

SALORA

Technology for Happiness

45TH ANNUAL REPORT 2013 - 2014



CONSUMER
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CONSUMER
LIFESTYLE

AFTER
SALES SERVICES

POWER
GENERATION

45TH ANNUAL REPORT 2013-14



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

AUDITORS

K. PRASAD & COMPANY, CHARTERED ACCOUNTANTS

BANKERS

STATE BANK OF INDIA

CANARA BANK

HDFC BANK LTD.

REGISTERED & CORPORATE OFFICE

SALORA INTERNATIONAL LTD.

D – 13/4, OKHLA INDUSTRIAL AREA, PHASE-II,

NEW DELHI – 110 020.

CIN L74899DL1968PLC004962

info@salora.com

MANUFACTURING PLANTS

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

REGISTRAR & SHARE TRANSFER AGENTS

SKYLINE FINANCIAL SERVICES PVT. LTD.

D-153-A, 1st FLOOR, OKHLA INDUSTRIAL AREA,

PHASE -I, NEW DELHI-110020

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

Fax No. : 011-30857562

Email: admin@skylinerta.com

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ANNUAL GENERAL MEETING

Day : Thursday

Date : 7th August, 2014

Time : 11.00 am

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

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

Visit us at www.salora.com

NOTICE

NOTICE is hereby given that the 45th Annual General Meeting of the Members of Salora International Limited will be held on Thursday, the 7th day of August, 2014 at 11.00 A.M. at Lok Kala Manch, 20, Lodhi Institutional Area, Lodhi Road, New Delhi -110 003 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt Financial Statements of the Company as at 31st March, 2014 including audited Balance Sheet as at 31st March, 2014 and Statement of Profit & Loss Account 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 Prem Nath Mehta (holding DIN 00277303), who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors M/s. K. Prasad & Co., Chartered Accountants (ICAI Registration No. FRN002755N) to hold office of the Auditors 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 pursuant to the provisions of sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules framed thereunder, read with schedule IV of the Act, as amended from time to time, Shri Sanjeev Kaul Duggal (DIN 00004977), a non-executive Director of the Company, who has submitted a declaration that meets the criteria for independence of as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from August 7th, 2014 upto August 6th, 2019."

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

"RESOLVED THAT pursuant to the provisions of sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules framed thereunder, read with schedule IV of the Act, as amended from time to time, Shri. Gautam Khaitan (DIN 00021117), a non-executive Director of the Company, who has submitted a declaration that meets the criteria for independence of as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from August 7th, 2014 upto August 6th, 2019."

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules framed thereunder, read with schedule IV of the Act, as amended from time to time, Shri Patanjali Govind Keswani (DIN 00002974), a non-executive Director of the Company, who has submitted a declaration that meets the criteria for independence of as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from August 7th, 2014 upto August 6th, 2019."

7. 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 Section 14 and all other applicable provisions, if any, of the Companies Act, 2013 or any other law for the time being in force (including any statutory modification or amendment thereto or reenactment thereof for the time being in force), approval of members of the company be and is hereby accorded to alter Article 47 of the Articles of Association of the company by inserting the following words 'and from persons other than its members after taking consent of members in general meeting, if required by the Act', after the words '...either in advance of calls or otherwise' in the fourth line, now the said Article shall be read as under:

'subject to the provisions of the Act and these Articles, the Board may, from time to time at its discretion by a resolution passed at a meeting of Board, accept deposits from members, either in advance of calls or otherwise and from persons other than its members after taking consent of members in general meeting, if required by the Act, generally raise or borrow moneys or secure the payment of any sum or sums of moneys for the purposes of company'

RESOLVED FURTHER THAT for the purpose of giving effect to the foregoing Resolution, the Board of Directors of the Company and or any Committee be and is hereby authorised to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable in the said regard."

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

"RESOLVED THAT pursuant to Section 73 and Section 76 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and other applicable provisions, if any and subject to the fulfillment of such other conditions or compliance of any other Rules, Circulars, Notifications and Statutory Orders issued in this behalf, and filing of any other application or statement to any regulatory authority including any other

institutions, consent of the members of the company be and is hereby accorded to invite/ accept/ renew/ receive money by way of secured/ unsecured deposits, or in any other form, from Public and / or Members of the company, in any form or manner, through circular, advertisement or through any other permissible mode, up to permissible limits prescribed under applicable provisions of law and on such terms or conditions as the Board of Directors of the company in its sole discretion deem fit and necessary;

RESOLVED FURTHER THAT Company be and is hereby authorized to accept deposits from its members in the aggregate up to a limit of Rs.10 crores and deposits from persons other than its members in the aggregate of up to a limit of Rs.10.00 crores in accordance with the applicable provisions of relevant sections of Companies Act, 2013 and rules made thereunder;

RESOLVED FURTHER THAT the Board of Directors of the Company and/ or any committee thereof be and is hereby authorized to take all such decisions, do all such acts, to provide security, if any, pay interest on such deposits, make arrangements or agreements with any third party, open a Bank account for repayment and / or any such other act may in its discretion consider necessary, proper, expedient, desirable or appropriate for the purposes of this resolution."

9. 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 under Section 185 of the Companies Act, 2013 and proviso of sub-section (1) of that section and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the company hereby approves the scheme of the granting of loan up to the limit of amount equal to 24 months' gross salary on the basis of current month' drawn salary as per provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 (corresponding to Sections 198, 269, 309 and any other applicable provisions of the Companies Act, 1956 read with Schedule XIII of the Act) from the company, which shall be recoverable in or within 60 months along with interest, and which shall not be lower than borrowing rate of interest of Company from Banks on the basis of monthly reducing amount or EMI, to its Managing Director and / or Whole Time Director(s), subject to fulfillment of other conditions, approvals or compliance required under any other rules or orders made in this behalf by the Central Government."

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

"WHEREAS Shri Gopal Sitaram Jiwrajka (DIN 00024325), was appointed as Managing Director of the Company for a period of 3 (three) years w.e.f. 1st July, 2013 to 30th June, 2016 at a total remuneration not exceeding Rs. 4,00,000/- p.m. (inclusive of all perquisites) after obtaining the requisite shareholders approval;

AND WHEREAS the Board had in its meeting held on 24th May, 2014 proposed to vary his remuneration for the remaining term of office, as more specifically detailed herein;

NOW THEREFORE IT IS RESOLVED THAT pursuant to the provisions of Section 197 of the Companies Act, 2013 read with schedule V of the Companies Act, 2013 and the rules made there under and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) and pursuant to the Articles of Association of the Company and further subject to the approval of the Central Government as applicable; the Company hereby approves a variation in the remuneration payable to Shri Gopal Sitaram Jiwrajka (DIN 00024325), Managing Director of the Company; to restore his remuneration at the level of remuneration which was paid to him by company during the term of his previous appointment, with effect from 1st July, 2014 on the salary, allowance and perquisites as under:

Details of remuneration are-

1. Salary: Rs.4,00,000/- (Rupees Four Lac Only) per month;
2. Executive Pay: Rs.2,00,000/- (Rupees Two Lac Only) per month;
3. Perquisites shall be distributed in two Categories-

Category A-

- a) House Rent Allowance @ 60% of the salary;
- b) Reimbursement of expenses incurred on Gas, Electricity and Water;
- c) Reimbursement of medical expenses actually incurred for self and family;
- d) Leave Travel Concession for self and family every year;
- e) Fees of clubs subject to maximum of two clubs shall be borne by the Company but admission fee and life membership fee shall not be paid;
- f) Provision of Company's Car for use on Company's business and for personal use, Mobile and Telephone at residence and long distance personal calls on telephone will be charged by the Company;

The total amount of perquisites given above under clause (b) to (f) shall be subject to a maximum limit in aggregate of Rs.1,60,000/- (Rupees One Lac Sixty Thousand Only) per month;

Category B- these perquisites will not be included in computation of the total managerial ceiling as per schedule V:

- a) Company's contribution towards Provident Fund, Superannuation or Annuity Fund shall be made as per rules of the Company but to the extent these are not taxable under the Income Tax Act, 1961;
- b) Gratuity shall be paid equal to one half month's salary for each completed year of service;
- c) Encashment of earned leave shall be permitted at the end of tenure as per rules of the Company, which is 21 days in a year;

RESOLVED FURTHER THAT Shri Gopal Sitaram Jiwrajka(DIN 00024325), Managing Director shall be entitled for the reimbursement of actual entertainment, traveling, boarding and lodging expenses incurred by him in connection with the Company's business;

RESOLVED FURTHER THAT the Effective Capital of the Company falls between Rs. 100 Crores to Rs. 250 Crores and pursuant to section II of Part II of Schedule V, the overall maximum managerial remuneration (inclusive of the sums specified in Categories A and B above) payable to Shri Gopal Sitaram Jiwrajka(DIN 00024325), Managing Director of the Company shall not exceed the limit of Rs. 120 lacs p.a. and shall be paid with effect from 1st July, 2014; with the approval of the shareholders granted by means of a Special Resolution;

RESOLVED FURTHER THAT the above resolution may be forwarded to the Board of Directors and the shareholders for its/their specific approval and that Shri Tarun Jiwrajka (DIN 00386240), Whole Time Director of the Company be authorized to make, sign and file all such forms, documents, papers etc. as may be required to be filed with the Registrar of Companies, Ministry of Corporate Affairs, Central Government or other authorities in this regard and to do all such acts, deeds and things as may be required or considered necessary or incidental thereto."

By Order of the Board of Directors
Salora International Ltd.

Regd. Office:
D – 13/4, Okhla Industrial Area,
Phase – II, New Delhi – 110 020
CIN L74899DL1968PLC004962
info@salora.com

Dated: 24th May, 2014

(Gopal Sitaram Jiwrajka)
Chairman & Managing Director

Notice

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 DULY COMPLETED AND SIGNED, BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.
2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
3. The Share Transfer Register and Register of Members of the Company will remain closed from 30th July, 2014 to 6th August, 2014 (both days inclusive).
4. **Members / Proxies are requested to produce the enclosed Attendance Slip duly filled in and signed as per the specimen signatures recorded with the Company / Depository Participant for attending the meeting.**
5. As an economy measure, copies of Annual Report will not be distributed at Annual General Meeting. Shareholders are, therefore, requested to bring their copies of Annual Report to the Meeting.
6. Members, who hold shares in dematerialized form, are requested to write their Client ID and DP ID Nos. and those who hold shares in physical form are requested to write their Folio Number in the Attendance Slip for attending the meeting.
7. A Member desirous of getting any information on the accounts or operations of the Company, is requested to forward his / her queries to the Company at least seven working days prior to the meeting, so that the required information can be made available at the meeting.
8. Members holding shares in physical form, are requested to notify immediately any change in their address and Bank particulars to the Company or to its Share Transfer Agent and in case their shares are held in dematerialized form, this information should be furnished directly, without any delay, to their respective Depository Participants and not to the Company or the Share Transfer Agents.
9. Members holding shares in physical form who have not yet provided the Bank details are once again requested to provide their Bank Account No., Name of the Bank and address of the Branch, quoting their Folio No. to the Company.
10. In all correspondence with the Company, members are requested to quote their folio numbers and in case their shares are held in the dematerialized form, they must quote their DP ID and Client ID Number.
11. **Members wishing to claim dividend, which remains unclaimed, are requested to correspond with the Company at its Registered Office at D-13/4, Okhla Industrial Area, Phase-II, New Delhi-110 020.** Shareholders may please refer to table showing last date for claiming / due date for transfer to Investors Education and Protection Fund (IEPF) in respect of dividend declared after the Financial Year ended 31st March, 2007, 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), 2004-05 (Interim Dividend), 2004-05 (final dividend) 2005-06 (Interim and final Dividend) 2005-06 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 P. N. Mehta, 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 P. N. Mehta, 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 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
CIN L74899DL1968PLC004962
info@salora.com

Dated: 24th May, 2014

(Gopal Sitaram Jiwrajka)
Chairman & Managing Director

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 (CORRESPONDING TO SECTION 173 (2) OF THE COMPANIES ACT, 1956)

ITEM NO. 2

Shri P. N. Mehta, Director of the Company retires by rotation and holds office up to this annual general meeting.

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

It is proposed that Shri P. N. Mehta be appointed as a Director liable to retire by rotation. His brief resume is given in the Corporate Governance Report. Except Shri P. N. Mehta, no other director is concerned or interested in this resolution.

ITEM NO. 4 TO 6

The company had, pursuant to the provisions of clause 49 of the Listing Agreements entered with the Stock Exchanges, Shri Sanjeev Kaul Duggal, Shri Gautam Khaitan and Shri Patanjali Govind Keswani, as Independent Director at various times, in compliance with the requirements of the clause.

Pursuant to the provisions of the section 149 of the Act, which came in to effect from April 1, 2014, every listed public company is required to have at least one-third of the total number of directors as independent directors at various times, in compliance with the requirements of the clause.

The Nomination Committee has recommended the appointment of these directors as independent directors from August 7th, 2014 to August 6th, 2019.

Shri Sanjeev Kaul Duggal, Shri Gautam Khaitan and Shri Patanjali Govind Keswani, have given a declaration to the Board that they meet the criteria of independence as provided under section 149(6) of the Act. In the opinion of the Board each of the directors have fulfilled the criteria of independence given under the act and they are independent of the management.

In compliance with the provisions of section 149 read with schedule IV of the Act, the appointment of these directors as Independent Directors is now being placed before the Members for their approval.

A brief profile of the Independent Directors to be appointed is given below:

Shri Sanjeev Kaul Duggal, is the founder & CEO of Centum Learning Limited. Centum under his leadership has become the first Indian Multinational Training & Skills Company with operations in over 19 countries. Centum Learning has also figured among the Top 15 Leaders in Training Outsourcing Worldwide for three consecutive years. It was also conferred with the Excellence in Training Award at the World HRD Congress 2010 and UK India Skills Forum Award 2010. He has a proven track record in establishing and leading successful global customer centric organisations with large resource bases and managing transitions profitably. He has been a visiting faculty at the Indian School of Business, Hyderabad and was a member of the Bharti Airtel Management Board, the 5th largest Telecom Company in the world. Besides, he is a trustee of a leading international Human Rights NGO called Breakthrough. He is also the Co-chair of FICCI Skill Development Forum and the member of the Boards of several companies. Over the years, He has received many honors and accolades including:

- Udyog Rattan Award by the Institute of Economic Studies
- Award for "Creating Corporate Advantage in Global Economy" by the Delhi School of Economics

Shri Gautam Khaitan; after completing his schooling from Modern School and Graduation from Delhi University, Mr. Gautam Khaitan has earned Law Degree from Law Campus, University of Delhi. He has started his practice as an Advocate in the year 1992. He has handled various corporate and litigation work on behalf of various leading multinational and national companies, banks and financial institutions all over the world. He is also holding directorships in various companies of leading corporate houses other than holding memberships of International Bar Association, FICCI, Delhi High Court Bar Association etc. Gautam Khaitan has done so many transactions in the several areas including corporate agreements, Merger, Acquisitions & Amalgamation.

Shri Patanjali Govind Keswani; A Bachelors in Electrical Engineering (IIT Delhi in 1981), subsequently received his Post Graduate Diploma in Business Management from IIM Kolkatta in 1983. He worked with the Tata Group for over 15 years. His last assignment with the Tata Group was as Senior Vice President and Chief Operating Officer of the Taj Group of Hotels. He subsequently worked with A.T. Kearney as Director and Senior Partner in their Delhi office.

Anticipating the enormous, but as yet latent demand for mid-market and economy hotels, He promoted Lemon Tree Hotels in late 2002. He is presently the Chairman and Managing Director of the company. In 2011, he was awarded the 'Distinguished Alumnus Award' by his Alma Mater, Indian Institute of Technology – Delhi.

ITEM NO. 7

The Present Article 47 of Articles of Association of the Company allows the Company to receive deposits only from its members. The Board feels that considering the current operations and fund requirements of the Company, now Company should be able to raise deposits from persons other than its members, such as Public, Employees and Directors, hence the proposed alteration.

A print of the Memorandum and Articles of Association of the Company along with the draft of the proposed amendment will be available for inspection by the members at the Registered office of the Company between office hours on any working day of the Company up to the date of Annual General Meeting.

The Board of Directors recommends passing of the special resolution as contained in item No.7 of the notice.

None of the Directors are in any way interested or concerned in the resolution, except to the extent of their shareholding in the company.

None of the Non-Executive Directors or Key Managerial Personnel except Managing Director and / or Whole Time Directors of the Company are interested in the Resolution.

Item No. 8

Acceptance of Deposits from Members and/ or Public under Section 73 and 76 of the Companies Act, 2013

The members are hereby apprised that the Company requires money for its day to day business requirements, expansion of business and product line development. It is beneficial for the Company and also in the interest of its shareholders that the Company may accept deposits from its members and public to reduce dependency on financial institutions/ banks.

However, with the commencement of Companies Act, 2013 ('the 2013 Act'), deposits are now governed by a new set of law and approval of shareholders is required by way of Special Resolution for inviting/ accepting/ renewing deposits.

The members may kindly note that under the provisions of the 2013 Act, any company inviting / accepting / renewing deposits is required to obtain Credit Rating from a recognized credit rating agency. Your Company shall obtain a credit rating for its Fixed Deposit programme, from a recognized credit rating agency. Also, your Company shall be taking deposit insurance towards the unsecured deposits as may be accepted by it and open a separate bank account with a scheduled bank to be called as deposit repayment reserve account.

The Board of Directors of your Company has approved this item in the Board Meeting held on 24th May, 2014 and recommends the Resolution as set out in the accompanying Notice for the approval of members of the Company as a Special Resolution.

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested in the Resolution except to the extent of their shareholding in the Company, if any.

Item No. 9

Loan to Directors under Section 185 of the Companies Act, 2013

The members are hereby informed that as per the requirements of the new Companies act, a company shall not give any loans to its directors except if it is a part of the conditions of service or it is being provided pursuant to a scheme approved by the members of the company by way of Special Resolution.

The members, please be informed that since the Managing Directors and Whole Time Directors are receiving remuneration even lower than as prescribed under the Act. Your Board is of the view that there should be a scheme of loan for the Managing Director and Whole Time Directors of the company.

As per the scheme of loan, only Managing Director and other Whole Time Director(s), those are in full time services of the company, can avail the benefits of loan scheme. Loan from the company can be taken equal to 24 months' gross salary on the basis of current month' drawn salary which shall be repaid by borrower within 60 months from the date of receiving of loan amount from the company, along with interest which shall not be lower than the prevailing borrowing rate of interest of Company from Banks on the basis of monthly reducing amount or EMI.

The Board of Directors of your Company has approved this item in the Board Meeting held on 24th May, 2014 and recommends the Resolution as set out in the accompanying Notice for the approval of members of the Company as a Special Resolution.

ITEM NO. 10

The present tenure of Shri Gopal Sitaram Jiwrajka, Managing Director of the Company expires on 30th June, 2016 and the Board of Directors of the Company has in its meeting held on 24th May, 2014, considered the report of Nomination and Remuneration Committee constituted by the Board recommending the Company to approve a variation in the remuneration payable to Shri Gopal Sitaram Jiwrajka (DIN 00024325), Managing Director of the Company; to restore his remuneration at the level of remuneration which was paid to him by company during the term of his previous appointment. The Board discussed the various aspects to the report of the Committee and analysed the amount of Salary and other perquisites forming part of remuneration payable to Shri Gopal Sitaram Jiwrajka, Chairman cum Managing Director. The Board approved the recommendation of the Remuneration Committee and agreed to seek approval of the members in the ensuing Annual General Meeting on the terms, conditions and remuneration as approved by the Board, in terms of Schedule V of the Companies Act, 2013.

Shri Gopal Sitaram Jiwrajka was appointed as director of the Company on 28.08.1987 and is holding the office of Managing Director / Joint Managing Director since 01.04.1992. He is commerce graduate and possesses rich experience in Marketing, Finance, Production and Administration and has extensively traveled all over the globe. He possesses rich experience in TV and electronic industry and possesses in depth knowledge of Indian conditions in respect of this industry and after evaluating his contribution in the company through his knowledge about the industry, experience and skills, your Directors recommend this resolution to be passed by members as a Special Resolution.

Shri Gopal Sitaram Jiwrajka is interested to the extent of the remuneration proposed in the aforesaid resolution. Shri Tarun Jiwrajka, Whole time Director of the Company is related to Shri Gopal Sitaram Jiwrajka and deemed to be interested 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: 24th May, 2014

(Gopal Sitaram Jiwrajka)
Chairman & Managing Director

Notice

STATEMENT PURSUANT TO SCHEDULE XIII PART II SECTION – II

I GENERAL INFORMATION

(1) Nature of Industry	:	Manufacturing of CTV and its components		
	:	Distribution of Telecom 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)
			2013-14	2012-13
	i.	EBITD	1038.47	1147.32
	ii.	FBT	-	-
	iii.	PAT	152.00	248.75
(5) Export performance and net foreign exchange collaborations	:	Export	14861.84	17813.42
		Net Foreign Exchange earnings	14092.82	13900.78
(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: ₹ 2,00,000/- (Rupees Two Lac Only) per month.
		2. Perquisites:
		a) Reimbursement of expenses incurred on Gas, Electricity and Water subject to the limit of 10% of salary.
		b) Reimbursement of medical expenses actually incurred for self and family subject to a ceiling of one month's salary in a year or 3 months' salary over a period of 3 years.
		c) Company's contribution towards Provident Fund shall be made as per rules of the Company but to the extent these are not taxable under the Income Tax Act, 1961.
		d) Gratuity shall be paid equal to one half month's salary for each completed year of service.
		e) Encashment of earned leave shall be permitted at the end of tenure as per rules of the Company, which is 21 days in a year.
		f) Provision of Company's car with driver for use on Company's business, Mobile and Telephone at residence but long distance personal calls on telephone will be charged by the Company.
		Provided that the total remuneration does not exceed Rs. 4,00,000/- per month (INCLUSIVE OF ALL PERQUISITES) as prescribed by Part B of Section II of Schedule XIII of the Companies Act, 2013.
(3) Recognition or awards	:	NIL
(4) Job profile and his suitability	:	The Company is engaged in the manufacturing of CTV and its components, distribution of telecom products and Wind Power Generation. Shri Gopal Sitaram Jiwrajka is a commerce graduate and possesses rich experience in marketing, finance, production and administration and has extensively traveled all over the globe. He possesses rich experience in TV and electronic industry and possesses in depth knowledge of Indian conditions in respect of this industry.
(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 similar to the proposed remuneration of Shri Gopal Sitaram Jiwrajka.
- (7) Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any. : Except for holding position and drawing remuneration as Managing Director and as shareholder, he has no other pecuniary relationship with the Company. He is relative of Smt. Neetu Jiwrajka, Shri Tarun Jiwrajka and Shri Ayush Jiwrajka.

III OTHER INFORMATION

- (1) Reasons of loss or inadequate profits. : Due to discontinuation of IT products and Motorola business.
- (2) Steps taken or proposed to be taken for improvement : The company is now focusing on promotion of its own brand "SALORA" products i.e. LED TVs, SMART TVs, Home Theaters, Tablet Computers, Smart Phones and Feature Phones and planning to start manufacturing and assembling of mobile phones in the name of our esteemed brand "SALORA". Company has also aligned with online e-commerce players Amazon, Flipkart, Snapdeal, etc. for marketing its products directly to consumers. The Company plans to extend the product line in the life-style segment with its own brand "Q' Bon".
- (3) Expected increase in productivity and profits in measurable terms. : Leveraging on the vast experience of Shri Gopal Jiwrajka in the diverse field of management, the Company expects the revenues to grow in the coming year.

IV DISCLOSURE

- (1) The shareholders of the Company shall be informed of the remuneration package of the managerial person. : Provided in the resolution and Corporate Governance Report.
- (2) The following disclosures shall be mentioned in the Board of Director's report under the heading "Corporate Governance", if any, attached to the annual report. : Provided in the Corporate Governance Report.
- (i) All elements of remuneration package such as salary benefits, bonus, 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.

Regd. Office:
D – 13/4, Okhla Industrial Area,
Phase – II, New Delhi – 110 020
CIN L74899DL1968PLC004962
info@salora.com

Dated: 24th May, 2014

By Order of the Board of Directors
Salora International Ltd.

(Gopal Sitaram Jiwrajka)
Chairman & Managing Director

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 45th Annual Report together with the Audited Statement of Accounts for the Financial Year ended 31st March 2014.

FINANCIAL RESULTS

The performance of the Company for the Financial Year ended 31st March, 2014 is summarized below:

	(₹ in Lacs)	
	Year ended 31 st March, 2014	Year Ended 31 st March, 2013
Sales	39904.65	37092.12
Less: Excise Duty	341.30	321.34
Net Sales	<u>39563.35</u>	<u>36770.78</u>
Add: Other Income	461.22	189.50
(Increase) / Decrease in Stock	<u>(76.24)</u>	<u>604.80</u>
Total	40100.81	36355.48
Less: Total Expenditure	<u>39062.34</u>	<u>35208.16</u>
Operating Profit	1038.47	1147.32
Less: Interest	589.32	689.22
Less: Depreciation	<u>352.26</u>	<u>372.13</u>
Profit before Exceptional Item & Tax	96.89	85.97
Less: Exceptional Item	-	-
Profit before tax	<u>96.89</u>	<u>85.97</u>
Less: Provision for taxes		
Current Tax	-	-
Deferred Tax	(110.36)	20.47
Earlier Year : Deferred Tax	-	(183.25)
Earlier Year : Income Tax	<u>55.26</u>	-
Profit / (Loss) after tax	152.00	248.75
Add: Balance brought forward from last year	<u>-</u>	<u>-</u>
	152.00	248.75
Less: Appropriations	-	-
Balance carried to Balance Sheet	<u>152.00</u>	<u>248.75</u>

BUSINESS OPERATIONS & FUTURE OUTLOOK

During the period under review, the Company has achieved net sales of Rs.395.63 crore in the Financial Year 2013-14 as compared to Rs. 367.70 crore in the last Financial Year. Based on performance for the year 2012-13, the Company's credit rating has been upgraded by rating agency CARE.

Profit before extra ordinary items, interest, depreciation, write-offs and provisions for the year was Rs.10.38 against Rs.11.47 crores during the preceding year.

For growth and stability of business, the Company has been focusing

mainly on Salora Brand products i.e. LED TVs, SMART TVs, Home Theaters, Tablet Computers, Smart Phones and Feature Phones. Technical reviews of the new products and market response is very good.

The Company has plans to start manufacturing and assembling facility for mobile phones in the name of our esteemed brand "SALORA".

In order to strengthen our lifestyle division, Company plans to extend our product line in the life-style segment with own brand "Q' Bon". This will meet the requirements of brand conscious consumers.

Company has also aligned with online e-commerce players Amazon, Flipkart, Snapdeal, etc. for marketing its products directly to consumers.

DIVIDEND

During the year under review, your Company has earned profits after tax of Rs. 1.52 crore. To conserve the resources, the Board of Directors has not recommended any dividend for 2013-14.

FIXED DEPOSITS

The Company has not accepted any deposit during 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 2013-14, the applicable accounting standards have been followed and there are no material departures;
- ii) the accounting policies selected and applied are consistent and judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2014 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 P. N. Mehta, Director, retire by rotation at the forthcoming Annual General Meeting and being eligible offer himself for re-appointment. It is proposed to re-appoint him in the ensuing Annual General Meeting. Brief resume of Shri P. N. Mehta is given in the Corporate Governance Report.

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 2014-15 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 to hold office till the conclusion of 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 COMPANY(IES)

The annual accounts of subsidiary of this Company i.e. 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 Company at any point of time may write to the Company Secretary at the Registered Office of the Company. The annual accounts of subsidiary Company 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

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rule 1975 are NIL.

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.
CIN L74899DL1968PLC004962
info@salora.com

(Gopal Sitaram Jiwrajka)
Chairman & Managing Director

Date: 24th May, 2014

Annexure – I

MANAGEMENT DISCUSSIONS AND ANALYSIS

1. Industry Structure and Development

The Company is in the business of manufacturing, marketing and servicing of consumer electronic products including LED TVs, Home Theaters, Tablets, Smart phones, Feature Phones, Color Televisions And Components For Color Television, House Hold & Lifestyle Products and after sale service for wide range of leading national and international brands of consumer electronic goods and telecom products. 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.

Consumer electronic market is continues to be highly competitive. It is the time for exceptional technologies and innovative designs. The Company is striving to place itself in the league of leaders in this segment through its manufacturing and marketing combination. The consumer preferences are shifting towards high end and technologically advance branded products, therefore, your company is focusing on customizing products to suit market requirements.

2. Opportunities and Threats

Opportunities

The electronic market is expanding rapidly and opportunities are increasing with launch of new and innovative products, which is a great opportunity for SALORA to create and expand market for its products. Company plans to expand and diversify business by introducing a new line of products and increasing the product range in consumer electronic, telecom and lifestyles verticles through its wide and experienced supply chain.

Threats

Change of choice of consumers is the major risk for established companies in the consumer electronic market as the consumer of this new era is more discerning and approachable by new entrants in the market and this is a threat for old players in the market. Further, obsolescence of the technology is also a threat for the growth as development of any product and their market needs continuous innovation.

3. Segment wise and Product wise Performance

a. Infocom Business

Salora has become one of the leading distribution, marketing and servicing companies in Telecom Sector. The Company has 25 branches spread all over the Country and branches are connected by a VPN and the complete operation is managed by an Oracle based ERP System.

Infocom Division business includes:-

- Marketing of Salora Mobile Phones, smart phones, tablets
- Marketing of Q'bon Lifestyle products including tumbler, glass, melamine crockery
- Marketing of Zojirushi Thermo ware Products
- Marketing of Alcatel Mobiles
- Service of Alcatel, Huawei and many other national and international mobile brands

B) Consumer Electronic Business

The Company has been manufacturing and marketing LED TV, Home Theater, CTV and CTV components including Fly Back Transformer (FBT), Deflection Yoke (DY) and Speaker. During the year 2013-14 performance of this unit was satisfactory.

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 Company is exposed to a variety of operational, 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 prepare and maintain a proper strategy to ensure that risk exposure arising out of business does not result in any financial crisis.

The prevailing uncertainty in some of the legal disputes/demands etc. raised against the Company, arbitrary disallowances in certain tax proceedings and untenable disputes raised are the additional areas of concern perceived by your Company.

6. Internal Control System and their Adequacy

Your Company has a proper and adequate system of internal control. Your Company has an Audit Committee headed by a non-executive independent director, inter-alia, to oversee your Company's financial reporting process, disclosure of financial information, reviewing the performance of statutory and internal auditors with management, adequacy of internal audit function and internal control systems, related party transactions, investigations relating to suspected fraud or failure of internal audit control, systems etc. as well as other areas requiring mandatory review per Clause 49 of the Listing Agreement. The powers of the Audit Committee, inter-alia include seeking information from any employee, obtaining outside legal or other professional advice and investigating any activity of the company within the committee's term of reference. Your Company's Internal Audit department

verifies the information concerning the reliability of the financial statements as well as the compliance with your Company policies so as to maintain accountability of all its assets and correctness of recorded transactions. The scope, coverage, control, weakness and other relevant issues and updates are shared by Internal Audit at appropriate management levels including Audit Committee for corrective action and the progress thereof is tracked.

7. Discussion on financial performance with respect to operational performance

The details of the financial performance of your Company are reflected in the Balance Sheet, Profit & Loss Account and other Financial Statements, appearing separately. Highlights are provided below:

Particulars	(₹ in Lakhs)	
	2013-14	2012-13
Total Sales	39904.65	37092.12
Less: Excise Duty	341.30	321.34
Net Sales	39563.35	36770.78
Other income	461.22	189.50
Net Sales & other income	40024.57	36960.28

The financial performance of your Company has been further explained in the Directors' Report of your Company for the year 2013-14, appearing separately.

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 253 employees.

9. Subsidiary(ies)

Salora Components Ltd.

The Company's business is manufacturing of TV Components i.e Deflection Yokes. During the Financial Year 2013-14 Company's sale was Rs.2576.05 lacs as compared to Rs.3722.91 lacs in the previous Financial Year. Net profit of the Company was Rs. 2.58 lacs in the Financial Year 2012-13 against loss of Rs.26.25 lacs in the Financial Year 2011-12.

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.

Gopal Sitaram Jiwrajka
Chairman & Managing Director

Place: New Delhi
Date: 24th May, 2014

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)

Total foreign exchange used and earned	:	<u>2013-14</u>	<u>2012-13</u>
Foreign Exchange used		3548.40	4948.71
Foreign Exchange earned		14092.82	17646.38

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 : **Deflection Yoke:** Development of 21" flat DY with aluminum wire for Thomson China.
FBT: (a) Development of 14", 21" Flat, 21" Ultra Slim FBT for Company and Other customer (b) Developed Market Model FBT in new Plastic Parts (low Cost FBT) and also started many new models for market segment
Speaker: (a) Development of Multimedia speakers for Company and different customer like Philips etc. (b) Development of LCD & LED TV Speakers for Company and Videocon & other customer.
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 21" Flat tube DY in Aluminum wire.
FBT: Development of new models for market segment.

Speaker: Development of Multimedia speakers for Company and LCD & LED for Videocon & others customers.

		(₹ in lacs)	
		2013-14	2012-13
4.	Expenditure on R & D		
	(a) Capital	0.00	0.00
	(b) Recurring	0.50	0.00
	(c) Total	0.50	0.00
	(d) Total R & D expenditure as a percentage of total turnover		R & D expenditure as a percentage of total turnover is negligible.

Technology absorption, adaptation and innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation

Deflection Yoke: 21" Flat DY with aluminium wire for Thomson is being developed with the Company's trained Engineers from Matsushita.

FBT: New Models of FBT for Company and different customers & Market are being developed with the company's trained Engineers from Matsushita.
2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.

: a) Quality improvement.

b) Cost reduction through Value Engineering in Speakers Changing the Parts Specification and also VE parts developed locally.
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished.

: N. A.

 - (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 therefore and future plans of action.

ANNEXURE 'III'

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

1.	Name of the Subsidiary Company	Salora Components Ltd.
2.	Financial Year of Subsidiary Company ended on	31.03.2014
3.	a) No. of shares held at the end of the Financial Year	Holders of 3414800 Equity Shares of ₹ 10/- each out of the total issued & subscribed equity shares capital of 4320000 shares
	b) Extent of Interest at the end of the Financial Year	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 31.03.2014 (₹ in lacs)	2.58
	- for the previous Financial Year of the subsidiary Company since it became subsidiary. (₹ in lacs)	(73.46)
	b) Dealt with in the accounts of the holding Company	
	- for the subsidiary's Financial Year ended 31.03.2014	NIL
	- for the previous Financial Years of the subsidiary Company since it became subsidiary	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 2013-14 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, 2014 with two Executive Directors cum Promoter as Chairman and whole time director. Out of 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 7 th August, 2013	No. of Board Meetings during the year 2013-14	
		Chairman	Member	Chairman	Member		Held	Attended
Shri Gopal Sitaram Jiwarajka	Executive & Promoter	-	3	1	-	Yes	4	4
Shri Tarun Jiwarajka	Executive & Promoter	-	2	-	-	Yes	4	4
Shri Gautam Khaitan	Non-Executive & Independent	-	7	2	5	Yes	4	3
Shri P. N. Mehta	Non-Executive & Non Independent	-	1	1	1	Yes	4	4
Shri Sanjeev Kaul Duggal	Non Executive & Independent	-	3	-	-	Yes	4	4
Shri Patanjali Govind Keswani	Non Executive & Independent	-	1	-	-	Yes	3	3

*Directorship in other companies does not include alternate Directorship, Directorship of Private Limited Companies, Section 25 Companies and 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:

30th May, 2013, 7th August, 2013, 31st October, 2013 and 3rd February, 2014.

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 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:

1. Shri P. N. Mehta

Date of Birth	: 22.06.1938
Date of appointment	: 19.06.2002
Expertise in specific Functional Area	: Tax Consultant
Directorships held in other Public Companies (excluding foreign Companies and Section 25 Companies)	: Panasonic AVC Networks India Co. Ltd.
Membership/Chairmanship of Committees of other Public Companies (includes only Audit Committee and Shareholders / Investors Grievance Committee)	: 1) Chairman, Audit Committee - Panasonic AVC Networks India Co. Ltd. 2) Member, Remuneration Committee – Panasonic AVC Networks India Co. Ltd. 3) Member, Investor Grievance cum Share Transfer Committee - Panasonic AVC Networks India Co. Ltd.
No. of Shares held in the Company	100

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 292A 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 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 and 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.	28.05.2013	4	3
2.	07.08.2013	4	4
3.	31.10.2013	4	4
4.	03.02.2014	4	4

AUDIT COMMITTEE ATTENDANCE

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

The 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 7th August, 2013 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	1
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 31st MARCH, 2014.

(Amount in ₹)

Name of Director	Salary	Perquisites & Other Benefits	Commission	Sitting Fee paid	Total
Shri Gopal Sitaram Jiwaraajka	24,00,000	7,71,600	-	-	31,71,600
Shri Tarun Jiwaraajka	9,60,000	14,40,000	-	-	24,00,000
Shri Gautam Khaitan	-	-	-	70,000	70,000
Shri P. N. Mehta	-	-	-	80,000	80,000
Shri Sanjeev Kaul Duggal	-	-	-	80,000	80,000
Shri Patanjali Govind Keswani	-	-	-	60,000	60,000

The services of Shri Gopal Sitaram Jiwaraajka are contractual in nature, for a period of 3 years from 1st July, 2013. The above figures do not include provisions for encashable leave and gratuities 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 2013-14. 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 31st March, 2014 are as under:

Name	No. of Shares
Shri Gopal Sitaram Jiwaraajka	20,29,117
Shri Tarun Jiwaraajka	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 Jiwaraajka (Chairman & Managing Directors) as Chairman and Shri Tarun Jiwaraajka, Executive Director. 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 30.05.2013, 07.08.2013, 31.10.2013 and 03.02.2014.

As on 31.03.2014 there was no complaint pending.

Quarter ended	Outstanding	Complaints Received	Replied	Pending
30.06.2013	-	1	-	1
30.09.2013	1	-	1	-
31.12.2013	-	1	1	-
31.03.2014	-	3	3	-

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
42nd	31.03.2011	India Islamic Cultural Centre, 87 – 88, Lodhi Road, New Delhi–110003.	01.08.2011 11.00 AM	Shareholders' approval for payment of remuneration to Shri Gopal Sitaram Jiwaraajka, Managing Director of the Company.
43rd	31.03.2012	Sri Sathya Sai International Centre, Pragati Vihar, Institutional Area, Lodhi Road, New Delhi – 110 003.	01.08.2012 12.00 Noon	Shareholder's approval for appointment of Shri Tarun Jiwaraajka, as whole time director
44th	31.03.2013	Lok Kala Manch, 20, Lodhi Institutional Area, Lodhi Road, New Delhi -110 003	07.08.2013 11.00 A.M.	Shareholder's approval for appointment of Shri Gopal Sitaram Jiwaraajka, as Managing director

No Extraordinary General Meeting of the members was held during the Financial Year 2013-14.

DISCLOSURE

The particulars of transactions between the Company and its related parties as per the Accounting Standard 18 are mentioned in Note "40" 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 Pioneer (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	: 7th August, 2014
Time	: 11.00 A.M.
Venue	: Lok Kala Manch, 20 Lodhi Institutional Area, Lodhi Road, New Delhi – 110 003.
Financial Year	: April, 1 to March, 31
Book Closure date	: 30th July, 2014 to 6th August, 2014 (both days inclusive)
Dividend	: Board of Directors has not recommended any dividend for the Financial Year 2013–14.
Outstanding warrants	: NIL
Convertible instruments	: NIL

FINANCIAL CALENDAR (TENTATIVE)

Result for the quarter ending 30th June, 2014	On or before 14th August, 2014
Result for the quarter ending 30th September, 2014	On or before 14th November, 2014
Result for the quarter ending 31st December, 2014	On or before 14th February, 2014
Result for the quarter ending 31st March, 2015	On or before 30th May, 2015

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 officials of Salora International Limited may be contacted:

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 – 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 2014-15.

SHAREHOLDING PATTERN OF THE COMPANY AS ON 31ST MARCH, 2014.

Category of Shareholders	No. of Folios	No. of Shares	Percentage
Individuals	5008	1875391	21.29
Companies	180	911984	10.35
Promoters	8	5317337	60.37
Group Companies	1	558929	6.35
FII's, NRIs, OCBs	41	53771	0.61
Mutual Fund, Banks, FIs	4	700	0.01
Others – Trust	142	89188	1.02
Total	5384	8807300	100.00

DISTRIBUTION OF SHAREHOLDING AS AT 31ST MARCH, 2014

No. of Equity Shares held	No. of folios	%age of Total Folio Nos.	No of Shares	% of Total Shares
Up to 500	4814	89.42	577542	6.56
501 – 1000	243	4.51	196497	2.23
1001 – 2000	140	2.60	215393	2.45
2001 – 3000	60	1.11	153372	1.74
3001 – 4000	34	0.63	119188	1.35
4001 – 5000	20	0.37	93003	1.06
5001 – 10000	36	0.67	263115	2.99
10001 – above	37	0.69	7189190	81.63
Total	5384	100.00	8807300	100.00

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.

DEMATERIALIZATION 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 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 DEMATERIALIZED RECORD

The following data indicates the extent of dematerialization of the Company's shares as on 31st March, 2014.

No. of Shares Dematerialized	86,34,214	98% of the total share capital
No. of Shareholders holding shares in Demat form	3,994	74.16% of total number of shareholders

STOCK MARKET DATA*

The monthly high and low quotations and volume of shares traded on National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Ltd., 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, 2013	19.45	13.10	7186	19.45	13.10	7186
May, 2013	22.76	13.45	3257	22.76	13.45	3257
June, 2013	-	-	-	21.95	21.65	79
July, 2013	-	-	-	21.00	18.95	2221
August, 2013	-	-	-	19.95	18.10	3480
September, 2013	-	-	-	18.00	17.15	1655
October, 2013	-	-	-	18.00	13.70	4289
November, 2013	-	-	-	18.15	14.35	12795
December, 2013	-	-	-	15.95	14.00	7837
January, 2014	22.25	17.10	34427	20.52	14.00	7859
February, 2014	20.40	16.05	16493	20.25	15.90	21989
March, 2014	18.05	14.75	17524	18.25	15.10	64478

*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
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, 2011-12, 2012-13 and 2013-14. Members who have so

far not encased 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 the Board of Directors
Salora International Ltd.

(Gopal Sitaram Jiwrajka)
Chairman & Managing Director

Date: 24th May, 2014

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, 2014 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.

Place: New Delhi
Date: 24th May, 2014

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

R. S. Gupta
Partner
Membership No. 072666

Auditors' Certificate

CEO / CFO CERTIFICATION

The Board of Directors
Salora International Ltd.

Re: Financial Statements for the year 2013-14 - 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 31st March, 2014 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 31st March, 2014 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 JIWARAJKA)
CMD & CEO

(SURINDER SOOD)
CHIEF FINANCE OFFICER

Place: New Delhi
Date: 24.05.2014

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 31st March, 2014.

For SALORA INTERNATIONAL LTD.,

(GOPAL SITARAM JIWARAJKA)
CMD & CEO

New Delhi
Date: 24.05.2014

INDEPENDENT AUDITOR'S REPORT

To the Members of Salora International Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Salora International Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 March 31, 2014;

- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 purpose of our audit;
 - b. in our opinion proper books of account 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 and 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 and Loss, and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and
 - e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

for K.Prasad & Company.
Chartered Accountants
Firm's Registration No : 02755N

New Delhi
Date : 24th May 2014

R.S. Gupta
(Partner)
Membership No : 072666

Annexure to Independent 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 get 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) Since the company has not granted loan, hence & (d) the sub clauses (b),(c) and (d) are not applicable.
- (e) The company has taken unsecured loans repayable on demand amounting to Rs. 849 lacs in last year from two companies and Rs 13 lacs during the year from one out of those 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. There is repayment of principal of Rs 472 Lacs and the company is regular in interest payment.
- (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. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (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

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	37.88	37.88	NIL	2002 – 2003	Appellate Authority - High court
	Income Tax	12.57	12.57	NIL	2008 – 2009	Appellate Authority – ITAT
	Income Tax	7.12	2.55	4.57	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	277.46	65.44	218.02	1999 – 2010	Appellate Authority - Sales Tax Tribunal
	Sales Tax	237.86	72.97	164.89	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	2435.21	300.00	2135.21	1993 -1994 to 2003-2004	Appellate Authority - Tribunal
	Excise Duty	67.37	19.79	47.58	1997 -1998 to 2006-2007	Appellate Authority Tribunal
	Penalty	2435.22	NIL	2435.22	1993 -1994 to 2003 – 2004	Appellate Authority - Tribunal

<p>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. 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 ₹ 0.83 lacs. due to registration number not obtained.</p>	<p>(xv)</p> <p>(xvi)</p> <p>(xvii)</p>	<p>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.</p> <p>The company has not given any Guarantee for loans taken by others from bank or financial institution.</p> <p>Term loans raised during the year have been applied for the purpose for which they are obtained.</p> <p>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.</p>
<p>(b) According to the information and explanations given to us, the following are the particulars of dues on account of Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty and Cess, that have not been deposited on account of any dispute as on 31st March, 2014. There is no dues on account of Wealth Tax.</p>	<p>(xviii)</p>	<p>The company has not made any preferential allotment of shares to parties and companies covered in register maintained under Section 301 of the Act.</p>
<p>(x) The company does not have any accumulated losses at the end of the financial year and has not incurred cash loss in such financial year and in the immediately preceding financial year.</p>	<p>(xix)</p> <p>(xx)</p>	<p>The company has not issued any debentures, so no security or charge has been created.</p> <p>The company has not raised any money by Public Issue during the year.</p>
<p>(xi) According to the information and explanations given to us, the company has not defaulted in repayment of dues to Banks. The Company does not have any debenture holders.</p>	<p>(xxi)</p>	<p>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.</p>
<p>(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.</p>		
<p>(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.</p>		
<p>(xiv) According to the information and explanations</p>		

For K. PRASAD & COMPANY
CHARTERED ACCOUNTANTS
FRN: 002755N

Place : New Delhi.
Date : 24th May, 2014.

(R. S. GUPTA)
PARTNER.
Membership No.: 072666

Auditors' Report

BALANCE SHEET AS AT 31ST MARCH, 2014

(₹ In lacs)

Particulars	Note No.	As at 31.03.2014	As at 31.03.2013
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	881.45	881.45
Reserves and Surplus	2	10,537.71	10,385.71
Sub Total		11,419.16	11,267.16
Non - Current Liabilities			
Long Term Borrowings	3	481.11	869.24
Deferred Tax Liability (Net)	4	(179.90)	(69.54)
Other Long Term liabilities	5	210.64	195.60
Long Term Provisions	6	18.91	17.11
Sub Total		530.76	1,012.41
Current Liabilities			
Short Term Borrowings	7	3,915.43	3,267.86
Trade Payables	8	2,135.71	3,722.09
Other Current Liabilities	9	293.44	652.29
Short Term Provisions	10	89.42	92.56
Sub Total		6,434.00	7,734.80
TOTAL		18,383.92	20,014.37
ASSETS			
Non - Current Assets			
Fixed Assets			
Tangible Assets	11	3,250.62	3,456.76
Intangible Assets	11	38.93	49.09
Capital Work in Progress	12	-	-
Sub Total		3,289.55	3,505.85
Non - Current Investments	13	352.41	776.81
Long term loans and advances	14	846.88	973.26
Sub Total		4,488.84	5,255.92
Current Assets			
Inventories	15	3,867.23	3,798.06
Trade Receivables	16	7,258.91	7,673.75
Cash and Bank Balances	17	246.52	167.80
Short Term Loans and Advances	18	2,355.44	2,930.94
Other Current Assets	19	166.98	187.90
Sub Total		13,895.08	14,758.45
TOTAL		18,383.92	20,014.37

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

1 - 46
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

Place: New Delhi
Date: 24th May 2014

Surinder Sood
Chief Finance Officer

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2014

(₹ In lacs)

Particulars	Note No.	Year Ended 31.03.2014	Year Ended 31.03.2013
INCOME			
Revenue from Operations	20	39,563.35	36,770.78
Other Income	21	461.22	189.50
Total Revenue		<u>40,024.57</u>	<u>36,960.28</u>
EXPENSES			
Cost of Materials Consumed	22	2,154.36	1,799.52
Purchases of Stock in Trade	23	34,404.02	30,730.31
Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade	24	(76.24)	604.80
Employee Benefits Expense	25	888.86	1,049.54
Finance Costs	26	679.01	789.86
Depreciation and Amortization Expense	27	352.26	372.14
Other Expenses	28	1,525.41	1,528.14
Total Expenses		<u>39,927.68</u>	<u>36,874.31</u>
Profit/(Loss) before Exceptional and Extraordinary items and Tax		<u>96.89</u>	<u>85.97</u>
Exceptional Items		-	-
Profit/(Loss) before Extraordinary items and Tax		<u>96.89</u>	<u>85.97</u>
Extraordinary Items		-	-
Profit/(Loss) before Tax		<u>96.89</u>	<u>85.97</u>
Tax expense:			
Current tax		-	-
Deferred tax		(110.36)	20.47
Earlier year Deferred Tax		-	(183.25)
Earlier year Income Tax		55.25	-
Total Tax Expenses		<u>(55.11)</u>	<u>(162.78)</u>
Profit/(Loss) for the year		<u>152.00</u>	<u>248.75</u>
Earning per Equity Share			
Basic and Diluted	41	<u>1.73</u>	<u>2.82</u>

Statement of Profit & Loss

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

1 - 46

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: 24th May 2014

Surinder Sood
Chief Finance Officer

NOTES TO FINANCIAL STATEMENTS

(₹ In lacs)

Particulars	As at 31.03.2014		As at 31.03.2013	
	Number	₹	Number	₹
1 Share Capital:				
Authorised:				
Equity Shares of Rs. 10/- each	20,000,000	2,000.00	20,000,000	2,000.00
Issued and Subscribed :				
Equity Shares of Rs. 10/- each	8,820,000	882.00	8,820,000	882.00
Issued, Subscribed and Paid-up :				
Equity Shares of Rs.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
Total		<u>881.45</u>		<u>881.45</u>
Note : Number of Shares at the beginning and close of the year are same.				
Details of Shareholders holding more than 5% Shares	No.of Shares	%	No.of Shares	%
Gopal Sitaram Jiwaraajka	2029117	23.04	2029117	23.04
Gopal Sitaram Jiwaraajka HUF	1498988	17.02	1498988	17.02
Neetu Jiwaraajka	731410	8.30	731410	8.30
Manori Properties Pvt Ltd.	558929	6.35	558929	6.35
2 Reserves and Surplus:				
Securities Premium Reserve				
As per last balance sheet				
Share Premium Account		3,244.42		3,244.42
Add : Share Premium Forfeited		2.87		2.87
Sub Total		<u>3,247.29</u>		<u>3,247.29</u>
General Reserve				
As per last Balance sheet		6,889.67		6,889.67
Sub Total		<u>6,889.67</u>		<u>6,889.67</u>
Profit & Loss Account Balance				
As per last Balance sheet		248.75		-
Add : Profit/(Loss) Transferred from Profit & Loss Statement		152.00		248.75
Sub Total		<u>400.75</u>		<u>248.75</u>
Grand Total		<u>10,537.71</u>		<u>10,385.71</u>

NOTES TO FINANCIAL STATEMENTS

	(₹ In lacs)	
Particulars	As at 31.03.2014	As at 31.03.2013
3 Long term Borrowings		
Secured Loans:		
Vechile Loans from Banks and Others	114.50	27.55
Less : Current Maturity	<u>23.39</u>	<u>7.31</u>
Sub Total	<u>91.11</u>	<u>20.24</u>
Unsecured Loans:		
Loans and advances from related parties		
From Subsidiary Company	-	54.00
From Related Company	<u>390.00</u>	<u>795.00</u>
Sub Total	<u>390.00</u>	<u>849.00</u>
Total	<u>481.11</u>	<u>869.24</u>
Additional Information:		
a Details of security for secured loans		
Vehicle Loans are secured against hypothecation of cars.		
b Terms of repayment of term loans and others		
i) Vechile Loans from Banks and Others on monthly instalment basis.		
ii) Unsecured Loans from related parties repayble on demand.		
c There is no continuing default as on the balance sheet date in respect of loans and interest.		
4 Net Deferred Tax Liability		
Deferred tax liability:		
On account of depreciation on fixed assets	<u>694.17</u>	<u>763.31</u>
Sub Total	<u>694.17</u>	<u>763.31</u>
Deferred tax asset:		
a) On account of timing differences in recognition of expenditure	20.72	71.76
b) On account of Unabsorbed loss and depreciation under the Income Tax Act, 1961	<u>796.87</u>	<u>753.64</u>
c) On account of Capital Loss	<u>56.48</u>	<u>7.45</u>
Sub Total	<u>874.07</u>	<u>832.85</u>
Net Deferred Tax Liability	<u>(179.90)</u>	<u>(69.54)</u>
5 Other Long term liabilities		
Trade Deposit	<u>210.64</u>	<u>195.60</u>
Total	<u>210.64</u>	<u>195.60</u>
6 Long term Provisions		
Provisions for employee benefits		
For Leave Pay	<u>18.91</u>	<u>17.11</u>
Total	<u>18.91</u>	<u>17.11</u>

NOTES TO FINANCIAL STATEMENTS

(₹ In lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
7 Short Term Borrowings		
Secured Loans:		
Working Capital Loans		
From Banks	3,915.43	3,267.86
Total	3,915.43	3,267.86
Additional Information:		
Working Capital Loans are secured by hypothecation of inventories & receivables and first pari-passu charge on immovable properties of Noida units as collateral security.		
8 Trade Payables		
i) To Micro, Small and Medium Enterprises	-	-
ii) Others	2,135.71	3,722.09
Total	2,135.71	3,722.09
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		
Vehicle Loans	23.39	7.31
b) Interest accrued but not due on borrowings	6.95	88.41
c) Unpaid dividends	6.87	8.31
d) Statutory Liabilities	89.14	73.74
e) Others	167.09	474.52
Total	293.44	652.29
Additional Information:		
i) Vehicle Loans are secured against hypothecation of cars.		
10 Short Term Provisions:		
a) Provision for employee benefits		
For Salary and Bonus etc.	84.07	88.26
For Leave Pay	5.02	4.14
b) Others		
Provision for Wealth Tax	0.33	0.16
Total	89.42	92.56

NOTES TO FINANCIAL STATEMENTS

11 Fixed Assets :

(₹ In lacs)

PARTICULARS	<-----GROSS BLOCK----->			<-----DEPRECIATION----->				<----NET BLOCK---->		
	Balance as at 01.04.2013	Additions	Deductions/ Adjustments	Balance as at 31.03.2014	Upto 31.03.2013	For The Year	Deductions/ Adjustments	Upto 31.03.2014	Balance as at 31.03.2014	Balance as at 31.03.2013
TANGIBLE ASSETS :										
Lease Hold Land	390.29	-	-	390.29	73.46	6.00	-	79.46	310.83	316.83
Building	563.49	0.33	-	563.82	248.17	16.01	-	264.18	299.64	315.32
Furniture & Fixtures	441.10	-	-	441.10	336.25	13.61	-	349.86	91.24	104.85
Plant & Machinery	6,372.77	3.10	5.00	6,370.87	3,802.38	256.84	3.97	4,055.25	2,315.62	2,570.39
Dies & Moulds	1,001.68	-	-	1,001.68	938.97	8.09	-	947.06	54.62	62.71
Motor Vehicles	140.72	140.87	42.16	239.43	78.68	39.89	34.20	84.37	155.06	62.04
Office Equipment	54.42	0.65	-	55.07	29.80	1.66	-	31.46	23.61	24.62
Sub Total	8,964.47	144.95	47.16	9,062.26	5,507.71	342.10	38.17	5,811.64	3,250.62	3,456.76
INTANGIBLE ASSETS :										
Trade Mark	106.21	-	-	106.21	57.12	10.16	-	67.28	38.93	49.09
Total	9,070.68	144.95	47.16	9,168.47	5,564.83	352.26	38.17	5,878.92	3,289.55	3,505.85
PREVIOUS YEAR	9,600.28	129.52	659.12	9,070.68	5,814.62	372.13	621.93	5,564.83	3,505.85	3,785.66

12 Capital Work in Progress :

Nil Nil

NOTES TO FINANCIAL STATEMENTS

(₹ In lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
13 Non Current Investments:		
Investments in Equity Instruments:		
INVESTMENTS (AT COST):		
Long Term(Unquoted,unless otherwise stated)		
a) Trade Investments in Equity Shares (Fully paid up)		
In Subsidiary Companies :		
i) 4249200 Equity Shares of Salora Capital Ltd. of Rs.10/-each.	-	326.60
ii) 3414800 Equity Shares of Salora Component Ltd.of Rs.10/-each.	341.48	341.48
In Associate Companies :		
i) 978040 Equity Shares of Salora Retail Ventures Ltd.of Rs.10/- each.	-	97.80
ii) 855000 Equity Shares of Encompass Software & Systems Pvt.Ltd.of Rs.10/- each.	85.50	85.50
Less: Provision for diminution in value of Investments	(75.09)	(75.09)
iii) 5000 Equity Shares of Terminal Power Pvt. Ltd. of Rs.10/-each.	0.50	0.50
In Other Companies		
b) Other Investments in Shares & Bond (Fully paidup)		
2 Unsecured Redeemable Money Multiplier Bond of ICICI Ltd of Rs.1000/-each	0.02	0.02
Aggregate value of unquoted investments	427.50	851.90
Less : Provision for diminution in value of investments	75.09	75.09
Total	<u>352.41</u>	<u>776.81</u>
14 Long Term Loans and Advances (Unsecured, considered good) :		
Inter Corporate Loan Given	255.00	255.00
Security Deposits	75.96	70.16
Payment against disputed Sales Tax Demand	162.91	244.47
Payment against disputed Income Tax Demand	53.01	103.63
Payment against disputed Excise Demand	300.00	300.00
Total	<u>846.88</u>	<u>973.26</u>

NOTES TO FINANCIAL STATEMENT

(₹ In lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
15 Inventories:		
Raw materials	417.69	489.07
Work in progress	33.98	31.52
Finished goods	251.58	212.78
Stock in trade	3,074.98	3,040.00
Stores and spares etc.	0.16	3.41
Goods in transit:		
Raw materials	48.68	21.08
Stock in trade	40.16	0.20
Total	<u>3,867.23</u>	<u>3,798.06</u>
16 Trade Receivables (Unsecured):		
i) Trade receivables exceeding six months		
Considered Good	3,979.17	3,936.05
Considered Doubtful	-	162.21
Less : Provision for Doubtful Debts	-	162.21
ii) Others, Considered Good	3,279.74	3,737.70
Total	<u>7,258.91</u>	<u>7,673.75</u>
17 Cash and Bank Balances:		
i) Balances with banks		
- in unpaid dividend accounts	6.87	8.31
- in margin money, security for borrowings, guarantees and other commitments	130.97	143.41
- in other accounts	0.86	0.69
ii) Cheques, Drafts in hand	97.80	-
iii) Cash in hand	10.02	15.39
Total	<u>246.52</u>	<u>167.80</u>
18 Short Term Loans and Advances (Unsecured and Considered Good):		
Advances recoverable in cash or in kind or for value to be received	1,681.42	1,935.47
Income Tax Refund Receivable	111.47	107.01
Balance With / Recoverable from Government Authorities	562.55	888.46
Total	<u>2,355.44</u>	<u>2,930.94</u>
19 Other Current Assets:		
Insurance Claim Receivable	-	20.65
Interest Receivable	153.82	115.47
DDB Receivable	11.77	-
Gratuity Recoverable	-	2.88
Super Annuation Recoverable	1.39	48.90
Total	<u>166.98</u>	<u>187.90</u>

NOTES TO FINANCIAL STATEMENTS

(₹ In lacs)

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
20 Revenue From Operations:		
Sales of Goods/Components		
Domestic	24,402.70	18,424.94
Export	<u>14,861.84</u>	<u>17,813.42</u>
Total	<u>39,264.54</u>	<u>36,238.36</u>
Sale of Services		
Infocom Products	220.58	423.99
Sale of Wind Energy	<u>419.53</u>	<u>429.77</u>
Gross Sale	<u>39,904.65</u>	<u>37,092.12</u>
Less : Excise duty	<u>341.30</u>	<u>321.34</u>
Net Sale	<u>39,563.35</u>	<u>36,770.78</u>
20-A Particulars of Sales of Products:		
Mobile Phones and Accessories	32,528.77	28,211.62
Others	<u>6,735.77</u>	<u>8,026.74</u>
Total	<u>39,264.54</u>	<u>36,238.36</u>
21 Other Income:		
Profit on Sale of Long Term Investment	289.53	-
Interest on FDRS etc.	48.22	52.04
Cash Discount	-	1.26
Bad Debts Recovered	14.15	26.27
Miscellaneous Income	<u>109.32</u>	<u>109.93</u>
Total	<u>461.22</u>	<u>189.50</u>
22 Cost of Materials Consumed:		
Consumption of raw materials :		
Electronic Components and Others	<u>2,154.36</u>	<u>1,799.52</u>
Total	<u>2,154.36</u>	<u>1,799.52</u>
23 Purchases of Stock in Trade:		
Mobile Phones and Accessories	31,081.27	26,413.92
Others	<u>3,322.75</u>	<u>4,316.39</u>
Total	<u>34,404.02</u>	<u>30,730.31</u>
24 Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade:		
Stocks at the end of the year		
Work in Progress	33.98	31.52
Trading Goods	3,074.98	3,040.00
Finished Goods	<u>251.58</u>	<u>212.78</u>
Sub Total	<u>3,360.54</u>	<u>3,284.30</u>
Less : Stocks at the beginning of the year		
Work in Progress	31.52	28.16
Trading Goods	3,040.00	3,721.88
Finished Goods	<u>212.78</u>	<u>139.06</u>
Sub Total	<u>3,284.30</u>	<u>3,889.10</u>
(Increase) / Decrease in Stock	<u>(76.24)</u>	<u>604.80</u>
25 Employee Benefit Expenses:		
Salaries and Wages	790.03	982.39
Contribution to Provident and Other Funds	59.01	69.71
Supper Annuation Received Back	-	(47.47)
Staff Welfare & Other Benefits	<u>39.82</u>	<u>44.91</u>
Total	<u>888.86</u>	<u>1,049.54</u>

NOTES TO FINANCIAL STATEMENTS

(₹ In lacs)

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
26 Finance Costs:		
i) Interest	589.32	689.22
ii) Net (gain)/loss on foreign currency transaction	26.35	43.55
iii) Others	63.34	57.09
Total	679.01	789.86
27 Depreciation and Amortization:		
i) Depreciation	346.27	366.15
ii) Amortization of Land	5.99	5.99
Total	352.26	372.14
28 Other Expenses:		
Assembly Charges	42.53	18.86
Stores & Spares Consumed	11.43	15.12
Power and fuel	84.96	81.75
Rent	44.37	87.16
Repair & Maintenance :-		
Building	-	0.19
Plant & Machinery	76.73	78.20
Others	30.39	29.31
Insurance	25.50	36.16
Rates and taxes	4.60	4.83
Legal and professional charges	116.69	86.00
Payment to the auditors		
Statutory Audit Fee (including Limited review)	11.00	11.00
Tax Audit Fee	1.50	1.50
Certification	0.07	0.70
Expense / Service Tax reimbursed	2.05	2.06
Travelling & Conveyance	116.49	129.38
Freight and Forwarding	303.99	367.59
Discount, Commission & Incentives	0.77	3.67
Advertisement & Publicity	20.53	20.69
After Sale Service Charges	130.42	197.13
Sales Tax, Entry Tax and Service Tax	47.91	53.90
Bad trade receivables written off	445.90	88.81
Provision for doubtful trade receivables	(162.21)	14.85
Irrecoverable loans and advances written off	0.11	3.33
Loss on sale of fixed asset (net)	(0.44)	29.45
Loss on sale of Investments	-	8.41
Short / Excess Claims	(0.72)	(0.33)
Miscellaneous expenses	167.51	166.94
Net (gain)/loss on foreign currency transaction	3.33	(8.52)
Total	1,525.41	1,528.14

Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

(₹ In lacs)

Particulars	Year Ended 31.03.2014		Year Ended 31.03.2013	
	%		%	
Other Additional Information:				
29 Break-up of Material and Component Consumed :				
i) Imported	859.30	39.89	608.18	33.80
ii) Indigenous	1,295.06	60.11	1,191.34	66.20
Total	<u>2,154.36</u>	<u>100.00</u>	<u>1,799.52</u>	<u>100.00</u>
30 Break-up of Store & Spares Consumed :				
i) Imported	-	-	-	-
ii) Indigenous	11.43	100.00	15.12	100.00
Total Consumption	<u>11.43</u>	<u>100.00</u>	<u>15.12</u>	<u>100.00</u>
31 Value of Imports Calculated on CIF basis:				
i) Raw Material & Components	799.02		497.47	
ii) Trading Goods- Direct Purchase	1,635.58		632.31	
iii) Trading Goods- High Sea Purchase	1,106.84		3,813.81	
Total	<u>3,541.44</u>		<u>4,943.59</u>	
32 Expenditure in foreign currency (Gross of TDS):				
i) Interest	-		0.91	
ii) Others	6.96		4.21	
Total	<u>6.96</u>		<u>5.12</u>	
33 Earning in Foreign Exchange :				
i) Export of Goods calculated on FOB basis	14,056.43		13,740.21	
ii) High Sea Export on FOB basis	709.93		3,745.60	
iii) Service Charges including Service Tax	36.39		160.57	
Total	<u>14,802.75</u>		<u>17,646.38</u>	

NOTES TO FINANCIAL STATEMENTS

34 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 weighted average basis.
- 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 reassess 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.

35 Contingent Liabilities not provided for in respect of :

- i) Bank Guarantees issued by Bankers ₹ 31.33 lacs (Previous year ₹ 129.71 lacs) including for Sales Tax and Excise demand ₹ 28.33 lacs (Previous Year ₹ 24.71 lacs), against which margin kept by bank ₹ 2.85 lacs (Previous year ₹ 4.47 lacs).
- ii) Letter of Credits pending for shipment ₹ Nil (Previous year ₹ Nil).
- iii) TV sets, VCD's and Office Automation products still under warranty for which amount is not ascertainable.
- iv) Disputed Sales Tax demands of ₹ 570.12 lacs (Previous year ₹ 636.64 lacs), against which amount deposited ₹ 162.91 lacs (Previous year Rs.244.47lacs) has not been provided for as the cases are pending in appeals with higher authorities.
- v) 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.
- vi) The demand amounting to ₹ 1113.77 lacs (previous year ₹ 1113.77 lacs) and penalty ₹ 1113.77 lacs (previous year ₹ 1113.77 lacs) for the period April 2002 to April 2003 and demand of ₹ 28.99 lacs (previous year ₹ 28.99 lacs) and penalty of ₹ 28.99 lacs (previous year ₹ 28.99 lacs) for the period July 1993 to February 1994 are on the basis of differential duty on Chassis, Sub assembly parts of T.V. considered as T.V. The Honorable Supreme Court has decided on the classification issue for the period 1989-90 and the facts of these cases are different from the case decided by the Supreme Court. The company had gone in appeal order before CESTAT. The appeal before CESTAT were remanded back to the Commissioner Adjudication to decide afresh while considering the differential facts of the case. The Commissioner has decided the cases against the company without considering the differential facts as per directions given by CESTAT in remand order. The company has again filed appeal against Commissioner's before the CESTAT.
The demand for ₹ 1292.45 lacs (previous year ₹ 1292.45 lacs) lacs and penalty ₹ 1292.45 lacs (previous year Nil) for the period 1998 to 2002 raised on the same basis by the department is time barred and case had been decided in favour of the company. The department had gone in appeal before CESTAT. The CESTAT had remanded this matter to Commissioner Adjudication who has decided the case against the company without considering direction / differential facts of the CESTAT. The company has again filed appeal on the matter before CESTAT. Therefore considering directions / differential facts given by CESTAT in remand order not considered in Commissioner's orders, the company has good case on merits. Demand deposited amounting to ₹ 300.00 lacs (previous year ₹ 300.00 lacs). Miscellaneous Excise duty demand amounting to ₹ 67.37 lacs(previous year ₹ 67.37 lacs) and Service Tax demand ₹ 3.74 lacs (previous year ₹ 3.74 lacs) has been raised by the department against which company has filed appeals. The amount deposited against demand ₹ 21.79 lacs (previous year ₹ 21.79 lacs).
- vii) Income Tax Assessments of the Company have been completed upto Assessment Year 2010-2011 (in previous year upto 2009-10). Demand has been raised of ₹ 57.57 lacs (previous year ₹ 108.20 lacs) for earlier assessment years against which company has filed appeal before appellate authorities and amount ₹ 53.00 lacs (previous year ₹ 103.63 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 refund of ₹ 1151.57 lacs received by the Company in the Financial Year 2002-2003.

36 Sundry Debtors, considered good includes :

- i) ₹ 1925.72 lacs (previous year ₹ 2461.11 lacs) due more than six months and ₹ 42.16 lacs due less than six months (previous year ₹ 2.17 lacs) from parties on whom legal action initiated for recovery.
- ii) ₹ 1068.04 Lacs (previous year ₹ 752.90 lacs) due more than six months are under follow-up, negotiation, reconciliation, settlement and realisation. Out of which ₹ Nil (previous year ₹ 162.21 lacs) has been considered doubtful and provided for.
- iii) ₹ 985.41 lacs (previous year ₹ 884.25 lacs) due more than six months and ₹ 102.26 lacs (Previous year ₹ 205.81 lacs) less than six months from Salora Retail Venture Limited, a company under the same management in previous year but not at the end of this year.

NOTES TO FINANCIAL STATEMENTS

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

	Year Ended 31.03.2014 (₹ in Lacs)	Year Ended 31.03.2013 (₹ in Lacs)	Year Ended 31.03.2014 (₹ in Lacs)	Year Ended 31.03.2013 (₹ in Lacs)
	Leave Encashment Unfunded		Gratuity Funded	
i. The Principal assumptions in actuarial valuation are as below				
a . Discount Rate	9.00%	8.60%	9.00%	8.00%
b . Expected rate of return on assets	NA	NA	LIC 8.50%	8.15%
			HDFC -	8.48%
c . Expected rate of future salary increase	3%	3%	3%	3%
Note :Expected rate of return on assets is taken on the basis of funds past performance.				
ii. Change in present value of obligations				
Present value of obligations at the beginning of the period	21.25	25.97	97.14	91.97
Interest Cost	1.70	2.23	7.77	7.91
Past Service Cost	-	-	-	-
Current Service Cost	8.39	3.19	8.20	8.16
Currtailment / Settleement Cost	-	-	-	-
Benefits Paid	(12.72)	(21.94)	(24.93)	(16.38)
Actuarial (gain) / loss on obligations	5.31	11.80	2.39	5.48
Present value of obligations at the end of the period	23.93	21.25	90.57	97.14
iii. Change in fair value of plan assets				
Fair value of plan assets at the beginning of the period	NA	NA	100.00	123.44
Expected Return on plan assets	-	-	8.32	7.84
Contributions	-	-	-	-
Withdrawals	-	-	(20.00)	(31.47)
Actuarial gain / (loss) on plan assets	-	-	(2.18)	0.19
Fair value of plan assets at the end of the period	-	-	86.14	100.00
Total Actuarial gain / (loss) to be recognised	5.31	11.80	4.57	5.29
iv. Actual return on plan assets				
Expected return on plan assets	NA	NA	NA	NA
Actuarial gain / (loss) on plan assets	-	-	8.32	7.84
Actual return on plan assets	-	-	(2.18)	0.19
v. Liability recognised in the Balance Sheet				
Present value of obligations at the end of the period	23.93	21.25	90.57	97.14
Fair value of plan assets as at the end of the period	-	-	86.15	100.00
Unfunded / (funded) status	23.93	21.25	4.42	(2.86)
Net (Assets) / Liability recognised in Balance Sheet	23.93	21.25	4.42	(2.86)
vi. Expenses recognised in Statement of Profit and Loss				
Current Service Cost	8.39	3.19	8.20	8.16
Past Service Cost	-	-	-	-
Interest Cost	1.70	2.23	7.77	7.91
Expected return on plan assets	-	-	(8.32)	(7.84)
Net Actuarial (Gain) / Loss recognised during the year	5.31	11.80	4.57	5.29
Expense recognised in Statement of Profit and Loss	15.40	17.22	12.22	13.52
Differential/casuals paid debited to P&L	-	-	-	-
Total Expense recognised in Statement of Profit and Loss	15.40	17.22	12.22	13.52
vii. Breakup of Plan Assets as a percentage of total plan assets				
Funds managed by Insurer	NA	NA	100%	100%
viii. Balance Sheet Reconciliation				
Opening Net Liability	21.25	25.97	(2.86)	(31.47)
Expenses as above	15.40	17.22	12.22	13.52
Withdrawals	-	-	20.00	31.47
Benefits Paid	-	-	(24.93)	(16.38)
Employers Contribution Paid	(12.72)	(21.94)	-	-
Closing Net Liability	23.93	21.25	4.42	(2.86)
Current	5.02	4.14	4.42	(2.86)
Non Current	18.91	17.11	-	-

Particulars	Year Ended 31.03.2014 (₹ in Lacs)	Year Ended 31.03.2013 (₹ in Lacs)
38 Exchange difference has been charged/ (credited) to revenue accounts as follows:		
On Import of raw material & finished goods including forward contracts	101.75	216.67
On Export sales	(72.07)	(225.19)
On Buyers Credit	-	43.55
Total	29.68	35.03

39 FINANCE LEASE OBLIGATIONS:

Future obligations towards lease rentals for Fixed assets(Leasehold land) taken on lease as on 31.03.2014 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	450.24	456.96
Total	490.56	497.28

40 RELATED PARTIES DISCLOSURES :

1. Relationship :

(a) Subsidiary :

Salora Capital Limited (till February 2014)

Salora Components Ltd.

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

Associated Electronics Research Foundation

Encompass Software & Systems Pvt. Ltd.

Essjay Ericsson Pvt. Ltd.

Manori Properties P. Ltd.

Dukaan Resources Pvt. Ltd. (till 31.3.2013)

Devi Electronics P. Ltd.

Terminal Power Pvt. Ltd.

(b) Associates & Joint Ventures :

Salora Retail Ventures Ltd. (till 30.03.2014)

H.K.Shinsei Ltd (till Oct 2012)

(d) Key Managerial Personnel:

Shri Gopal Sitaram Jiwrajka

Shri Tarun Jiwrajka

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

Smt. Neetu Jiwrajka

Shri Ayush Jiwrajka

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	
	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13
Purchases								
Goods and Materials	585.87	138.19	-	18.73	-	225.66	-	-
Sales								
Goods and Materials	2,497.65	1,600.76	-	221.39	-	1,432.42	-	-
Expenses								
Rent	-	-	-	-	0.61	7.29	-	-
Other Charges/ Reimbursements	-	-	-	-	-	1.48	-	-
Interest	5.83	6.76	-	-	89.05	96.68	-	-
Salary	-	-	-	-	-	-	13.40	13.22
Directors Remuneration	-	-	-	-	-	-	57.94	64.68
Finance								
Loans received	-	20.00	-	-	13.00	644.00	-	-
Loans repaid	54.00	13.00	-	-	418.00	505.00	-	-
Others								
Payment to Third Party	29.81	1,339.70	-	-	-	-	-	-
Payment from Third Party	19.78	1,375.50	-	-	-	-	-	-
Expenses incurred	96.80	(0.14)	4.61	5.85	6.27	16.34	-	-
Expenses received back	6.64				6.27	-		
Outstanding								
Payables	99.10	94.86	-	-	-	-	6.74	4.81
Receivables	-	-	-	1,090.16	4.63	134.09	-	-
Loan Received	-	54.00	-	-	390.00	795.00	-	-
Interest Payable	-	-	-	-	6.36	86.30	-	-

Notes to Financial Statements

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
41 PARTICULARS OF EARNING PER SHARE :		
Net Profit/(Loss) after tax as per profit and loss account (₹ Lacs) attributable to equity shareholders	152.00	248.75
Net Profit/(Loss) before extraordinary item net of tax expense (₹ Lacs)	152.00	248.75
Weighted Average number of equity shares used as denominator for calculating EPS	8807300	8807300
Basic and Diluted Earnings per share(in ₹)	1.73	2.82
Basic and Diluted Earnings (before extraordinary item) per share(in ₹)	1.73	2.82
Face Value per equity share(in ₹)	10.00	10.00
42 SEGMENT REPORTING :		
A. Information about Primary Business Segments :		
(I) Segment Revenue : (₹ Lacs)		
a) Infocom Division	34,511.02	32,749.65
b) Consumer Electronics Division	4,632.80	3,591.36
c) Wind Energy	419.53	429.77
Total Segment Revenue as per Financial Statements	39,563.35	36,770.78
(II) Segment Results (₹ Lacs) :		
a) Infocom Division	560.50	964.46
b) Consumer Electronics Division	100.24	(4.73)
c) Wind Energy	186.73	196.73
Total Segment Results	847.47	1,156.46
Less:i) Interest	589.33	696.03
ii) Other un-allocable expenditure net off un-allocable income	161.25	374.46
iii) Provision for Taxes	(55.11)	(162.78)
Net Profit/(Loss) as per Financial Statements	152.00	248.75
(III) Other Informations (₹ in Lacs) :		

Particulars	Segment Assets	Segment Liabilities	Capital Expenditure	Depreciation & Amortisation
a) Infocom Division				
Current year	10,483.37	1,967.56	0.94	16.09
(Previous year)	(12,236.13)	(3,974.46)	(5.75)	(21.62)
b) Consumer Electronics Division				
Current year	4,487.68	634.45	1.70	113.00
(Previous year)	(3,890.14)	(572.33)	(1.42)	(120.72)
c) Wind Energy				
Current year	1,900.56	19.64	-	161.79
(Previous year)	(2,055.95)	48.78	(93.75)	(189.85)
d) Unallocated Amounts				
Current year	1,512.31	4,343.11	142.31	61.38
(Previous year)	(1,832.15)	(4,249.20)	(28.60)	(39.94)
Total as per Financial Statements (C.Y.)	18,383.92	6,964.76	144.95	352.26
(Previous year)	(20,014.37)	(8,747.21)	(129.52)	(372.13)

B. Geographical Segments:	Year Ended 31.03.2014 (₹ in Lacs)	Year Ended 31.03.2013 (₹ in Lacs)
Segment Revenue - Turnover		
Domestic	24701.51	19182.68
Export	14861.84	17813.42
Total	39563.35	36996.10

Assets, Liabilities and expenses are common so the same has not been given separately.

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.
- 43 **Income Tax / Minimum Alternative Tax has not been provided for in view of brought forward unabsorbed business losses and unabsorbed depreciation.**
- 44 **In Previous Year, Deferred Tax assets for earlier years has arised due to loss carried forward of Wind Mills consolidated which was in earlier years separately.**
- 45 **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.**
- 46 **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 '46'.

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: 24th May 2014

Surinder Sood
Chief Finance Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

(₹ In lacs)

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
CASH FLOW FROM OPERATING ACTIVITIES :		
Profit/(Loss) before tax	96.89	85.97
Adjustment for :		
Depreciation	352.26	372.14
Interest	589.32	689.22
Interest Income	(48.22)	(52.04)
Profit/(Loss) on Sale of Long Term Investments	(289.53)	8.41
Wealth Tax	0.33	0.16
Loss/(Profit) on sale of Fixed Assets	(0.44)	29.45
Operating Profit before Working Capital changes	700.61	1,133.31
Adjustment for :		
Inventories	(69.17)	709.47
Trade and other receivables	1,129.83	1,935.61
Trade and other payables	(1,864.88)	(2,206.21)
Cash Generated from Operating Activities	(103.61)	1,572.18
Adjustment for :		
Direct taxes (paid) / Refund Received	(9.26)	(6.30)
Net cash from Operating Activities	(112.87)	1,565.88
CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	(144.95)	(129.52)
Sale / adjustment of fixed assets	9.43	7.74
Sale of Investment in shares	713.93	32.20
Net cash from / (used in) Investing Activities	578.41	(89.58)
CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds/(Repayments) of Secured term Loans (Net)	86.95	(35.20)
Proceeds/ (Repayments) of Working Capital Loan (Net)	647.57	(1,387.84)
Interest Paid	(670.78)	(662.47)
Loan Received (Unsecured)	13.00	654.00
Loan Repaid (Unsecured)	(472.00)	(508.00)
Margin Money	12.44	422.39
Interest received	9.87	39.34
Dividend paid	(1.44)	(3.57)
Net cash from/(used in) Financing Activities	(374.39)	(1,481.35)
Net Increase/ (Decrease) in cash and cash equivalents :	91.15	(5.05)
Cash and cash equivalents at beginning of the year	24.39	29.44
Cash and cash equivalents at end of the year	115.54	24.39

As per our report of even date annexed.

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

Place: New Delhi
Date: 24th May 2014

Surinder Sood
Chief Finance Officer

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Salora International Limited

We have audited the accompanying consolidated financial statements of Salora International Limited ('the Company') and its subsidiaries, which comprise the consolidated balance sheet as at 31 March 2014, the consolidated statement of profit and loss and consolidated cash flows statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies

used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the consolidated balance sheet, of the state of affairs of the Salora Group as at 31 March 2014;
- (ii) in the case of the consolidated statement of profit and loss account, of the profit for the year ended on that date; and
- (iii) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

Other Matters

We did not audit the financial statement of following subsidiary, which has been audited by other auditor whose report has been furnished to us, and our opinion is based solely on report of other auditor. Total assets & revenue of this subsidiary 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 Component Limited	878.96	2618.81

For **K.Prasad & Company**
Chartered Accountants
Firm's registration number: 002755N

R.S.Gupta
Partner
Membership No. 072666

New Delhi
24th May, 2014

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2014

(₹ In lacs)

Particulars	Note No.	As at 31.03.2014	As at 31.03.2013
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	881.45	881.45
Reserves and Surplus	2	10,465.29	10,616.12
Sub Total		11,346.74	11,497.57
Minority Interest		71.32	130.27
Non - Current Liabilities			
Long Term Borrowings	3	901.11	1,015.24
Deferred Tax Liability (Net)	4	(281.50)	(174.09)
Other Long Term liabilities	5	210.64	195.60
Long Term Provisions	6	18.91	18.75
Sub Total		849.16	1,055.50
Current Liabilities			
Short Term Borrowings	7	3,915.42	3,267.86
Trade Payables	8	2,089.23	3,855.10
Other Current Liabilities	9	359.41	787.81
Short Term Provisions	10	89.42	94.21
Sub Total		6,453.48	8,004.98
TOTAL		18,720.70	20,688.32
ASSETS			
Non - Current Assets			
Fixed Assets			
Tangible Assets	11	3,529.14	3,763.40
Intangible Assets	11	38.93	49.09
Capital Work in Progress	12	-	-
Sub Total		3,568.07	3,812.49
Non - Current Investments	13	10.93	131.78
Long term loans and advances	14	847.36	1,321.96
Sub Total		4,426.36	5,266.23
Current Assets			
Inventories	15	3,958.39	3,850.34
Trade Receivables	16	7,339.76	7,956.24
Cash and Bank Balances	17	247.13	174.89
Short Term Loans and Advances	18	2,582.07	3,123.38
Other Current Assets	19	166.99	317.24
Sub Total		14,294.34	15,422.09
TOTAL		18,720.70	20,688.32

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

1 - 41
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

Place: New Delhi
Date: 24th May 2014

Surinder Sood
Chief Finance Officer

COSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2014

(₹ In lacs)

Particulars	Note No.	Year Ended 31.03.2014	Year Ended 31.03.2013
INCOME			
Revenue from Operations	20	39,315.28	39,030.53
Other Income	21	<u>503.09</u>	<u>229.49</u>
Total Revenue		<u>39,818.37</u>	<u>39,260.02</u>
EXPENSES			
Cost of Materials Consumed	22	2,729.54	1,910.61
Purchases of Stock in Trade	23	33,431.42	32,752.26
Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade	24	(79.06)	626.39
Employee Benefits Expense	25	965.30	1,100.34
Finance Costs	26	721.98	810.28
Depreciation and Amortization Expense	27	376.73	398.08
Other Expenses	28	1,569.36	1,580.87
Total Expenses		<u>39,715.27</u>	<u>39,178.83</u>
Profit/(Loss) before Exceptional and Extraordinary items and Tax		<u>103.10</u>	<u>81.19</u>
Exceptional Items		-	-
Profit/(Loss) before Extraordinary items and Tax		<u>103.10</u>	<u>81.19</u>
Extraordinary Items		-	-
Profit/(Loss) before Tax		<u>103.10</u>	<u>81.19</u>
Tax expense:			
Current tax		-	12.81
Deferred tax		(107.41)	1.23
Earlier year Income Tax		55.25	0.66
Earlier year Deferred Tax		-	(183.25)
Total Tax Expenses		<u>(52.16)</u>	<u>(168.56)</u>
Profit/(Loss) for the year		<u>155.26</u>	<u>249.75</u>
Less: Share of Profit/ (Loss) transferred to Minority Interest		<u>0.68</u>	<u>(3.15)</u>
Profit/(Loss) for the year		<u>154.58</u>	<u>252.90</u>
Earning per Equity Share			
Basic and Diluted	35	1.76	2.87

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

1 - 41

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: 24th May 2014

Surinder Sood
Chief Finance Officer

Consolidated Statement of Profit & Loss

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In lacs)

Particulars	As at 31.03.2014		As at 31.03.2013	
	Number	₹	Number	₹
1 Share Capital:				
Authorised:				
Equity Shares of ₹ 10/- each	20,000,000	2,000.00	20,000,000	2,000.00
Issued and Subscribed :				
Equity Shares of ₹ 10/- each	8,820,000	882.00	8,820,000	882.00
Issued, Subscribed and Paid-up :				
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
Total		<u>881.45</u>		<u>881.45</u>

Note : Number of Shares at the beginning and close of the year are same.

Details of Shareholders holding more than 5% Shares	No.of Shares	%	No.of Shares	%
Gopal Sitaram Jiwaraajka	2029117	23.04	2029117	23.04
Gopal Sitaram Jiwaraajka HUF	1498988	17.02	1498988	17.02
Neetu Jiwaraajka	731410	8.30	731410	8.30
Manori Properties Pvt Ltd.	558929	6.35	558929	6.35

2 Reserves and Surplus:			
Securities Premium Reserve			
As per last balance sheet			
Share Premium Account		3,244.42	3,244.42
Add : Share Premium Forfeited		2.87	2.87
Sub Total		<u>3,247.29</u>	<u>3,247.29</u>
General Reserve			
As per last Balance sheet		6,927.61	6,927.61
Sub Total		<u>6,927.61</u>	<u>6,927.61</u>
Profit & Loss Account Balance			
As per last Balance sheet		441.22	188.32
Add : Profit/(Loss) Transferred from Profit & Loss Statement		154.58	252.90
Profit & Loss Account Balance		595.80	441.22
Less : Adjusted of Salora Capital Ltd. not subsidiary this year		305.41	-
Profit & Loss Account Balance		290.39	441.22
Grand Total		<u>10,465.29</u>	<u>10,616.12</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
3 Long term Borrowings:		
Secured Loans:		
Vechile Loans from Banks and Others	114.50	27.55
Less : Current Maturity	23.39	7.31
Sub Total	<u>91.11</u>	<u>20.24</u>
Unsecured Loans:		
Loans and advances from related parties		
From Related Company	810.00	995.00
Sub Total	<u>810.00</u>	<u>995.00</u>
Total	<u>901.11</u>	<u>1,015.24</u>
Additional Information:		
a) Details of security for secured loans		
i) Vehicle Loans are secured against hypothecation of cars.		
b) Terms of repayment of term loans and others		
i) Vechile Loans from Banks and Others on monthly instalment basis.		
ii) 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.		
4 Net Deferred Tax Liability		
Deferred tax liability:		
On account of depreciation on fixed assets	694.17	763.31
Sub Total	<u>694.17</u>	<u>763.31</u>
Deferred tax asset:		
a) On account of timing differences in recognition of expenditure	20.73	71.76
b) On account of Unabsorbed loss and depreciation under the Income Tax Act, 1961	898.46	858.19
c) On account of Capital Loss	56.48	7.45
Sub Total	<u>975.67</u>	<u>937.40</u>
Net Deferred Tax Liability	<u>(281.50)</u>	<u>(174.09)</u>
5 Other Long term liabilities:		
Trade Deposit	210.64	195.60
Total	<u>210.64</u>	<u>195.60</u>
6 Long term Provisions:		
Provisions for employee benefits		
For Leave Pay	18.91	18.75
Total	<u>18.91</u>	<u>18.75</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
7 Short Term Borrowings:		
Secured Loans:		
Working Capital Loans		
From Banks	3,915.42	3,267.86
Total	<u>3,915.42</u>	<u>3,267.86</u>

Additional Information:

Working Capital Loans are secured by hypothecation of inventories & receivables and first pari-passu charge on immovable properties of Noida units as collateral security.

8 Trade Payables:		
i) To Micro, Small and Medium Enterprises	-	-
ii) Others	2,089.23	3,855.10
Total	<u>2,089.23</u>	<u>3,855.10</u>

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		
Vehicle Loans	23.39	7.31
b) Interest accrued but not due on borrowings	6.95	104.31
c) Interest accrued and due on borrowings	23.26	107.81
d) Unpaid dividends	6.87	8.32
e) Statutory Liabilities	89.14	73.90
f) Others	209.80	486.16
Total	<u>359.41</u>	<u>787.81</u>

Additional Information:

i) Vehicle Loans are secured against hypothecation of cars.

10 Short Term Provisions:		
a) Provision for employee benefits		
For Salary and Bonus etc.	84.07	88.26
For Leave Pay	5.02	4.14
b) Others		
Provision for Income Tax	-	1.65
Provision for Wealth Tax	0.33	0.16
Total	<u>89.42</u>	<u>94.21</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11 Fixed Assets :

(₹ In lacs)

PARTICULARS	<-----GROSS BLOCK----->			<-----DEPRECIATION----->				<----NET BLOCK---->		
	Balance as at 01.04.2013	Additions	Deductions/ Adjustments	Balance as at 31.03.2014	Upto 31.03.2013	For The Year	Deductions/ Adjustments	Upto 31.03.2014	Balance as at 31.03.2014	Balance as at 31.03.2013
TANGIBLE ASSETS :										
Lease Hold Land	390.29	-	-	390.29	73.46	6.00	-	79.46	310.83	316.83
Building	563.49	0.33	-	563.82	248.17	16.01	-	264.18	299.64	315.32
Furniture & Fixtures	447.41	-	(0.01)	447.42	338.08	13.93	-	352.01	95.42	109.33
Plant & Machinery	6,821.15	3.10	5.40	6,818.85	3,951.60	280.91	2.70	4,229.81	2,589.04	2,869.55
Dies & Moulds	1,001.69	-	0.01	1,001.68	938.98	8.09	-	947.07	54.62	62.71
Motor Vehicles	150.27	140.87	51.71	239.43	84.30	39.89	39.82	84.37	155.07	65.98
Office Equipment	55.28	1.00	(0.12)	56.40	31.61	1.74	1.48	31.87	24.54	23.68
SUB TOTAL	9,429.58	145.30	56.99	9,517.89	5,666.18	366.57	44.00	5,988.75	3,529.14	3,763.40
INTANGIBLE ASSETS :										
Trade Mark	106.21	-	-	106.21	57.12	10.16	-	67.28	38.93	49.09
TOTAL	9,535.79	145.30	56.99	9,624.10	5,723.30	376.73	44.00	6,056.03	3,568.07	3,812.49
PREVIOUS YEAR	10,065.39	129.52	659.12	9,535.79	5,947.15	398.08	621.93	5,723.30	3,812.49	4,118.24

12 CAPITAL WORK IN PROGRESS :

Nil

Nil

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
13 Non Current Investments:		
Investments in Equity Instruments:		
INVESTMENTS (AT COST):		
Long Term (Unquoted, unless otherwise stated)		
a) Trade Investments in Equity Shares (Fully paid up)		
In Associate Companies :		
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
iii) 5000 Equity Shares of Terminal Power Pvt. Ltd. of ₹ 10/-each.	0.50	0.50
In Other Companies:		
i) 1000000 Equity Shares of Nanda Netcom Private Limited (FV ₹ 1/-each)	-	16.80
Less: Provision for diminution in value of Investments	-	(16.80)
ii) 13520 Equity Shares of Devi Electronics Pvt. Ltd of ₹ 170/- each.	-	22.98
b) Other Investments in Shares & Bond (Fully paid)		
i) In National Saving Certificates	-	0.06
ii) 2 Unsecured Redeemable Money Multiplier Bond of ICICI Ltd of ₹ 1000/-each	0.02	0.02
Aggregate value of unquoted investments	<u>86.02</u>	<u>223.67</u>
Less : Provision for diminution in value of investments	<u>75.09</u>	<u>91.89</u>
Total	<u>10.93</u>	<u>131.78</u>
14 Long Term Loans and Advances (Unsecured considered good) :		
Inter Corporate Loan Given	255.00	586.85
Security Deposits	76.45	70.65
Payment against disputed Sales Tax Demand	162.91	244.47
Payment against disputed Income Tax Demand	53.00	117.74
Payment against disputed Excise Demand	300.00	300.00
Claim Receivable from Parties	-	2.25
Total	<u>847.36</u>	<u>1,321.96</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
15 Inventories:		
Raw materials	505.42	520.98
Work in progress	33.98	31.52
Finished goods	254.73	213.12
Stock in trade	3,075.26	3,040.27
Stores and spares etc.	0.16	3.41
Goods in transit:		
Raw materials	48.68	40.85
Stock in trade	40.16	0.19
Total	<u>3,958.39</u>	<u>3,850.34</u>
16 Trade Receivables (Unsecured):		
i) Trade receivables exceeding six months		
Considered Good	3,979.17	3,962.71
Considered Doubtful	-	162.21
Less : Provision for Doubtful Debts	-	162.21
ii) Others, Considered Good	3,360.59	3,993.53
Total	<u>7,339.76</u>	<u>7,956.24</u>
17 Cash and Bank Balances:		
i) Balances with banks		
- in unpaid dividend accounts	6.87	8.32
- in margin money, security for borrowings, guarantees and other commitments	130.97	143.41
- in other accounts	0.86	7.32
ii) Cheques, Drafts in hand	97.80	-
iii) Cash in hand	10.63	15.84
Total	<u>247.13</u>	<u>174.89</u>
18 Short Term Loans and Advances (Unsecured and Considered Good):		
Advances recoverable in cash or in kind or for value to be received	1,684.41	1,935.63
Income Tax Refund Receivable	111.47	107.31
Balance With / Recoverable from Government Authorities	786.19	1,080.44
Total	<u>2,582.07</u>	<u>3,123.38</u>
19 Other Current Assets:		
Insurance Claim Receivable	-	20.65
Interest Receivable	153.82	244.80
Gratuity etc Recoverable	11.77	2.89
Superannuation Recoverable	1.40	48.90
Total	<u>166.99</u>	<u>317.24</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In lacs)

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
20 Revenue From Operations:		
Sales of Goods/Components		
Domestic	24,265.69	20,729.40
Export	14,861.84	17,813.42
Total	39,127.53	38,542.82
Sale of Services		
Infocom Products	220.57	423.99
Sale of Wind Energy	419.53	429.77
Gross Sales	39,767.63	39,396.58
Less : Excise duty	452.35	366.05
Net Sales	39,315.28	39,030.53
20-A Particulars of Sales of Products:		
Mobile Phones and Accessories	32,528.77	28,211.62
Others	6,786.51	10,818.91
Total	39,315.28	39,030.53
21 Other Income:		
Profit on Sale of Long Term Investment	289.53	-
Interest on FDRS etc.	48.22	91.91
Cash Discount	-	1.26
Bad Debts Recovered	14.15	26.27
Miscellaneous Income	151.19	110.05
Total	503.09	229.49
22 Cost of Materials Consumed:		
Consumption of raw materials:		
Electronic Components and Others	2,729.54	1,910.61
Total	2,729.54	1,910.61
23 Purchases of Stock in Trade		
Mobile Phones and Accessories	31,081.27	26,413.92
Others	2,350.15	6,338.34
Total	33,431.42	32,752.26
24 Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade		
Stocks at the end of the year		
Work in Progress	33.98	31.52
Trading Goods	3,075.26	3,040.27
Finished Goods	254.73	213.12
Sub Total :	3,363.97	3,284.91
Less : Stocks at the beginning of the year		
Work in Progress	31.52	28.17
Trading Goods	3,040.27	3,722.15
Finished Goods	213.12	160.98
Sub Total :	3,284.91	3,911.30
(Increase)/ Decrease in Stock :	(79.06)	626.39
25 Employee Benefit Expenses		
Salaries and Wages	863.65	1,030.19
Contribution to Provident and Other Funds	59.98	70.50
Super Annuation Received Back	-	(47.47)
Staff Welfare & Other Benefits	41.67	47.11
Total	965.30	1,100.34

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In lacs)

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
26 Finance Costs:		
i) Interest	632.28	709.45
ii) Net (gain)/loss on foreign currency transaction	26.35	43.55
iii) Others	63.35	57.28
Total	721.98	810.28
27 Depreciation and Amortization:		
i) Depreciation	370.74	392.09
ii) Amortization of Land	5.99	5.99
Total	376.73	398.08
28 Other Expenses:		
Assembly Charges	42.53	18.86
Stores & Spares Consumed	11.43	15.81
Power and fuel	99.53	89.98
Rent	53.97	91.97
Repair & Maintenance :-		
Building	-	0.19
Plant & Machinery	76.73	78.20
Others	30.39	33.11
Insurance	25.50	36.31
Rates and taxes	5.04	6.44
Legal and professional charges	119.62	105.39
Payment to the auditors		
Statutory Audit Fee (including Limited review)	12.00	12.34
Tax Audit Fee	1.75	1.86
Certification	0.07	1.13
Expense / Service Tax reimbursed	2.25	2.26
Travelling & Conveyance	120.93	136.75
Freight and Forwarding	303.99	367.59
Discount, Commission & Incentives	0.77	3.67
Advertisement & Publicity	20.53	20.69
After Sale Service Charges	130.42	197.13
Sales Tax, Entry Tax and Service Tax	47.91	53.90
Bad trade receivables written off	445.90	88.81
Provision for doubtful trade receivables	(162.21)	14.85
Irrecoverable loans and advances written off	0.11	3.33
Loss on sale of fixed asset (net)	(0.44)	29.45
Loss on sale of Investments	-	8.41
Short / Excess Claims	(0.72)	(0.33)
Miscellaneous expenses	178.02	171.29
Net (gain)/loss on foreign currency transaction	3.34	(8.52)
Total	1,569.36	1,580.87

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

29 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 last year, 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 last year, 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.

30 The subsidiary Company considered in the consolidated financial statements is :

Name of the subsidiary	Country of Incorporation	Proportion of ownership interest	
		Current year	Previous Year
Salora Capital Limited.	India	Nil	91.38%
Salora Components Limited	India	79.05%	79.05%

31 The associates Company considered in the consolidated financial statements is :

Name of the associate	Country of Incorporation	Proportion of ownership interest	
		Current year	Previous Year
Encompass Software and Systems Private Limited	India	43.27%	43.27%
Salora Retail Ventures Ltd	India	Nil	49.02%

Based on unaudited financial results.

32 Contingent Liabilities not provided for in respect of :

- i) Bank Guarantees issued by Bankers ₹ 31.33 lacs (Previous year ₹ 129.71 lacs) including for Sales Tax and Excise demand ₹28.33 lacs (Previous Year ₹ 24.71 lacs), against which margin kept by bank ₹ 2.85 lacs (Previous year ₹ 4.47 lacs).
- ii) Letter of Credits pending for shipment ₹ Nil.(Previous year ₹ Nil).
- iii) TV sets, VCD's and Office Automation products still under warranty for which amount is not ascertainable.
- iv) Disputed Sales Tax demands of ₹ 570.12 lacs (Previous year ₹ 636.64 lacs), against which amount deposited ₹ 162.91 lacs (Previous year ₹ 244.47 lacs) has not been provided for as the cases are pending in appeals with higher authorities.
- v) 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.

- vi) The demand amounting to ₹ 1113.77 lacs (previous year ₹ 1113.77 lacs) and penalty ₹ 1113.77 lacs (previous year ₹ 1113.77 lacs) for the period April 2002 to April 2003 and demand of ₹ 28.99 lacs (previous year ₹ 28.99 lacs) and penalty of ₹ 28.99 lacs (previous year ₹ 28.99 lacs) for the period July 1993 to February 1994 are on the basis of differential duty on Chassis, Sub assembly parts of T.V. considered as T.V. The Honorable Supreme Court has decided on the classification issue for the period 1989-90 and the facts of these cases are different from the case decided by the Supreme Court. The company had gone in appeal before CESTAT. The appeal before CESTAT were remanded back to the Commissioner Adjudication to decide afresh while considering the differential facts of the case. The Commissioner has decided the cases against the company without considering the differential facts as per directions given by CESTAT in remand order. The company has again filed appeal against Commissioner's order before the CESTAT.

The demand for ₹ 1292.45 lacs (previous year ₹ 1292.45 lacs) and penalty ₹ 1292.45 lacs (previous year Nil) for the period 1998 to 2002 raised on the same basis by the department is time barred and case had been decided in favour of the company. The department had gone in appeal before CESTAT. The CESTAT had remanded this matter to Commissioner Adjudication who has decided the case against the company without considering direction / differential facts of the CESTAT. The company has again filed appeal on the matter before CESTAT. Therefore considering directions / differential facts given by CESTAT in remand order not considered in Commissioner's orders, the company has good case on merits. Demand deposited amounting to ₹ 300.00 lacs (previous year ₹ 300.00 lacs). Miscellaneous Excise duty demand amounting to ₹ 67.37 lacs (previous year ₹ 67.37 lacs) and Service Tax demand ₹ 3.74 lacs (previous year ₹ 3.74 lacs) has been raised by the department against which company has filed appeals. The amount deposited against demand ₹ 21.79 lacs (previous year ₹ 21.79 lacs).

- vii) Income Tax Assessments of the Company have been completed upto Assessment Year 2010-2011 (in previous year upto 2009-10). Demand has been raised of ₹ 57.57 lacs (previous year ₹ 108.20 lacs) for earlier assessment years against which company has filed appeal before appellate authorities and amount ₹ 53.00 lacs (previous year ₹ 103.63 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 refund of ₹ 1151.57 lacs received by the Company in the Financial Year 2002-2003.

Particulars	Year Ended	Year Ended
	31.03.2014	31.03.2013
	(₹ in Lacs)	(₹ in Lacs)
33 Exchange difference has been charged/ (credited) to revenue accounts as follows:		
On Import of raw material & finished goods including forward contracts	101.75	216.67
On Export sales	(72.07)	(225.19)
On Buyers Credit	-	43.55
Total	29.68	35.03

34 Related Parties Disclosures:

1. Relationship :

(a) Associates & Joint Ventures :

Salora Retail Ventures Ltd. (till 30.03.2014)
H.K.Shinsei Ltd. (till Oct 2012)
Encompass Software & Systems Pvt.Ltd.

(c) Key Managerial Personnel:

Shri G.K. Jiwrajka
Shri Tarun Jiwrajka
Shri Toshrio Ohigashi

(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. (till 31.3.2013)
Devi Electronics Pvt. Ltd.
Terminal Power Pvt. Ltd.

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

Smt. Neetu Jiwrajka
Shri Ayush Jiwrajka

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	
	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13
Purchases						
Goods and Materials	-	18.73	-	225.66	-	-
Sales						
Goods and Materials	-	221.39	-	1,432.42	-	-
Expenses						
Rent	-	-	0.61	12.08	-	-
Other Charges/ Reimbursements	-	-	-	1.48	-	-
Interest	-	-	106.33	96.68	-	-
Salary	-	-	-	-	13.40	13.22
Directors Remuneration	-	-	-	-	57.94	64.68
Income						
Interest	-	2.68	-	13.20	-	-
Investment						
Sale of Investment	-	32.20	-	-	-	-
Finance						
Loans received	-	-	183.00	644.00	-	-
Loans repaid	-	-	418.00	505.00	-	-
Others						
Expenses incurred	4.61	5.85	6.27	16.34	-	-
Expenses received back	-	-	6.27	-	-	-
Outstandings						
Payables	-	-	-	4.21	6.74	4.81
Receivables	-	1,090.16	4.63	216.18	-	-
Loan Received	-	-	390.00	795.00	-	-
Interest Recoverable	-	4.83	-	30.00	-	-
Loan Given	-	21.85	-	110.00	-	-
Interest Payable	-	-	6.36	-	-	-

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
35 Particulars Of Earning Per Share:		
Net Profit/(Loss) after tax as per profit and loss account (₹ Lacs) attributable to equity shareholders	154.58	252.90
Net Profit/(Loss) before extraordinary item net of tax expense (₹ Lacs)	154.58	252.90
Weighted Average number of equity shares used as denominator for calculating EPS	8807300	8807300
Basic and Diluted Earnings per share(in ₹)	1.76	2.87
Basic and Diluted Earnings (before extraordinary item) per share(in ₹)	1.76	2.87
Face Value per equity share(in ₹)	10.00	10.00
36 Segment Reporting:	Year ended	Year ended
A. Information about Primary Business Segments (₹ in Lacs) :	31.03.2014	31.03.2013
(I) Segment Revenue:		
a) Infocom Division	34,262.95	32,749.65
b) Consumer Electronics Division	4,632.80	5,851.11
c) Wind Energy	419.53	429.77
Total Segment Revenue as per Financial Statements	39,315.28	39,030.53
(II) Segment Results :		
a) Infocom Division	609.65	964.46
b) Consumer Electronics Division	100.24	(9.51)
c) Wind Energy	186.73	196.73
Total Segment Results	896.62	1,151.68
Less: i) Interest	589.33	696.03
ii) Other un-allocable expenditure net off un-allocable income	204.19	374.46
iii) Provision for Taxes	(52.16)	(168.56)
Net Profit/(Loss) as per Financial Statements	155.26	249.75

(III) Other Informations (₹ in Lacs) :

Particulars	Segment Assets	Segment Liabilities	Capital Expenditure	Depreciation & Amortisation
a) Infocom Division				
Current year	10,883.11	1,987.04	0.94	16.09
(Previous year)	(12,236.13)	(3,974.46)	(5.75)	(21.62)
b) Consumer Electronics Division				
Current year	4,487.68	634.45	1.70	113.00
(Previous year)	(4,324.63)	(599.25)	(1.42)	(120.72)
c) Wind Energy				
Current year	1,900.56	19.64	-	161.79
(Previous year)	(2,055.95)	48.78	(93.75)	(189.85)
d) Unallocated Amounts				
Current year	1,449.35	4,661.51	142.66	85.85
(Previous year)	(2,071.61)	(4,535.55)	(28.60)	(65.89)
Total as per Financial Statements (C.Y.)	18,720.70	7,302.64	145.30	376.73
(Previous year)	(20,688.32)	(9,060.48)	(129.52)	(398.08)

37 Geographical Segments:	Year Ended 31.03.2014 (₹ in Lacs)	Year Ended 31.03.2013 (₹ in Lacs)
Segment Revenue - Turnover		
Domestic	24453.44	21442.43
Export	14861.84	17813.42
Total	39315.28	39255.85

Assets, Liabilities and expenses are common so the same has not been given separately.

38 Other Disclosures:

- 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.
- The Company has disclosed Business Segment as the primary segment.
- 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.	

39 In previous year Deferred Tax assets for earlier years has arised due to loss carried forward of Wind Mills consolidated which was in earlier years separately.

40 **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.**

41 **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 '41'.

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: 24th May 2014

Surinder Sood
Chief Finance Officer

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

(₹ In lacs)

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
CASH FLOW FROM OPERATING ACTIVITIES :		
Profit/(Loss) before tax	103.10	81.19
Adjustment for :		
Depreciation	376.73	398.08
Interest	632.28	709.45
Interest Income	(48.22)	(91.91)
Profit/(Loss) on Sale of Long Term Investments	(289.53)	8.41
Wealth Tax	0.33	0.16
Deficit/(Surplus) on sale of Fixed Assets	(0.44)	29.45
Operating Profit before Working Capital changes	774.25	1,134.83
Adjustment for :		
Inventories	(108.05)	711.11
Trade and other receivables	1,299.23	1,781.98
Trade and other payables	(2,099.65)	(2,034.53)
Cash Generated from Operating Activities	(134.22)	1,593.39
Adjustment for :		
Direct taxes (paid) / Refund Received	3.51	(14.71)
Net cash from Operating Activities	(130.71)	1,578.68
CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	(145.30)	(129.52)
Sale / adjustment of fixed assets	13.43	7.74
Sale of Investment	410.38	32.20
Net cash from / (used in) Investing Activities	278.51	(89.58)
CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds/(Repayments) of Secured term Loans (Net)	86.95	(38.08)
Proceeds/ (Repayments) of Working Capital Loan (Net)	647.56	(1,387.83)
Interest Paid	(729.64)	(666.80)
Loan Received (Unsecured)	433.00	654.00
Loan Repaid (Unsecured)	(618.00)	(508.00)
Loans Given	-	(20.00)
Loans Received Back	331.85	13.00
Margin Money	12.44	422.40
Interest received	139.20	41.20
Dividend paid	(1.45)	(3.56)
Adjustment in Reserve and minority interest	(365.02)	-
Net cash from/(used in) Financing Activities	(63.11)	(1,493.67)
Net Increase/ (Decrease) in cash and cash equivalents :	84.68	(4.57)
Cash and cash equivalents at beginning of the year	31.48	36.05
Cash and cash equivalents at end of the year	116.17	31.48

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

Place: New Delhi
Date: 24th May 2014

Surinder Sood
Chief Finance Officer

Consolidated Cash Flow Statement



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 45th Annual General Meeting of the Company held at Lok Kala Manch, 20, Lodhi Institutional Area, Lodhi Road, New Delhi -110 003 on Thursday, the 7th August, 2014 at 11.00 A.M.

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 44th Annual General Meeting of the Company to be held on Thursday, the 7th August, 2014 at 11.00 A. M. and at every
adjournment thereof.

Affix
Revenue
stamp

Signed this day of 2014.

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.



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**Salora International Limited: D-13/4, Okhla Industrial Area, Phase-II, New Delhi-110020
Tel: 011-49207100/101, email: info@salora.com, Website: www.salora.com
CIN: L74899DL1968PLC004962**