





Convergence. That's what the world is moving towards. And in this constantly changing fast lane of technology, Salora is matching steps with the future. Merging computers, communication and entertainment at one point in a synergist way. So that the road ahead takes on the challenges which are thrown at us. At every junction. To open up a whole new world of entertainment.

Report  junction.com



Mr. S.,R.Jiwarajaka, Chairman receiving the "Telecom Ratna" from Shri Arun Jaitley, Honourable Minister of State for Information & Broadcasting

Board of Directors

SITARAM JIWARAJKA

Chairman

RAJENDRA PRASAD KHATTAN

Vice Chairman & Managing Director

SUSHIL KUMAR JIWARAJKA

Jt. Managing Director

GOPAL KUMAR JIWARAJKA

Jt. Managing Director

DR. V.L. DUTT
KETAN A. DALAL
**G.M. (Finance & Accounts) &
Company Secretary**

B.L. Chandak

AUDITORS

K. Prasad & Company
Chartered Accountants

BANKERS

State Bank of India
The Bank of Tokyo - Mitsubishi, Ltd.
Canara Bank
Times Bank Ltd.

REGISTERED & CORPORATE OFFICE

D-13/4, Okhla Industrial Area, Phase - II
New Delhi - 110 020

MUMBAI OFFICE

Mathuradas Mills Compound, Ground Floor
Behind Ideal Industrial Estate
Senapati Bapat Marg, Lower Parel
Mumbai - 400 013

ANNUAL GENERAL MEETING

Venue : Delton Hall, IETE,
2, Institutional Area,
Lodhi Road, New Delhi-110 003

Day : Friday

Date : 28th July 2000

Time : 11.00 AM

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

MANUFACTURING PLANTS

Okhla
Kashipur
Noida

REGISTRARS & SHARE TRANSFER AGENT

Skyline Financial Service Pvt. Ltd.
123, Vinobapuri, Lajpat Nagar - II
New Delhi - 110 024
Phone : 91-11-6838501, 6920625
Fax : 91-11-6918352

Visit us at www.salora.com

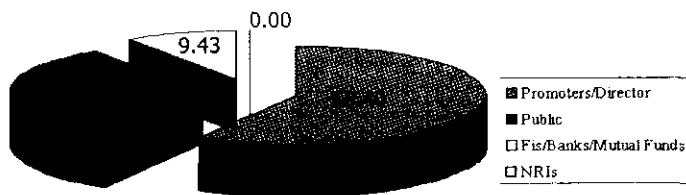


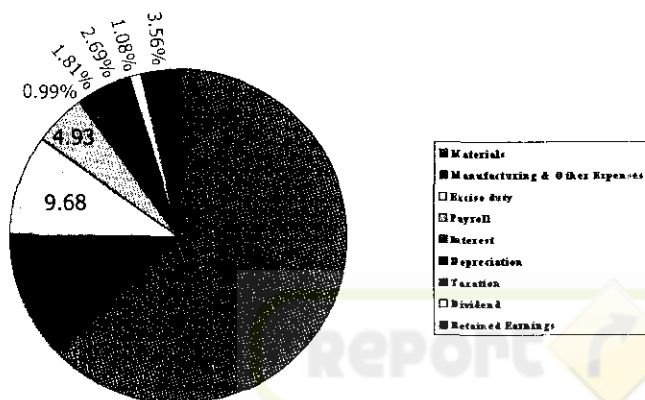
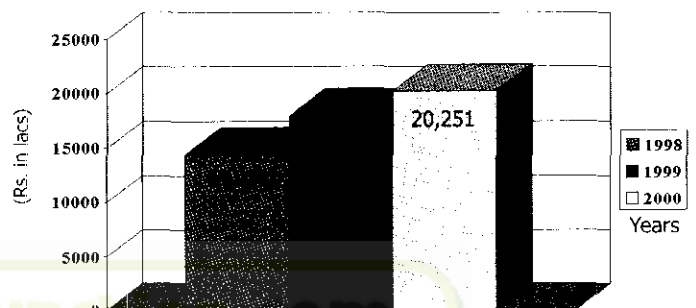
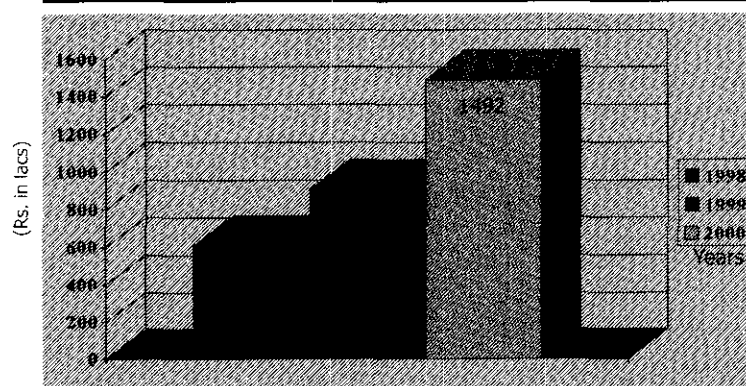
AT A GLANCE

	Year ended 31st March, 1997 (Rs. In lacs)	Year ended 31st March, 1998 (Rs. In lacs)	Year ended 31st March, 1999 (Rs. In lacs)	Year ended 31st March, 2000 (Rs. In lacs)
OPERATING RESULTS				
Net Income from Operations	11330	13311	16256	18283
Manufacturing Cost	11238	12408	14857	16278
Operating Profit	92	903	1399	1694
Non-operative Income	613	183	299	78
Interest	189	295	297	202
Depreciation & Deferred Expenses Write-off	158	183	299	389
Profit Before Tax	358	608	1102	1492
Taxation	46	64	120	547
Profit After Tax	312	544	982	945
Dividend Payout	88	132	221	220
Retained Earnings	215	398	737	700
FINANCIAL POSITION				
Equity Capital	881	881	881	881
Reserves	4435	4825	5562	6261
Shareholders' Fund	5316	5706	6443	7142
Long-term Borrowings	3	9	3	0.3
Capital Employed	5319	5715	6446	7142
Net Fixed Assets	1385	2469	3169	3080
Net Current Assets	4882	4206	4764	4986
KEY OPERATIONAL INDICATORS				
Operating Profit Margin (%)	0.81	6.78	8.60	9.27
Return on Capital Employed (%)	5.86	9.52	15.23	13.23
Return on Capital Employed (%) (excluding non-operative income)	(5.66)	6.31	10.59	12.14
Debtors Turnover Ratio (in days)	67	60	56	49
Creditors Turnover Ratio (in days)	87	67	52	46
Current Ratio	1.94	1.76	1.84	1.88
Gearing Ratio	-	-	-	-
*Negligible long-term debt. Thus gearing ratio is almost nil.				
PER-SHARE DATA				
Earnings Per Share (Rs)	3.54	6.17	11.13	10.71
Cash Earnings Per Share (Rs)	5.32	8.23	14.51	15.13
Dividend (%)	10	15	25	25
Book Value (Rs)	58.66	63.42	72.05	80.23
Market Price (Rs)	9.00	10.00	40.20	294.10
Price Earnings Multiple	2.54	1.62	3.61	27.45

EQUITY DISTRIBUTION (AS ON 25.05.2000)

NO. OF EQUITY SHARES	INVESTORS	TOTAL SHARES HELD	% TO EQUITY CAPITAL
Upto 5,000	5,167	1,249,500	14.17
5,001 to 50,000	71	1,272,400	14.43
50,001 to 1,00,000	11	804,900	9.13
1,00,001 to 2,00,000	3	409,300	4.64
2,00,001 to 4,00,000	9	2,825,200	32.03
Above 4,00,001	4	2,258,700	25.61
Total	5,265	8,820,000	100.00

Shareholding Pattern (As on 01.06.2000)

Sales Break-up Activity Wise

Distribution of Revenue

Growth in Sales

Growth in Profit before Tax & extra ordinary income




MANAGEMENT REVIEW OF OPERATIONS

A PEEK INTO YOUR COMPANY'S WORKING

Post-liberalisation our economy has become globalised and competition has begun getting stiffer. In such a scenario, one has to be pro-active and adapt to change; not just in India but also worldwide. Our endeavour is to do just that. With the changes that are taking place, especially in the electronics business, your Company's management strongly believes that Information Technology is poised to play a very critical role in expanding our current operations and horizon. Some of the moves initiated by your Company during the past one year are steps in this direction. Using our core competence, we have made investments in IT hardware and enabling infrastructure to move with the times. Details of these new initiatives, viz. your Company's investments in new ventures such as Jadoonet.com Ltd., Encompass Software & Systems Pvt. Ltd. and FX Info Technologies Ltd. have been dealt with separately.

Your Company moved into this area of operations not because it is fashionable but because of the synergy that lies with our existing operations. In IT, convergence means a combination of Personal Computers, Telecommunications and Television in a user experience that is accessible to everyone. For example, in the US, about 30 per cent of the homes have computers with modems. But virtually, 100 per cent of homes have a TV set. A study shows that a large populace of TV users who would embrace the Internet or video-on-demand or other interactive modes, are diffident about buying and using a personal computer. For this reason, both the Computer and the Television industries have embarked on bringing Digital TVs and the Internet to a larger market.

Convergence is not simply an issue of technology but also of culture and lifestyle. In India, there are about 55 million TVs and just 4 million PCs, of which 8 lacs are used in homes. In our country, there are two major issues: affordability and space constraints. The cost of a PC is much higher than a TV, which has PC-like functionality. Moreover, in most of the middle class families, space is a major

constraint; hence people pay more heed to maximising the utility of space. It is a safe assumption that anyone wanting to go in for a PC would have a TV. Thus, your Company thought that with some additions to the existing TV, the home would get connected to the Internet world. It was the desire to fulfill this need that prompted us to launch Set-Top Boxes. Being the first to market, an attractive service set, we believe, it will be an important competitive advantage that will create a base for more advanced services as they become available.

It is your Company's efforts such as these that have helped it to scale newer peaks. Identifying core areas and excelling in them is the key ingredient for success in today's business environment. At Salora, the year 1999 – 2000 was one of introspection focusing on:

- International quality products at reasonable price
- Customer satisfaction

Salora continuously emphasises innovation, productivity and strict adherence to quality management systems which in turn has resulted in the Company offering products to customers which conform to international standards. The changing industry dynamics has made the management of Salora rework its strategy and concentrate on the CTV segment of the market, but with an eye on convergence. Your Company has focused its attention on sales, marketing and brand building.

The income (net of excise) from operation has improved from Rs.16,256 lacs in 1998-99 to Rs.18,283 lacs in 1999-2000 registering a growth of 12%. Measures which were initiated during last two years for improving the profitability has given the desired results which is reflected in the profit earned by your Company. Operating profit improved from Rs.1,399 lacs in 1998-99 to Rs.1,694 lacs in 1999-2000 (up by 21%), whereas profit before tax increased from Rs.1,102 lacs to Rs.1,492 lacs in 1999 – 2000 (up by 35%). However, on account of higher Income Tax provision at full rate of 38.5% in 1999-2000, profit after tax is marginally lower at Rs.945 lacs in 1999-2000 as compared to Rs.982 lacs in 1998-99. The taxation provision has increased to Rs.547 lacs in 1999 – 2000 as against Rs.120 lacs in 1998-99, which was calculated at rate of 11% due to applicability of provision of Minimum Alternative Tax.

'INTERESTING' ASPECT

A strong business performance together with increased innovation in managing the supply chain and a sustained drive to reduce float funds have ensured strong cash



Board of Director's at the 30th Annual General Meeting

generation during the year. Surplus funds after repaying borrowings wherever possible, have been prudently invested. During the year ICRA Ltd., a credit rating agency, has upgraded your Company's credit rating from A1 to A1+ for Commercial Paper. This rating has helped your Company in issuing Commercial Paper aggregating to Rs.1000 lacs from time to time at a very competitive rate of interest, thus resulting in reducing interest cost.

A BIGGER AND BRIGHTER PICTURE EMERGES

Your Company is increasing visibility by tying up with high profile organizations for cross promotions and co-sponsorships, which would have a positive impact on the Salora products. A number of innovative sales promotion schemes were also introduced. As a result, the Company's CTV sales improved from Rs. 4,175 lacs to Rs. 4,947 lacs, thereby registering a growth of 18% per annum.



Range of Salora Colour Televisions

At present, Salora has five CTV models in the market i.e. 14", 20", 21", 25" and 29". It is your Company's endeavour to offer top-of-the-line products with attractive feature to consumers in all categories at an attractive price. Salora is now foraying into metro markets to widen its reach with new products and have already launched DVDs & VCDs players in April, 2000.

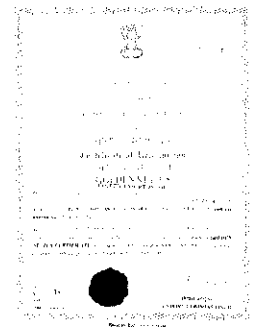
The market for B & W TVs continued to be sluggish registering a negative growth. However, Company's overall domestic turnover from TV division increased from Rs. 7,644 lacs in 1998-99 to Rs. 8,349 lacs in 1999-2000. Keeping in mind the strong brand presence, which Salora enjoys particularly in rural and semi-urban areas, the Company is now consciously focusing more on marketing the profitable CTV sets.

EXPORTS AHoy!

Your Company has tasted success on the export-front too. In the last year, Salora has also earned the status of **Golden Export House** commencing from November, 1999. Salora

is the largest exporter of B & W TV sets in the country. Last year, the Company exported 30,000 TV sets to Bangladesh, Singapore, Sri Lanka etc. and achieved export sales of Rs. 735 lacs. A beginning has been made in exporting CTV sets as well.

At the same time, the Components division is not losing sight of the export market. It intends to put in place definite steps towards entering the overseas market.



Golden Status Certificate

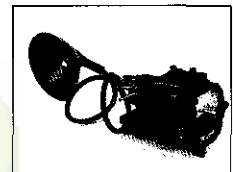
A MAJOR COMPONENT IN OUR SUCCESS —

OUR CLIENT LIST READS LIKE A WHO'S WHO



Deflection Yoke

Company's world class state-of-the-art plant at NOIDA manufactures high precision, critical and vital electronic components viz. Flyback Transformer (FBT), Deflection Yokes (DY) and Loud Speakers (LSP). These components are used by Japanese multinationals like, Sony, Panasonic, Sharp and Korean multinationals like Samsung, LG Electronics and Daewoo. This only goes to show our quality standards. The leading Indian TV manufacturers include Onida & Videocon and Picture Tube manufacturers like Samtel, LG Hotline etc, are to name a few who use your Company's products. This division has witnessed an overall growth of 20%, with each Component segment, namely FBT, DY and LSPs, growing in market share.

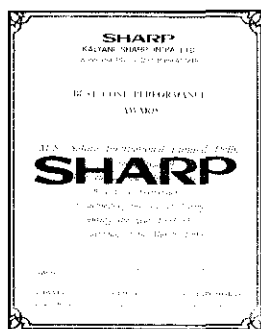
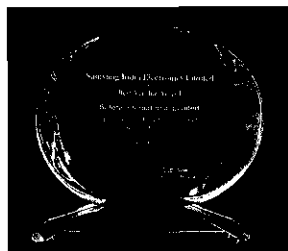


Flyback Transformer

Technical Collaboration Agreement with M/s. Kyushu Matsushita Electric Co. Ltd., Japan, was finalised during the year 1999-2000 and signed on 10.05.1999, which provide provision of new technology required for manufacturing of Deflection Yoke (DY) for flat picture tube for CTV models. This technical collaboration got the approval from Secretary for Industrial Assistance, Ministry of Industry, Government of India on 11.08.1999 and pursuant to this technical collaboration agreement Company has started after obtaining necessary know-how manufacturing of DY for flat picture tubes to be used by Panasonic & Sony in India. Under this technical collaboration agreement, collaborator provide technical know-how for manufacturing of DY to be used in Colour Monitor. This is first time that such product is being manufactured in India and Salora takes pride in being at the forefront.



OVERSEAS ACCOLADES



Your Company is convinced that if the products are good, recognition will follow. The outstanding performance of Salora's Components division has fetched the following Awards during the year 1999.

- * Sony "Quality Appreciation Award"
- * Samsung "Best Vendor Award"
- * Sharp "Best Cost Performance"

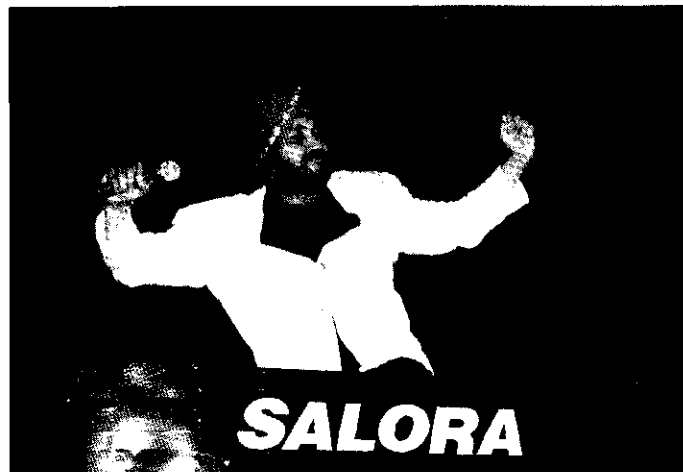
This is not all. Salora has been chosen as one of the select vendor by LG Electronics for Quality Campaign of 100 PPM Challenge. Salora was also chosen by LG Electronics as one of the elite Company who were taken to Korea for visiting their Korean factories in the year 1999.

Your Company would not like to rest on these laurels. There have been constant improvements initiated in the Components division to achieve ultimate quality standards. To name some of these, mention can be made of Quality Innovation Activities and PANDA (Part No Decrease Activities). These Activities have been taken up as a challenge for the year.

All these developments at the Components division has not been at the cost of environment. Aware of the environmental obligations we have initiated Programmes towards certificate for ISO 14001 Environmental Standard. This has become very important in the context of the requirement in days to come.

BRUSHING UP THE BRANDNAME

Salora has taken up several promotional programmes during the year. Besides, cross promotions and other efforts, your Company has participated in the Elcomponex Exhibition – year 2000, held in Bangalore. In the coming year, several new initiatives are being taken for consolidation and growth of business. One such initiative is that the "Business Policy" for the year has identified the key focus area which would



enable Salora to consolidate its position as a leading supplier of CTV Components in the coming year.

THE OTHER GROWTH DRIVERS

OFFICE AUTOMATION

Your Company is in the business of distributing Office Automation products. This division distributes Telecom and Information Technology products. Salora has been adjudged the best performer in India for Panasonic facsimile 1999-2000. Under Telecom products, the division is distributing Panasonic and Daewoo Fax Machines. During the year, your Company has added Samsung Fax Machine, which has received a good response from the marketplace.



The Office Automation Team with the Panasonic Best Performer Award

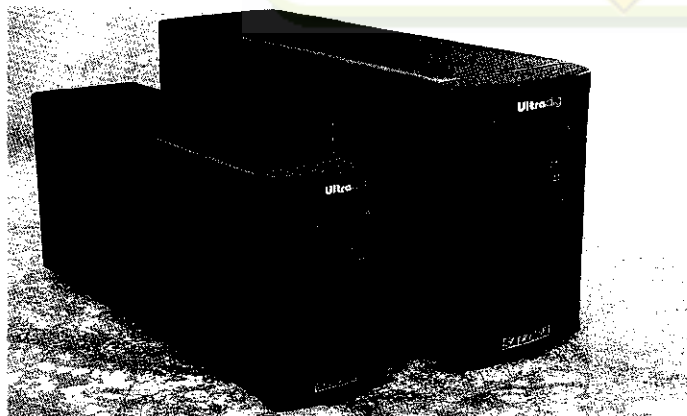
The IT products range includes Panasonic Printers, Colour Monitor of 14", 15" and 17" under the Salora brand. The year under review also saw Samsung floppy disk drive, key board, P. C. Camera and multimedia speakers being added. These products were distributed in the last quarter of the year and your Company is proud to say that it has done good business. It is your Company's endeavour to increase the product range from time to time.



TELECOM PRODUCTS

Salora has absorbed the technology for manufacture of Switch Mode Power Supply (SMPS) system. It is a critical power equipment which insulates the telephone exchange from the vagaries of power fluctuation. This equipment is extensively used by DOT.

Before supplying SMPS, it requires the DOT approval. During the last quarter of the year, your Company has got all the necessary approvals from DOT. In the last quarter of the year, your Company has completed the supply of 37 such systems valued at Rs.1.27 crores. There is immense demand for the product and Salora hopes to secure further orders, which would boost the Company's profitability.



During the current year, the Uninterrupted Power Supply (UPS) systems of 500 VA, 700 VA and 1000 VA would be introduced under the Salora brand name. Your company is on a constant look out for introduction of products in the Telecom and Infotech sectors so as to strengthen the distribution channel with an array of products. For this it is in touch with several multinational companies.

INFORMATION TECHNOLOGY

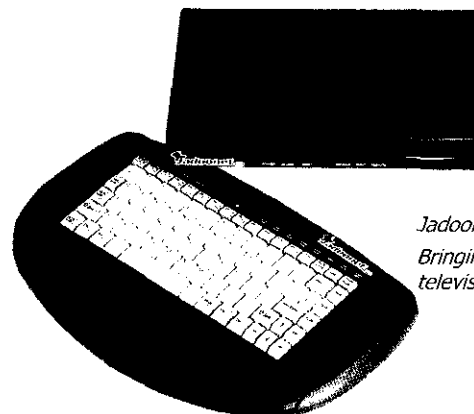
Your Company's management strongly believes that Information Technology is poised to play a very critical role in enhancing its business operations. The effective use of IT will enable us to have superior consumer understanding, provide us with an opportunity to reach the potential customers better and also enable us to substantially reduce cost, improve productivity of resources etc. With this objective, the Company has made significant investments in IT Hardware, enabling infrastructure and competent human resources.

As informed earlier an ERP package of Salora upgraded management system (SILMS) is under implementation at the Components Division and thereafter it will be implemented in the phase manner in other divisions as well.

NEW INITIATIVES.....NO FAD THIS

(a) JADOONET.COM LTD.

Salora has formed a new Company known as Jadoonet.com Ltd., which is a joint venture between your Company and M/s. Infoquest E-commerce Pvt. Ltd. Jadoonet has entered into a technology transfer agreement with Web-2U Ltd., a UK-based Company. The arrangement would be that the Set Top Boxes (Internet Access Devices) will be manufactured by Salora and marketed by Jadoonet in India. These Set Top Boxes allow internet surfers to browse the net through the Television. These devices come with a wireless keyboard which has a range to 21 feet. The pre-requisites of a Set Top Box are a TV and a Telephone line. The devices provide access to the entire range of Internet services. Your Company has taken a 45% equity stake with an investment of Rs. 201.60 lacs in this joint venture.



*Jadoonet Set Top Boxes :
Bringing the internet to your
television*



Jadoonet.com Ltd. got its valuation from professional valuers, who have valued it at Rs.150 crores. Recently, Jadoonet has allotted fresh equity aggregating to 5% to a leading Institutional Mutual Fund who has valued the Company at Rs. 125 crores.

Salora plans to invest Rs. 3.50 crores to put up a facility to manufacture Set Top Boxes. This investment will provide Salora's engineers access to digital convergence technologies besides substantially enhancing your Company's turnover.

(b) FX INFO TECHNOLOGIES LTD.

Salora has also incorporated a new Company, FX Info Technologies Ltd., during the year. This subsidiary is also a joint venture with a technocrat for distribution and retailing of IT products including ACER Computers. The Company has started operations in South India and the Company plans to open shop in the major cities of India for retailing computers. The Chennai will be the first place where the Company is planning to open retail shop and will soon begin operations on the nation wide basis.

Salora plans to hold 51% of the company's equity which will result in a cash outflow to the extent of Rs.102 lacs, including Rs.25 lacs already paid up to 31st March, 2000.

(c) ENCOMPASS SOFTWARE & SYSTEMS PVT. LTD.

Salora has entered into a Shareholders Agreement with Mr. Phani Sharma, who is the promoter of a company known as M/s. Encompass Software & Systems Pvt. Ltd. for acquiring of 11,87,500 Equity Shares at a premium of Rs.8/- per share. Your Company agreed to invest Rs.213.75 lacs to take a 50% stake in Encompass Software & Systems Ltd., a Bangalore based Software Company. Encompass is focused in providing cutting edge solutions to International and Domestic clients in the areas of Internet Security and Applications, Computer Telephony products and Client – Server applications. Encompass is headed by a highly qualified team of technocrats having a combined experience of over 150 man years in Software Development. It has several reputed US based companies and Indian PSUs on its client list. The investment from Salora is being used to considerably upgrade its development facilities and strengthen its

marketing infrastructure. The expertise of Encompass in embedded systems will also help Salora in upgrading its range of products with enhanced features.

DEPOSITORY

Your Company has entered into an arrangement with the Central Depository Services for dematerialisation of your Company's equity shares, in accordance with the provision of Depositories Act 1995, which are now fully operational and shareholders may avail such facility. Meanwhile, SEBI has identified your Company's shares for compulsory demat w.e.f. 26.06.2000. In view of this, your Company has entered into an agreement with National Securities Depository Ltd. (NSDL) and hopes that dematerialisation of equity shares through NSDL will be effective within 1-2 months.

HUMAN RESOURCES DEVELOPMENT

Your Company takes active interest in staff welfare activities from time to time. Your Company has engaged external consultants for HRD programme for employees and also arranged annual picnic and get-togethers for staff members with the active participation of the top management. With a view to provide good housing facilities at a reasonable price, Salora has acquired a plot at NOIDA from NOIDA Authority for construction of flats for its staff. The flats are expected to be ready for possession by September, 2000.

IN CONCLUSION

The management of Salora will continue to take advantage of converging technologies for branching off into known & experienced areas of Telecom and IT businesses, which will not only help your Company to optimize business opportunities but also helps post good growth in future.

Salora is committed continuously for enhancing its shareholders value.



Staff members enjoying at the Annual picnic in Dwarka.