

SIXTEENTH ANNUAL REPORT 1997-98

MD	✓		BKC	✓
CS	✓		DPY	N/A
RO	✓		DIV	N/A
TRA	✓		AC	✓
AGM	✓	✓	SH	✓
YE	✓	✓		

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SAMTEL



SAMTEL INDIA LIMITED



SAMTEL INDIA LIMITED

BOARD OF DIRECTORS	:	O. P. Gupta (Chairman) V. P. Kaura (Managing Director) Satish K. Kaura C K. Hazari D. Ahuja D. P. Dass Om Wadhwa V. P. Hari D .G.Chaudhury (IFCI Nominee)		
COMPANY SECRETARY	:	Sharda Trivedi		
AUDITORS	:	A.F. Ferguson Associates Chartered Accountants New Delhi		
BANKERS	:	Punjab National Bank, New Delhi Standard Chartered Bank, New Delhi SBI Commercial & International Bank Ltd., Mumbai		
REGISTERED OFFICE	:	Plot No. SPA 503 RIICO Industrial Area Bhiwadi - 301 019 Distt. Alwar (Rajasthan)		
CORPORATE OFFICE	:	50 - 51, Community Centre New Friends Colony New Delhi - 110 065 Phone No. 6842791 ; Fax No. 6837534		
WORKS	:	Plot No. SPA 503 RIICO Industrial Area Bhiwadi - 301 019 Distt. Alwar (Rajasthan)	Plot No. 7, Sector 27 A Faridabad - 121 003 Haryana	Plot No. 6, Sector 2 Industrial Area Parwanoo - 173 220 Himachal Pradesh
SALES OFFICES	:	4 , Chandrashekharan Street Mandavali, Chennai - 600 028 117G, Industrial Area Phase-I, Chandigarh 28, Hara Chand Mallick Street Calcutta - 700 005	B-17, Sector 7 NOIDA - 301 201 (U.P.) 25/4, Nicholson Road, Tarbund Secunderabad - 500 003 203, Balarama Bandra Kurla Complex (Near Drive in Cinema) Bandra (E), Mumbai - 400 051	
REGISTRARS AND SHARE TRANSFER AGENTS	:	MCS Limited Sri Venkatesh Bhawan 212-A, Shahpur Jat New Delhi - 110 049 Phone No. 6494830, 6494831 Fax No. 6494152		

SAMTEL INDIA LIMITED**NOTICE**

NOTICE is hereby given that the Sixteenth Annual General Meeting of the Shareholders of SAMTEL INDIA LIMITED will be held on Saturday, the 5th September, 1998 at 3:30 p.m. at Samtel Colony, SPA 501 A, RIICO Industrial Area, Bhiwadi, Distt. Alwar, Rajasthan to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 1998 and the Balance Sheet as at that date and the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Satish Kaura, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Om Wadhwa, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT the consent of the Company be and is hereby accorded to the Board of Directors of the Company in terms of Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgaging and/or charging all the immovable and movable properties of the Company wheresoever situate, present and future and whole of the undertakings of the Company and/or conferring power to enter upon and take possession of the assets of the Company in certain events to or in favour of Industrial Development Bank of India (IDBI) in connection with the foreign currency loan of US \$ 3.18 million lent and advanced by IDBI to the Company.

RESOLVED FURTHER THAT the mortgage /charge created /to be created and / or all agreement/ documents executed and all acts done in terms of the above resolution by and with the authority of the Board of Directors be and are hereby confirmed and ratified".

Registered Office :

Plot No. SPA 503
RIICO Industrial Area
Bhiwadi - 301019
Distt. Alwar, Rajasthan
Date : June 27, 1998

By order of the Board

Sharda Trivedi
Company Secretary

SAMTEL INDIA LIMITED**NOTES**

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company.
2. Register of Members and Share Transfer Books of the Company will remain closed from 18th August 1998 to 31st August, 1998, both days inclusive.
3. Members are requested to notify promptly any change in their address to the Company's Corporate Office or M/s. MCS Ltd. Shri Venkatesh Bhawan, 212-A Shahpur Jat, New Delhi - 110049.
4. Any queries relating to Accounts must be sent to the Company at least 10 days before the date of the meeting.
5. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, is annexed hereto.
6. Pursuant to Section 205 A of the Companies Act, 1956 all unclaimed/unpaid dividends for the financial year ended March 31, 1995 will be deposited with the Central Government on or before 5.10.98. Please send your unpaid dividend warrants for revalidation to avoid transfer of dividend to Central Government. All such Shareholders shall be informed individually.
7. Shareholders will continue to be served from the Corporate Office located at 50-51, Community Centre, New Friends Colony, New Delhi - 110065.
8. Shareholders are requested to kindly bring their copies of Annual Report to the meeting.
9. No gifts will be distributed at the venue of the meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**ITEM NO.5**

As per the Loan Agreement entered into with the Industrial Development Bank of India (IDBI), the Company has to create mortgages/charges in respect of the assets of the Company's undertakings as security for the loans raised by the Company from IDBI.

As the creation of mortgages and / or charges in favour of the Financial Institutions / Banks with the right to take over the management of the business and undertakings of the Company are considered to be a disposal of the Company's properties within the meaning of Section 293(1)(a) of the Companies Act, 1956, this requires members approval.

None of the Directors are in any way concerned or interested in this resolution.

Registered Office :

Plot No. SPA 503
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Distt. Alwar, Rajasthan
Date : June 27, 1998

By order of the Board

Sharda Trivedi
Company Secretary

SAMTEL INDIA LIMITED**DIRECTORS' REPORT**

To
The Members

Your Directors have pleasure in presenting their Sixteenth Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 1998.

FINANCIAL HIGHLIGHTS**(Rs. lacs)**

Particulars	1997-98	1996-97
Sales & Other Income	13,097.15	16,111.95
Gross Profit (before Interest and Depreciation)	512.55	613.92
Interest	830.23	1,087.89
Depreciation	163.18	145.05
Expenditure and tax relating to previous year	-	62.20
Net Profit/(Loss)	(480.86)	(681.22)
Profit brought forward from previous year	-	112.30
Excess provision for proposed dividend written back	-	0.13
Transfer from Investment Allowance Reserve	-	108.00
Transfer from Export Incentive Reserve	-	0.25
Transfer from General Reserve	480.86	460.54
Profit available for appropriation	-	-

OPERATIONS FOR THE YEAR

Your Company recorded an income of Rs. 13097 lacs for the year 1997-98 as against Rs. 16112 lacs in the year 1996-97 registering a fall of 19%. The Company has incurred a loss of Rs. 481 lacs in the year under report against a loss of Rs. 681 lacs in the previous year. The position of the various divisions is briefly given below :

PICTURE TUBE DIVISION

The market demand for Black & White Television sets continued to show a decline for the second year. As a result, the sales of this division, which supplies picture tubes to Black & White Television set manufacturers, for the year under review were lower at Rs. 9404 lacs in comparison to previous year's sale of Rs. 13348 lacs. Severe competition in the domestic market led to lowering of prices and squeezing of margin of profit.

To meet the challenge of falling of demand and margin of profit, the Company embarked upon a major cost reduction programme during the year which has shown encouraging results. Your Directors are pleased to inform you that with the steps taken, the operations of this division during second half of 1997-98 have improved significantly and presently this division is no longer incurring any cash loss.

MULTIMEDIA DIVISION

The Multimedia Division engaged in manufacture of Mono and Color Monitors achieved sales of Rs. 2860 lacs in the year 1997-98 as against Rs. 2122 lacs during the previous year 1996-97 registering an increase of 35%. However, Monitor sale prices continuously dropped throughout the year resulting in low margins.

SAMTEL INDIA LIMITED

The Company's products using latest technology, have acquired an image of its own in the country and have been well received in the market.

WIRE WOUND COMPONENT DIVISION

The wire wound component division commenced production of Deflection Yokes during the current year under review adding to the range of products of the Company. This division achieved sales of Rs. 680 lacs and earned cash profit in the very first year. The capacity of this division has been further enhanced from 0.36 million units to 0.9 million units during the year.

EXPORTS

During the year under review, export sales dropped further because of shrinking demand internationally of Black & White Televisions, particularly in Indonesia, the major market for your Company's products. However, the Company continues to explore new markets across the globe and is quite optimistic about the future.

DIVIDEND

In view of the loss incurred during the year under review, your Directors are not recommending any dividend.

FUTURE OUTLOOK

The Black & White Television industry is yet to tap the potential which exists in rural India. The industry's future is assured in a developing economy like India determined to raise standard of living of vast population. Sale prices of picture tubes which declined during the last two years, are showing signs of stabilizing at a higher level in the current financial year. With the customs duty protection proposed in the Union Finance Bill 1998, outlook for Indian industry seems more hopeful, as sale prices of imported finished tubes are likely to rise giving relief to hard pressed Indian Industry.

The performance of Multimedia Division is expected to improve further due to high market growth and strong presence of the Company at major demand centres in the country. The Division expects to make a sizeable contribution in the coming years to the Company's profits.

The Wire Wound Component Division of the Company is planning to increase its capacity further from 0.9 million to 2.5 million during the current year at a cost of approx. Rs. 6 crores to meet the increasing demand for the products which should contribute significantly to the earnings of the Company.

SAMTEL COLOR LIMITED

The sales of Samtel Color Limited during the year 1997-98 increased from Rs. 29780 lacs to Rs. 32253 lacs. Net loss for 1997-98 as per provisional results published by the Company stood at Rs. 848 lacs against the net profit of Rs. 891 lacs earned in the year 1996-97. The steep fall in the profit is on account of drop in the prices of Color Picture Tubes.

The scheme of merger of Samtel Electron Devices Limited with Samtel Color Limited w.e.f. 1.4.97 is pending for approval of the Delhi High Court and Allahabad High Court.

SAMCOR GLASS LIMITED

The sales of Samcor Glass Limited, manufacturers of Glass shells for Black & White Tube industry in the year 1997-98 were Rs. 8889 lacs against Rs. 10391 lacs in the year 1996-97. The drop in sales is mainly due to lower price realisation of glass shells. Net profit before tax for the year 1997-98 was slightly higher at Rs. 75 lacs against Rs. 41 lacs in the previous year 1996-97.

SAMTEL INDIA LIMITED**FIXED DEPOSIT**

The fixed deposits taken from the public and shareholders stood at Rs.81.52 lacs as at 31st March 1998. Deposits numbering 43, amounting to Rs. 4.64 lacs remained unclaimed at the end of year, out of which 26 deposits amounting to Rs. 3.35 lacs have since been repaid. The company is taking necessary steps for repayment / renewal of balance deposits.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and Article 85 of the Articles of Association of the Company, Mr. Satish Kaura and Mr. Om Wadhwa, Directors, retire at the forthcoming Annual General Meeting, and being eligible, offer themselves for reappointment.

AUDITORS

M/s A. F. Ferguson Associates, Chartered Accountants, New Delhi, Auditors of the company retire and offer themselves for reappointment. The requisite certificate under Section 224 (1B) of the Companies Act, 1956 has been received from them.

Regarding their observations at Point No. 2(d) of the Auditors report regarding non provision of unutilised modvat balance amounting to Rs. 247.56 lacs (Net of modvat refund claim of Rs. 175.50 lacs) outstanding as at March 1, 1997 which lapsed on that date, your directors wish to state that the Company has obtained legal advice on the matter and management is confident that the above said amount outstanding as at March 1, 1997 is good and recoverable and as such no provision is considered necessary.

Regarding other observations of the Auditors, they have been explained by way of notes to the accounts wherever necessary.

PARTICULARS OF EMPLOYEES

Particulars as required under Section 217(2A) of the Companies Act, 1956 read with Companies (Disclosure of Particulars of Employees) amendment Rules, 1994 given in Annexure 'A' to this report.

ENERGY CONSERVATION, TECHNOLOGY & FOREIGN EXCHANGE

The particulars as required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in Annexure 'B' to this report.

ACKNOWLEDGEMENT

Your Directors acknowledge with gratitude the cooperation and support received from Financial Institutions, Banks, Shareholders of the Company and Central and State Governments. Your Directors also wish to place on record their high appreciation of the services rendered by all employees of the Company and are also thankful to all customers, suppliers and investors for their continued patronage.

By Order of the Board

Place : NEW DELHI
Date : June 27, 1998

O.P.GUPTA
CHAIRMAN

SAMTEL INDIA LIMITED

Annexure - 'A' to the Directors' Report

Statement under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rule, 1975 attached to and forming part of the Directors' Report for the year ended 31st March, 1998.

S.NO.	NAME	AGE	QUALIFICATION	EXPERIENCE	DESIGNATION	DATE OF EMPLOYMENT	REMUNERATION (Rs.)	PARTICULARS OF LAST EMPLOYMENT
A. Employed throughout the year under review and were in receipt of remuneration for the year in aggregate of not less than Rs. 3,00,000/- p.a.								
1.	Mr.Kaura V.P.	81	B.Sc.5 years apprenticeship with Indian Ord. Factory in Mech. Engg.	56	Managing Director	09.11.89	7,07,357	Managing Director, Teletube Electronics Ltd.
2.	Mr. Kumar V	53	B.Tech	29	Vice President	16.05.88	12,39,870	Plant Manager, Indian Oxygen Ltd.
3.	Mr.Pandey P.W	48	B.E.(Mech.)	25	Dy.Gen.Manager	04.09.86	5,98,259	Dy. Plant Manager, Prsysons Pvt. Ltd.
4.	Mr.Prasad G.V.D	47	M. Tech.	20	Gen.Manager	16.11.87	7,89,633	Chief Manager (Tech), Fenovision Ltd.
5.	Mr.Nandi B	52	B.E. (Elec.)	28	Asst.Gen.Manager	17.06.85	4,44,355	Sr. Electrical Engg. Orient Abrasives Ltd.,
6.	Mr.Tandon Sandeep	47	Graduate (IMA)	25	Dy.Gen.Manager	18.03.85	5,70,323	Sr. Executive, Morani Chemicals (P) Ltd.
7.	Mr.Prasad S.R.	44	B.Tech	21	Dy.Gen.Manager	15.02.94	6,22,459	Factory Manager, Calcom Electronics Ltd.
8.	Mr.Chaudhary Tarun B	49	B.A., MBA Diploma in Marketing	27	Dy.Gen.Manager	01.12.94	6,54,208	General Manager, (Com.) J.K. Pharmaceuticals Ltd.
9.	Mr.Mukesh Gupta	46	BE (Mech.), ME (Prod.) DBM	21	Dy.Gen.Manager	14.04.95	5,99,375	Dy. General Manager, ET&T Corp. Ltd.
10.	Mr.Anand S.P.	40	B.Sc.,A.M.I.B.M., PGD in Marketing & Sales Diploma in Exports (IIFT)	20	Asst.Gen.Manager	20.04.87	4,90,806	Sr.Sales Officer, Shriram Honda Power Equipment Ltd.
11.	Mr.Chatterjee Alok	47	BE (Mech.)	24	Asst.Gen.Manager	01.01.90	4,32,924	Engg. Telco Jamshedpur
12.	Mr.Radhakrishna A	42	B.E. (E&C)	16	Divisional Manager	01.07.93	4,20,596	Manager (R & D) TVS Electronics Ltd.
13.	Mr. Dutt Anil	36	M.Sc. DMM	14	Manager	27.05.88	3,88,829	Sr.Sales Officer, Uptron India Ltd.
14.	Mr.Bharti Pritam	40	B.Tech	15	Divisional Manager	10.08.88	3,72,585	Incharge Operational, Geep Indus Syndicate Ltd.
15.	Mr.Kantha Rao V.N.	40	BSW, MSW	19	Asst.Gen.Manager	22.01.90	3,70,342	Manager, Vijay Electricals Ltd.
16.	Mr.Bhatnagar R.K.	41	Diploma in Mech. Engg.	21	Divisional Manager	27.05.91	4,55,268	Manager, Kelvinator India Ltd.
17.	Mr.Gupta Bharat	43	B.E.(Engg.)	21	Manager	04.08.90	3,70,370	Asst. Manager, Atlas Cycle India Ltd.
18.	Mr.Sen Y.N.	40	B.Sc., Chem.Engg.	13	Manager	05.04.89	3,07,439	Production Engg., Coral Chemicals Pvt. Ltd.
19.	Mr.Pandey K.V.	37	B.Sc., Engg.	14	Manager	04.08.90	3,54,648	Sr. Engg., Shriram Piston & Rings Ltd.
20.	Mr.Kachru Kuldeep	39	B.Tech	14	Manager	16.04.89	3,12,934	Process Engg., Hindustan Paper Corp. Ltd.
B. Employed for part of the year under review and who were in receipt of remuneration for any part of the financial year at the rate in which aggregate was not less than Rs. 25,000/-p.m.								
1.	Mr.Chand Lal	51	Dip. in Elect.	22	Dy. Manager	01.07.75	8,75,660	Teletube Electronics Ltd.
2.	Mr.Chandrashekhar	43	M.A.(Eco.)	15	Asst. Manager	15.01.98	2,36,903	Officer, MOI Engg. Ltd.
3.	Mr.Sharma Arun	44	B.Com	23	Asst. Officer	11.07.84	2,65,297	Accountant, Amrit Agencies
4.	Mr.Saini K.S.	43	B.Com, PGDMM	22	Asst. Officer	09.06.87	2,45,094	Depot Supervisor, Williard India Ltd.
5.	Mr.Narayanmurthy R	35	B.Com	12	Asst. Officer	01.11.87	1,94,304	Accounts Asst., Perfect Controls
6.	Mr.Agarwal Surinder	43	B.Tech (Mech) PGDM	18	Asst.Gen.Manager	08.03.94	1,48,346	Commercial Controller, Altos India Ltd.

NOTES:

- The nature of appointment is not contractual in all appointments except incase of Managing Director whose appointment is as per Central Government.
- None of the above employees except Mr. V. P. Kaura , (who is a Managing Director) is a relative of any Director of the Company.
- All employees are governed by the Service rules of the Company.
- Remuneration received includes Salary, Allowances, Payment in respect of unfurnished accomodation, Company's contributions to Provident Fund and Superannuation Fund, Personal Accident insurance Premium, Medical Reimbursement and Leave Travel concession.