

SEVENTEENTH ANNUAL REPORT 1998-99

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		
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	:	52, Community Centre New Friends Colony New Delhi - 110 065 Phone No. 6842791; Fax No. 6837534		
WORKS	:	<u>Picture Tube Division</u>	<u>Multimedia Division</u>	<u>Deflection Yoke Division</u>
	:	Plot No. SPA 503 RIICO Industrial Area Bhiwadi - 301 019 Distt. Alwar (Rajasthan)	Plot No. 7, Sector 27A 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 25/4, Nicholson Road, Tarbund Secunderabad-500 003 203, Balarama Bandra Kurla Complex (Near Drive in Cinema) Bandra (E), Mumbai - 400 051	B-17, Sector 7 NOIDA-301 201 (U.P.) 28, Hara Chand Mallick Street Calcutta-700 005	
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		

CHAIRMAN'S COMMUNIQUE

Dear Shareholder,

As you are aware, the Indian economy passed through a difficult year in 1998-99. Generally, the consumer demand levels were low and growth in most sectors has been slow. However, Color Television segment registered a growth of more than 30%, outperforming all other consumer durables. Also, the Color Monitors segment grew by around 50% over the previous year.

The Black & White television market saw a negative growth of 5% during the year. Keeping this in mind, efforts were made to reduce costs and current assets. Export of Picture tube was accorded high priority and efforts were made to identify and penetrate into new markets.

The color monitor market has been witnessing high growth rates. Through sustained efforts in brand building and customer service we were able to out perform the market and our sales volumes in color monitors increased by more than 105%. We are encouraged by the outcome of our efforts and now plan to initiate brand building for our products to derive long term advantage. This business is expected to become profitable in the near future.

As the color television market is growing, we are also investing in increasing the capacity of the Color Deflection Yokes from 0.9 million to 2.7 million this year. We expect this business to witness healthy growth and generate good profits in the coming years.

Even though sales volumes have increased substantially in two out of three divisions, the profitability of the company was under pressure due to fall in prices, under utilisation of capacity and progressive stabilisation of new capacities. The prices have since stabilised, productivity levels have improved and we expect the profitability to improve in the coming year.

In this changing and challenging environment, I am confident that we will emerge winners through the actions initiated in the last couple of years. I look forward to your continued support.

Yours Sincerely,

O.P. GUPTA
(Chairman)

Place : New Delhi
Date : May 26, 1999

SAMTEL INDIA LIMITED**NOTICE**

Notice is hereby given that the seventeenth Annual General Meeting of the Shareholders of Samtel India Limited will be held on Friday, the 6th August 1999 at 11.30 a.m. at Samtel Colony, SPA 501 'A', RIICO Industrial Area, Bhiwadi, Distt. Alwar, Rajasthan to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended 31st March, 1999 and the Balance Sheet as at that date and the Report of Directors and Auditors thereon.
2. To appoint a Director in place of Mr D.P. Dass who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. C.K. Hazari who retires by rotation and being eligible offers himself for reappointment.
4. To appoint auditors and fix their remuneration.

Registered Office:
Plot No. SPA 503
RIICO Industrial Area
Bhiwadi - 301019

By Order of the Board

Sharda Trivedi
Company Secretary

Place : New Delhi
Dated : May 26, 1999

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on a poll to vote instead of himself and such a proxy need not be a member.
2. Register of Members and Share Transfer Books of the Company will remain closed from 16th July 1999 to 30th July 1999, both days inclusive.
3. Members are requested to notify promptly any change in their addresses to the Company's Registered 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 atleast 10 days before the date of the meeting.
5. Shareholders will continue to be served from the Corporate office located at 52, Community Centre, New Friends colony, New Delhi-110065.
6. Shareholders are requested to kindly bring their copies of Annual Report to the meeting.
7. No gifts will be distributed at the venue of the meeting.

Registered Office:
Plot No. SPA 503
RIICO Industrial Area
Bhiwadi-301019

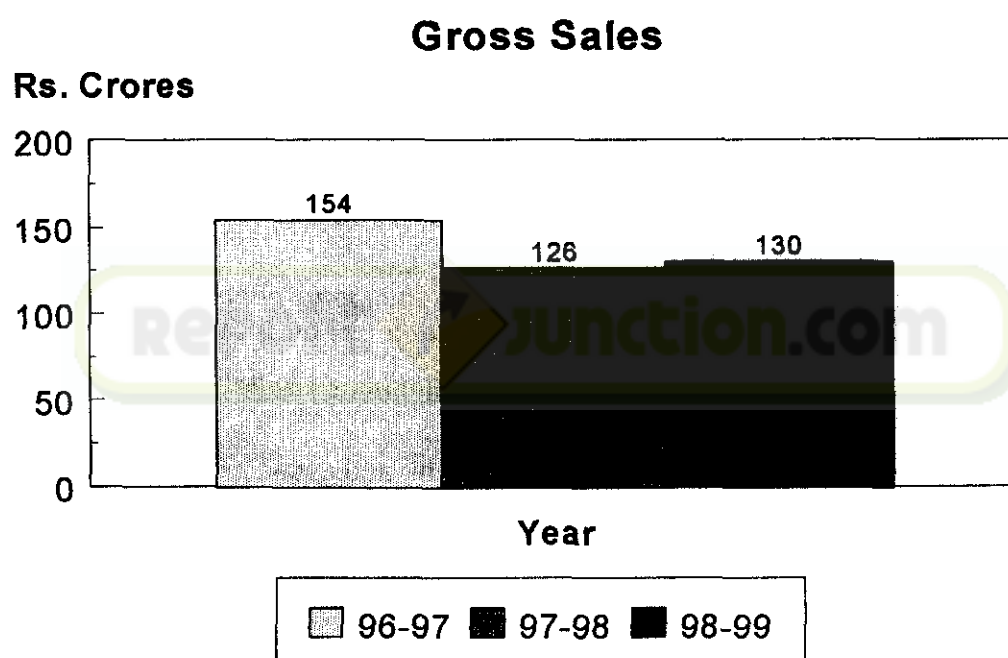
By Order of the Board

Sharda Trivedi
Company Secretary

Place : New Delhi
Dated : May 26, 1999

HIGHLIGHTS OF 1998-99

- Export sales of Black & White picture tubes increased from Rs. 478 lacs to Rs. 742 lacs.
- Sales of Color monitors increased from 21K to 43K achieving a growth of 105%.
- Deflection yoke sales increased from 3.6 Lac nos. to 6.17 Lac nos. representing 71% growth.
- Capacity of Deflection yoke unit expanded from 0.9 million to 2.7 million. This capacity is expected to become fully operational from August 1999.
- Reduction in Working Capital Interest by 42% with higher Current Assets Turnover.



SAMTEL INDIA LIMITED**DIRECTORS' REPORT**

To
The Members

Your Directors have pleasure in presenting their Seventeenth Annual Report together with Audited Accounts of the Company for the year ended 31st March, 1999.

FINANCIAL RESULTS**[In Rs. Lacs]**

Particulars	1998-99	1997-98
Gross Sales & Other Income (excluding dividend income)	13337.47	12,972.72
Gross Profit (before Interest and Depreciation)	276.62	424.07
Interest	544.40	830.23
Cash profit/(loss) from operations	(267.78)	(406.16)
Depreciation	174.87	163.18
Miscellaneous Expenditure written off	42.66	35.95
Net Profit/(Loss) from operations	(485.31)	(605.29)
Dividend income on long term investments	14.74	124.43
Net Profit/(Loss) Total	(470.57)	(480.86)
Transfer from General Reserve	(25.60)	480.86
Net Loss carried forward	(444.97)	—

OPERATIONS FOR THE YEAR

Your Company recorded a total income of Rs. 13352 lacs for the year 1998-99 as against Rs. 13097 lacs in the year 1997-98 registering a marginal increase of 1.9%. The Company has incurred a loss of Rs. 471 lacs in the year under report against a loss of Rs. 481 lacs in the previous year.

Your Company has three business divisions namely, Picture Tube Division, Multimedia Division and Deflection yoke Division. A brief review of the operations of each division is given below:

PICTURE TUBE DIVISION

The Picture tube division manufactures picture tubes for black & white televisions and monochrome monitors.

The sales of the picture tube division for the year under review were lower at Rs. 8265 lacs in comparison with previous year's sale of Rs. 9067 lacs due to drop in prices. The operational results showed significant improvement due to various cost reduction initiatives of the management.

The market demand for Black & White television sets showed a decline of about 5% in comparison with previous year. The Black & White television set market is likely to remain stagnant for some time. Therefore prices and margins are expected to be under pressure.

Your Company stepped up its efforts in international market and achieved export sales of Rs. 742 lacs against Rs. 478 lacs recorded last year. Efforts to explore new markets including China are continuing vigorously. However, tube prices have also been falling in overseas markets. The Company plans to increase exports volumes despite severe competition to ensure maximum utilisation of capacities to improve overall profitability.

MULTIMEDIA DIVISION

The Multimedia Division is engaged in manufacture of Color and Mono Monitors. For mono monitors, the black and white picture tubes are obtained from the Company's own Picture Tube Division.

This division achieved sales of Rs. 3710 lacs for the year under review as against Rs. 2860 lacs during the previous year registering an increase of 30%.

The color monitor market is growing at the rate of around 50% per annum. However, this division has increased its sales volume of color monitors by more than 100% over the previous year. The color monitor market is expected to grow atleast at the rate 50-60% per year.

The mono monitor market has declined by about 25% over the previous year due to shift of consumer preference for color monitors. This decline is expected to continue in the current year.

Due to severe competition, the price of color monitors declined during the year and as a result, the margins have come under pressure. In view of the increasing color market, your company's product mix has also radically changed from mono to color.

DEFLECTION YOKE DIVISION

This division manufactures deflection yokes for use in color picture tubes. The color picture market has grown at the rate of 30% and is expected to grow at similar rate. Presently deflection yokes are being supplied to M/s Samtel Color Limited, the largest manufacturer of color picture tubes in India.

The Deflection Yoke division produced 6.17 lac Nos. of Deflection Yokes during the year under review as against 3.60 lac Nos. last year showing a growth of 71% in quantitative terms, while sales increased to Rs. 1033 lacs from Rs. 680 lacs recorded last year. The fall in the international prices affected the prices adversely in the domestic market reducing the margin of profit.

FUTURE OUTLOOK

Picture tube division

The Company's business has been affected in the last three years on account of stagnant demand for black & white television sets leading to a sharp drop in prices. The management has taken full cognisance of the changed conditions and has chalked out a plan to optimise capacity utilisation, increase productivity and further reduce costs to protect margins. However, the prices and margins are expected to continue to be under pressure.

Multimedia division

This Division is focusing all its efforts on increasing market penetration and tapping the fast growing OEM market more aggressively. This year it is also upgrading its manufacturing facility with an investment of approximately Rs. one crore.

Since this is the only product where the Company does direct selling in the consumer market, it is continuously focusing on widening the regional presence and enlarging service network. The Company's products have gained recognition as one of the top four brands in the country. In the competitive environment where the division is faced with direct competition not only from domestic manufacturers but also from Multinational players, the division has chalked out plans to invest in building brand equity, establishing greater visibility in the market place and enhancing its production capacity.

This division is looking at a bright future as the market for its products is rapidly growing.

Deflection yoke division

During the year the Company had made investment to increase its production capacity to 2.7 million (Nos.) per year. This capacity is expected to become operational from August 1999. Further, a new 21" FFST deflection yoke has been developed and introduced. Efforts are also being made to develop more customers.

The Company has set up its own Research and Development facility. Further, the steps initiated as mentioned above and cost reduction measures taken are expected to improve the financial performance of this unit.

DIVIDEND

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

SAMTEL COLOR LIMITED (Post Merger)

The sales of Samtel Color Limited during the year 1998-99 increased to Rs. 55570 lacs against Rs. 35647 lacs last year. Net profit for the year 1998-99 stood at Rs. 339 lacs against a net profit of Rs. 178 lacs last year though the PBIDT was higher at Rs. 7277 lacs against Rs. 4658 lacs in the previous year. The profit would have been higher but for increased interest and depreciation charges, this being the first full year of operation for the new line commissioned last year. The Company expects to achieve a sharp improvement in its performance this year.

The scheme of merger of Samtel Electron Devices Ltd. with Samtel Color Ltd. w.e.f. 1.4.97 has been approved by Hon'ble High Court of Allahabad. The proceedings in Hon'ble High Court of Delhi are in progress and are expected to be completed soon.

SAMCOR GLASS LIMITED

The sales of Samcor Glass Limited, manufacturer of Glass shells for the Black & White Tube industry in the year 1998-99 were Rs. 8257 lacs against Rs. 8889 lacs in the year 1997-98. There was a net loss of Rs. 731 lacs for the year 1998-99 against a profit of Rs. 75 lacs in the previous year 1997-98. To improve the performance of the company, massive cost reduction exercise is being carried out. Also efforts are being made to enhance the utilisation of furnace capacity.

FIXED DEPOSIT

The fixed deposits taken from the public and shareholders stood at Rs. 151.80 lacs as at 31st March 1999. Deposits numbering 32 amounting to Rs. 3.49 lacs remained unclaimed at the end of the year, out of which 3 deposits amounting to Rs. 0.40 lacs have since been repaid.

INFORMATION TECHNOLOGY

During the year, the Company has changed to its own customised integrated commercial accounting software and stabilised the same. The Company also plans to establish group wide networking with its branches and factories to take advantage of online logistic management. The Company has also initiated steps to ensure Y2K compliance in commercial and manufacturing applications.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and Article 85 of the Articles of Association of the Company, Mr. D.P. Dass and Mr. C.K. Hazari, 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 (IB) of the Companies Act, 1956 has been received from them.

Regarding Auditors observation at point No. 2(E), regarding non-provision of unutilised modvat provision amounting to Rs. 402.14 lacs outstanding as at March 1, 1997 which lapsed on that date, note no. 3 in Schedule 13 explains the matter in detail and no provision is considered necessary.

PARTICULARS OF EMPLOYEES

Particulars as required under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of the Employees) Rules 1975, as amended are 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 the Board of Directors) Rules, 1988 are given in Annexure-"B" to this report.

ACKNOWLEDGEMENT

Your Directors acknowledge with gratitude the co-operation and support received from financial institutions, banks, shareholders of the Company, 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
Dated : May 26, 1999

(O.P. GUPTA)
Chairman

SAMTEL INDIA LIMITED**Annexure-'A' to the Director's Report****Statement of Particulars of employees forming part of the Director's Report as required Under Section 217 (2A) of the Companies Act, 1956**

S.NO.	NAME	AGE	QUALIFICATION	EXPERIENCE	DESIGNATION	DATE OF COMMENCEMENT 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. 6,00,000/- p.a.								
1.	Mr. Kaura V.P.	82	B.Sc. 5 years apprenticeship with Indian Ordnance. Factory in Mech. Engg.	57	Managing Director	09.11.89	641200	Managing Director Teletube Electronics Limited
2.	Mr. Kumar V	54	B. Tech	30	Vice President	16.05.88	1612448	Plant Manager Indian Oxygen Ltd.
3.	Mr. Pandey P.W.	49	B.E. (Mech.)	26	Gen. Manager	04.09.86	932949	Dy. Plant Manager Prsysons Pvt. Ltd.
4.	Mr. Prasad G.V.D	48	M.Tech	21	Gen. Manager	16.11.87	1108469	Chief Manager (Tech.) Fenovision Ltd.
5.	Mr. Tandon Sandeep	48	Graduate (IMA)	26	Dy. Gen. Manager	18.03.85	708216	Sr. Executive, Morani Chemicals (P) Ltd.
6.	Mr. Prasad S.R.	45	B.Tech	22	Dy. Gen. Manager	15.02.94	746078	Factory Manager Calcom Electronics Ltd.
7.	Mr. Chaudhury Tarun	50	B.A., MBA Diploma in Marketing	28	Dy. Gen. Manager	01.12.94	706941	General Manager(Com.) J.K. Pharmachem. Ltd.
8.	Mr. Mukesh Gupta	47	BE (Mech.), ME (Prod.)DBM	22	Dy. Gen. Manager	14.04.85	707710	Dy. General Manager ET&T Corp. Ltd.
9.	Mr. Chatterjee Alok	48	BE (Mech.)	25	Asst. Gen. Manager	01.01.90	605251	Engg. Telco Jamshedpur

B. Employed for part of the year under review and were in receipt of remuneration for part of the financial year in aggregate of not less than Rs. 50,000/- p.m.

1.	Mr. R.S. Wazir	51	Chemical Engg.	29	Vice President	30.09.98	715615	President Cosmo Ferrites Ltd.
2.	Indranil Mukherjee	35	B.E. Elec.	12	Asst. Manager	5.10.87	202509	Officer Sales & Services Universal Dynamics
3.	Arijit Ghosh	44	B. Com	14	Asst. Officer	04.02.87	243033	Account Assistant Sonudyne Television
4.	Sunil Omanwar	30	B.Tech	6	Asst. Manager	23.03.92	106628	

- Notes:**
1. The nature of appointment is not contractual in all appointments except in case of Managing Director whose appointment is as per Central Government approvals.
 2. None of the above employees except Mr. V.P. Kaura, (who is a Managing Director) is a relative of any Director of the Company.
 3. All employees are governed by the Service Rules of the Company.
 4. Remuneration received includes Salary, Allowances, Payment in respect of unfurnished accommodation, Company's contributions to Provident Fund and Superannuation Fund, Personal Accident Insurance Premium, Medical Reimbursement and Leave Travel Concession.