

ZOR KA JHATKA

INTRODUCING **SALORA** MOBILE PHONES

WITH UNBELIEVABLE SOUND OUTPUT. HEAR IT TO BELIEVE IT!



SM401



SM501

*Features may differ from Model to Model

Camera with Flash • Social Networking • Touch Screen
Total Multimedia Experience • Bluetooth • E-Book Reader

Salora International is a leader in innovation and pioneering technology in the audio, video & telecom industry for the last 35 years. This technical competence is now being incorporated in the Salora range of mobile phones. Its audio technology has lead to an incredible sound performance with high quality "K Series Amplifier", and these phones will give you a complete multimedia experience like never before. **All products adhere to international quality standards and are supported by Salora's wide service network "SILCARE" of 170 service points in 127 cities across the country.**



Power Speaker with
K Series Amplifier



Audio & Video Player/
Recording



2.4" QVGA Display



Dual LED Torch



Dual Battery Charger



FM Radio



Dual SIM- GSM + GSM



Regional
Language Support



Motion Sensor



Long Battery Life



Call Recording



Answering
Machine



Expandable Memory
(Up to 8/16 GB)



WAP/GPRS/MMS enabled

SALORA MOBILE
भारोसा वही, अंदाज नया

SALORA
Technology for Happiness

SALORA Products



- **Salora Mobile Phone**
- **Salora Zapper(3G Data Card)**
- **Windpower**
- **Salora TV**
- **Salora Memory Card**

BOARD OF DIRECTORS

SITARAM JIWARAJKA — Chairman
 GOPAL SITARAM JIWARAJKA — Vice Chairman & Managing Director
 GAUTAM KHITAN — Director
 P. N. MEHTA — Director
 SANJEEV KAUL DUGGAL — Director
 PATANJALI GOVIND KESWANI — Director

CHIEF FINANCE OFFICER

SURINDER SOOD

COMPANY SECRETARY

Y. P. BANSAL

AUDITORS

K. PRASAD & COMPANY, CHARTERED ACCOUNTANTS

BANKERS

STATE BANK OF INDIA
 CANARA BANK
 HDFC BANK LTD.

REGISTERED & CORPORATE OFFICE

SALORA INTERNATIONAL LTD.
 D-13/4, OKHLA INDUSTRIAL AREA, PHASE-II
 NEW DELHI – 110 020

MANUFACTURING PLANTS

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

REGISTRAR AND SHARE TRANSFER AGENTS

SKYLINE FINANCIAL SERVICES PVT. LTD.
 D-153-A, 1ST FLOOR, OKHLA INDUSTRIAL AREA,
 PHASE - I, NEW DELHI – 110 020
 TEL. NO. : 011 – 30857575 (10 lines)
 FAX NO. : 011 – 30857562
 Email : admin@skylinerta.com

CONTENTS	Page
AGM Notice	2
Directors' Report	8
Management's Discussion & Analysis	10
Corporate Governance Report	15
Company's Standalone Accounts	
Report of the Auditors	25
Balance Sheet	28
Profit & Loss Account	29
Schedules to Accounts	30
Cash Flow Statement	48
Balance Sheet Abstract	49
Consolidated Accounts	
Report of the Auditors	50
Balance Sheet	51
Profit & Loss Account	52
Schedules to Accounts	53
Cash Flow Statement	65
Proxy & Attendance Slip	

ANNUAL GENERAL MEETING

Day : Monday
Date : 1st August, 2011
Time : 11.00 A.M.
Venue : India Islamic Cultural Centre,
 87-88, Lodhi Road,
 New Delhi – 110 003
Note : Members are requested to bring their copy
 of the Annual Report to the Meeting

NOTICE

NOTICE is hereby given that the 42nd Annual General Meeting of the Members of Salora International Limited will be held on Monday, the 1st day of August, 2011 at 11.00 A.M. at India Islamic Cultural Centre, 87 – 88, Lodhi Road, New Delhi – 110 003 to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt Balance Sheet of the Company as at 31st March, 2011 and 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 P. N. Mehta, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS :

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

"RESOLVED THAT pursuant to the provisions of section 198, 309 and 310 read with schedule XIII and other applicable provisions of the Companies Act, 1956, the payment of following remuneration to Shri Gopal Sitaram Jiwarajka be and is hereby approved and ratified for the period from 1st July, 2010 to 30th June, 2013.

1. **Salary:** ₹ 4,00,000/- (Rupees Four Lac only) per month.
2. **Commission:** 2% of the net profits of the Company. Additional Commission up to 1% of the net profits at the discretion of the Board / Remuneration Committee depending upon the performance of the Company and Shri Jiwarajka.
3. Executive Pay: ₹ 2,00,000/- (Rupees Two Lac Only) per month.
4. **Perquisites:**
 - a) House Rent Allowance @ 60% of the salary.
 - b) Reimbursement of expenses incurred on Gas, Electricity and Water subject to the limit of 10% of salary.
 - c) Reimbursement of medical expenses actually incurred for self and family subject to a ceiling of one month's salary in a year or 3 months' salary over a period of 3 years.
 - d) Leave Travel Concession for self and family every year subject to maximum of one month salary in a year or two months' salary over a period of 2 years.
 - e) Fees of clubs subject to maximum of two clubs shall be borne by the Company but admission fee and life membership fee shall not be paid by the Company.
 - f) Company's contribution towards Provident Fund, Superannuation or Annuity Fund shall be made as per rules of the Company but to the extent these are not taxable under the Income Tax Act, 1961.
 - g) Gratuity shall be paid equal to one half month's salary for each completed year of service.
 - h) Encashment of earned leave shall be permitted at the end of tenure as per rules of the Company, which is 21 days in a year.
 - i) Provision of Company's car with driver for use on Company's business, Mobile and Telephone at residence but use of Car for personal purposes and long distance personal calls on telephone will be charged by the Company.

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

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: 30th May, 2011

Y. P. Bansal

Company Secretary

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF / HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of Special Business to be transacted at the meeting is enclosed hereto.
3. The Share Transfer Register and Register of Members of the Company will remain closed from 23rd July, 2011 to 30th July, 2011 (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, 2004, 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 and 2003-04 (Interim Dividend) has been transferred to Investors Education and Protection Fund (IEPF), set up by the Government of India and no payment there from shall be made.
13. At the ensuing Annual General Meeting, Shri 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 Secretary at the Registered Office of the Company. The annual accounts of subsidiary Companies shall be kept available at the head office of the Company for inspection by any member during working hours.
16. SHAREHOLDERS MAY KINDLY NOTE THAT NO GIFTS / GIFT COUPONS OR CASH IN LIEU OF GIFTS WILL BE DISTRIBUTED AT THE MEETING, AS THE SAME HAS BEEN PROHIBITED UNDER THE SECRETARIAL STANDARDS FRAMED BY THE INSTITUTE OF COMPANY SECRETARIES OF INDIA FOR HOLDING GENERAL MEETING.

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

Dated: 30th May, 2011

By Order of the Board of Directors
Salora International Ltd.

Y. P. Bansal
Company Secretary

SALORA INTERNATIONAL LIMITED

ANNUAL REPORT 2010-11

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

ITEM NO. 4

Section 198, 309 & 310 read with Schedule XIII of the Companies Act, 1956 requires approval of the members in the General Meeting by way of Special Resolution subject to the approval of the Central Government for payment of remuneration to the managerial person in case of loss or inadequacy of profits. The remuneration as proposed has also been approved by the remuneration committee of the company. The Ministry of Corporate Affairs vide its letter SRN No.A94475969/5/2010-CL-VII dated 2.12.2010 approved the payment of remuneration detailed in the proposed resolution at the item no. 4 of the notice to Shri Gopal Sitaram Jiwarajka for a period of three years w.e.f. 1st July, 2010 subject to approval of shareholders.

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

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

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

Dated: 30th May, 2011

By Order of the Board of Directors
Salora International Ltd.

Y. P. Bansal
Company Secretary

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 IT and 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)	
		<u>2010-11</u>	<u>2009-10</u>
	i. EBITD	(205.28)	53.04
	ii. FBT	-	-
	iii. PAT	(912.76)	(618.27)
(5) Export performance and net foreign exchange collaborations	:	Export Net Foreign Exchange earnings	17518.57 13897.73
			3951.63 4935.99
(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: ₹ 4,00,000/- (Rupees Four Lac only) per month. Commission: 2% of the net profits of the Company. Additional commission up to 1% of the net profits at the discretion of the Board/ Remuneration Committee depending upon the performance of the Company and Shri Jiwarajka. Executive Pay: ₹ 2,00,000/- (Rupees Two Lac Only) per month.
		Perquisites: House Rent Allowance @ 60% of the salary. Reimbursement of expenses incurred on Gas, Electricity and Water subject to the limit of 10% of salary. 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. Leave Travel Concession for self and family every year subject to maximum of one month salary in a year or two months' salary over a period of 2 years. 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. 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. Gratuity shall be paid equal to one half month's salary for each completed year of service. 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.

- (3) Recognition or awards
- (4) Job profile and his suitability

- (5) Remuneration proposed
- (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).
- (7) Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any.

Provision of Company's Car for use on Company's business, Mobile and Telephone at residence but use of Car for personal purposes and long distance personal calls on telephone will be charged by the Company.

- : NIL
- : The Company is engaged in the manufacturing of CTV and its components, distribution of IT and telecom products and Wind Power Generation.
- : Shri Gopal Sitaram Jiwarajka is a commerce graduate and possesses rich experience in marketing, finance, production and administration and has extensively traveled all over the globe. He possesses rich experience in TV and electronic industry and possesses in depth knowledge of Indian conditions in respect of this industry.
- : As provided in the Resolution above
- : The remuneration for the similar position in the industry, having regard to the size of the Companies and profile of persons is not less than the proposed remuneration of Shri Gopal Sitaram Jiwarajka.
- : Except for holding position and drawing remuneration as Managing Director and as shareholder, he has no other pecuniary relationship with the Company. He is relative of Shri Sitaram Jiwarajka, Chairman, Smt. Neetu Jiwarajka, Shri Tarun Jiwarajka and Shri Ayush Jiwarajka.

III. OTHER INFORMATION

- (1) Reasons of loss or inadequate profits.
 - : The inadequacy of the profit is a temporary phenomenal and is caused mainly due to change in business scenario.
- (2) Steps taken or proposed to be taken for improvement
 - : Considering the market scenario and the state of the current portfolio of products, the Company is looking at other new avenues of business. The coming period will be challenging and at the same time bring new opportunities for us. The Company has launched Salora Brand Mobile phone in April, 2011. The Company has also launched Salora Brand 3G Data Card in May, 2011. In order to diversify the distribution platform, the Company has entered into agreement with Zojirushi Hong Kong Co. Ltd. for exclusive distribution of their thermo ware products in India. The Company has also entered into agreement with Shenzhen Tenda Technology Co. Ltd. for distribution of networking products. The Company also entered into strategic tie-up with Sharp Business Systems (India) Ltd. for exclusive distribution of consumer electronics, home and small kitchen appliances in India under the brand "Sharp". It is expected that the results will start coming during this financial year as all the new business takes some time to stabilize and grow.
- (3) Expected increase in productivity and profits in measurable terms.
 - : Leveraging on the vast experience of Shri Gopal Sitaram Jiwarajka in the diverse field of management, the Company expects the revenues to grow and earning to become positive in the coming year.

IV. DISCLOSURE

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

(2) The following disclosures shall be mentioned in the Board of : Provided in the Corporate Governance Report. Director's report under the heading "Corporate Governance", if any, attached to the annual report. :

- (i) All elements of remuneration package such as salary benefits, bonuses, stock options, pension, etc. of all the directors;
- (ii) Details of fixed components and performance linked incentives along with the performance criteria;
- (iii) Service contracts, notice period, severance fees;
- (iv) Stock option details, if any, and whether the same has been issued at the discount as well as the period over which accrued and over which exercisable.

By Order of the Board of Directors
Salora International Ltd.

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

Dated: 30th May, 2011

Y. P. Bansal
Company Secretary

Notice

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 42nd Annual Report together with the Audited Statement of Accounts for the Financial Year ended 31st March 2011.

FINANCIAL RESULTS

The performance of the Company for the Financial Year ended 31st March, 2011 is summarized below:

	Year ended March 31, 2011	Year ended March 31, 2010	(₹ in Lacs)
Sales	52062.39	52451.97	
Less: Excise Duty	857.67	491.44	
Net Sales	51204.72	51960.53	
Add: Other Income	175.54	156.33	
Increase / (Decrease) in Stock	(3549.58)	116.35	
Total	47830.68	52233.21	
Less: Total Expenditure	48035.96	52180.17	
Operating Profit	(205.28)	53.04	
Less: Interest	672.56	608.86	
Less: Depreciation	387.49	427.19	
Profit before Tax	(1265.33)	(983.01)	
Less: Provision for taxes			
Current Tax	-	-	
Deferred Tax	(352.85)	(378.68)	
Fringe Benefit Tax	-	-	
Earlier Year : Income Tax	0.28	13.94	
Profit / (Loss) after tax	(912.76)	(618.27)	
Add: Balance brought forward from last year	1359.53	1977.80	
Less: Appropriations	446.77	1359.53	
Balance carried to Balance Sheet	446.77	1359.53	

BUSINESS OPERATIONS & FUTURE OUTLOOK

During the period under review, the Company has been able to achieve net sales of ₹ 512.05 crore despite increasing competition in the market as compared to ₹ 519.61 crore in the Financial Year 2009–10 showing a decrease of 1.45%. The Company suffered a net loss after tax of ₹ 9.13 crore in the Financial Year 2010–11 as compared to ₹ 6.18 crore in the Financial Year 2009–10.

The coming period will be challenging and at the same time bring new opportunities for us. The Company has launched Salora Brand Mobile phone in April, 2011. The Company has also launched Salora Brand 3G Data Card in May, 2011. In order to diversify the distribution platform, the Company has entered into agreement with Zojirushi Hong Kong Co. Ltd. for exclusive distribution of their thermo ware products in India.

The Company has also entered into agreement with Shenzhen Tenda Technology Co. Ltd. for distribution of networking products including switches, routers, hub, gateway, cable modem, LAN Adaptor, related antenna, optic media connector, wireless broad band, routers, wireless LAN Adaptor. The Company also entered into strategic tie-up with Sharp Business Systems (India) Ltd. for exclusive distribution of consumer electronics, home and small kitchen appliances in India under the brand "Sharp". It is expected that the results will start coming during this financial year as all the new business takes some time to stabilize and grow. The Company has discontinued the distribution business of Dell Laptops. The Company closed its manufacturing unit situated at C-52, Phase II, NOIDA (U.P.) w.e.f. 31st January, 2011. This unit has been operating at higher fixed cost resulting in operational losses. However, the Company will continue manufacturing of consumer electronic products at its other units and on outsource basis.

DIVIDEND

During the year under review, the Company suffered a net loss after tax of ₹ 9.13 crore and therefore Board of Directors has not recommended any dividend for the Financial Year 2010–11.

FIXED DEPOSITS

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) in preparation of the annual accounts for the Financial Year 2010–11, 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, 2011 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, retires by rotation at the forthcoming Annual General Meeting and being eligible offer himself for re-appointment. Brief resume of Shri P. N. Mehta, Director 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 2011-12 have been paid to both the Stock Exchanges.

DEMATERIALISATION

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

CORPORATE GOVERNANCE REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT

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

AUDITORS AND AUDITORS' REPORT

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

RESEARCH AND DEVELOPMENT

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

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

The information relating to conservation of energy, technology absorption, foreign exchange earnings and outgo in terms of Section

217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in "Annexure II" forming part of this Report.

SUBSIDIARY COMPANIES

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

PARTICULARS OF EMPLOYEES

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

ACKNOWLEDGEMENTS

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

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

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

Date: 30th May, 2011

Sitaram Jiwarajka
Chairman

ANNEXURE 'I' TO THE DIRECTORS' REPORT**MANAGEMENT DISCUSSIONS AND ANALYSIS**

The Management discussion and analysis report comprises of the followings:

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

1. Industry Structure and Development

The business of the Company includes distribution, supply chain management and after sale service for wide range of leading national and international brands of consumer electronic goods, IT and telecom products and manufacturing of colour televisions and its components. 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 preferences shifted towards high end and technologically advance branded products. Companies in consumer electronic goods, IT and telecom industry are focusing on customizing products to suit Indian requirements. Companies are conducting market research to understand the Indian Consumer. The conclusion of the market research are determining product attribute and pricing. Indian IT, telecom and Consumer Electronic Industry is scaling new heights and its future is bright.

2. Opportunities and Threats**Opportunities**

- There are opportunities to increase market penetration by launching innovative products.
- There are opportunities to reduce cost of products.
- The increasing popularity of easily available customer loans is being leveraged upon by Companies to give a moral boost to the consumers.
- Phenomenal growth of media in India and flurry of television channels have spread awareness of IT and telecom products in the remotest markets.
- Growth in internet penetration in both urban and rural markets will lead to growth in sale of IT products.
- There are opportunities to develop high end products.
- Demand for consumer electronic goods, IT and telecom products usually pick up during the festive seasons. Most

of the Companies come out with offers like free gifts, discounts etc. This period will continue to be the growth driver for the Company.

Threats

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

3. Segment wise and Product wise Performance**A) Infocom Business**

Salora has become one of the leading distribution Companies in consumer electronic goods, IT and Telecom Sector. The Company has 28 branches spread all over the Country. The Company is connected by a VPN and the complete operation is managed by an Oracle based ERP System.

Infocom Division undertakes the distribution of the following products:-

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

Salora Mobile Phone and 3G Data Card - The Company has launched Salora Brand Mobile Phone in April, 2011 and 3G Data Card in May, 2011.

Tenda Networking Products – The Company has also entered into agreement with Shenzhen Tenda Technology Co. Ltd. for distribution of networking products including switches, routers, hub, gateway, cable modem, LAN Adaptor, related antenna, optic media connector, wireless broad band, routers, wireless LAN Adaptor.

Zojirushi Thermo Ware Products - In order to diversify the distribution platform, the Company has entered into agreement with Zojirushi Hong Kong Co. Ltd. for exclusive distribution of their thermo ware products in India.

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

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

The Company is National Distributor for **ACER** Laptops and computer peripherals. The Company has taken substantial steps for increasing the market share which resulted in brand building, easy availability of the products in market, enhanced demand and growth in the sale.

The Company has also tied up with **Samsung Pleomax** and **Kingmax** for distribution of their IT and telecom products' accessories.

Sharp Electronic products

The Company has entered into strategic tie-up with Sharp Business Systems (India) Ltd. for exclusive distribution of consumer electronic goods, home and small kitchen appliances in India under the brand "Sharp".

Crystal Glassware Business

Nachtman (a division of Riedel Glass, Germany) is globally renowned for its luxury hand cut stem glass. Salora is a distributor partner for the crystal glassware products. These products are available in traditional market as well as modern market.

B) Consumer Electronic Business

The Company has two manufacturing units at NOIDA (U.P.). One unit manufactured Colour Televisions under the Brand Name Salora and supplied to Electronics Corporation of Tamilnadu Ltd. and other parties. This unit also manufactured colour television for M/s. Panasonic AVC Networks India Co. Ltd. under the Brand name "Panasonic". The Company closed this manufacturing unit w.e.f. 31st January, 2011. This unit has been operating at higher fixed cost resulting in operational losses. However, the Company will continue manufacturing of consumer electronic products at its other units and on outsource basis. Second unit manufactured Fly Back Transformer (FBT), Deflection Yoke (DY) and Speaker. During the year 2010-11 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 exposed to a variety of operation, business and market risks including but not limited to technological changes, decrease in product prices, customer defaults, foreign exchange fluctuation, interest rates risk and inventory carrying risk. The Company continuously monitors these risks. The objective of Company's risk management system is to ensure that risk exposure arising out of business does not result in any financial distress.

6. Internal Control System and Their Adequacy

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

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

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

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

7. Financial Performance viz-a-viz Operational Performance

i) Share Capital

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

ii) Reserves and Surplus

During Financial Year 2010-11, Reserves of the Company have decreased by ₹ 9.13 crore to ₹ 109.28 crore. The share premium account remains unchanged.

iii) Loans and Working Capital Limits

The Working Capital Limits (utilized) as on 31st March, 2011 was ₹ 40.54 crore.

SALORA INTERNATIONAL LIMITED

ANNUAL REPORT 2010-11

iv) Fixed Assets

Gross fixed assets of the Company on 31st March, 2011 was ₹ 96.41 crore and decreased by ₹ 3.72 crore as compared to ₹ 100.13 crore in the previous Financial Year.

v) Investments

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

vi) Net Current Assets

The Net Current Assets have decreased to ₹ 123.21 crore from ₹ 135.09 crore. Sundry debtors of the Company have decreased to ₹ 66.81 crore from ₹ 95.79 crore

Inventories as on 31st March, 2011 stand at ₹ 54.89 crore at a decrease of ₹ 35.74 crore over the previous Financial Year.

Current liabilities and provisions of the Company have decreased ₹ 43.16 crore to ₹ 46.05 crore as compared to ₹ 89.21 crore in the previous Financial Year.

Operational Results

The following factors have impacted the operational results of Financial Year 2010-11:

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

i) Revenues

During the year, gross revenues of the Company decreased by ₹ 3.90 crore i.e. by 0.74% to ₹ 520.62 crore from ₹ 524.52 crore in the last Financial Year.

ii) Expenditure

Total Expenses decreased by 7.94% to ₹ 480.36 crore from ₹ 521.80 crore. These expenses include cost of finished tradable goods, raw materials and other direct costs.

- a) **Material consumed and purchases:** Material consumed and purchases have decreased by 8.68 % to ₹ 436 crore from ₹ 477.46 crore in the last Financial Year.

- b) **Personnel Cost:** During the year, personnel expenses have increased to ₹ 18.73 crore from ₹ 18.60 crore in the previous Financial Year.

- c) **Manufacturing and other Expenses:** During the Financial Year manufacturing and other expenses have decreased from ₹ 25.74 crore to ₹ 25.62 crore.

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

During the Financial Year 2010-11, operating loss was ₹ 205.28 lac as compared to the operating profit of ₹ 53.04 lac in the previous Financial Year.

iv) Depreciation and Interest

During Financial Year 2010-11 depreciation was ₹ 3.87 crore and interest charges increased from ₹ 6.08 crore to ₹ 6.73 crore.

v) Net Loss after tax

The net loss after tax during Financial Year 2010-11 was ₹ 9.13 crore, as compared to ₹ 6.18 crore during previous Financial Year.

8. Human Resources and Industrial Relations

The Company firmly believes that Human Resource is the key driver for the success of any organization. Teamwork is encouraged and at the same time every individual is trained and empowered to take right decisions at right time. Training both internal and external has become a part of the lives of every employee so that innovation becomes the key for all their activities. Your Company has a team of 359 employees.

9. Subsidiaries

Salora Capital Ltd.

During the year under review Salora Capital Ltd. has made a net profit of ₹ 32.95 lacs as compared to ₹ 43.55 lacs in the previous Financial Year.

Salora Components Ltd.

The Company's business is manufacturing of TV Components including Deflection Yokes. During the Financial Year 2010-11 Company's sale was ₹ 3581.09 lac as compared to ₹ 1467.43 lacs in the previous Financial Year. Net loss of the Company was ₹ 35.95 lacs in the current Financial Year against profit of ₹ 57.65 lacs in the previous Financial Year.

10. Cautionary Statement

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

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

Place : New Delhi
Date: 30th May, 2011

Sitaram Jiwarajka
Chairman

ANNEXURE 'II' TO THE DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY

(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)

	2010-11	2009-10
Foreign Exchange used	4402.87	22248.52
Foreign Exchange earned	13897.73	4935.99

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.	<ul style="list-style-type: none"> Developed low cost 14" Deflection Yoke (DY) with both horizontal and vertical coil with aluminum wire. Developed ultra slim 29" FBT for Protronix. Developed FBT for flat TV for Samsung. Developed High Wattage Ceiling Speakers for Malls and Offices. Developed multimedia Home Theater System. Developed water resistant P.A. Systems Speakers. Developed Ceiling speakers for Delhi Metro. 															
2. Benefits derived as a result of the above R & D	<p>: As a result of Research and Development carried out by the Company, the Company is able to improve the existing products and added new products as per market trends.</p>															
3. Future plan of action	<ul style="list-style-type: none"> Development of Ultra Slim Tube 21" DY (pin free type). Development of Speaker with moulded frame for Buses. Speakers for P. A. Systems with EU Norms for Export. Development of Ultra Slim FBT. 															
4. Expenditure on R & D	<p>(₹ in lacs)</p> <table> <thead> <tr> <th></th> <th>2010-11</th> <th>2009-10</th> </tr> </thead> <tbody> <tr> <td>(a) Capital</td> <td>—</td> <td>—</td> </tr> <tr> <td>(b) Recurring</td> <td>19.05</td> <td>21.79</td> </tr> <tr> <td>(c) Total</td> <td>19.05</td> <td>21.79</td> </tr> <tr> <td>(d) Total R & D expenditure as a percentage of total turnover</td> <td colspan="2">Total R & D expenditure as a percentage of total turnover is 0.04% (previous year 0.04%).</td></tr> </tbody> </table>		2010-11	2009-10	(a) Capital	—	—	(b) Recurring	19.05	21.79	(c) Total	19.05	21.79	(d) Total R & D expenditure as a percentage of total turnover	Total R & D expenditure as a percentage of total turnover is 0.04% (previous year 0.04%).	
	2010-11	2009-10														
(a) Capital	—	—														
(b) Recurring	19.05	21.79														
(c) Total	19.05	21.79														
(d) Total R & D expenditure as a percentage of total turnover	Total R & D expenditure as a percentage of total turnover is 0.04% (previous year 0.04%).															

SALORA INTERNATIONAL LIMITED

ANNUAL REPORT 2010-11

Technology absorption, adaptation and innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation : Commercial production started for newly developed
 - Low cost 14" DY with horizontal and vertical coil in aluminum wire.
 - FBT for flat TV.
 - Low cost FBT in new plastic parts.
2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc. : The Company is able to develop new products and improve existing products due to ongoing research and development efforts.
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.
 - (a) Technology imported
 - (b) Year of Import
 - (c) Has technology been fully absorbed?
 - (d) If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action.

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

Place : New Delhi
Date: 30th May, 2011

Sitaram Jiwarajka
Chairman

ANNEXURE 'III' TO THE DIRECTORS' REPORT

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

1. Name of the Subsidiary Company	Salora Capital Limited	Salora Components Ltd.
2. Financial Year of Subsidiary Company ended on	31.03.2011	31.03.2011
3. a) No. of shares held at the end of the Financial Year	Holders of 42,49,200 Equity Shares of ₹ 10/- each out of the total issued & subscribed equity shares capital of 46,50,150 shares	Holders of 34,14,800 Equity Shares of ₹ 10/- each out of the total issued & subscribed equity shares capital of 43,20,000 shares
b) Extent of Interest at the end of the Financial Year	91.38%	79.05%
4. Net aggregate amount of Profit / (Loss) of the Subsidiary Company so far as it concerns the Members of the Holding Company.		
a) Not dealt with in the accounts of the holding Company		
- for the subsidiary's Financial Year ended 31.03.2011 (₹ in lacs)	30.11	(28.42)
- for the previous Financial Years of the subsidiary Company since it became subsidiary.	Yes	Yes
b) Dealt with in the accounts of the holding Company		
- for the subsidiary's financial year ended 31.03.2011	NIL	NIL
- for the previous Financial Years of the subsidiary Company since it became subsidiary	NIL	NIL

CORPORATE GOVERNANCE REPORT

In compliance with corporate governance requirements as specified in Clause 49 of the Listing Agreement with Stock Exchanges, the Company's policies on Corporate Governance and Compliance thereof in respect of specific areas as applicable to the Company for the Financial Year 2010-11 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, 2011 with a Non Executive Promoter Chairman. Out of the six Directors, five are Non Executive Directors and three are independent Directors. 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 21st July, 2010	No. of Board Meetings during the year 2010-11	
		Chairman	Member	Chairman	Member		Held	Attended
Sh. S. R. Jiwarajka	Non-Executive & Promoter	1	-	1	-	Yes	4	2
Sh. Gopal Sitaram Jiwarajka	Executive & Promoter	-	4	-	1	Yes	4	4
Sh. Gautam Khaitan	Non-Executive & Independent	-	11	1	10	Yes	4	2
Sh. P. N. Mehta	Non-Executive & Non Independent	-	2	1	2	Yes	4	3
Sh. Sanjeev Kaul Duggal	Non Executive & Independent	-	2	-	1	No	4	3
Sh. Patanjali Govind Keswani	Non Executive & Independent	-	1	-	1	No	4	3

*Directorship in other companies do 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:

29th May, 2010, 13th August, 2010, 11th November, 2010 and 11th February, 2011.

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

SALORA INTERNATIONAL LIMITED**ANNUAL REPORT 2010-11**

including quarterly results of the Company as a whole and of division / business segments, financial restructuring, capital expenditure proposals, collaborations, material investment proposals in joint venture / promoted companies, sale and purchase of assets of material nature, mortgages, guarantees, donations etc. are regularly placed before the Board. This is in addition to information with regard to actual operations, major litigation and feed back reports and minutes of all Committee Meetings.

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

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

BRIEF RESUME OF THE DIRECTOR BEING RE-APPOINTED AT THE ENSUING ANNUAL GENERAL MEETING :**Shri 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 Grievance Committee)	:	<ol style="list-style-type: none"> 1) Chairman Audit Committee - Panasonic AVC Networks India Co. Ltd. 2) Member Directors' Remuneration Committee - Panasonic AVC Networks India Co. Ltd. 3) Member Shareholders Grievance 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 Agreements with the Stock Exchanges read with Section 292 A of the Companies Act, 1956.

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

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement reflects a true and fair position and that sufficient and credible information is disclosed
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fee.
- Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval with particular reference to -
 - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
 - b) Changes, if any, in accounting policies and practices and reasons for the same.
 - c) Major accounting entries involving estimates based on the exercise of judgment by management.
 - d) Significant adjustments made in the financial statements arising out of audit findings.
 - e) Compliance with listing and other legal requirements relating to financial statements.
 - f) Disclosure of any related party transactions.
 - g) Qualifications in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow-up thereon.

- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control system of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

The Audit Committee mandatory reviews the following information:

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

COMPOSITION OF AUDIT COMMITTEE

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

Audit Committee Meetings

S.No.	Date of Meeting	Committee Strength	No. of Members Present
1.	29.05.2010	4	3
2.	12.08.2010	4	2
3.	11.11.2010	4	4
4.	11.02.2011	4	3

Audit Committee Attendance

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

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

The previous Annual General Meeting of the Company was held on 21st July, 2010 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	0
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.

SALORA INTERNATIONAL LIMITED

ANNUAL REPORT 2010-11

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, 2011.

(Amount in ₹)

Name of Director	Salary	Perquisites & Other Benefits	Commission	Sitting Fee paid	Total
Shri Sitaram Jiwarajka,	-	-	-	20,000	20,000
Shri Gopal Sitaram Jiwarajka,	74,16,000	3,21,069	-	-	77,37,069
Shri Gautam Khaitan	-	-	-	40,000	40,000
Shri P. N. Mehta	-	-	-	60,000	60,000
Shri Sanjeev Kaul Duggal	-	-	-	60,000	60,000
Shri Patanjali Govind Keswani	-	-	-	70,000	70,000

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

Apart from above remuneration, no Director is entitled for any other benefit, bonus, severance fee or performance linked incentives for the Financial Year 2010-11. 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, 2011 are as under:

Name	No. of Shares
Shri Sitaram Jiwarajka	2,00,094
Shri Gopal Sitaram Jiwarajka	35,28,105
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 Sitaram Jiwarajka, (Non-Executive Director) as Chairman and Shri Gopal Sitaram Jiwarajka (Vice Chairman & Managing Directors). 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 29.05.2010, 13.08.2010, 11.11.2010 and 11.02.2011.

The total number of complaints received and replied to the satisfaction of the shareholders during the year ended 31.03.2011 were 7. As on 31.03.2011 there was one complaint pending.

Quarter ended	Outstanding	Complaints Received	Replied	Pending
30.06.2010	1	3	4	-
30.09.2010	-	2	2	-
31.12.2010	-	-	-	-
31.03.2011	-	2	1	1

Shri Y. P. Bansal, Company Secretary is Compliance Officer of the Company.

GENERAL BODY MEETINGS

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

AGM	Year Ended	Location	Date & Time	Details of Special Resolutions Passed
39 th	31.03.2008	Sri Sathya Sai International Centre, Pragati Vihar, Institutional Area, Lodhi Road, New Delhi – 110003	04.07.2008 11.00 AM	Shareholders' approval for appointment of Smt. Neetu Jiwarajka (Director's relative) as an executive
40 th	31.03.2009	Sri Sathya Sai International Centre, Pragati Vihar, Institutional Area, Lodhi Road, New Delhi – 110003	21.07.2009 11.00 AM	(i) Shareholders' approval and ratification for remuneration paid to Shri Gopal Sitaram Jiwarajka for the period from 01.04.2008 to 30.06.2010 (ii) Shareholders approval for waiver of remuneration paid to Shri Gopal Sitaram Jiwarajka in case Central Government does not grant approval.
41 st	31.03.2010	Sri Sathya Sai International Centre, Pragati Vihar, Institutional Area, Lodhi Road, New Delhi – 110003	21.07.2010 11.00 AM	(i) Shareholders approval for reappointment of Shri Gopal Sitaram Jiwarajka as Managing Director for the period from 1st July, 2010 to 30th June, 2013 (ii) Shareholders' approval for appointment of Shri Ayush Jiwarajka (Directors' relative) as an executive.

No Extraordinary General Meeting of the members was held during the Financial Year 2010-11.

DISCLOSURE

The particulars of transactions between the Company and its related parties as per the Accounting Standard 18 are mentioned in Schedule "U" 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 dematerialized 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 Financial Express / The Pioneer and Hindi Newspapers Jansatta / Veer Arjun. 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.

SALORA INTERNATIONAL LIMITED

ANNUAL REPORT 2010-11

GENERAL SHAREHOLDER INFORMATION

Annual General Meeting to be held:

Day /Date	:	Monday, August, 01, 2011
Time	:	11.00 AM
Venue	:	India Islamic Cultural Centre, 87 - 88, Lodhi Road, New Delhi - 110 003
Financial Year	:	April, 1 to March, 31
Book Closure date	:	23rd July, 2011 to 30th July, 2011 (both days inclusive)
Dividend	:	Board of Directors has not recommended any dividend for the Financial Year 2010-11.
Outstanding warrants	:	NIL
Convertible instruments	:	NIL

FINANCIAL CALENDAR (TENTATIVE)

Result for the quarter ending 30th June, 2011	On or before 14th August, 2011
Result for the quarter ending 30th September, 2011	On or before 14th November, 2011
Result for the quarter ending 31st December, 2011	On or before 14th February, 2012
Result for the quarter ending 31st March, 2012	On or before 30th May, 2012

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. 011-30857575 (10 lines) 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:

Shri Y. P. Bansal, Company Secretary
 Smt. Princy Anand, Asstt. Manager (Secretarial)
 Shri T.D. Joshi, Asstt. Manager (Secretarial)

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 – ypbansal@salora.com; princy.anand@salora.com & tdjoshi@salora.com

LISTING ON STOCK EXCHANGES

Name of Stock Exchange	Stock Code
National Stock Exchange of India Ltd.	SALORAINTL
The Stock Exchange, Mumbai	500370
CIN No.	L74899 DL1968 PLC 004962

LISTING FEES

Listing fees have been paid for both the above Stock Exchanges for the Financial Year 2011-12.

SHAREHOLDING PATTERN OF THE COMPANY AS ON 31ST MARCH, 2011.

Category of Shareholders	No. of Folios	No. of Shares	Percentage
Individuals	5418	2053062	23.31
Companies	264	828448	9.40
Promoters	9	5317337	60.37
Group Companies	1	558929	6.35
FII's, NRIs, OCBs	45	46724	0.53
Mutual Fund, Banks, FIs	2	500	0.01
Others - Trust	1	2,300	0.03
Total	5740	88,07,300	100.00

DISTRIBUTION OF SHAREHOLDING AS AT 31ST MARCH, 2011

No. of Equity Shares held	No. of folios	%age of Total Folio Nos.	No of Shares	% of Total Shares
Up to 500	5132	89.41	635727	7.22
501 - 1000	255	4.44	207555	2.36
1001 - 2000	148	2.58	227713	2.59
2001 - 3000	63	1.10	161500	1.83
3001 - 4000	34	0.59	120248	1.37
4001 - 5000	21	0.36	99824	1.13
5001 - 10000	40	0.70	298115	3.38
10001 and above	47	0.82	7056618	80.12
Total	5740	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.

DEMATERIALISATION OF SHARES

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

SHARE DEMATERIALISED RECORD

The following data indicates the extent of dematerialisation of the Company's shares as on 31st March, 2011.

No. of Shares Dematerialised	86,28,612	98% of the total share capital
No. of Shareholders holding shares in Demat form	4,298	74.88% of total number of shareholders

SALORA INTERNATIONAL LIMITED

ANNUAL REPORT 2010-11

STOCK MARKET DATA*

The monthly high and low quotations and volume of shares traded on The National Stock Exchange (NSE) and The Bombay Stock Exchange (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, 2010	52.80	46.90	174868	53.00	46.50	209874
May, 2010	55.85	43.20	174767	56.95	43.30	164496
June, 2010	48.50	41.10	130991	48.80	41.10	135580
July, 2010	54.70	45.00	540245	54.75	45.05	455620
August, 2010	63.30	45.50	841113	63.40	46.00	746501
September, 2010	57.20	50.20	91534	58.90	50.20	102715
October, 2010	53.30	47.60	23153	53.35	47.60	36848
November, 2010	53.00	43.75	26436	52.70	42.80	24078
December, 2010	48.30	37.60	25107	49.25	38.10	52746
January, 2011	47.00	35.00	21974	46.90	36.25	23089
February, 2011	37.30	28.50	29197	38.00	30.10	22999
March, 2011	33.60	23.80	92731	33.40	25.85	104700

*As per website of Bombay Stock Exchange Ltd. i.e. www.bseindia.com and National Stock Exchange of India Ltd. i.e. www.nsceindia.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
2003 – 04	29.07.2004	28.07.2011	27.08.2011
2004 - 05	21.01.2005 (Interim)	20.01.2012	20.02.2012
2004 - 05	18.07.2005	17.07.2012	17.08.2012
2005 - 06	31.01.2006 (Interim)	30.01.2013	01.03.2013
2005 - 06	10.07.2006	09.07.2013	09.08.2013
2006 - 07	12.06.2007	11.06.2014	10.07.2014
2007 - 08	04.07.2008	03.07.2015	02.08.2015
2008 - 09	21.07.2009	20.07.2016	19.08.2016

No dividend was declared by the Company for the Financial Year 2009 - 10 and 2010 - 11. Members who have so far not encased their dividend warrants are requested to have the same revaluated 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.

Place : New Delhi
Date: 30th May, 2011

Sitaram Jiwarajka
Chairman

AUDITORS' CERTIFICATE

To,

The Members of Salora International Limited

We have examined the compliance of conditions of Corporate Governance by Salora International Ltd. for the year ended 31st March, 2011 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

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

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

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

Place: New Delhi
Date: 30th May, 2011

R.S. Gupta
Partner
Membership No. 072666

SALORA INTERNATIONAL LIMITED

ANNUAL REPORT 2010-11

CEO / CFO CERTIFICATION

The Board of Directors
Salora International Limited

Re: Financial Statements for the year 2010 – 11 – Certification by CEO/CFO

We, Gopal Sitaram Jiwarajka, VCMD & 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, 2011 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, 2011 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)
Vice Chairman & Managing Director & CEO

(Surinder Sood)
Chief Finance Officer

Place: New Delhi
Date : 26th May, 2011

DECLARATION – COMPLIANCE WITH THE CODE OF CONDUCT

In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges, I, Gopal Sitaram Jiwarajka, VCMD & CEO of the Company, hereby declare that the Board Members and Senior Management Personnel have affirmed compliance with the said Code of Conduct for the year ended March 31, 2011.

For **SALORA INTERNATIONAL LTD.**,

(Gopal Sitaram Jiwarajka)
Vice Chairman & Managing Director & CEO

Place: New Delhi
Date : 26th May, 2011

AUDITORS' REPORT

To the Members of
Salora International Limited

We have audited the attached Balance Sheet of Salora International Limited as at 31st March, 2011 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 (hereinafter referred to as the "Act"), we enclose in the annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the annexure referred to in paragraph 1 above, we report that-
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books.
 - (c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (d) In our opinion the Balance Sheet, Profit & Loss Account and Cash flow statement dealt with by this report comply with the Accounting Standards as referred to in Sub Section 3C of Section 211 of the Companies Act, 1956.
 - (e) On the basis of written representations received from the directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors are disqualified from being appointed as a director in terms of Clause (g) of Sub Section (1) of Section 274 of the Companies Act, 1956.
3. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with Significant Accounting Policies and Notes on Accounts in

Schedule "U" give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

- (a) in the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March 2011;
- (b) in the case of the Profit & Loss Account, of the "Loss" of the Company 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.

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

R.S. Gupta

Place : New Delhi.
Date : 30th May, 2011

Partner

Membership No. : 072666

ANNEXURE TO THE AUDITORS' REPORT OF EVEN DATE (REFER TO IN PARAGRAPH 1 THEREOF)

- (i) (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) Major fixed assets have been physically verified by the management during the year. As explained to us, no material discrepancies were noticed on such verification.
 - (c) The company has not made substantial disposals of fixed assets during the year.
- (ii) (a) Inventories have been physically verified by the management during the year except goods / material in bond, transit and with third parties. In our opinion, the frequency of physical verification is reasonable.
 - (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - (c) The company has maintained proper records of inventories and no material discrepancies were noticed on physical verification.
- (iii) (a) The company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the act.
 - (b),(c) Since the company has not granted loan, hence the & (d) sub clauses (b),(c) and (d) are not applicable.
 - (e) The company has taken unsecured loans repayable on demand amounting to ₹ 542.70 lacs from two companies covered in the register maintained u/s 301 of the Act.

SALORA INTERNATIONAL LIMITED

ANNUAL REPORT 2010-11

(f) The rate of interest and other terms and conditions of unsecured loans taken by the company are not *prima facie* prejudicial to the interest of the company.

(g) There is no comment on the payment of the principal and the interest since the same are repayable on demand and there is repayment of principal of ₹ 289 Lacs and interest of ₹ 8.16 Lacs for the year to two companies during the year.

(iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. In our opinion and according to the information and explanations given to us, there were no major weaknesses in internal control systems.

(v) (a) According to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.

(b) As explained to us, transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vi) The company has not accepted any deposits from the public.

(vii) The company has an internal audit system commensurate with its size and the nature of its business.

(viii) It has been explained that the cost records and accounts prescribed by the Central Government of India under Section 209 (1) (d) of the Act, are being made up and maintained.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the books of accounts, the company has been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess, and any other statutory dues with the appropriate authorities during the year except of professional tax and some delays of ESI. 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 ₹ 0.82 lacs.

(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, 2011. There is no dues of Wealth Tax that has not been deposited on account of any dispute.

Nature of the statute	Nature of the dues	Disputed Amount (₹ /Lacs)	Amount Deposited (₹/Lacs)	Amount not Deposited (₹ /Lacs)	Period to which the amount relates to Various years covering the period	Forum where pending
Income Tax Act, 1961	Income Tax	88.51	88.51	NIL	2002 - 2003	Appellate Authority - High court
	Income Tax	31.16	6.77	24.39	2004 - 2005	Appellate Authority - Tribunal
	Income Tax	65.57	85.27	-	2006 - 2007	Appellate Authority - CIT (A)
	Income Tax	30.24	30.24	Nil	2008 - 2009	Appellate Authority - CIT (A)
Sales Tax Laws	Sales Tax	16.59	16.18	0.41	2000 - 2004	Appellate Authority - Supreme Court
	Sales Tax	37.77	7.70	30.07	1995 - 2002	Appellate Authority-High Court
	Sales Tax	107.58	90.90	16.68	1999 - 2007	Appellate Authority - Sales Tax Tribunal
	Sales Tax	560.95	287.03	273.92	2000 - 2010	Appellate Authority - Sales Tax Commissioner
Service Tax Act, 1994	Service Tax on Royalty	7.07	NIL	7.07	1997 - 2003	Appellate Authority - Excise Commissioner
Customs Act, 1962	Custom Duty	Not ascertained	20.00	-	1994-1995	Appellate Authority - Tribunal
Central Excise Act, 1944	Excise Duty	1142.77	300.00	842.77	1994 & 2003	Appellate Authority - Tribunal
	Excise Duty	1420.17	21.79	1398.38	1995 -2009	Appellate Authority Excise Commissioner
	Penalty	1142.77	NIL	1142.77	1994 & 2003	Appellate Authority - Tribunal

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

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

R.S. Gupta
Partner
Membership No. : 072666

Place : New Delhi.
Date : 30th May, 2011

SALORA INTERNATIONAL LIMITED

ANNUAL REPORT 2010-11

BALANCE SHEET AS AT 31ST MARCH, 2011

		AS AT Schedule	31.03.2011	AS AT 31.03.2010	(₹ in Lacs)
SOURCES OF FUNDS					
Shareholder's Funds					
Share Capital	A	881.45	881.45		
Reserves & Surplus	B	10,927.59	11,840.35		
Sub-Total		11,809.04	12,721.80		
Loan Funds					
Secured Loans	C	4,844.74	5,491.66		
Unsecured Loans	D	253.70	-		
Sub-Total		5,098.44	5,491.66		
Deferred Tax Liability		376.21	729.06		
TOTAL		17,283.69	18,942.52		
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	E	9,640.57	10,012.69		
Less: Depreciation		5,496.19	5,415.65		
Net Block		4,144.38	4,597.04		
Add: Capital Work In Progress		-	20.00		
Net Block		4,144.38	4,617.04		
Investments (At Cost)	F	817.42	816.92		
Current Assets, Loans & Advances :					
Inventories	G	5,489.17	9,063.27		
Sundry Debtors	H	6,681.04	9,579.50		
Cash & Bank Balances	I	621.33	241.03		
Other Current Assets	J	681.27	98.69		
Loans & Advances	K	3,454.36	3,447.35		
Sub-Total		16,927.17	22,429.84		
Less: Current Liabilities & Provisions					
Current Liabilities	L	4,573.01	8,882.07		
Provisions	M	32.27	39.21		
Sub-Total		4,605.28	8,921.28		
Net Current Assets		12,321.89	13,508.56		
Miscellaneous Expenditure (to the Extent not written off or adjusted)		-	-		
TOTAL		17,283.69	18,942.52		

NOTES ON ACCOUNTS AND ACCOUNTING POLICIES

The schedules referred to above form an integral part of the Balance Sheet.

As per our report of even date annexed.

For and on behalf of Board

For K.Prasad & Company

Chartered Accountants

FRN-002755N

R. S. Gupta

Partner

M No.072666

Place : New Delhi

Date : 30th May, 2011

Gopal Sitaram Jiwarajka

Vice Chairman & Managing Director

Sitaram Jiwarajka

Chairman

Y. P. Bansal

Company Secretary

Surinder Sood

Chief Finance Officer

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

(₹ in Lacs)

	Schedule	YEAR ENDED 31.03.2011	YEAR ENDED 31.03.2010
INCOME:			
Sales	N	52,062.39	52,451.97
Less: Excise Duty		857.67	491.44
Net Sales		51,204.72	51,960.53
Other Income	O	175.54	156.33
Increase/(Decrease) in Stock	P	(3,549.58)	116.35
Total (a)		47,830.68	52,233.21
EXPENDITURE :			
Materials Consumed & Purchase of Goods	Q	43,600.89	47,746.34
Personnel Expenses	R	1,873.48	1,860.31
Manufacturing & Other Expenses	S	2,561.59	2,573.52
Interest	T	672.56	608.86
Depreciation		387.49	427.19
Total (b)		49,096.01	53,216.22
PROFIT / (LOSS) BEFORE TAX		(1,265.33)	(983.01)
Less : Provision for Taxes :			
Deferred Tax		(352.85)	(378.68)
Earlier Year : Income Tax		0.28	13.94
PROFIT / (LOSS) AFTER TAX		(912.76)	(618.27)
Add: Balance brought forward from last year		1,359.53	1,977.80
Profit Available for Appropriation		446.77	1,359.53
APPROPRIATIONS			
Transfer to General Reserve		-	-
Balance carried to Balance Sheet		446.77	1,359.53
Total		446.77	1,359.53
BASIC/DILUTED EARNINGS PER SHARE (₹) (Note 12-Schedule U)	U	(10.36)	(7.02)

NOTES ON ACCOUNTS AND ACCOUNTING POLICIES
The schedules referred to above form an integral part of the Profit & Loss Account.

Profit & Loss Account

As per our report of even date annexed.

For and on behalf of Board

For K.Prasad & Company
Chartered Accountants
FRN-002755N

R. S. Gupta
Partner
M No.072666

Place : New Delhi
Date : 30th May, 2011

Gopal Sitaram Jiwarajka
Vice Chairman & Managing Director

Y. P. Bansal
Company Secretary

Sitaram Jiwarajka
Chairman

Surinder Sood
Chief Finance Officer

SCHEDULES FORMING PART OF THE BALANCE SHEET

		(₹ in Lacs)
	AS AT 31.03.2011	AS AT 31.03.2010
SCHEDULE 'A'		
SHARE CAPITAL:		
Authorised		
20000000 Equity Shares of ₹ 10/- Each	2,000.00	2,000.00
Issued and Subscribed		
8820000 Equity Shares of ₹ 10/- Each	882.00	882.00
Paid-Up		
8807300 Equity Shares of ₹ 10/- Each	880.73	880.73
Add : Share Capital Forfeited (12700 Equity Shares @ ₹ 5.65/-each)	0.72	0.72
Total	<hr/> 881.45	<hr/> 881.45
NOTE :		
Out of the above 960000 Equity Shares of ₹ 10/- each were issued as Fully Paid Up Bonus Shares by capitalisation of General Reserve.		
SCHEDULE 'B'		
RESERVES & SURPLUS:		
Share Premium Account	3,244.42	3,244.42
Add : Share Premium Forfeited	2.87	2.87
Sub Total	<hr/> 3,247.29	<hr/> 3,247.29
General Reserve		
As per last Balance Sheet	7,233.53	7,233.53
Add: Profit transferred from Profit and Loss Account	-	-
Sub Total	<hr/> 7,233.53	<hr/> 7,233.53
Profit & Loss Account Balance	446.77	1,359.53
Total	<hr/> 10,927.59	<hr/> 11,840.35

SCHEDULES FORMING PART OF THE BALANCE SHEET

(₹. in Lacs)

	AS AT 31.03.2011	AS AT 31.03.2010
SCHEDULE 'C'		
SECURED LOANS:		
A. Term Loans (From banks)		
(a) Foreign Currency Loan	571.51	1,194.13
(b) Vehicle Loans	31.55	48.06
B. Working Capital Loans		
From Banks	3,698.75	3,903.32
Buyers Credit from Bank	355.49	-
C. Interest Free Loan from PICUP Under Sales Tax Deferred Scheme	187.44	346.15
Total	4,844.74	5,491.66

Notes :-

1. (a) Foreign currency loan referred to in 'A' are secured against first exclusive charge over immovable and movable fixed assets (both present and future) relating to the project situated at Dhule in the state of Maharashtra and second charge on immovable property of Noida unit to the extent of ₹ 1 Crore.
- (b) Vehicle Loans referred to in 'A' are secured against hypothecation of cars.
2. Working Capital Loans referred to in 'B' are secured by hypothecation of inventories & receivables and first pari-passu charge with PICUP on immovable properties of Noida units as collateral security.
3. Buyers Credit loan from bank referred to in 'B' above are secured against FDRS.
4. Interest free Loan from PICUP under sales tax deferred scheme is secured by first charge on all movable fixed assets (present & future) of Noida units and first pari-passu charge with bank(s) on immovable properties of Noida units.

SCHEDULE 'D'

UNSECURED LOANS:

From Subsidiary Company	44.70	-
From Related Company	209.00	-
Total	253.70	-

SCHEDULE 'E'

FIXED ASSETS :

(₹ in Lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Balance as at 01.04.2010	Additions	Deductions/ Adjustments	Balance as at 31.03.2011	Upto 31.03.2010	For The Year	Deductions/ Adjustments	Upto 31.03.2011	Balance as at 31.03.2011	Balance as at 31.03.2010
Lease Hold Land	390.29	-	-	390.29	55.46	6.00	-	61.46	328.83	334.83
Building	708.36	-	144.88	563.48	262.90	17.21	63.96	216.15	347.33	445.46
Furniture & Fixtures	504.35	0.09	61.84	442.60	341.98	15.11	50.24	306.85	135.75	162.37
Plant & Machinery	6,978.77	38.27	49.76	6,967.28	3,650.67	281.53	43.26	3,888.94	3,078.34	3,328.10
Dies & Moulds	1,134.45	0.97	134.50	1,000.92	990.85	39.09	127.90	902.04	98.88	143.60
Motor Vehicles	141.12	10.65	33.40	118.37	59.93	18.48	21.22	57.19	61.18	81.19
Office Equipment	50.72	1.12	0.39	51.45	27.13	-	0.37	26.76	24.69	23.59
Intangible Assets	104.63	1.55	-	106.18	26.73	10.07	-	36.80	69.38	77.90
Total	10,012.69	52.65	424.77	9,640.57	5,415.65	387.49	306.95	5,496.19	4,144.38	4,597.04
PREVIOUS YEAR	9,991.85	76.07	55.23	10,012.69	5,026.61	427.19	38.15	5,415.65	4,597.04	4,965.24
CWIP	-	-	-	-	-	-	-	-	-	20.00

SCHEDULES FORMING PART OF THE BALANCE SHEET

		(₹ in Lacs)		
	AS AT 31.03.2011		AS AT 31.03.2010	
SCHEDULE ‘F’				
A) 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 ₹ 10/- each.	326.60		326.60	
ii) 3414800 Equity Shares of Salora Component Ltd.of ₹ 10/- each.	341.48		341.48	
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		97.80	
iii) 780000 Equity Shares of H.K.Shinsei.of Hong Kong \$ 1/- each.	40.61		40.61	
iv) 5000 Equity Shares of Terminal Power Pvt. Ltd. of ₹ 10/- each.	0.50		-	
b) Other Investments in Shares & Bond (Fully paid)				
i) 2 Unsecured Redeemable Money Multiplier Bond of ICICI Ltd of ₹1000/- each	0.02		0.02	
Total	817.42		816.92	
Aggregate Book value of Unquoted Investment	817.42		816.92	

SCHEDULE ‘G’

INVENTORIES (As Certified by the Management):
(at cost or estimated realisable value whichever is lower)

i) Raw Material & Components	597.93	663.47
ii) Stores & Spares etc.	3.40	6.40
iii) Work-in-Progress	57.96	138.43
iv) Finished & Traded Goods	4,645.22	8,114.33
v) Material in Bond & Transit	184.66	140.64
Total	5,489.17	9,063.27

SCHEDULES FORMING PART OF THE BALANCE SHEET

(₹ in Lacs)

	AS AT 31.03.2011	AS AT 31.03.2010
SCHEDULE 'H'		
SUNDRY DEBTORS (Unsecured):		
a) Debts outstanding for a period exceeding Six months		
Considered Good	3,603.39	3,539.85
Considered Doubtful	115.60	209.93
Less : Provision for Doubtful Debts	115.60	209.93
b) Others, Considered Good	3,077.65	6,039.65
Total	6,681.04	9,579.50

SCHEDULE 'I'

CASH & BANK BALANCES:

Cash in hand	3.65	22.80
Cheques & D.D. /T.T. in hand/Transit	2.77	3.15
Balance with Scheduled Banks:		
Current Account	55.81	94.19
Fixed Deposit Account (Margin Money)	541.14	100.17
Equity Dividend	17.96	20.72
Total	621.33	241.03

SCHEDULE 'J'

OTHER CURRENT ASSETS:

(Unsecured, Considered good)

i) Gratuity and Superannuation Receivable	45.40	35.56
ii) Insurance Claim Receivable	585.09	48.88
iii) Interest Receivable	50.78	14.25
Total		
Total	681.27	98.69

SCHEDULES FORMING PART OF THE BALANCE SHEET

	(₹ in Lacs)	
	AS AT 31.03.2011	AS AT 31.03.2010
SCHEDULE 'K'		
LOANS & ADVANCES:		
(Unsecured, Considered good)		
Loans	255.00	255.00
Advances recoverable in cash or in kind or for value to be received	1,503.26	383.07
Balance With Government Authorities	1,042.83	1,662.60
Security Deposits	311.22	307.42
Advance / refundable Income Tax (net of provision)	131.25	658.71
Payment against disputed Income Tax Demand	210.80	180.55
Total	3,454.36	3,447.35
SCHEDULE 'L'		
CURRENT LIABILITIES:		
Sundry Creditors*	4,032.68	8,351.76
Other Liabilities	515.80	490.05
Unclaimed/Unpaid dividend	17.96	20.72
Interest Accrued but not due	6.57	19.54
Total	4,573.01	8,882.07
*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.		
SCHEDULE 'M'		
PROVISIONS:		
For Retirement and Other Employee Benefits	32.18	39.12
For Wealth Tax	0.09	0.09
Total	32.27	39.21

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	(₹ in Lacs)	
	YEAR ENDED 31.03.2011	YEAR ENDED 31.03.2010
SCHEDULE 'N'		
SALES:		
Domestic	34,543.82	48,500.34
Export	17,518.57	3,951.63
Total	52,062.39	52,451.97

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	(₹ in Lacs)	
	YEAR ENDED 31.03.2011	YEAR ENDED 31.03.2010
SCHEDULE 'O'		
OTHER INCOME:		
Interest (TDS ₹ 408290/-, Previous year ₹ 600949/-)	142.02	55.36
Rent Received (TDS previous year ₹ 49778/-)	-	2.70
Cash Discount	18.06	97.22
Miscellaneous Income	15.46	1.05
Total	175.54	156.33

	(₹ in Lacs)	
	YEAR ENDED 31.03.2011	YEAR ENDED 31.03.2010
SCHEDULE 'P'		
INCREASE / (DECREASE) IN STOCK:		
Opening Stock:		
Finished & Traded Goods	8,114.33	8,042.16
Work In Progress	138.43	94.25
Total :	8,252.76	8,136.41
Closing Stock:		
Finished & Traded Goods	4,645.22	8,114.33
Work In Progress	57.96	138.43
Total :	4,703.18	8,252.76
Increase/(Decrease) In Stock:		
	(3,549.58)	116.35

	(₹ in Lacs)	
	YEAR ENDED 31.03.2011	YEAR ENDED 31.03.2010
SCHEDULE 'Q'		
MATERIALS CONSUMED & PURCHASES OF GOODS :		
A) Raw Materials Consumed :-		
Opening Stock	663.47	569.24
Add : Purchases	5,787.00	4,796.57
Less: Closing Stock	597.93	663.47
Total :	5,852.54	4,702.34
B) Purchase of Goods :-		
	37,748.35	43,044.00
Materials Consumed & Purchases of Goods (A+B)		
	43,600.89	47,746.34

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	(₹ in Lacs)	
	YEAR ENDED 31.03.2011	YEAR ENDED 31.03.2010
SCHEDULE 'R'		
PERSONNEL EXPENSES:		
Salaries, Wages, Bonus & Other Allowances	1,654.67	1,648.23
Contribution to Provident & Other Fund	109.23	92.81
Retrenchment Compensation	58.66	-
Key Man Insurance Received Back	(53.73)	-
Staff Welfare & Other Benefits	104.65	119.27
Total	1,873.48	1,860.31
SCHEDULE 'S'		
MANUFACTURING & OTHER EXPENSES:		
Assembly Charges	54.82	37.28
Stores & Spares Consumed	25.26	16.64
Power & Fuel	130.17	122.74
Rent (Including Lease Rent)	234.82	240.73
Rates and Taxes	9.77	9.44
Repair & Maintenance :-		
Building	1.28	0.03
Plant & Machinery	82.91	86.15
Others	64.48	65.50
Insurance	40.56	87.47
Travelling & Conveyance	267.30	319.42
Miscellaneous	431.17	548.43
Payment to Auditors	15.79	16.55
Freight and Forwarding	361.44	563.42
Discount, Commission & Incentives	99.49	15.59
Advertisement & Publicity	22.15	150.67
After Sale Service Charges	153.91	177.55
Sales Tax	14.33	47.09
Loss / (Profit) on Sale / Discard of Fixed Assets (Net)	10.61	(2.02)
Ir-recoverable Advances and Claim Receivable W/off	33.69	-
Short / Excess Claims	(60.84)	(29.44)
Bad Debts	612.65	11.97
Provision for Doubtful Debts	(94.33)	209.93
Bank Charges	66.86	81.16
Foreign Currency Exchange Fluctuation (Net)	(16.70)	(202.78)
Total	2,561.59	2,573.52
SCHEDULE 'T'		
INTEREST :		
On Term Loan	19.49	45.28
Others	653.07	563.58
Total	672.56	608.86

SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

SCHEDULE 'U'

A. 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 Profit & Loss Account.

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 Profit and Loss Account 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 assets 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 :

- Inventories are valued at cost or net realisable value whichever is lower.
- 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.
- Cost is calculated on FIFO basis in respect of Infocom Products and on weighted average basis in respect of Consumer Electronic Product & components thereof.
- Obsolete, defective and non/ slow moving inventories are identified at the year end and adequate provision is made in respect thereof.

SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT**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 profit and loss account 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 Profit and Loss account 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 Profit and Loss account.
- d. Contribution to Employees Provident Fund and Family Pension Scheme are charged to Profit & Loss Account as incurred under the relevant Act.
- e. Gratuity and Superannuation benefits are charged to Profit & Loss Account 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 Profit & Loss account.

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 Profit & Loss Account

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.

B. Notes on Accounts :**1. Contingent Liabilities not provided for in respect of :**

- i) Bank Guarantees issued by Bankers ₹ 541.43 lacs (Previous year ₹ 980.68 lacs) including for Sales Tax and Excise demand ₹ 97.37 lacs (Previous Year ₹ 84.28 lacs), against which margin kept by bank ₹ 69.36 lacs (Previous year ₹ 102.12 lacs).
- ii) Letter of Credits pending for shipment ₹ 84.58 lacs (Previous year ₹ 299.15 lacs.).
- iii) Claim by employee of ₹ 5.79 lacs against the company against which amount deposited ₹ 2.13 lacs is pending in High Court.
- iv) TV sets, VCD's and Office Automation products still under warranty for which amount is not ascertainable.
- v) Disputed Sales Tax demands of ₹ 722.89 lacs (Previous year ₹ 744.15 lacs), against which amount deposited ₹ 401.81 lacs (Previous year ₹ 389.21 lacs) has not been provided for as the cases are pending in appeals with higher authorities.

SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

vi) Advance Licence utilised for Import of CPT worth ₹ 87.50 lacs during the period from January, 1995 to May 1995 , DGFT issued Show Cause Notice to pay duty and penalty thereon 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.

2. Demand raised/Cenvat credit disputed, by Excise Authorities amounting to ₹ 3712.78 lacs (Previous year ₹ 2328.71 lacs),against which amount deposited ₹ 321.79 lacs (Previous year ₹ 321.79 lacs) has not been provided for as the matters are pending in appeals with higher authorities. Appellate Authority has passed an order to Pre deposit sum of ₹ 300 Lacs, which has been deposited Further, Company has been advised that the demand raised by Excise Authorities is purely on technical point and on the similar point they have raised demand on most of the TV Manufactures and hence representation is being made through manufacturer association before the Government, and the Company has filed a petition on the issue before Supreme Court, and Company expects to get relief in Appeal.

3. Income Tax Assessments of the Company have been completed upto Assessment Year 2008-2009(in previous year upto 2007-08). Demand has been raised of ₹ 215.48.lacs (previous year ₹ 185.23 lacs) for earlier assessment years against which company has filed appeal before appellate authorities and amount ₹ 210.79 lacs (previous year ₹ 180.55 lacs) has been deposited against demands.

Appeal of Income Tax department against the ITAT order for the Assessment Year 1997-98 is lying pending before Hon'ble Delhi High Court against which refund of ₹ 1151.57 lacs received by the Company in the Financial Year 2002-2003.

4. **Sundry Debtors, considered good includes :**

- i) ₹ 1659.43 lacs (previous year ₹ 443.22 lacs) due more than six months and ₹ 70.61 lacs due less than six months (previous year Nil.) from parties on whom legal action initiated for recovery.
- ii) ₹ 1129.51 Lacs (previous year ₹ 2085.08 lacs) due more than six months are under follow-up, negotiation,reconciliation, settlement and realisation. out of which ₹ 115.60 lacs (previous year ₹ 209.93 lacs) has been considered doubtful and provided for.
- iii) ₹ 930.05 lacs (previous year ₹ 1127.99 lacs) due more than six months and ₹ 142.15 lacs (Previous year ₹ 70.20 lacs) less than six months from Salora Retail Venture Limited, a company under the same management.
- iv) ₹ Nil. (Previous year ₹ 78.34 lacs) due more than six months & ₹ Nil. (Previous year ₹ 123.45 lacs) less than six months from Salora Components Limited,a subsidiary company.
- v) ₹ Nil.(previous year ₹ 12.27 lacs.) due less than six months from Salora Capital Limited a subsidiary company.

SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

(₹ in Lacs)

	YEAR ENDED 31.03.2011	YEAR ENDED 31.03.2010	YEAR ENDED 31.03.2011	YEAR ENDED 31.03.2010
	Leave Encashment	Unfunded	Gratuity Funded	
5. Employees Benefits disclosure as per accounting standard 15 (Revised) :				
i. The Principal assumptions in actuarial valuation are as below				
a. Discount Rate	8.00%	7.70%	8.00%	7.70%
b. Expected rate of return on assets	NA	NA	LIC HDFC	8.25% 6.27%
c. Expected rate of future salary increase	5%	5%	5%	5%
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	39.12	41.97	158.87	161.42
Interest Cost	3.01	2.94	12.23	12.43
Past Service Cost	-	-	7.08	-
Current Service Cost	9.70	8.33	13.65	13.80
Curtailment / Settlement Cost				
Benefits Paid	(33.66)	(25.71)	(42.35)	(24.94)
Actuarial (gain) / loss on obligations	14.02	11.59	(28.89)	(3.84)
 Present value of obligations at the end of the period	32.19	39.12	120.59	158.87
iii. Change in fair value of plan assets				
Fair value of plan assets at the beginning of the period	-	-	193.01	230.82
Expected Return on plan assets	-	-	25.08	20.2
Contributions	-	-	-	-
Withdrawals	-	-	(42.35)	(64.84)
Actuarial gain / (loss) on plan assets	-	-	(11.16)	6.83
 Fair value of plan assets at the end of the period	-	-	164.58	193.01
 Total Actuarial gain / (loss) to be recognised	14.02	11.59	11.73	10.67
iv. Actual return on plan assets				
Expected return on plan assets	-	-	25.08	20.20
Actuarial gain / (loss) on plan assets	-	-	11.16	6.83
 Actual return on plan assets	-	-	36.24	27.03
v. Liability recognised in the Balance Sheet				
Present value of obligations at the end of the period	32.19	39.12	120.59	158.87
Fair value of plan assets as at the end of the period	-	-	164.58	193.01
Unfunded / (funded) status	32.19	39.12	(164.58)	(193.01)
 Net (Assets) / Liability recognised in Balance Sheet	32.19	39.12	(43.99)	(34.14)
vi. Expenses recognised in Profit and Loss Account				
Current Service Cost	9.70	8.33	13.65	13.80
Past Service Cost	-	-	7.08	-
Interest Cost	3.01	2.94	12.23	12.43
Expected return on plan assets	-	-	(25.08)	(20.20)
Net Actuarial (Gain) / Loss recognised during the year	14.02	11.59	(17.73)	(10.67)
 Expense recognised in Profit and Loss Account	26.73	22.86	(9.85)	(4.64)
Differential/casuals paid debited to P&L	-	-	-	-
 Total Expense recognised in Profit and Loss Account	26.73	22.86	(9.85)	(4.64)
vii. Breakup of Plan Assets as a percentage of total plan assets				
Funds managed by Insurer	-	-	100%	100%
viii. Balance Sheet Reconciliation				
Opening Net Liability	39.12	41.97	(34.14)	(69.40)
Expenses as above	26.73	22.86	(9.85)	(4.64)
Withdrawals	-	-	42.36	64.84
Benefits Paid	-	-	(42.36)	(24.94)
Employers Contribution Paid	(33.66)	(25.71)	-	-
 Closing Net Liability	32.19	39.12	(43.99)	(34.14)

SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

Particulars	(₹ in Lacs)	
	Year Ended 31.03.2011	Year Ended 31.03.2010
6. Exchange difference has been charged/ (credited) to revenue accounts as follows:		
On Import of raw material & finished goods including forward contracts	(20.64)	(211.48)
On Export sales	(27.55)	(29.03)
On Term loan	31.49	37.73
Total	(16.70)	(202.78)
7. Remuneration to Auditors (Net of Service Tax - Cenvatable) :		
Statutory Audit Fee (including Limited Review)	11.00	11.00
Tax Audit Fees	1.50	1.50
Other services :		
- Certification	1.30	2.07
- Expenses / Service Tax reimbursed	1.99	1.98
Total	15.79	16.55
8. (a) Directors' Remuneration :		
(Excluding Contribution to Gratuity Fund and Leave encashment provided on actuarial basis)		
Salary & Allowances	61.20	100.80
Contribution to Provident Fund & Superannuation Fund	12.96	12.96
Other benefits & Perquisites	3.21	2.66
Total	77.37	116.42
(b) Computation of Managerial Remuneration Payable to Directors :		
Profit/(Loss) before tax as per P&L A/c	(1,265.33)	(983.01)
Add: Wealth Tax	0.09	0.09
Add: Directors' sitting fees	2.50	3.20
Directors' remuneration	77.37	116.42
Net Profit Pursuant to Section 349 of the Companies Act,1956	(1,185.37)	(863.30)
Commission payable on net profit	0.00	0.00
Maximum Managerial Remuneration payable to the Director at 5%	-	-
Maximum Managerial Remuneration (including contribution to funds ₹ 12.96 lacs) payable in case of inadequacy of profit based on effective capital ₹ 13493.22 lacs as on 31.03.10.	60.96	60.96
Excess Managerial Remuneration paid with the approval of Central Government	16.41	55.46
Commission due to Executive Director for the year	0.00	0.00
Commission due to Non- Executive Directors for the year	0.00	0.00
Managerial Remuneration includes Commission of ₹ NIL lacs (Previous Year Nil to Non Executive Directors)	77.37	116.42
Note :		
The Central Government has accorded its approval vide letter dated 2nd December 2010 for payment of remuneration of ₹ 989600/- per month to Shri Gopal Sitaram Jiwarajka from 1.07.2010 to 30.06.2013.		

SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

Particulars	Year Ended 31.03.2011	(₹ in Lacs)	
		Year Ended 31.03.2010	
9. DEFERRED TAX :			
(a) Deferred Tax Liability on account of :			
Depreciation other than WindMill	191.75	221.56	
Depreciation & Business Loss of WindMill	847.73	807.36	
	<u>1039.48</u>	<u>1028.92</u>	
(b) Deferred Tax Asset on account of :			
Taxes, Duties, Bonus & Leave pay etc.	35.78	42.05	
Provision for Bad & Doubtfull debts	37.51	64.87	
Unabsorbed Depreciation	146.81	76.74	
Unabsorbed Business Loss	443.17	116.20	
	<u>663.27</u>	<u>299.86</u>	
Deferred Tax Liability (Net)	376.21	729.06	
Deferred Tax Expenditure/ (Income)	(352.85)	(378.68)	
10. FINANCE LEASE OBLIGATIONS:			
Future obligations towards lease rentals for Fixed assets (Leasehold land) taken on lease as on 31.03.2011 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	470.40	477.12	
Total	510.72	517.44	
11. RELATED PARTIES DISCLOSURES :			
1. Relationship :			
(a) Subsidiary :		(b) Associates & Joint Ventures :	
Salora Capital Limited		Salora Retail Ventures Ltd	
Salora Components Ltd.		H.K. Shinsei Ltd	
(c) Other related parties in which key managerial personnel or their relatives have significant influence :		(d) Key Managerial Personnel:	
Associated Electrical Agencies		Shri Gopal Sitaram Jiwarajka	
Associated Electronic Research Foundation		(e) Relative of key managerial personnel where transactions have taken place:	
Artheon Electronics Ltd		Shri Sitaram Jiwarajka	
Essjay Ericsson Pvt. Ltd.		Smt. Neetu Jiwarajka	
Manori Properties P Ltd.		Shri Tarun Jiwarajka	
Artheon Energy P Ltd.		Shri Ayush Jiwarajka	
Panasonic Carbon India Co Ltd.			
Devi Electronics P Ltd.			
Terminal Power Pvt. Ltd.			
Skandsoft Technologies P. Ltd.			
Artheon Emerging Technology P. Ltd.			
Sharada Inventions P. Ltd.			
Ultimedia Technologies Pvt. Ltd.			
Nova Telesec Pvt. Ltd.			
Artheon Finance Ltd.			

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

SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

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	
	31.03.11	31.03.10	31.03.11	31.03.10	31.03.11	31.03.10	31.03.11	31.03.10
Purchases								
Goods and Materials	2,895.00	2.74	167.75	231.67	-	-	-	-
Services - Job Work Charges	-	-	-	-	-	-	-	-
Fixed Assets	-	-	-	-	-	-	-	-
Sales								
Goods and Materials	775.03	441.52	290.24	215.62	0.31	122.84	-	-
Services - Job Work Income	-	-	-	-	-	-	-	-
Sale of Fixed Assets	-	-	-	-	-	-	-	-
Expenses								
Rent	-	-	-	-	8.09	8.39	-	-
Technical Charges	-	-	-	-	0.12	0.02	-	-
Other Charges/ Reimbursements	-	-	-	-	1.49	1.55	-	-
Lease Liability Paid	-	-	-	-	-	-	-	-
Interest	3.56	-	-	-	4.44	-	-	-
Royalty	-	-	-	-	-	-	-	-
Salary	-	-	-	-	-	-	17.19	13.64
Commission	-	-	-	-	-	-	-	-
Directors Remuneration	-	-	-	-	-	-	77.37	116.42
Directors Fees	-	-	-	-	-	-	0.40	0.40
Income								
Rent	-	-	-	18.47	-	-	-	-
Hire Charges	-	-	-	-	-	-	-	-
Other Recoveries	-	-	-	-	-	-	-	-
Discount	-	-	-	-	-	-	-	-
Interest	2.84	29.83	-	-	-	-	-	-
Diminution in Investment written back	-	-	-	-	-	-	-	-
Investment								
Shares	-	-	-	-	-	-	-	-
Shares Application Money	-	-	-	-	0.50	-	-	-
Sale of Investment	-	-	-	-	-	-	-	-
Finance								
Loans given	-	1,470.00	-	-	-	-	-	-
Loans received back	-	1,470.00	-	-	-	-	-	-
Loans received	133.70	-	-	-	409.00	-	-	-
Loans repaid	89.00	-	-	-	200.00	-	-	-
Advance received	-	-	32.20	-	-	-	-	-
Advance given and received back	-	-	-	-	-	-	-	-
Others								
Advance for material supply given & recd back	-	-	-	238.00	-	-	-	-
Expenses incurred & received back	0.44	0.20	27.23	7.58	-	-	-	-
Outstandings								
Payables	24.64	-	-	-	0.93	0.76	4.29	4.40
Receivables	-	214.04	1,072.20	1,198.19	-	15.82	-	-
Share application pending allotment	-	-	-	-	-	-	-	-
Loan Received	44.70	-	-	-	209.00	-	-	-
Loan Given	-	-	-	-	-	-	-	-
Advance Received	-	-	32.20	-	-	-	-	-
Advance Given	-	-	-	-	-	-	-	-

SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

12. PARTICULARS OF EARNING PER SHARE:

(₹ in Lacs)

Particulars	YEAR ENDED 31.03.2011	YEAR ENDED 31.03.2010
Net Profit/(Loss) after tax as per profit and loss account (₹ Lacs) attributable to equity shareholders	(912.76)	(618.27)
Net Profit /(Loss) before exceptional item net of tax expense (₹ Lacs)	(912.76)	(618.27)
Weighted Average number of equity shares used as denominator for calculating EPS	8807300	8807300
Basic and Diluted Earnings per share (in ₹)	(10.36)	(7.02)
Basic and Diluted Earnings (before exceptional item) per share (in ₹)	(10.36)	(7.02)
Face Value per equity share (in ₹)	10.00	10.00

13. SEGMENT REPORTING:

A. Information about Primary Business Segments:

(I) Segment Revenue :				
a) Infocom Division	42,032.58	43,981.12		
b) Consumer Electronics Division	8,854.49	7,597.34		
c) Wind Energy	317.65	382.07		
Total Segment Revenue as per Financial Statements	51,204.72	51,960.53		
(II) Segment Results (₹ Lacs) :				
a) Infocom Division	44.70	477.72		
b) Consumer Electronics Division	(292.69)	(230.44)		
c) Wind Energy	68.88	78.37		
Total Segment Results	(179.11)	325.65		
Less : i) Interest	672.56	608.86		
ii) Other un-allocable expenditure net off un-allocable income	413.66	699.80		
iii) Provision for Taxes	(352.57)	(364.74)		
Net Profit/(Loss) as per Financial Statements	(912.76)	(618.27)		
(III) Other Informations (₹ in Lacs) :				
Particulars	Segment Assets	Segment Liabilities	Capital Expenditure	Depreciation & Amortisation
a) Infocom Division				
Current year	11,713.28	3,554.59	12.97	27.09
(Previous year)	(16,290.84)	(7,765.08)	(20.97)	(24.67)
b) Consumer Electronics Division				
Current year	5,333.50	1,107.96	23.78	159.21
(Previous year)	(6,619.04)	(1,349.94)	(5.55)	(198.69)
c) Wind Energy				
Current year	2,488.43	593.13	-	156.84
(Previous year)	(2,667.42)	(1,207.30)	-	(156.84)
d) Unallocated Amounts				
Current year	2,353.76	4,824.25	15.90	44.35
(Previous year)	(2,286.50)	(4,819.68)	(49.55)	(46.99)
Total as per Financial Statements (C.Y.)	21,888.97	10,079.93	52.65	387.49
	(27,863.80)	(15,142.00)	(76.07)	(427.19)

B. GEOGRAPHICAL SEGMENTS:

The domestic sales is 66.35% (Previous year 92.47%) and the export sales is 33.65 % (Previous year 7.53%) of the total turnover of the Company, there are no separate reportable Geographical Segments.

SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

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 CTV 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.

14. QUANTITATIVE & OTHER INFORMATION:

(As certified by the management)

A. CLASS OF GOODS PRODUCED:

	YEAR ENDED 31.03.2011	YEAR ENDED 31.03.2010
Installed Capacity* (Nos.)	Production (Nos.)	Installed Capacity* (Nos.)
(i) TV Sets & Sub Assemblies thereof	300000	300000

(ii) Electronic Components

159414

164070

4466706

4836482

*The installed capacity is as certified by the management and not verified by the auditors, being a technical matter.

Particulars

	Qty. (Nos.)	Value (₹ in Lacs)	Qty. (Nos.)	Value (₹ in Lacs)
--	----------------	----------------------	----------------	----------------------

B. OPENING STOCK :

TV Sets & Sub assemblies thereof	5668	201.07	8191	342.85
Electronic Components	263184	123.45	407108	236.23
Mobile Phone & Accessories	192667	3,508.70	155553	4,259.40
Computers and Accessories	7656	1,480.97	4387	424.55
Miscellaneous		2,800.14		2,779.13
Total		8,114.33		8,042.16

C. PURCHASE :

TV Sets & Sub assemblies thereof	65728	1,317.57	31095	947.06
Electronic Components	93	34.24	5000	1.85
Mobile Phone & Accessories*	479180	22,386.26	476507	19,127.80
Computers and Accessories	67159	10,876.25	76566	15,942.66
Miscellaneous		3,134.03		7,024.63
Total		37,748.35		43,044.00

D. TURNOVER (Gross) :

TV Sets & Sub assemblies thereof	226779	6,533.08	197688	4,847.44
Electronic Components*	4146496	2,244.45	4698910	2,517.17
Mobile Phone & Accessories	503710	25,718.52	439393	21,069.79
Computers and Accessories	73626	12,591.86	73297	15,380.39
Miscellaneous**		4,974.48		8,637.18
Total		52,062.39		52,451.77

*Excludes 307128 Nos. (Previous year 286496 Nos.) Electronic Components of gross value ₹ 192.14 lacs (Previous year ₹ 114.23) transferred to TV unit of the Company for captive consumption.

**Includes Maintenance & Service/ Job charges of ₹ 114.44 lacs (Previous year ₹ 194.73 lacs) and wind energy sale ₹ 317.65 lacs (Previous year ₹ 382.07 lacs)

SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

Particulars	YEAR ENDED 31.03.2011		YEAR ENDED 31.03.2010	
	Qty. (Nos.)	Value (₹ in Lacs)	Qty. (Nos.)	Value (₹ in Lacs)
E. CLOSING STOCK:				
TV Sets & Sub assemblies thereof	4031	155.81	5668	201.07
Electronic Components	276359	131.16	263184	123.45
Mobile Phone & Accessories	168137	1,910.21	192667	3,508.70
Computers and Accessories	1189	118.04	7656	1,480.97
Miscellaneous		2,330.00		2,800.14
Total		4,645.22		8,114.33
F. MATERIAL & COMPONENTS CONSUMED :				
TELEVISION :				
Picture Tube	150044	2,177.14	137315	1,484.87
E.H.T. TRANSFORMER :				
Ferrite Core (Pair)	553270	54.75	520287	61.08
Diode	2863220	40.56	2678385	27.42
Focus Potentiometer	580231	44.75	528359	41.35
DEFLECTION YOKE :				
Ferrite Core (Pair)	645631	85.06	442094	76.58
Copper Wire (Kg.)	71349.13	185.66	68372.10	199.31
LOUD SPEAKER :				
Basket	4152236	50.37	4829684	319.56
Yoke	3624061	85.77	4074193	104.46
Magnet	7004730	84.21	7748229	107.39
OTHERS*		3,044.27		2,280.32
Total Consumption		5,852.54		4,702.34

*Others does not includes inter-unit transfer of Components Value (net of cenvat) ₹ 175.23 lacs (Previous year ₹ 105.46 lacs) but includes material consumed against sale of raw material / components for value of ₹ 431.57 lacs (Previous year ₹ 326.07 lacs).

Particulars	YEAR ENDED 31.03.2011		YEAR ENDED 31.03.2010	
	₹ in Lacs	%	₹ in Lacs	%
G. BREAK-UP OF IMPORTED AND INDIGENOUS MATERIALS AND COMPONENTS CONSUMED :				
Imported	1,474.82	25.20	1,772.15	37.69
Indigenous	4,377.72	74.80	2,930.19	62.31
Total Consumption	5,852.54	100.00	4,702.34	100.00
H. STORE & SPARES CONSUMED :				
Imported	-	-	-	-
Indigenous	25.26	100.00	16.64	100.00
Total	25.26	100.00	16.64	100.00

SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

Particulars	(₹ in Lacs)	
	YEAR ENDED 31.03.2011	YEAR ENDED 31.03.2010
I. VALUE OF IMPORTS ON C.I.F BASIS :		
i) Raw Material & Components	1,448.14	1,887.21
ii) Trading Goods- Direct Purchase	2,809.83	4,731.27
iii) Trading Goods- High Sea Purchase	3,889.60	15,575.71
iv) Spares	2.39	3.79
v) Capital Goods	16.33	-
Total	8,166.29	22,197.98
J. EXPENDITURE IN FOREIGN CURRENCY :		
i) Interest	15.64	41.34
ii) Others	19.59	9.20
Total	35.23	50.54
K. EARNINGS IN FOREIGN EXCHANGE :		
Export of goods calculated on FOB basis	13,561.32	3,887.99
High Sea Export on FOB basis.	3,841.45	-
Service charges including Service Tax	86.74	129.80
Reimbursement of component under warranty service	249.67	918.20
Total	17,739.18	4,935.99

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

16. Schedules 'A' to 'U' forming part of the Balance Sheet as on 31st March, 2011 and the Profit & Loss Account for the year ended on that date.

Signature to Schedule 'A' to 'U'

As per our report of even date annexed.

For and on behalf of Board

For K.Prasad & Company
Chartered Accountants
FRN-002755N

R. S. Gupta
Partner
M No.072666

Place : New Delhi
Date : 30th May, 2011

Gopal Sitaram Jiwarajka
Vice Chairman & Managing Director

Sitaram Jiwarajka
Chairman

Y. P. Bansal
Company Secretary

Surinder Sood
Chief Finance Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

(₹ in Lacs)

	YEAR ENDED 31.03.2011	YEAR ENDED 31.03.2010
CASH FLOW FROM OPERATING ACTIVITIES :		
Profit / (Loss) before tax	(1,265.33)	(983.01)
Adjustment for :		
Depreciation	387.49	427.19
Interest	672.56	608.86
Interest Income	(142.02)	(55.36)
Profit/(Loss) on Sale of Long Term Investments	-	0.01
Wealth Tax	0.09	0.09
Deficit / (Surplus) on sale of Fixed Assets	10.61	(2.02)
Operating Profit before Working Capital changes	(336.60)	(4.24)
Adjustment for :		
Inventories	3,574.10	1,017.00
Trade and other receivables	1,848.19	855.82
Trade and other payables	(4,300.27)	2,352.16
Cash Generated from Operating Activities	785.42	4,220.74
Adjustment for :		
Direct taxes (paid) / Refund Received	496.84	(18.68)
Net cash from Operating Activities	1,282.26	4,202.06
CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	(32.65)	(96.07)
Sale / adjustment of fixed assets	107.20	19.10
Purchase of Investment in shares	(0.50)	-
Net cash from / (used in) Investing Activities	74.05	(76.97)
CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds/(Repayments) of long term borrowings	(797.84)	(757.24)
Proceeds/ (Repayments) of short term borrowings	150.92	(2,444.54)
Interest Paid	(685.53)	(643.39)
Loan Received	542.70	-
Loan Repaid	(289.00)	-
Loans Given	-	(1,725.00)
Loans Received Back	-	1,470.00
Margin Money	(440.97)	(13.85)
Interest received	105.49	44.48
Dividend paid	(2.76)	(89.22)
Dividend tax paid	-	(14.97)
Net cash from/(used in) Financing Activities	(1,416.99)	(4,173.73)
Net Increase/ (Decrease) in cash and cash equivalents :	(60.68)	(48.64)
Cash and cash equivalents at beginning of the year	140.86	189.50
Cash and cash equivalents at end of the year	80.19	140.86

Cash Flow

For and on behalf of Board

Surinder Sood
Chief Finance Officer

Y.P. Bansal
Company Secretary

Gopal Sitaram Jiwarajka
Vice Chairman & Managing Director

Sitaram Jiwarajka
Chairman

Auditors' Certificate

We have verified the above Cash Flow Statement prepared by the Company and certify that the statement has been derived from the accounts of the Company audited by us and has been prepared in accordance with the Stock Exchange Listing Requirements.

For K. Prasad & Company
Chartered Accountants
FRN-002755N

R. S. Gupta
Partner
M No.072666

New Delhi : 30th day of May, 2011

**Information required as per part IV of Schedule VI of the Companies Act, 1956.
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

I. Registration Details

Registration No.

4 9 6 2

State Code

5 5

Balance Sheet Date

3 1 0 3 2 0 1 1

II. Capital Raised during the Year (Amount in ₹ Thousands)

Public Issue

N I L

Rights Issue

N I L

Bonus Issue

N I L

Private Placement

N I L

III. Position of Mobilisation and Deployment of Funds (Amount in ₹ Thousands)

Total Liabilities

2 1 8 8 8 9 7

Total Assets

2 1 8 8 8 9 7

Sources of Funds

Paid-Up Capital

8 8 1 4 5

Reserves & Surplus

1 0 9 2 7 5 9

Secured Loans

4 8 4 4 7 4

Unsecured Loans

2 5 3 7 0

Application of Funds

Net Fixed Assets

4 1 4 4 3 8

Investments

8 1 7 4 2

Net Current Assets

1 1 9 4 5 6 8

Miscellaneous Expenditure

N I L

IV. Performance of the Company (Amount in ₹ Thousands)

Turnover (including other income)

5 1 3 8 0 2 6

Total Expenditure

5 2 6 4 5 5 9

Loss before Tax

1 2 6 5 3 3

Loss after Tax

9 1 2 7 6

Earnings Per Share in ₹

- 1 0 . 3 6

Dividend Rate %

0 0

V. Generic Names of Three Principal Products / Services of the Company (as per monetary terms)

Item Code No. (ITC Code)

Product Description

1. Colour TV

8 5 2 8 1 2 0 0 1 0

2. FBT/DY

8 5 0 4 4 0 0 9

3. Mobile Phone

8 5 2 5 2 0 1 7

For and on behalf of Board

Gopal Sitaram Jiwarajka
Vice Chairman & Managing Director

Sitaram Jiwarajka
Chairman

Y. P. Bansal
Company Secretary

Surinder Sood
Chief Finance Officer

Place : New Delhi
Date : 30th May, 2011

SALORA INTERNATIONAL LIMITED

ANNUAL REPORT 2010-11

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

We have audited the attached consolidated Balance Sheet of Salora International Limited (the Company) and its Subsidiaries as at 31st March 2011, the consolidated Profit & Loss Account and the consolidated Cash Flow Statement for the year ended on that date, annexed thereto. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our Audit.

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

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

(₹ in lacs)

Name of Subsidiary	Total Assets	Total Revenue
Salora Capital Limited	652.82	60.75
Salora Components Limited	917.03	3517.45

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

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

- a. In the case of the consolidated Balance Sheet of the State of Affairs of the Salora Group as at 31st March, 2011
- b. In the case of the conciliated Profit & Loss of the Salora group for the financial year ended on that date; and
- c. In the case of consolidated Cash Flow statement, of the Cash Flows of the Salora Group for the year ended on that date.

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

(R.S. Gupta)
Partner.

Membership No. : 072666

Place : New Delhi.
Date : 30th May, 2011

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

		(₹ in Lacs)	
		AS AT 31.03.2011	AS AT 31.03.2010
Schedule			
Sources of Funds			
Shareholders' Funds			
Share Capital	A	881.45	881.45
Reserves & Surplus	B	11,157.15	12,068.25
Sub-Total		<u>12,038.60</u>	<u>12,949.70</u>
Minority Interest		138.79	143.47
Loan Funds			
Secured Loans	C	4,850.26	5,491.66
Unsecured Loans	D	409.00	200.00
Sub-Total		<u>5,259.26</u>	<u>5,691.66</u>
Deferred Tax Liability		310.49	674.65
TOTAL		<u>17,747.14</u>	<u>19,459.48</u>
APPLICATION OF FUNDS			
Fixed Assets	E		
Gross Block	10,105.68	10,467.41	
LESS: Depreciation	5,602.29	5,495.04	
Net Block	<u>4,503.39</u>	<u>4,972.36</u>	
ADD: Capital Work In Progress		-	20.00
Sub-Total	<u>4,503.39</u>	<u>4,992.36</u>	
Investments	F		
In Associate	149.32	148.84	
In Others	23.06	48.52	
Sub-Total	<u>172.38</u>	<u>197.36</u>	
Current Assets, Loans & Advances			
Inventories	G	5,530.03	9,366.57
Sundry Debtors	H	6,918.32	9,581.37
Cash & Bank Balances	I	650.01	255.53
Other Current Assets	J	681.27	98.69
Loans & Advances	K	4,051.49	4,045.96
Sub-Total		<u>17,831.12</u>	<u>23,348.12</u>
Less: Current Liabilities & Provisions			
Current Liabilities	L	4,726.79	9,047.77
Provisions	M	<u>32.95</u>	<u>40.46</u>
Sub-Total		<u>4,759.75</u>	<u>9,088.23</u>
Net Current Assets		<u>13,071.37</u>	<u>14,259.89</u>
Miscellaneous Expenditure (to the Extent not written off or adjusted)		-	9.87
TOTAL		<u>17,747.14</u>	<u>19,459.48</u>
NOTES ON ACCOUNTS AND ACCOUNTING POLICIES	U		

The schedules referred to above form an integral part of the Balance Sheet.

As per our report of even date annexed.

For and on behalf of Board

For K.Prasad & Company

Chartered Accountants
FRN-002755

R. S. Gupta

Partner
M No.072666

Place : New Delhi

Date : 30th May, 2011

Gopal Sitaram Jiwarajka

Vice Chairman & Managing Director

Sitaram Jiwarajka

Chairman

Y. P. Bansal

Company Secretary

Surinder Sood

Chief Finance Officer

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedule	YEAR ENDED 31.03.2011	YEAR ENDED 31.03.2010 (₹ in Lacs)
INCOME :			
Sales	N	51,987.64	53,522.65
Less: Excise Duty		935.90	596.05
Net Sales		51,051.74	52,926.60
Other Income	O	219.38	162.87
Increase/(Decrease) in Stock	P	(3,701.29)	263.54
Total (a)		47,569.83	53,353.01
EXPENDITURE :			
Materials Consumed & Purchases of Goods	Q	43,107.16	48,466.54
Personnel Expenses	R	1,935.22	1,975.97
Manufacturing & Other Expenses	S	2,685.31	2,704.71
Interest	T	701.90	614.79
Depreciation		414.40	451.73
Total (b)		48,844.01	54,213.74
PROFIT /(LOSS) BEFORE TAX		(1,274.18)	(860.73)
Less: Provision for Income Tax : Current		7.21	10.57
Earlier		0.04	14.40
Deferred		(364.17)	(361.81)
Less: MAT Credit Entitlement		(1.48)	(6.81)
PROFIT /(LOSS) AFTER TAX (before adjustment for Minority Interest)		(915.78)	(517.08)
Less: Share of Profit/ (Loss) transferred to Minority Interest		(4.69)	15.84
PROFIT /(LOSS) AFTER TAX (after adjustment for Minority Interest)		(911.08)	(532.92)
Add : Balance brought forward from last year		1,587.42	2,120.34
Profit Available for Appropriation		676.33	1,587.42
APPROPRIATIONS			
Balance carried to Balance Sheet		676.33	1,587.42
Total		676.33	1,587.42
BASIC/DILUTED EARNINGS PER SHARE (₹) (Note 12-Schedule U)		(10.40)	(5.87)

NOTES ON ACCOUNTS AND ACCOUNTING POLICIES

U

The schedules referred to above form an integral part of the Profit & Loss Account.

As per our report of even date annexed.

For and on behalf of Board

For K.Prasad & Company

Chartered Accountants

FRN-002755

R. S. Gupta

Partner

M No.072666

Place : New Delhi

Date : 30th May, 2011

Gopal Sitaram Jiwarajka

Vice Chairman & Managing Director

Sitaram Jiwarajka

Chairman

Y. P. Bansal

Company Secretary

Surinder Sood

Chief Finance Officer

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

	(₹ in Lacs)	
	AS AT 31.03.2011	AS AT 31.03.2010
SCHEDULE 'A'		
SHARE CAPITAL:		
Authorised		
2,00,00,000 Equity Shares of ₹ 10/- Each	2,000.00	2,000.00
Issued and Subscribed		
88,20,000 Equity Shares of ₹ 10/-Each	882.00	882.00
Paid-Up		
88,07,300 Equity Shares of ₹ 10/-Each	880.73	880.73
Add: Share Capital Forfeited (12700 Equity Shares @ ₹ 5.65/-each)	0.72	0.72
Total	881.45	881.45

NOTE :

Out of the above 960000 Equity Shares of ₹ 10/- each were issued as Fully Paid Up Bonus Shares by capitalisation of General Reserve.

SCHEDULE 'B'

RESERVES & SURPLUS:

Share Premium Account	3,244.42	3,244.42
Add : Share Premium Forfeited	2.87	2.87
Sub Total	3,247.29	3,247.29
General Reserve		
As per last Balance Sheet	7,233.53	7,233.53
Add: Profit transferred from Profit and Loss Account	-	-
Sub Total	7,233.53	7,233.53
Profit & Loss Account Balance		
	676.33	1,587.42
Total	11,157.15	12,068.24

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

(₹ in Lacs)

	AS AT 31.03.2011	AS AT 31.03.2010
SCHEDULE 'C'		
SECURED LOANS:		
A. Term Loans (From banks)		
Foreign Currency Loan	571.51	1,194.13
Vehicle Loan	37.07	48.06
B. Working Capital Loans		
From banks	3,698.75	3,903.32
Buyers Credit from Bank	355.49	
C. Interest Free Loan from PICUP Under Sales Tax Deferred Scheme		
	187.44	346.15
Total	4,850.26	5,491.66

Notes :-

1. (a) Foreign currency loan referred to in 'A' are secured against first ranking exclusive charge over immovable and movable fixed assets (both present and future) relating to the project situated at Dhule in the state of Maharashtra and second charge on immovable property of Noida unit to the extent of ₹ 1 crore.
(b) Vehicle Loans referred to in 'A' are secured against hypothecation of car.
2. Working Capital Loans referred to in 'B' are secured by hypothecation of inventories & receivables and first pari-pasu charge with PICUP on immovable properties of Noida units as collateral security.
3. Buyers Credit loan from bank referred to in 'B' above are secured against FDRS.
4. Interest free Loan from PICUP under sales tax deferred scheme is secured by first charge on all movable fixed assets (present & future) of Noida units and first pari-pasu charge with bank(s) on immovable properties of Noida units.

SCHEDULE 'D'

UNSECURED LOANS:

From Related Company	209.00	-
From Others	200.00	200.00
Total	409.00	200.00

SCHEDULE 'E'

FIXED ASSETS :

(₹ in Lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Balance as at 01.04.2010	Additions	Deductions/ Adjustments	Balance as at 31.03.2011	Upto 31.03.2010	For The Year	Deductions/ Adjustments	Upto 31.03.2011	Balance as at 31.03.2011	Balance as at 31.03.2010
Lease Hold Land	390.29	-	-	390.29	55.46	6.00	-	61.46	328.83	334.83
Building	708.36	-	144.88	563.48	262.90	17.21	63.96	216.15	347.33	445.46
Furniture & Fixtures	510.67	0.09	61.84	448.91	342.85	15.43	50.24	308.03	140.88	167.82
Plant & Machinery	7,426.31	40.21	50.86	7,415.66	3,729.04	304.16	43.46	3,989.74	3,425.91	3,697.26
Dies & Moulds	1,134.45	0.98	134.50	1,000.93	990.85	39.09	127.90	902.05	98.88	143.60
Motor Vehicles	141.12	20.20	33.40	127.92	59.93	20.84	21.22	59.55	68.37	81.19
Office Equipment	51.58	1.12	0.39	52.31	27.28	1.60	0.37	28.51	23.80	24.30
Intangible Assets	104.63	1.55	-	106.18	26.73	10.07	-	36.80	69.38	77.90
Total	10,467.41	64.15	425.88	10,105.68	5,495.04	414.40	307.15	5,602.29	4,503.39	4,972.36
PREVIOUS YEAR	10,445.47	77.55	55.61	10,467.41	5,081.53	451.72	38.21	5,495.04	4,972.37	5,363.93
C W I P	-	-	-	-	-	-	-	-	-	20.00

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

(₹ in Lacs)

	AS AT 31.03.2011	AS AT 31.03.2010
SCHEDULE 'F'		
A) 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	97.80
iii) 780000 Equity Shares of H.K. Shinsei of Hong Kong \$ 1/-each.	40.61	40.61
iv) 5000 Equity Shares of Terminal Power Pvt. Ltd. of ₹ 10/-each.	0.50	
In Other Companies		
i) 1000000 Equity Shares of Nanda Netcom Private Limited (FV ₹ 1/-) Less: Provision for diminution in value of Investments	16.80 (16.80)	16.80 (16.80)
ii) 13520 Equity Shares of Devi Electronics Pvt. Ltd of ₹ 170/-each.	22.98	48.45
b) Other Investments (Fully paid)		
i) In National Saving Certificates	0.06	0.06
ii) 2 Unsecured Redeemable Money Multiplier Bond of ICICI Ltd of ₹ 1000/-each	0.02	0.02
Total	172.38	197.36
Aggregate Book value of Unquoted Investments.	172.38	197.36
SCHEDULE 'G'		
INVENTORIES (As Certified by the Management):		
(at cost or estimated realisable value whichever is lower)		
i) Raw Material & Components	624.66	774.41
ii) Stores & Spares etc.	3.40	6.40
iii) Work-in-Progress	64.22	152.41
iv) Finished & Traded Goods	4,646.92	8,260.02
v) Material in Bond & Transit	190.83	173.33
Total	5,530.03	9,366.57
SCHEDULE 'H'		
SUNDY DEBTORS (Unsecured):		
a) Debts outstanding for a period exceeding Six months		
Considered Good	3,603.84	3,440.85
Considered Doubtful	115.60	209.93
Less : Provision for Doubtful Debts	115.60	209.93
b) Others, Considered Good	3,314.48	6,140.52
Total	6,918.32	9,581.37
SCHEDULE 'I'		
CASH & BANK BALANCES:		
Cash in hand	4.02	23.88
Cheques & D.D. /T.T. in hand/Transit	2.77	3.15
Balance with Scheduled Banks:		
Current Account	83.60	107.12
Fixed Deposit Account	0.51	0.49
Fixed Deposit Account (Margin Money)	541.14	100.17
Equity Dividend	17.96	20.72
Total	650.01	255.53

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

(₹ in Lacs)

	AS AT <u>31.03.2011</u>	AS AT <u>31.03.2010</u>
SCHEDULE ‘J’		
OTHER CURRENT ASSETS:		
(Unsecured, Considered good)		
i) Gratuity and Superanuation Receivable	45.40	35.56
ii) Insurance Claim Receivable	585.09	48.88
iii) Interest Receivable	50.78	14.25
Total	681.27	98.69
SCHEDULE ‘K’		
LOANS & ADVANCES:		
(Unsecured, Considered good)		
Loans	585.60	567.60
Advances recoverable in cash or in kind or for value to be received	1,742.01	643.89
Balance With Government Authorities	1,042.83	1,662.60
Security Deposits	311.43	307.55
Advance / refundable Income Tax (net of provisions)	143.39	673.59
MAT Credit Entitlement Receivable	15.43	10.19
Payment against disputed Income Tax Demand	210.80	180.55
Total	4,051.49	4,045.96
SCHEDULE ‘L’		
CURRENT LIABILITIES:		
Sundry Creditors*	4,214.84	8,470.75
Other Liabilities	487.41	536.76
Unclaimed/Unpaid dividend	17.96	20.72
Interest Accrued but not due	6.57	19.54
Total	4,726.79	9,047.77
* Information has not been received from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act 2006, and hence disclosure relating to amounts unpaid as at the year end together with interest paid / payable under this Act have not been given.		
SCHEDULE ‘M’		
PROVISIONS:		
For Retirement and Other Employee Benefits	32.86	40.37
For Wealth Tax	0.09	0.09
Total	32.95	40.46

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

(₹ in Lacs)

	AS AT 31.03.2011	AS AT 31.03.2010
SCHEDULE 'N'		
SALES:		
Domestic	34,469.07	49,571.02
Export	17,518.57	3,951.63
Total	51,987.64	53,522.65
SCHEDULE 'O'		
OTHER INCOME:		
Interest	185.86	60.97
Rent	-	2.70
Cash Discount	8.06	97.22
Liability No Longer Required Written Back	-	0.93
Miscellaneous Income	15.46	1.05
Total	219.38	162.87
SCHEDULE 'P'		
INCREASE / (DECREASE) IN STOCK:		
Opening Stock:		
Finished & Trade Goods	8,260.02	8,042.84
Work In Progress	152.41	106.06
Total :	8,412.43	8,148.89
Closing Stock:		
Finished & Traded Goods	4,646.92	8,260.02
Work In Progress	64.22	152.41
Total :	4,711.14	8,412.43
Increase/(Decrease) In Stock:		
	(3,701.29)	263.54
SCHEDULE 'Q'		
MATERIALS CONSUMED & PURCHASES OF GOODS :		
A) Raw Materials Consumed :-		
Opening Stock	774.41	625.47
Add : Purchases	8,855.83	5,567.16
Less: Closing Stock	624.66	774.41
Total :	9,005.58	5,418.23
B) Purchase Of Goods :-		
Materials Consumed & Purchases of Goods (A+B)	34,101.58	43,048.32
	43,107.16	48,466.54
SCHEDULE 'R'		
PERSONNEL EXPENSES:		
Salaries, Wages, Bonus & Other Allowances	1,707.83	1,753.03
Contribution to Provident & Other Fund	113.78	98.71
Retrenchment Compensation	58.66	-
Key Man Insurance Received Back	(53.73)	-
Staff Welfare & Other Benefits	108.68	124.23
Total	1,935.22	1,975.97

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

(₹ in Lacs)

	YEAR ENDED 31.03.2011	YEAR ENDED 31.03.2010
SCHEDULE ‘S’		
MANUFACTURING & OTHER EXPENSES:		
Assembly Charges	68.40	62.14
Stores & Spares Consumed	26.56	19.18
Power & Fuel	143.04	142.86
Rent (Including Lease Rent)	262.23	265.92
Rates and Taxes	9.84	9.44
Repair & Maintenance :-		
Building	1.28	0.03
Plant & Machinery	82.91	86.15
Others	71.89	72.01
Insurance	40.56	87.47
Travelling & Conveyance	275.64	332.23
Miscellaneous	466.59	562.79
Payment to Auditors	17.88	18.49
Freight and Forwarding	366.88	577.25
Discount,Commission & Incentives	99.49	15.59
Advertisement & Publicity	22.15	150.67
After Sale Service Charges	153.91	177.55
Sales Tax	14.33	48.71
Royalty	0.48	-
Loss / (Profit) on Sale / Discard of Fixed Assets (Net)	10.41	(2.02)
Ir-recoverable Advances and Claim Receivable W/off	33.69	-
Short Excess claims	(60.98)	(29.44)
Bad Debts	612.65	11.97
Provision for Doubtful Debts	(94.33)	209.93
Bank Charges	67.47	82.10
Foreign Currency Exchange Fluctuation (Net)	(16.63)	(205.30)
Priliminary and Pre-operative expenses w/off	8.99	8.99
Total	2,685.31	2,704.71

SCHEDULE ‘T’

INTEREST:

On Term Loan	19.49	45.28
Others	682.41	569.51
Total	701.90	614.79

NOTES ON CONSOLIDATED ACCOUNTS

SCHEDULE 'U'

A. Significant Accounting Policies to the Consolidated Balance Sheet and Profit & Loss Account :

Principles of consolidation:

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

- i) The financial statements of the Company and its subsidiary Companies has been combined on line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses in accordance with Accounting Standard (AS) 21 - "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
- ii) In case of associates where the Company directly holds more than 20% of equity, Investments in associates are accounted for using equity method in accordance with Accounting Standard (AS) 23 - "Accounting for Investments in Associates in Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
- iii) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements except in case of following :
 - a. **Depreciation on Fixed Assets :**
In case of one subsidiary depreciation is provided as per written down value method as per rates prescribed in Schedule XIV of the Companies Act, 1956.
 - b. **Retirement & Other Benefits :**
In case of one subsidiary provision for liability of gratuity and leave pay if due is made on accrual basis instead of actuarial valuation basis.
 - c. Investments in other than 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 consolidated Financial Statements of Salora International Limited and its subsidiary.

B. Notes on Accounts to Consolidated Balance Sheet and Profit & Loss Account :

1. The subsidiary Company considered in the consolidated financial statements is :

Name of the subsidiary	Country of Incorporation	Proportion of ownership interest
Salora Capital Limited	India	91.38%
Salora Components Limited	India	79.05%

2. The associates Company considered in the consolidated financial statements is :

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

Based on unaudited financial results.

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

4. Contingent Liabilities not provided for in respect of :

- i) Bank Guarantees issued by Bankers ₹ 541.68 lacs (Previous year ₹ 980.93 lacs) including Sales Tax and Excise demand ₹ 97.37 lacs (Previous Year ₹ 84.28 lacs), against which margin kept by bank ₹ 69.36 lacs (Previous year ₹ 102.12 lacs).
- ii) Letter of Credits pending for shipment ₹ 84.58 lacs (Previous year ₹ 299.15 lacs.).
- iii) Claim by employee of ₹ 5.79 lacs against the company against which amount deposited ₹ 2.13 lacs is pending in High Court.
- iv) CTV sets, VCD's and Office Automation products still under warranty for which amount is not ascertainable.
- v) Disputed Sales Tax demands of ₹ 722.89 lacs (Previous year ₹ 744.15 lacs), against which amount deposited ₹ 401.81 lacs (Previous year ₹ 389.21 lacs) has not been provided for as the cases are pending in appeals with higher authorities.

NOTES ON CONSOLIDATED ACCOUNTS

vi) Advance Licence utilised for Import of CPT worth ₹ 87.50 lacs during the period from January, 1995 to May 1995, DGFT issued Show Cause Notice to pay duty and penalty thereof on all above imports and included the company's name in the defaulters list. Company challenged the said Notice in Delhi High Court and after admitting the petition and taking into consideration all the facts, the Delhi High Court directed the Company to deposit a sum of ₹ 20.00 lacs with the Collector of Customs and ordered DGFT to remove Company's name from the defaulters list. Accordingly Company has deposited the sum of ₹ 20.00 lacs within the time stipulated by the Court. Duty and penalty amount is not ascertainable at this stage.

5. Demand raised/Cenvat credit disputed, by Excise Authorities amounting to ₹ 3712.78 lacs (Previous year ₹ 2328.71 lacs), against which amount deposited ₹ 321.79 lacs (Previous year ₹ 321.79 lacs) has not been provided for as the matters are pending in appeals with higher authorities. Appellate Authority has passed an order to Pre deposit sum of ₹ 300 Lacs, which has been deposited Further, Company has been advised that the demand raised by Excise Authorities is purely on technical point and on the similar point they have raised demand on most of the TV Manufactures and hence representation is being made through manufacturer association before the Government, and the Company has filed a petition on the issue before Supreme Court, and Company expects to get relief in Appeal.

6. Income Tax Assessments of the Company have been completed upto Assessment Year 2008-2009 (in previous year upto 2007-08). Demand has been raised of ₹ 215.48.lacs (previous year ₹ 185.23 lacs) for earlier assessment years against which company has filed appeal before appellate authorities and amount ₹ 210.79 lacs (previous year ₹ 180.55 lacs) has been deposited against demands. Appeal of Income Tax department against the ITAT order for the Assessment Year 1997-98 is lying pending before Hon'ble Delhi High Court against which refund of ₹ 1151.57 lacs received by the Company in the Financial Year 2002-2003.

Particulars	YEAR ENDED 31.03.2011	YEAR ENDED 31.03.2010	(₹ in Lacs)
7. Exchange difference has been charged/ (credited) to revenue accounts as follows:			
On Import of raw material & finished goods including forward contracts	(20.57)	(214.00)	
On Export sales	(27.55)	(29.03)	
On Term loan	31.49	37.73	
Total	(16.63)	(205.30)	
8. Remuneration to Auditors (Net of Service Tax: Cenvatable) :			
Statutory Audit Fee (including Limited Review)	12.35	12.35	
Tax Audit Fees	1.80	1.80	
Other services :			
- Certification	1.30	2.07	
- Expenses / Service Tax reimbursed	2.43	2.27	
Total	17.88	18.49	
9. (a) Directors' Remuneration :			
(Excluding Contribution to Gratuity Fund and Leave encashment provided on actuarial basis)			
Salary & Allowances	61.20	100.80	
Contribution to Provident Fund & Superannuation Fund	12.96	12.96	
Other benefits & Perquisites	3.21	2.66	
Total	77.37	116.42	

NOTES ON CONSOLIDATED ACCOUNTS

(₹ in Lacs)

Particulars	YEAR ENDED 31.03.2011	YEAR ENDED 31.03.2010
10. DEFERRED TAX:		
(a) Deferred Tax Liability on account of :		
Depreciation & Business Loss of other than WindMill	191.75	221.56
Depreciation & Business Loss of WindMill	847.73	807.36
	<hr/> 1039.48	<hr/> 1028.92
(b) Deferred Tax Asset on account of :		
Taxes, Duties, Bonus & Leave pay etc.	36.34	42.79
Provision for Bad & Doubtfull debts	37.51	64.87
Unabsorbed Depreciation	199.02	117.41
Unabsorbed Business Loss	456.12	129.20
	<hr/> 728.99	<hr/> 354.27
Deferred Tax Liability (Net)	<hr/> 310.49	<hr/> 674.65
Deferred Tax Expenditure / (Income)	<hr/> (364.16)	<hr/> (361.81)

11. RELATED PARTIES DISCLOSURES:

1. Relationship :

(a) Associates & Joint Ventures :

Salora Retail Ventures Ltd
H.K.Shinsei Ltd

(b) Other related parties in which key managerial personnel or their relatives have significant influence :

Associated Electrical Agencies
Associated Electronic Research Foundation
Artheon Electronics Ltd.
Essjay Ericsson Pvt. Ltd.
Manori Properties P Ltd
Artheon Energy P Ltd
Panasonic Carbon India Co Ltd
Devi Electronics P Ltd.
Terminal Power P Ltd.
Skandsoft Technologies P. Ltd.
Artheon Emerging Technology P. Ltd.
Sharada Inventions P. Ltd.
Ultimedia Technologies Pvt. Ltd.
Nova Telesec Pvt. Ltd.
Artheon Finance Ltd.

(c) Key Managerial Personnel:

Shri Gopal Sitaram Jiwarajka
Shri Toshirio Ohigashi

(d) Relative of key managerial personnel

where transactions have taken place:
Shri Sitaram Jiwarajka
Smt. Neetu Jiwarajka
Shri Tarun Jiwarajka
Shri Ayush Jiwarajka

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

NOTES ON CONSOLIDATED ACCOUNTS

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	31.03.11	31.03.10	31.03.11
			31.03.11	31.03.10	31.03.11	31.03.10
Purchases						
Goods and Materials	167.75	231.67	-	-	-	-
Services - Job Work Charges	-	-	-	-	-	-
Fixed Assets	-	-	-	-	-	-
Sales						
Goods and Materials	290.24	215.62	0.31	122.84	-	-
Services - Job Work Income	-	-	-	-	-	-
Sale of Fixed Assets	-	-	-	-	-	-
Expenses						
Rent	-	-	33.24	34.86	-	-
Technical Charges	-	-	0.12	0.02	-	-
Other Charges/ Reimbursements	-	-	1.49	1.55	-	-
Lease Liability Paid	-	-	-	-	-	-
Interest	-	-	4.44	-	-	-
Royalty	-	-	-	-	-	-
Salary	-	-	-	-	17.19	13.64
Commission	-	-	-	-	-	-
Directors Remuneration	-	-	-	-	77.37	116.42
Directors Fees	-	-	-	-	0.40	0.40
Income						
Rent	-	18.47	-	-	-	-
Hire Charges	-	-	-	-	-	-
Other Recoveries	-	-	-	-	-	-
Discount	-	-	-	-	-	-
Interest	0.45	2.62	14.30	14.30	-	-
Diminution in Investment written back	-	-	-	-	-	-
Investment						
Shares	-	-	0.50	-	-	-
Shares Application Money	-	-	-	-	-	-
Sale of Investment	-	-	-	-	-	-
Finance						
Loans given	18.00	257.60	-	-	-	-
Loans received back	-	255.00	-	-	-	-
Loans received	-	-	409.00	-	-	-
Loans repaid	-	-	200.00	-	-	-
Advance received	32.20	-	-	-	-	-
Advance given and received back	-	-	-	-	-	-
Others						
Advance for material supply given & recd back	-	238.00	-	-	-	-
Expenses incurred & received back	27.23	7.58	-	-	-	-
Outstandings						
Payables	-	-	36.84	9.97	4.29	4.40
Receivables	1,072.20	1,198.19	-	15.82	-	-
Share application pending allotment	-	-	-	-	-	-
Loan Received	-	-	209.00	-	-	-
Interest Recoverable	-	2.35	25.74	33.25	-	-
Loan Given	20.60	2.60	110.00	110.00	-	-
Advance Recoverable	-	-	-	-	-	-

NOTES ON CONSOLIDATED ACCOUNTS

(₹ in Lacs)

	YEAR ENDED 31.03.2011	YEAR ENDED 31.03.2010
--	--------------------------	--------------------------

12. PARTICULARS OF EARNING PER SHARE:

Net Profit/(Loss) after tax as per Profit and Loss account (Rs. Lacs) attributable to equity shareholders	(915.78)	(517.08)
Net Profit /(Loss) before exceptional item net of tax expense	(915.78)	(517.08)
Weighted Average number of equity shares used as denominator for calculating EPS	8807300	8807300
Basic and Diluted Earnings per share	-10.40	-5.87
Basic and Diluted Earnings (before exceptional item) per share	-10.40	-5.87
Face Value per equity share (₹)	10.00	10.00

13. SEGMENT REPORTING:

A. Information about Primary Business Segments :

	YEAR ENDED 31.03.2011	YEAR ENDED 31.03.2010
(I) Segment Revenue :		
a) Infocom Division	42,032.58	43,981.12
b) Consumer Electronics Division (including to subsidiaries)	8,701.51	8,563.41
c) Wind Energy	317.65	382.07
Segments Revenue as per Financial Statements	51,051.74	52,926.60
(II) Segment Results (₹ Lacs) :		
a) Infocom Division	44.70	477.72
b) Consumer Electronics Division	(301.54)	(93.66)
c) Wind Energy	68.88	78.37
Total Segments Results	(187.96)	462.43
Less : i) Interest	672.56	614.79
ii) Other un-allocable expenditure net off un-allocable income	413.66	708.37
iii) Provision for Taxes	(358.40)	(343.65)
Net Profit/(Loss) as per Financial Statements	(915.78)	(517.08)
(III) Other Informations		

Particulars	Segment Assets	Segment Liabilities	Capital Expenditure	Depreciation & Amortisation
a) Infocom Division				
Current year	11,713.28	3,554.59	12.97	27.09
(Previous year)	(16,290.84)	(7,765.08)	(20.97)	(24.67)
b) Consumer Electronics Division				
Current year	6,160.88	1,392.29	25.72	183.75
(Previous year)	(7,520.06)	(1,642.25)	(7.03)	(223.19)
c) Wind Energy				
Current year	2,488.43	593.13	-	156.84
(Previous year)	(2,667.42)	(1,207.30)	-	(156.84)
d) Unallocated Amounts				
Current year	2,144.30	4,789.49	25.46	46.72
(Previous year)	(2,069.39)	(4,839.91)	(49.55)	(47.02)
Total as per Financial Statements (C.Y.)	22,506.89	10,329.50	64.15	414.40
	(28,547.71)	(15,454.54)	(77.55)	(451.72)

NOTES ON CONSOLIDATED ACCOUNTS**B. GEOGRAPHICAL SEGMENTS**

The domestic sales is 66.30% (Previous year 92.62%) and the export sales is 33.70 % (Previous year 7.38%) of the total turnover of the Company, there are no separate reportable Geographical Segments.

C. OTHER DISCLOSURES:

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

Business Segment

- a) Infocom Division
- b) Consumer Electronics Division
- c) Wind Energy

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

Type of Products

- Mobile Phones, IT Products and Accessories thereof
- Fly Back Transformer (FBT), Loudspeaker and Deflection Yoke and CTV sets, VCD & DVD Players and sub-assemblies thereof
- Wind Energy Generation

14. Schedules 'A' to 'U' form part of the Consolidated Balance Sheet as on 31st March, 2011 and Consolidated Profit & Loss Account for the year ended on that date.

As per our report of even date annexed.

For and on behalf of Board

For K.Prasad & Company
Chartered Accountants
FRN-002755N

R. S. Gupta
Partner
M No.072666

Place : New Delhi
Date : 30th May, 2011

Gopal Sitaram Jiwarajka
Vice Chairman & Managing Director

Sitaram Jiwarajka
Chairman

Y. P. Bansal
Company Secretary

Surinder Sood
Chief Finance Officer

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	YEAR ENDED 31.03.2011	YEAR ENDED 31.03.2010 (₹ in Lacs)
CASH FLOW FROM OPERATING ACTIVITIES :		
Profit/(Loss) before tax	(1,274.18)	(860.73)
Adjustment for :		
Depreciation	414.40	451.72
Interest	701.90	614.79
Interest Income	(185.86)	(60.97)
Wealth Tax	0.09	0.09
(Surplus) / Deficit on sale of Fixed Assets	10.41	(2.02)
Miscellaneous Expenditure not written off	9.87	9.87
Operating Profit before Working Capital changes	(323.37)	152.75
Adjustment for :		
Inventories	3,836.54	825.57
Trade and other receivables	1,634.77	899.74
Trade and other payables	(4,312.77)	2,331.22
Cash Generated from Operating Activities	835.17	4,209.28
Adjustment for :		
Direct taxes (paid) / Refund Received	488.85	(27.76)
Net cash from Operating Activities	1,324.02	4,181.51
CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase / adjustment of fixed assets	(44.15)	(97.55)
Sale / adjustment of fixed assets	108.32	19.42
Purchase of Investment in shares	(0.50)	-
Sale of Investment	25.48	0.01
Net cash used in Investing Activities	89.15	(78.12)
CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds/(Repayments) of long term borrowings	(792.32)	(757.19)
Proceeds/ (Repayments) of short term borrowings	150.92	(2,444.56)
Minority Interest / Adjustment of P & L	-	-
Interest Paid	(714.87)	(649.32)
Loan Received	498.00	200.00
Loan Repaid	(289.00)	-
Loans Given	(106.70)	(712.60)
Loans Received Back	88.70	255.00
Margin Money	(440.97)	(13.85)
Interest received	149.33	70.46
Dividend paid	(2.76)	(89.22)
Dividend tax paid	-	(14.97)
Net cash from/(used in) Financing Activities	(1,459.67)	(4,156.25)
Net Increase/ (Decrease) in cash and cash equivalents :		
Cash and cash equivalents at beginning of the year	155.36	208.23
Cash and cash equivalents at end of the year	108.86	155.36

For and on behalf of Board

Surinder Sood
Chief Finance Officer

Y. P. Bansal
Company Secretary

Gopal Sitaram Jiwarajka
Vice Chairman & Managing Director

Sitaram Jiwarajka
Chairman

Auditors' Certificate

We have verified the above Cash Flow Statement prepared by the Company and certify that the statement has been derived from the accounts of the Company audited by us and has been prepared in accordance with the Stock Exchange Listing Requirements.

For K. Prasad & Company

Chartered Accountants
FRN-002755N

R.S. Gupta
Partner
M.No.072666
New Delhi : 30th May, 2011

Consolidated Cash Flow

SALORA INTERNATIONAL LIMITED

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 42nd Annual General Meeting of the Company held at INDIA ISLAMIC CULTURAL CENTRE, 87-88, LODHI ROAD, NEW DELHI – 110 003 on Monday, the 1st August, 2011 at 11.00 A.M.

Signature of the Member or Proxy*

*Please indicate whether Member or Proxy

SALORA INTERNATIONAL LIMITED

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

PROXY FORM

Folio No.....

D.P. ID No.....

ClientID 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 the
42nd Annual General Meeting of the Company to be held on Monday, the 1st August, 2011 at 11.00 A.M. and at every
adjournment thereof.

Signed this.....day of.....2011.

Affix
Revenue
Stamp

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.



Get 40% Discount on **SALORA MOBILE**

Special offer for our Shareholders only

SM501

SM401

Available at Delhi Branch Office: D-13/4, Okhla Industrial Area, Phase-II, New Delhi-110 020. Ph. 011-49207174

*This offer is valid for 90 days only.

Dear Shareholder,

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

Appreciating this initiative of MCA, we at 42nd Annual General Meeting feel happy to state that in terms of the enabling provisions of these circulars, the company will effect electronic delivery of documents, including the notice and explanatory statement of General Meetings including Annual General Meeting (AGM), Audited Financial Statements, Directors' Report, Auditors' Report etc., for the year ended March 31, 2011 and subsequent years, in electronic form, to the email address which you have previously registered with your Depository Participant(DP) and available in the Register of Members of the Company.

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

Please note that arrangements have also been made to display the documents electronically sent to you, on our website www.salora.com in the 'investor area' as well, for your ready reference.

We are sure you would appreciate the "Green Initiative" taken by MCA and your Company's desire to participate in such initiatives.

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

Thanking you,

Yours faithfully,
For **Salora International Limited**
Company Secretary

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

STANDARD REQUEST FORMAT FOR THOSE WHO WANT TO REGISTER/UPDATE THEIR E-MAIL ADDRESSES

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

I, _____ (name of the shareholder), holding _____ (mention no. of shares) Equity Shares vide Folio No. _____ DP ID No. _____ and Client id No. _____ in _____, request you to register/update my e-mail address _____ for delivery of documents i.e. Annual General Meeting Notice, Audited Financial Statements, Directors' Report, Auditors' Report etc. for the coming financial years.

Thanking you,

Yours faithfully,

Signature:
Name of the Shareholder:
Folio No.:

Business Partners

IT & Telecom

Acer

Motorola

Mercury

Samsung Pleomax-IT Peripherals

Kingmax

MTS

BPE

Tenda

Lifestyle & Household

Nachtmann

Zojirushi

Samsung Pleomax CFL

Sharp-Japan

Service and Support

HTC

Huawei

Samsung Pleomax

Tenda



3G Data Card

- High Speed 3G USB Modem (2.0 Full Speed)
- Unlocked 3G USB Modem
- No Installation Cost, Just Plug n Play
- Memory Card Slot (Supporting upto 32 GB)
- SMS & Phone Book
- Multi Color status Indicator LED

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