76	73.86
b) On account of Unabsorbed loss and depreciation under the Income Tax Act, 1961	945.27	655.13
<b>Sub Total</b>	<u>1,020.03</u>	<u>728.99</u>
<b>Net Deferred Tax Liability</b>	<u>7.93</u>	<u>310.49</u>
<b>5 Other Long term liabilities</b>		
Trade Deposit	139.51	113.30
<b>Total</b>	<u>139.51</u>	<u>113.30</u>
<b>6 Long term Provisions</b>		
Provisions for employee benefits	-	-
For Leave Pay	22.34	28.51
<b>Total</b>	<u>22.34</u>	<u>28.51</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(₹ In lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
<b>7 Short Term Borrowings</b>		
<b>Secured Loans:</b>		
<b>Working Capital Loans</b>		
From Banks	4,286.08	3,698.74
Buyers Credit from Banks	369.62	355.50
<b>Total</b>	<b>4,655.70</b>	<b>4,054.24</b>

**Additional Information:**

- Working Capital Loans are secured by hypothecation of inventories & receivables (other than of Wind Mills) and first pari-passu charge with PICUP on immovable properties of Noida units as collateral security.
- Buyers Credit loan from bank are secured against FDRS.

**8 Trade Payables**

i) To Micro, Small and Medium Enterprises	-	-
ii) Others	6,107.02	3,851.87
<b>Total</b>	<b>6,107.02</b>	<b>3,851.87</b>

**Additional Information:**

\*The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act 2006, hence disclosure relating to amounts unpaid as at the year end together with interest paid/payable under this Act have not been given.

**9 Other Current Liabilities:**

a) Current maturities of long term debt		
Foreign Currency Loan	-	571.51
Vehicle Loans	13.34	21.90
Interest Free Loan from PICUP (Under Sales Tax Deferred Scheme)	43.20	144.24
b) Interest accrued but not due on borrowings	61.66	6.63
c) Interest accrued and due on borrowings	68.41	44.52
d) Unpaid dividends	11.88	17.96
e) Statutory Liabilities	111.71	118.42
f) Others	286.54	429.27
<b>Total</b>	<b>596.74</b>	<b>1,354.45</b>

**Additional Information:**

- Foreign currency loan were secured against first exclusive charge over immovable and movable fixed assets relating to the project situated at Dhule in the state of Maharashtra.
- Vehicle Loans are secured against hypothecation of cars.
- Interest free Loan from PICUP under sales tax deferred scheme is secured by first charge on all movable fixed assets (present & future) of Noida units and first pari-passu charge with bank(s) on immovable properties of Noida units.

**10 Short Term Provisions:**

a) Provision for employee benefits		
For Salary and Bonus etc.	123.52	169.38
For Leave Pay	5.19	5.82
b) Others		
Provision for Income Tax	1.06	0.59
Provision for Wealth Tax	0.08	0.09
<b>Total</b>	<b>129.85</b>	<b>175.88</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 11 Fixed Assets :

(₹ In lacs)

PARTICULARS	<-----GROSS BLOCK----->			<-----DEPRECIATION----->				<----NET BLOCK---->		
	Balance as at 01.04.2011	Additions	Deductions/ Adjustments	Balance as at 31.03.2012	Upto 31.03.2011	For The Year	Deductions/ Adjustments	Upto 31.03.2012	Balance as at 31.03.2012	Balance as at 31.03.2011
<b>TANGIBLE ASSETS :</b>										
Free Hold Land	-	-	-	-	-	-	-	-	-	-
Lease Hold Land	390.29	-	-	<b>390.29</b>	61.46	6.00	-	<b>67.46</b>	<b>322.83</b>	328.83
Building	563.48	-	(0.01)	<b>563.49</b>	216.15	16.00	(0.01)	<b>232.16</b>	<b>331.33</b>	347.33
Furniture & Fixtures	448.91	0.20	(1.75)	<b>450.86</b>	308.03	14.22	(1.73)	<b>323.98</b>	<b>126.88</b>	140.88
Plant & Machinery	7,415.66	12.74	54.45	<b>7,373.95</b>	3,989.74	293.39	32.55	<b>4,250.58</b>	<b>3,123.37</b>	3,425.91
Dies & Moulds	1,000.93	-	(0.76)	<b>1,001.69</b>	902.05	25.27	(0.41)	<b>927.73</b>	<b>73.96</b>	98.88
Motor Vehicles	127.92	9.09	12.71	<b>124.30</b>	59.55	20.34	11.73	<b>68.16</b>	<b>56.14</b>	68.37
Office Equipment	52.31	2.02	(0.27)	<b>54.60</b>	28.51	1.30	(0.31)	<b>30.12</b>	<b>24.48</b>	23.81
<b>Sub Total</b>	<b>9,999.50</b>	<b>24.05</b>	<b>64.37</b>	<b>9,959.18</b>	<b>5,565.49</b>	<b>376.52</b>	<b>41.82</b>	<b>5,900.19</b>	<b>4,058.99</b>	<b>4,434.01</b>
<b>INTANGIBLE ASSETS :</b>										
Trade Mark	106.18	-	(0.03)	<b>106.21</b>	36.80	10.16	-	<b>46.96</b>	<b>59.25</b>	69.38
<b>Total</b>	<b>10,105.68</b>	<b>24.05</b>	<b>64.34</b>	<b>10,065.39</b>	<b>5,602.29</b>	<b>386.68</b>	<b>41.82</b>	<b>5,947.15</b>	<b>4,118.24</b>	<b>4,503.39</b>
<b>PREVIOUS YEAR</b>	<b>10,467.41</b>	<b>64.15</b>	<b>425.88</b>	<b>10,105.68</b>	<b>5,495.04</b>	<b>414.40</b>	<b>307.15</b>	<b>5,602.29</b>	<b>4,503.39</b>	<b>4,972.36</b>

### 12. Capital Work in Progress:

Nil Nil

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(₹ In lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
<b>13 Non Current Investments:</b>		
<b>Investments in Equity Instruments:</b>		
<b>INVESTMENTS (AT COST):</b>		
<b>Long Term(Unquoted,unless otherwise stated)</b>		
<b>a) Trade Investments in Equity Shares (Fully paid up)</b>		
<b>In Associate Companies :</b>		
i) 855000 Equity Shares of Encompass Software & Systems Pvt. Ltd. of ₹ 10/- each.	85.50	85.50
Less: Provision for diminution in value of Investments	(75.09)	(75.09)
ii) 978040 Equity Shares of Salora Retail Ventures Ltd. of ₹ 10/- each.	97.80	97.80
iii) 780000 Equity Shares of H. K. Shinsei of Hong Kong \$ 1/-each.	40.61	40.61
iv) 5000 Equity Shares of Terminal Power Pvt. Ltd. of ₹ 10/-each.	0.50	0.50
<b>In Other Companies :</b>		
i) 1000000 Equity Shares of Nanda Netcom Private Limited (FV ₹ 1/- each)	16.80	16.80
Less: Provision for diminution in value of Investments	(16.80)	(16.80)
ii) 13520 Equity Shares of Devi Electronics Pvt. Ltd of ₹ 170/- each.	22.98	22.98
<b>b) Other Investments in Shares &amp; Bond (Fully paid)</b>		
i) In National Saving Certificates	0.06	0.06
ii) 2 Unsecured Redeemable Money Multiplier Bond of ICICI Ltd. of ₹ 1000/-each	0.02	0.02
<b>Aggregate value of unquoted investments</b>	<b>264.28</b>	<b>264.28</b>
Less : Provision for diminution in value of investments	<b>91.89</b>	<b>91.89</b>
<b>Total</b>	<b>172.39</b>	<b>172.39</b>
<b>14 Long Term Loans and Advances (Unsecured considered good) :</b>		
Inter Corporate Loan Given	586.85	585.60
Security Deposits	102.36	118.71
Payment against disputed Sales Tax Demand	586.74	582.23
Payment against disputed Income Tax Demand	139.38	238.97
Claim Receivable from Parties	2.25	-
<b>Total</b>	<b>1,417.58</b>	<b>1,525.51</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
<b>15 Inventories</b>		
Raw materials	610.58	624.66
Work in progress	28.16	64.22
Finished goods	160.98	193.04
Stock in trade	3,722.15	4,453.87
Stores and spares etc.	4.90	3.41
<b>Goods in transit:</b>		
Raw materials	3.05	75.57
Stock in trade	31.63	115.26
<b>Total</b>	<u>4,561.45</u>	<u>5,530.03</u>
<b>16 Trade Receivables (Unsecured)</b>		
i) Trade receivables exceeding six months		
Considered Good	3,609.46	3,603.39
Considered Doubtful	147.87	115.60
Less : Provision for Doubtful Debts	147.87	115.60
ii) Others, Considered Good	6,330.99	3,339.50
<b>Total</b>	<u>9,940.45</u>	<u>6,942.89</u>
<b>17 Cash and Bank Balances</b>		
i) Balances with banks		
- in unpaid dividend accounts	11.88	17.96
- in margin money, security for borrowings, guarantees and other commitments	565.81	541.14
- in other accounts	13.95	84.10
ii) Cheques, Drafts in hand	2.78	2.77
iii) Cash in hand	10.22	4.03
<b>Total</b>	<u>604.64</u>	<u>650.00</u>
<b>18 Short Term Loans and Advances (Unsecured and Considered Good) :</b>		
Advances recoverable in cash or in kind or for value to be received	1,993.62	1,997.22
Income Tax Refund Receivable	83.92	112.42
Advance / Refundable income tax (Net of Provision)	-	18.84
Balance With / Recoverable from Government Authorities	710.06	341.03
<b>Total</b>	<u>2,787.60</u>	<u>2,469.51</u>
<b>19 Other Current Assets</b>		
Insurance Claim Receivable	72.95	585.09
Interest Receivable	194.09	109.32
Gratuity etc. Recoverable	32.90	45.41
<b>Total</b>	<u>299.94</u>	<u>739.82</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(₹ In lacs)

Particulars	Year Ended 31.03.2012	Year Ended 31.03.2011
<b>20 Revenue From Operations:</b>		
<b>Sales of Goods/Components</b>		
Domestic	22,276.90	34,022.81
Export	<u>18,648.92</u>	<u>17,518.57</u>
<b>Total</b>	<u>40,925.82</u>	<u>51,541.38</u>
<b>Sale of Services</b>		
Infocom Products	250.81	128.61
Sale of Wind Energy	<u>374.98</u>	<u>317.65</u>
<b>Gross Sales</b>	<u>41,551.61</u>	<u>51,987.64</u>
Less : Excise duty	<u>233.67</u>	<u>935.90</u>
<b>Net Sales</b>	<u>41,317.94</u>	<u>51,051.74</u>
<b>20-A Particulars of Sales of Products</b>		
Mobile Phones and Accessories	22,665.13	25,718.52
Computers, Printers and Accessories	<u>12,418.04</u>	<u>12,591.86</u>
Others	<u>6,234.77</u>	<u>12,741.36</u>
<b>Total</b>	<u>41,317.94</u>	<u>51,051.74</u>
<b>21 Other Income:</b>		
Interest on FDRS etc.	184.63	185.85
Cash Discount	0.62	18.06
Bad Debts Recovered	3.24	-
Liability no longer required Written back	0.79	0.14
Miscellaneous Income	7.40	15.51
<b>Total</b>	<u>196.68</u>	<u>219.56</u>
<b>22 Cost of Materials Consumed:</b>		
<b>Consumption of raw materials :</b>		
Electronic Components and Others	<u>1,672.62</u>	<u>9,005.58</u>
<b>Total</b>	<u>1,672.62</u>	<u>9,005.58</u>
<b>23 Purchases of Stock in Trade</b>		
Mobile Phones and Accessories	21,067.99	22,386.26
Computers, Printers and Accessories	<u>12,231.05</u>	<u>10,876.25</u>
Others	<u>2,263.80</u>	<u>839.07</u>
<b>Total</b>	<u>35,562.84</u>	<u>34,101.58</u>
<b>24 Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade</b>		
<b>Stocks at the end of the year</b>		
Work in Progress	28.17	64.22
Trading Goods	<u>3,722.15</u>	<u>4,453.87</u>
Finished Goods	<u>160.98</u>	<u>193.04</u>
<b>Sub Total :</b>	<u>3,911.30</u>	<u>4,711.13</u>
<b>Less : Stocks at the beginning of the year</b>		
Work in Progress	64.22	152.41
Trading Goods	<u>4,453.87</u>	<u>7,994.68</u>
Finished Goods	<u>193.04</u>	<u>265.33</u>
<b>Sub Total :</b>	<u>4,711.13</u>	<u>8,412.42</u>
<b>(Increase)/Decrease in Stock :</b>	<u>799.83</u>	<u>3,701.29</u>
<b>25 Employee Benefit Expenses</b>		
Salaries and Wages	1,256.42	1,707.88
Contribution to Provident and Other Funds	53.88	113.78
Retrenchment Compensation	-	58.66
Key Man Insurance Received Back	-	(53.73)
Staff Welfare & Other Benefits	<u>59.38</u>	<u>108.68</u>
<b>Total</b>	<u>1,369.68</u>	<u>1,935.27</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In lacs)

Particulars	Year Ended 31.03.2012	Year Ended 31.03.2011
<b>26 Finance Costs:</b>		
i) Interest	766.42	701.90
ii) Net (gain)/loss on foreign currency transaction	161.52	75.40
iii) Others	58.17	66.86
<b>Total</b>	<b>986.11</b>	<b>844.16</b>
<b>27 Depreciation and Amortization:</b>		
i) Depreciation	380.69	408.41
ii) Amortization of Land	5.99	5.99
<b>Total</b>	<b>386.68</b>	<b>414.40</b>
<b>28 Other Expenses</b>		
Assembly Charges	34.91	54.82
Stores & Spares Consumed	23.21	25.26
Power and fuel	86.97	143.04
Rent	131.16	262.23
Repair & Maintenance :-		
Building	3.40	1.28
Plant & Machinery	76.60	82.91
Others	38.83	71.89
Insurance	42.06	40.56
Rates and taxes	8.47	10.31
Legal and professional charges	90.03	164.47
Payment to the auditors		
Statutory Audit Fee (including Limited review)	12.33	12.33
Tax Audit Fee	1.86	1.86
Certification	0.81	1.49
Expense / Service Tax reimbursed	2.21	2.20
Travelling & Conveyance	174.87	269.66
Freight and Forwarding	298.68	361.44
Discount, Commission & Incentives	147.03	99.49
Advertisement & Publicity	17.10	22.15
After Sale Service Charges	151.40	153.91
Sales Tax, Entry Tax and Service Tax	15.29	14.33
Bad trade receivables written off	-	612.66
Provision for doubtful trade receivables	32.27	(94.33)
Irrecoverable loans and advances written off	1.87	33.69
Loss on sale of fixed asset (net)	3.16	10.41
Short / Excess Claims	(52.10)	(60.84)
Miscellaneous expenses	214.75	337.99
Net (gain)/loss on foreign currency transaction	127.22	(92.03)
<b>Total</b>	<b>1,684.39</b>	<b>2,543.18</b>
<b>29 Exceptional items</b>		
Insurance Claim Receivable Written off	130.79	-
<b>Total</b>	<b>130.79</b>	<b>-</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**30 Significant Accounting Policies :**

**Principles of consolidation :**

The consolidated financial statements relate to Salora International Limited ('the Company') and its subsidiary Companies. The consolidated financial statements have been prepared on the following basis :

i) The financial statements of the Company and its subsidiary Companies has been combined on line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses in accordance with Accounting Standard (AS) 21 -

“ Consolidated Financial Statements” issued by the Institute of Chartered Accountants of India.

ii) In case of associates where the Company directly holds more than 20% of equity, Investments in associates are accounted for using equity method in accordance with Accounting Standard (AS) 23 - “Accounting for Investments in Associates in Consolidated Financial Statements” issued by the Institute of Chartered Accountants of India.

iii) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements except in case of following:

a. Depreciation on Fixed Assets:

In case of one subsidiary depreciation is provided as per written down value method as per rates prescribed in Schedule XIV of the Companies Act, 1956.

b. Retirement & Other Benefits :

In case of one subsidiary provision for liability of gratuity and leave pay if due is made on accrual basis instead of actuarial valuation basis.

c. Investments other than in subsidiary and associate have been accounted as per Accounting Standard 13 of “Accounting for Investments”.

d. Other significant accounting policies :

These are set out under “Significant Accounting Policies” as given in the Unconsolidated Financial Statements of Salora International Limited and its subsidiary.

**31 The subsidiary Company considered in the consolidated financial statements is :**

<b>Name of the subsidiary</b>	<b>Country of Incorporation</b>	<b>Proportion of ownership interest</b>
Salora Capital Limited.	India	91.38%
Salora Components Limited	India	79.05%

**32 The associates Company considered in the consolidated financial statements is :**

<b>Name of the associate</b>	<b>Country of Incorporation</b>	<b>Proportion of ownership interest</b>
Encompass Software and Systems Private Limited	India	43.27%
Salora Retail Ventures Ltd.	India	49.02%
H. K. Shinsei Ltd.	Hong Kong	50.00%

Based on unaudited financial results.

**33** As required by Accounting Standard (AS) 23 on Accounting for investments in Associates in Consolidated Financial Statements issued by the Institute of Chartered Accountants of India, the carrying amount of investments in Associates at the beginning of the year have been restated by applying “Equity Method” of accounting from the date of acquisition of the associates and corresponding adjustment has been made to the retained earnings at the beginning of the year after eliminating unrealised profit, if any.

**34 Contingent Liabilities not provided for in respect of :**

- i) Bank Guarantees issued by Bankers ₹ 291.82 lacs (Previous year ₹ 541.43 lacs) including for Sales Tax and Excise demand ₹ 73.61 lacs (Previous Year ₹ 97.37 lacs), against which margin kept by bank ₹ 129.37 lacs (Previous year ₹ 69.36 lacs).
- ii) Letter of Credits pending for shipment ₹ 32.09 lacs(Previous year ₹ 84.58 lacs.).
- iii) Claim by employee of ₹ 5.79 lacs against the company against which amount deposited ₹ 2.13 lacs is pending in High Court.
- iv) TV sets, VCD's and Office Automation products still under warranty for which amount is not ascertainable.
- v) Disputed Sales Tax demands of ₹ 668.18 lacs (Previous year ₹ 722.89 lacs), against which amount deposited ₹ 400.09 lacs (Previous year ₹ 401.81 lacs) has not been provided for as the cases are pending in appeals with higher authorities.
- vi) Advance Licence utilised for Import of CPT worth ₹ 87.50 lacs during the period from January, 1995 to May 1995, DGFT issued Show Cause Notice to pay duty and penalty thereof on all above imports and included the company's name in the defaulters list. Company challenged the said Notice in Delhi High Court and after admitting the petition and taking into consideration all the facts, the Delhi High Court directed the Company to deposit a sum of ₹ 20.00 lacs with the Collector of Customs and ordered DGFT to remove Company's name from the defaulters list. Accordingly Company has deposited the sum of ₹ 20.00 lacs within the time stipulated by the Court. Duty and penalty amount is not ascertainable at this stage. Petition has been refiled against appeal order by DGFT.
- vii) Demand raised/Cenvat credit disputed, by Excise Authorities amounting to ₹ 3700.60 lacs (Previous year ₹ 3712.78 lacs), against which amount deposited ₹ 321.79 lacs (Previous year ₹ 321.79 lacs) has not been provided for as the matters are pending in appeals with higher authorities. Appellate Authority has passed an order to Pre-deposit sum of ₹ 300 Lacs, which has been deposited Further, Company has been advised that the demand raised by Excise Authorities is purely on Technical point and on the similar point they have raised demand on most of the TV Manufactures and hence representation is being made through manufacturer association before the Government, and the Company has filed a petition on the issue before Supreme Court, and Company expects to get relief in Appeal.
- viii) Income Tax Assessments of the Company have been completed upto Assessment Year 2009-2010 (in previous year upto 2008-09). Demand has been raised of ₹ 129.38 lacs (previous year ₹ 215.48 lacs) for earlier assessment years against which company has filed appeal before appellate authorities and amount ₹ 120.50 lacs (previous year ₹ 210.79 lacs) has been deposited against demands. Appeal of Income Tax department against the ITAT order for the Assessment Year 1997-98 is lying pending before Hon'ble Delhi High Court against which refund of ₹ 1151.57 lacs received by the Company in the Financial Year 2002-2003.

Particulars	Year Ended 31.03.2012 (₹ Lacs)	Year Ended 31.03.2011 (₹ Lacs)
<b>35 Exchange difference has been charged/ (credited) to revenue accounts as follows:</b>		
On Import of raw material & finished goods including forward contracts	141.41	(64.34)
On Export sales	(14.20)	(27.55)
On Buyers Credit	150.84	43.77
On Term loan	10.69	31.49
<b>Total</b>	<u>288.74</u>	<u>(16.63)</u>

**36 RELATED PARTIES DISCLOSURES:**

**1. Relationship :**

**(a) Associates & Joint Ventures :**

Salora Retail Ventures Ltd.  
H.K.Shinsei Ltd

**(b) Other related parties in which key managerial personnel are able to exercise significant influence :**

Associated Electronics Research Foundation  
Manori Properties Pvt. Ltd.  
Essjay Ericsson Pvt. Ltd.  
Dukaan Resources Pvt. Ltd.  
Devi Electronics Pvt. Ltd.  
Terminal Power Pvt. Ltd.

**(c) Key Managerial Personnel:**

Shri Gopal Sitaram Jiwarajka  
Shri Tarun Jiwarajka  
Shri Toshrio Ohigashi

**(d) Relative of key managerial personnel where transactions have taken place:**

Shri S.R.Jiwarajka  
Smt. Neetu Jiwarajka  
Shri Ayush Jiwarajka

**Note : Related party relationship is as identified by the management and relied upon by the Auditors.**

**2. Transactions carried out with related parties as above , in ordinary course of business:**

(₹ In Lacs)

Nature of Transactions	Related Parties					
	Referred in 1 (a) above		Referred in 1 (b) above		Referred in 1 (c) & (d) above	
	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11
<b>Purchases</b>						
Goods and Materials	186.23	167.75	1,305.74	-	-	-
Services - Job Work Charges	-	-	-	-	-	-
Fixed Assets	-	-	-	-	-	-
<b>Sales</b>						
Goods and Materials	219.38	290.24	-	0.31	-	-
Services - Job Work Income	-	-	-	-	-	-
Sale of Fixed Assets	-	-	-	-	-	-
<b>Expenses</b>						
Rent	-	-	12.00	30.89	-	-
Technical Charges	-	-	0.32	0.12	-	-
Other Charges/ Reimbursements	-	-	1.50	1.49	-	-
Lease Liability Paid	-	-	-	-	-	-
Interest	-	-	62.40	4.44	-	-
Royalty	-	-	-	-	-	-
Salary	-	-	-	-	16.65	17.19
Commission	-	-	-	-	-	-
Directors Remuneration	-	-	-	-	74.97	77.37
Directors Fees	-	-	-	-	0.10	0.40
<b>Income</b>						
Rent	-	-	-	-	-	-
Hire Charges	-	-	-	-	-	-
Other Recoveries	-	-	-	-	-	-
Discount	-	-	-	-	-	-
Interest	2.69	0.45	13.20	14.30	-	-
Diminution in Investment written back	-	-	-	-	-	-
<b>Investment</b>						
Shares	-	-	-	0.50	-	-
Shares Application Money	-	-	-	-	-	-
Sale of Investment	-	-	-	-	-	-
<b>Finance</b>						
Loans given	56.25	18.00	-	-	-	-
Loans received back	55.00	-	-	-	-	-
Loans received	-	-	495.00	409.00	-	-
Loans repaid	-	-	48.00	200.00	-	-
Advance received	-	32.20	-	-	-	-
Advance given and received back	-	-	-	-	-	-
<b>Others</b>						
Advance for material supply given & received back	-	-	-	-	-	-
Expenses incurred & received back	5.91	27.23	-	-	-	-
<b>Outstandings</b>						
Payables	32.20	-	73.44	36.84	6.68	4.29
Receivables	1,048.73	1,072.20	-	-	-	-
Share application pending allotment	-	-	-	-	-	-
Loan Received	-	-	656.00	209.00	-	-
Interest Recoverable	2.42	-	37.62	25.74	-	-
Loan Given	21.85	20.60	110.00	110.00	-	-
Advance Received	-	-	-	-	-	-
Advance Given	32.20	-	-	-	-	-

Particulars	Year Ended 31.03.2012	Year Ended 31.03.2011
<b>37 PARTICULARS OF EARNING PER SHARE :</b>		
Net Profit/(Loss) after tax as per statement of profit and loss (₹ Lacs) attributable to equity shareholders	(793.97)	(911.07)
Net Profit /(Loss) before exceptional item net of tax expense (₹ Lacs)	(793.97)	(911.07)
Weighted Average number of equity shares used as denominator for calculating EPS	8807300	8807300
Basic and Diluted Earnings per share (in ₹)	(9.01)	(10.34)
Basic and Diluted Earnings (before exceptional item) per share (in ₹)	(9.01)	(10.34)
Face Value per equity share (in ₹)	10.00	10.00
<b>38 SEGMENT REPORTING :</b>		
	Year ended 31.03.2012 (₹ Lacs)	Year ended 31.03.2011 (₹ Lacs)
<b>A. Information about Primary Business Segments :</b>		
<b>(I) Segment Revenue :</b>		
a) Infocom Division	36,720.68	42,032.58
b) Consumer Electronics Division (including subsidiaries)	4,222.28	8,701.51
c) Wind Energy	374.98	317.65
<b>Total Segment Revenue as per Financial Statements</b>	<b>41,317.94</b>	<b>51,051.74</b>
<b>(II) Segment Results:</b>		
a) Infocom Division	71.06	44.70
b) Consumer Electronics Division	(182.75)	(272.18)
c) Wind Energy	131.64	68.88
<b>Total Segment Results</b>	<b>19.95</b>	<b>(158.60)</b>
Less : i) Interest	766.42	701.90
ii) Other un-allocable expenditure net off un-allocable income	331.85	413.66
iii) Provision for Taxes	(278.99)	(358.40)
<b>Net Profit/(Loss) as per Financial Statements</b>	<b>(799.33)</b>	<b>(915.76)</b>
<b>(III) Other Informations (₹ Lacs) :</b>		

Particulars	Segment Assets	Segment Liabilities	Capital Expenditure	Depreciation & Amortisation
<b>a) Infocom Division</b>				
Current year	14,391.63	5,852.75	5.10	24.23
(Previous year)	(11,714.76)	(3,556.07)	(12.97)	(27.09)
<b>b) Consumer Electronics Division</b>				
Current year	5,132.82	1,065.40	2.84	160.36
(Previous year)	(6,186.05)	(1,417.43)	(25.72)	(183.75)
<b>c) Wind Energy</b>				
Current year	2,330.47	10.52	-	156.84
(Previous year)	(2,488.43)	(593.13)	-	(156.84)
<b>d) Unallocated Amounts</b>				
Current year	2,047.37	5,595.52	16.11	45.25
(Previous year)	(2,144.30)	(4,789.49)	(25.46)	(46.72)
<b>Total as per Financial Statements (C.Y.)</b>	<b>23,902.29</b>	<b>12,524.19</b>	<b>24.05</b>	<b>386.68</b>
<b>(Previous year)</b>	<b>(22,533.54)</b>	<b>(10,356.12)</b>	<b>(64.15)</b>	<b>(414.40)</b>

### 39 GEOGRAPHICAL SEGMENTS

The domestic sales is 54.97% (Previous year 66.35%) and the export sales is 45.03% (Previous year 33.65%) of the total turnover of the Company, there are no separate reportable Geographical Segments.

### 40 OTHER DISCLOSURES :

- i) Segments have been identified in line with the Accounting Standard on Segment Reporting (AS-17) taking into account the organisation structure as well as the differential risks and return of these segments.
- ii) The Company has disclosed Business Segment as the primary segment.
- iii) Type of products and services in each business segment :

#### **Business Segment**

#### **Type of Products**

- |   |  |
|---|--|
| a) Infocom Division   | Mobile Phones, IT Products and Accessories thereof and other items.                                    |
| b) Consumer Electronics Division  | Fly Back Transformer (EHT), Loudspeaker, Deflection Yoke and TV sets, etc. and sub-assemblies thereof. |
| c) Wind Energy  | Wind Energy Generation.  |
| iv) The Segment Revenues, Results, Assets and Liabilities include the respective amounts identifiable to each of the segment and allocated on a reasonable basis. |  |

41 Any of the assets other than fixed assets and non current investments have the value on realisation in the ordinary course of business equal to the amount at which they are stated, subject to amounts not realised on full and final settlement / disposal.

42 Previous year figures have been re-grouped and/or re-arranged wherever necessary.

**As per our report of even date annexed.**

**Signature to Notes '1' to '42'.**

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**For and on behalf of the Board**

**For K.Prasad & Company**

Chartered Accountants  
FRN: 002755N

**R.S.Gupta**

Partner  
M.No: 072666

**Place:** New Delhi

**Date:** 29th May 2012

**Tarun Jiwrajka**  
Whole Time Director

**Gopal Sitaram Jiwrajka**  
Chairman & Managing Director

**Princy Anand**  
Company Secretary

**Surinder Sood**  
Chief Finance Officer



## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ In lacs)

Particulars	Year Ended 31.03.2012	Year Ended 31.03.2011
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit/(Loss) before tax	(1,078.32)	(1,274.16)
Adjustment for :		
Depreciation	386.68	414.40
Interest	766.42	701.90
Interest Income	(184.63)	(185.85)
Profit/(Loss) on Sale of Long Term Investments	-	-
Wealth Tax	0.08	0.09
Deficit / (Surplus) on sale of Fixed Assets	3.16	10.41
Miscellaneous Expenditure written off	-	9.84
<b>Operating Profit before Working Capital changes</b>	<b>(106.61)</b>	<b>(323.37)</b>
Adjustment for :		
Inventories	968.58	3,836.54
Trade and other receivables	(2,830.59)	1,634.77
Trade and other payables	2,104.99	(4,312.77)
<b>Cash Generated from Operating Activities</b>	<b>136.37</b>	<b>835.17</b>
Adjustment for :		
Direct taxes (paid) / Refund Received	123.75	488.85
<b>Net cash from Operating Activities</b>	<b>260.12</b>	<b>1,324.02</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of fixed assets	(24.05)	(44.15)
Sale / adjustment of fixed assets	19.36	108.32
Purchase of Investment in shares	-	(0.50)
Sale of Investment	-	25.48
<b>Net cash from / (used in) Investing Activities</b>	<b>(4.69)</b>	<b>89.15</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds/(Repayments) of long term borrowings	(730.39)	(792.32)
Proceeds/ (Repayments) of short term borrowings	601.46	150.92
Interest Paid	(711.39)	(714.87)
Loan Received (Unsecured)	765.00	498.00
Loan Repaid (Unsecured)	(318.00)	(289.00)
Loans Given	(582.50)	(106.70)
Loans Received Back	581.25	88.70
Margin Money	(24.67)	(440.97)
Interest received	99.86	149.33
Dividend paid	(6.08)	(2.76)
<b>Net cash from/(used in) Financing Activities</b>	<b>(325.46)</b>	<b>(1,459.67)</b>
<b>Net Increase/ (Decrease) in cash and cash equivalents :</b>	<b>(70.03)</b>	<b>(46.50)</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>108.86</b>	<b>155.36</b>
<b>Cash and cash equivalents at end of the year</b>	<b>38.83</b>	<b>108.86</b>

For and on behalf of the Board

For **K. Prasad & Company**  
Chartered Accountants  
FRN: 002755N

**Tarun Jiwrajka**  
Whole Time Director

**Gopal Sitaram Jiwrajka**  
Chairman & Managing Director

**R.S.Gupta**  
Partner  
M.No: 072666

**Place:** New Delhi  
**Date:** 29<sup>th</sup> May 2012

**Princy Anand**  
Company Secretary

**Surinder Sood**  
Chief Finance Officer



# SALORA INTERNATIONAL LTD.

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

## ATTENDANCE SLIP

{Please complete Attendance Slip and hand it over  
at the entrance of the Meeting Hall}

Folio No. .... D. P. ID No. .... Client ID No. ....

Name in full .....

I certify that I am a Shareholder of the Company and hold ..... shares. I hereby record my presence at the 43<sup>rd</sup> Annual General Meeting of the Company held at Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi -110 003 on Wednesday, the 1st August, 2012 at 12.00 Noon.

Signature of the Member or Proxy\*

\*Please indicate whether Member or Proxy.



# SALORA INTERNATIONAL LTD.

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

## PROXY FORM

Folio No. .... D. P. ID No. .... Client ID No. ....

I / We..... of .....  
.....in the district of ..... being  
member(s) of Salora International Limited, holding ..... shares, hereby appoint Mr./Ms. ....  
.....of ..... in the district  
of ..... or failing him Mr./Ms. ....  
.....of ..... in the district of .....  
..... as my / our proxy to attend and vote for me / us on my / our  
behalf at 43<sup>rd</sup> Annual General Meeting of the Company to be held on Wednesday, the 1st August, 2012 at 12.00 Noon and at every  
adjournment thereof.

Affix  
Revenue  
stamp

Signed this ..... day of ..... 2012.

**NOTE:** ANY 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 THE PROXY NEED NOT BE A MEMBER. THE FORM DULY COMPLETED MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING.

**Dear Shareholder,**

We wish to inform you that the Ministry of Corporate Affairs, New Delhi ("MCA") has taken a "Green Initiative" in the Corporate Governance by permitting paperless compliances by companies vide its Circular No. 17/2011 dated April 21, 2011 and Circular No.18/2011 dated April 29, 2011, after considering certain provisions of the Information Technology Act, 2000, which provides the validity to sending the documents through electronic mode and clarified that the service of documents by a company can be made through electronic mode instead of sending the physical copy of the document(s).

Appreciating this initiative of MCA, we at 43rd Annual General Meeting feel happy to state that in terms of the enabling provisions of these circulars, the company will effect electronic delivery of documents, including the notice and explanatory statement of General Meetings including Annual General Meeting (AGM), Audited Financial Statements, Directors' Report, Auditors' Report etc., for the year ended March 31st,2012 and subsequent years, in electronic form, to the email address which you have previously registered with your Depository Participant(DP) and available in the Register of Members of the Company.

Investors, holding shares in Demat form/Physical form, desirous of registering/refreshing/updating their email addresses, are requested to send us a request by post/ an e-mail to [contact@skylinerta.com](mailto:contact@skylinerta.com) & [sect@salora.com](mailto:sect@salora.com) with respect to their respective DP accounts.

Please note that you can also see the annual report electronically, on our website [www.salora.com](http://www.salora.com) in the 'investor area', for your ready reference. As your contribution to "Green Initiative" we request you to register your e mail id so that annual report can be sent to you by mail. You can register your e-mail id at [http://salora.com/investor\\_area.php](http://salora.com/investor_area.php).

Looking forward to your valuable support in this 'Go Green' Initiative.

Thanking you,  
Yours faithfully,  
For Salora International Limited  
Company Secretary

Note: Investors are also requested to get their email address, provided to the Company/ D.P., updated/ refreshed, from time to time, if there is any change.

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### **STANDARD REQUEST FORMAT FOR REGISTRATION/UPDATION E-MAIL ADDRESSES**

To  
**Skyline Financial Services Pvt. Ltd.,**  
D-153-A, 1st Floor, Okhla Industrial Area,  
Phase-I, New Delhi-110020

Dear Sir,

I/We, ..... (name of the shareholder), holding .....

(mention no. of shares) Equity Shares vide Folio No. .... DP ID No. .... and

Client id No. .... in ....., request you to register/update my e-mail address

..... for delivery of documents i.e. Annual General Meeting Notice, Audited

Financial Statements, Directors' Report, Auditors' Report etc. for the coming financial years.

Thanking you,  
Yours faithfully,

.....  
(Signature & Name of the Shareholder)



***“Salora has got a wide service network  
of 170 service centers in 127 cities  
across the country”***

Salora International Limited (H.O)

D-13/4, Okhla Industrial Area, Phase-II, New Delhi- 110020

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