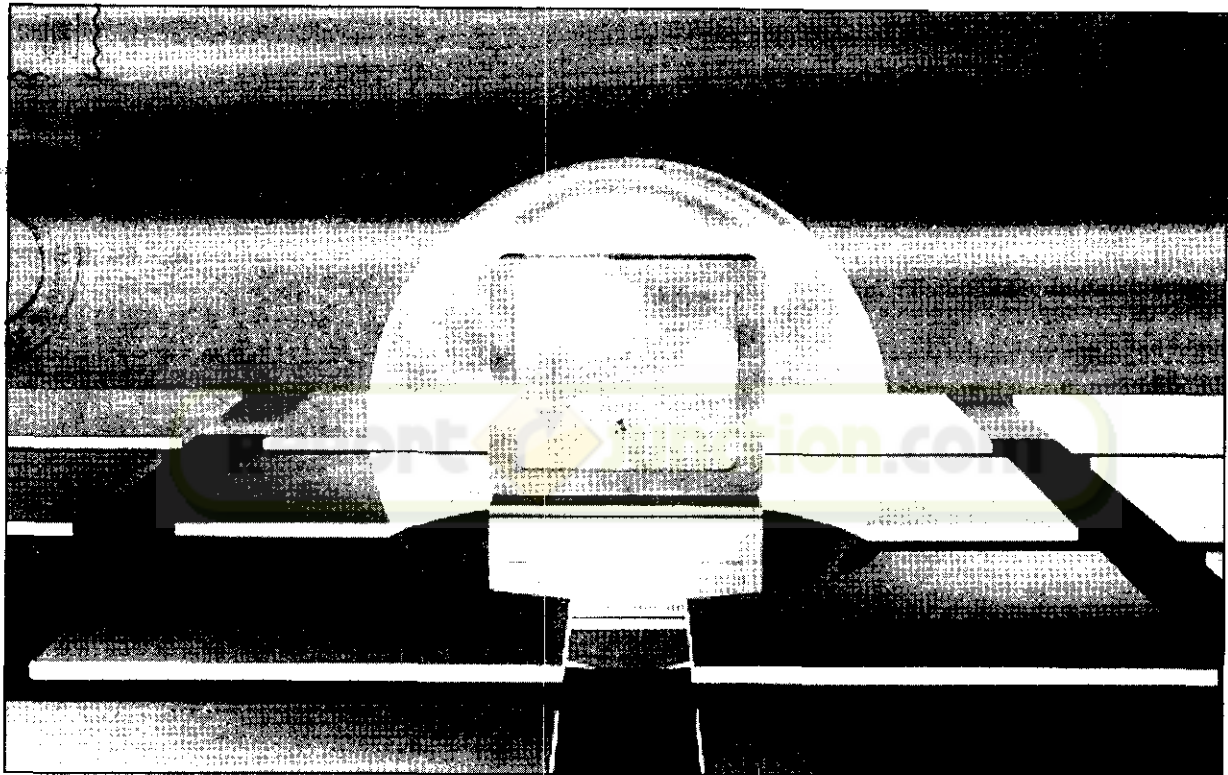


Eighteenth Annual Report 1999-2000



SAMTEL INDIA LIMITED

SAMTEL INDIA LIMITED

BOARD OF DIRECTORS	:	O.P. Gupta (Chairman) V.P. Kaura (Managing Director till 8.11.99) Satish K. Kaura (Managing Director w.e.f. 8.11.99) 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, Tarbunde 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

The Indian economy showed signs of recovery during 1999-2000 after a cyclical downturn in the previous two years. Despite a lower growth of less than 1% in the agriculture sector, the Country's GDP in 1999-2000 still grew at 5.9%. The Index of industrial production grew at a respectable 8% against last year's growth of 3.9%. Most critical sectors of the industry like manufacturing, construction and infrastructure showed buoyancy in growth. The Inflation rate dropped to less than 3% during the year. The balance of payment situation was comfortable with increased capital inflows, relatively stable exchange rates and a comfortable foreign exchange reserve of US \$ 38 billion as on 31.03.2000. The service and software export sectors remained buoyant.

Recovery in the industrial sector is duly reflected in a upturn in demand for most consumer durables and white goods during the year. The Color television industry continued to remain buoyant and grew at a rate of 36% during 1999-2000 to reach a level of approx. 5.45 million sets. With an upswing in the Color television market, sales of Deflection yokes increased from 6.17 lac nos. to 12.19 lac nos. during the year, representing a 98% growth. This division is now taking steps to expand its customer base and further improve on its capacity utilisation. You will be pleased to know that as a result of growth in the Color television market, Samtel Color Limited, of which your Company is a promoter, recorded a substantial improvement in performance with net profit of Rs. 37.3 crores (last year Rs. 2.6 crores.)

Also the Color monitor market continued to grow at a rate of around 45% during 1999-2000. The Company's Color monitor sales volumes crossed the 1 lac mark recording a growth of 130% over the previous year. The division is, therefore, planning to expand plant capacity to meet the expected demand and further strengthen its marketing, service and distribution network.

However, demand for black and white television sets declined by approx. 11% during the year due to shift in consumer preference to cheaper Color television sets as well as higher penetration of these sets in the Country. The challenge here is to restructure the costs to be competitive and work for stability of prices in the market place.

Although, there has been substantial growth in sale of Color monitors and deflection yokes, prices remained under pressure throughout the year. Despite increased sales volumes in the Multimedia and Deflection yoke divisions and vigorous cost restructuring in the Picture tube division, your Company could not generate an operational profit during the year. However, as we look into this year, we are more confident of generating an operational profit.

Samtel is an organisation that strives for excellence with the twin objectives of enhancing customer satisfaction and shareholder value. In achieving this overriding objective, it has always endeavoured to be a transparent and accountable corporate citizen. Your Board is continuously working towards achieving the goal of good 'Corporate Governance'.

I sincerely appreciate your continuing support to the management of the Company.

Place: New Delhi
Date: May 24, 2000

O.P. Gupta
Chairman

NOTICE

Notice is hereby given that the Eighteenth Annual General Meeting of the members of Samtel India Limited will be held on Wednesday, the 20th September, 2000 at 4 P.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, 2000 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. V.P. Hari who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. O.P. Gupta who retires by rotation and being eligible offers himself for reappointment.
4. To appoint M/s A.F. Ferguson Associates, Chartered Accountants as auditors, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

5. **To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution.**

"RESOLVED THAT subject to the provisions of section 269, 316, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and /or subject to the approval of the Central Government, the approval of the company be and is hereby accorded to the appointment of Mr. Satish K. Kaura as the Managing Director of the Company for a period of five years commencing from 8th November, 1999, without any remuneration, and on the terms and conditions as contained in the explanatory statement appended hereto.

"RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

6. **To consider and if thought fit, to pass with or without modifications, 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/or other applicable provisions, if any, of the Companies Act, 1956 to mortgaging and/or charging all the immovable and/or movable properties of the Company wheresoever situate, present and future and whole of the undertaking 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 ICICI Limited in connection with Non Convertible Debentures of aggregate value of Rs. 52.5 million subscribed/granted by ICICI Limited.

RESOLVED FURTHER THAT the mortgage / charge created/ to be created and / or all agreements/ documents executed / to be 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."

7. **To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution.**

"RESOLVED THAT the donation of Rs. 1.98 lacs made during the financial year 1999-2000 which is in excess of the limits prescribed under section 293(1)(e) of the Companies Act, 1956 be and is hereby ratified.

RESOLVED FURTHER THAT in accordance with the provisions of section 293(1)(e) and other applicable provisions, if any, of the Companies Act, 1956, the company hereby authorises the Board of Directors to contribute and subscribe on behalf of the Company to charitable and other funds in any financial year as may be considered proper by the Board notwithstanding that such amounts in any financial year may exceed Rs. 50,000/- or 5% of the company's average net profit as determined in accordance

with the provisions of section 349 and 350 of the said act, during any three financial years immediately preceding whichever is greater, provided that the subscription or contribution so made shall not exceed Rs. 5.00 lacs in any one financial year".

"RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

8. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution.

"RESOLVED THAT pursuant to section 31 and/or other applicable provisions, if any, of the Companies Act, 1956 and/or the provisions of other statutes as may be applicable and/or subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the Articles of Association of the Company be and are hereby amended by inserting Article 46A after Article 46 of the Articles of Association of the Company as follows :-

46A : Dematerialisation of Securities

(1) Definitions

For the purpose of this Article:-

'Beneficial Owner' means a person or persons whose name is recorded in the Register maintained by a Depository under the Depositories Act, 1996.

'SEBI' means the Securities & Exchange Board of India.

'Depository' means a Company formed and registered under the Act and which has been granted a certificate of registration by SEBI under the Securities & Exchange Board of India Act, 1992.

'Security' means such security as may be specified by SEBI from time to time.

'Members' in respect of dematerialised shares means the beneficial owner thereof, i.e. the person or persons whose name is recorded as a beneficial owner in the register maintained by a Depository under the Depositories Act, 1996 and in respect of the shares, the person or persons whose name is duly registered as a holder of a share in the Company from time to time and includes the subscribers to the Memorandum of Association.

Dematerialisation of Securities

- (2) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the provisions of the Depositories Act, 1996 or otherwise.

Issue of securities and option for investors

- (3) Notwithstanding anything contained in these Articles, every issue of securities by the Company shall be in the dematerialised form and the Company shall intimate the details of allotment to the depository immediately on allotment of such securities.

Investors in a new issue and the beneficial owners shall have the option to rematerialise the shares subsequent to the allotment or dematerialisation, as the case may be, in which event the company shall issue to the investor / beneficiary the required certificates of securities subject to the provisions of applicable laws, rules, regulations or guidelines.

Securities in depository mode to be in fungible form

- (4) All securities held in the depository mode with a depository shall be dematerialised and be in fungible form. To such securities held by a depository owner, nothing contained in sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply.

Right of Depositories and Beneficial owners

- (5)(a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owners for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.
- (b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have other membership rights in respect of the securities held by it.

(c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the register maintained by a depository shall be deemed to be a member of the Company. The beneficial owner of securities shall alone be entitled to all the rights and benefits and be subject to all the liabilities in respect of the securities held in the depository mode of which he is the beneficial owner.

Service of documents

- (6) Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository mode, the records of the beneficial owner may be served by a depository on the company by means of electronic mode or by delivery of floppies or discs.

Transfer of securities

- (7) Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered in the Register maintained under the Depositories Act 1996, by a depository as beneficial owners.

Distinctive numbers of securities held in depository mode

- (8) Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the company shall apply to securities held in the depository mode.
- (9) The register and index of beneficial owners maintained by a depository under the Depositories Act, 1996 shall be deemed to be Register and index of members and holders of securities for the purposes of these Articles and the Act.

Register and Index of members

- (10) The Company shall cause to be kept a Register and Index of members in accordance with all applicable provisions of the Act and the Depositories Act, 1996 with details of shares in material and dematerialised forms in any media as may be permitted by law, including in any form of electronic media.
- (11) In the case of transfer and transmission of shares where the Company has not issued any certificates and where such shares are being held in an electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.

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

By Order of the Board
for **Samtel India Limited**

Place : New Delhi
Dated : July 26, 2000

Sharda Trivedi
Company Secretary

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. The instrument appointing proxy should, however, be deposited at the Registered office of the Company not less than forty eight hours before the commencement of the meeting.
2. Members/Proxies should bring the Attendance Slip duly filled in for attending the Meeting.
3. Register of Members and Share Transfer Books of the Company will remain closed from September 1, 2000 to September 9, 2000 both days inclusive.
4. All documents referred to in the accompanying Notice are open for inspection at the Registered office of the Company during office hours on all working days, except Saturdays, and holidays, between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.
5. 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.

6. Any queries relating to Accounts must be sent to the Company at least 10 days before the date of the meeting.
7. The explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, is annexed hereto.
8. The Company has already transferred, all unclaimed dividend declared upto the financial year ended 31st March, 1995 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978. Those shareholders who have so far not claimed or collected their dividend upto the aforesaid financial year may claim their dividend from the Office of the Registrar of Companies, 15, Krishna Marg, C Scheme, Near Ahimsa Circle, Jaipur 302001.
9. Pursuant to the provision of section 205A of the Companies Act, 1956 as amended, dividend for the financial year ended 31st March, 1996 and thereafter, which remain unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund of the Central Government. The Shareholders who have not encashed the dividend warrant(s) so far for the financial year ended 31st March, 1996 or any subsequent financial years are requested to make their claim to the Company. It may also be noted that once the unclaimed dividend is transferred to the Central Government, as above, no claim shall lie in respect thereof.
10. Shareholders are requested to bring their copy of Annual Report to the meeting.
11. Appointment/Re-appointment of Directors :

At the ensuing Annual General meeting, Mr. V.P. Hari, Director and Mr. O.P. Gupta, Director retire by rotation and being eligible, offer themselves for reappointment. Consent of the members is also requested for appointment of Mr. Satish K Kaura as Managing Director of the Company for a period of 5 years. The information or details to be provided for the aforesaid Directors/Managing director under Corporate Governance code are as under :

- (a) Mr. V.P. Hari, aged 75 years is renowned business man having his own hotel business and departmental store at Mussourie. He has been in the Board since inception of the Company. He is also holding partnership in R.B. Hammers & Co., and Hotel Hammers Intl.
- (b) Mr. O.P. Gupta, aged 79 years has had a long and distinguished career as a banker. He has worked as Chairman and Managing Director with Punjab National Bank. Presently, he is a director in Companies like Appolo Tyres Ltd., Mangalam Cement Ltd., Hero Honda Motors Ltd. and First Capital Securities Limited.
- (c) Mr. Satish K Kaura, aged 56 years, graduated from IIT Kanpur and has Masters in Electronics from Carleton University, Canada. Having gained valuable work experience in North America, he returned to India in 1973 to set up the Samtel Group of Companies. From its beginning 25 years ago with a capital of Rs. 7 Lakhs only, the Samtel Group has today grown to be a multidimensional organisation comprising of various companies with a combined turnover of approx. Rs. 1000 crores. Today Samtel is India's largest integrated Cathode Ray Tube manufacturer, employing nearly 4500 people in 7 factories.

He has been the past president of Electronic Components Industries Association (ELCINA) and CII (Northern Region). He was given the distinguished Alumni Award by IIT, Kanpur in 1989 in recognition of his outstanding entrepreneurial efforts. ELCINA honoured Mr Satish Kaura with the Electronics Man of the Year award in 1988 and CETMA conferred on him Man of Electronics Award for the year 1996. He is also a Managing Director/Director in other companies viz. Samcor Glass Limited, Samtel Color Limited, Centurion Bank Limited, Paramount Capfin Leasing (P) Limited, Blue Bell Trade Links (P) Limited, Parsec Technologies India (P) Limited, and Samtel Display Limited.

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

ITEM NO. 5

Mr. V.P. Kaura was appointed as a Managing Director of the Company for a period of five years effective from 9th November, 1994, whose term expired on 8th November, 1999. The Board of Directors in their meeting held on 25th January, 2000, appointed Mr. Satish K Kaura as a Managing Director for a period of five years with effect from 8th November, 1999, subject to the approval of Members and the Central

SAMTEL INDIA LIMITED

Government, without any remuneration.

Mr. Satish K Kaura is Managing Director in Samtel Color Limited and Samcor Glass Limited. Since the activities of these Companies and the Company are of similar nature and are inter related, the appointment of Mr. Satish K. Kaura as common Managing Director shall be in the interest of the Company.

The Central Government vide their letter no 1/80/2000/CL VII, dated 26.07.2000 has also accorded their approval for appointment of Mr. Satish K Kaura as a Managing Director of the Company w.e.f. 8.11.2000 for a period of two years. The Company is taking the necessary steps for extension of the said tenure with the Central Government.

None of the Directors are in any way concerned or interested in this resolution except Mr. Satish K Kaura, Managing director of the Company.

ITEM NO.6

The ICICI Limited has sanctioned Debenture Facility of Rs. 52.5 million to the Company, the details where of has been mentioned in the resolution. As per the Debenture Facility Agreement entered into with ICICI Limited, the Company has to create mortgages/charges, in respect of the assets of the Company's undertakings as security for the debentures subscribed by ICICI Limited.

Since the creation of mortgages and/or charges in favour of the ICICI Limited with the right to take over the management of the business, concern and undertaking of the Company is in the nature of 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.

ITEM NO. 7

The Company has made donations to the tune of Rs. 1.98 lacs during the financial year 1999-2000 to various charitable and other funds not directly related to the Company while committing its corporate social obligations. The amount of donations made during the year exceeded the limits prescribed under section 293(1)(e) of the Companies Act, 1956. It requires ratification by the members.

None of the Directors are concerned or interested in the resolution.

ITEM NO. 8

Securities Exchange Board of India (SEBI) vide its circular no. SMDRP/POLICY/ CIR-23/2000 dated May 29, 2000 have included scripts of Samtel India Limited for compulsory trading in dematerialised form by all class of investors effective from January, 2001.

The above mentioned SEBI's directives makes it obligatory for the Companies to admit their securities in both the depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for compulsory settlement of trading in dematerialised form.

For admission of your Company's securities into depository mode, the Company has to execute a tripartite agreement with a Registrar & Transfer Agent (MCS) and National Security Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

It is obligatory for the Company to insert the enabling provision pertaining to dematerialisation of shares in their Articles of Association. Therefore, your Directors recommend this resolution for your approval.

None of the Directors are concerned or interested in the resolution.

INSPECTION OF DOCUMENTS

The material documents referred to herein above will be open for inspection by the members at the Registered office of the Company on all working days from the date hereof up to the date of the meeting during business hours.

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

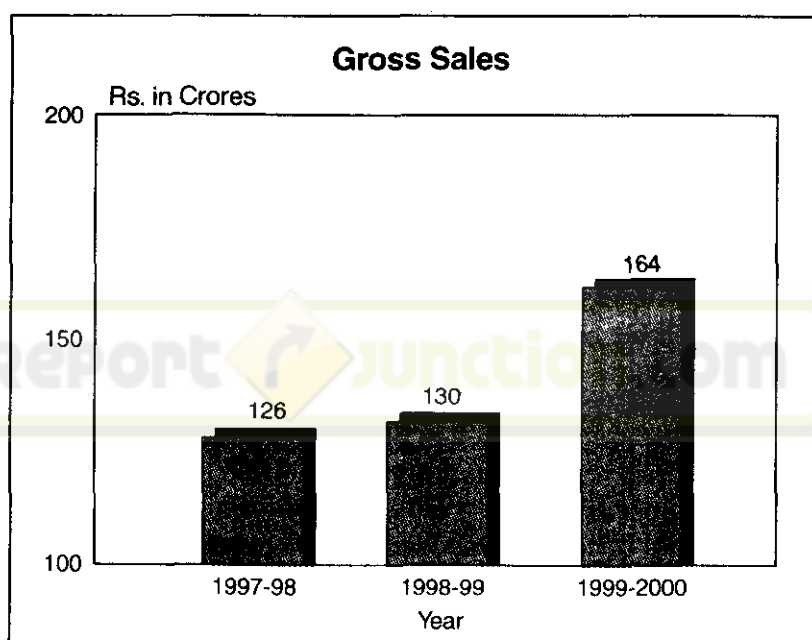
Dated : July 26, 2000

By Order of the Board
for Samtel India Limited

Sharda Trivedi
Company Secretary

HIGHLIGHTS OF 1999-2000

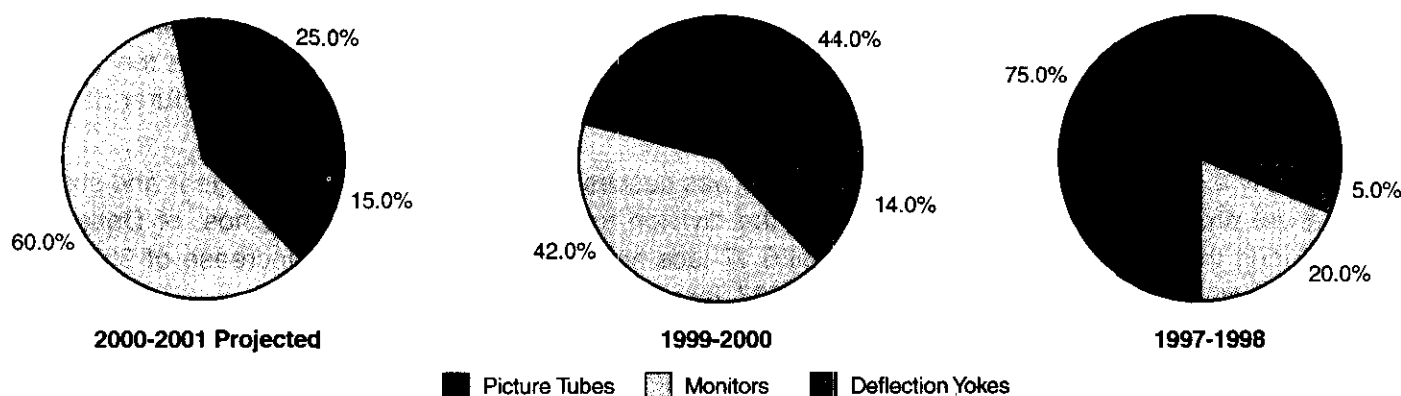
- ♦ Gross Sales increased from Rs. 130.09 crores to Rs. 164.21 crores - Growth of 26.2%.
- ♦ Sales of Color monitors crossed the one lac mark-registering a growth of 130% over the previous year.
- ♦ Sales of Deflection Yoke increased from 6.17 lac Nos. to 12.19 lac Nos. - representing 98% growth.
- ♦ Capacity expansion of Deflection Yoke project completed - Commenced commercial production in July, 1999.



BUSINESS ANALYSIS

Your Company has three business divisions namely, Picture tube division, Multimedia division and Deflection yoke division. The Company was originally in the Picture tube business, which was the prominent business till recently. The Multimedia division was set up about six years back for manufacturing Computer Monitors. The Deflection yoke division was set up in 1997 to manufacture Deflection yokes for Color picture tubes. Your Company's sales turnover mix continues to change with the share of the Deflection yoke division and Multimedia division growing whereas the share of Picture tube division continues to decline. The projected figures for 2000-2001 are based on Management's view for the coming year.

BUSINESS MIX



PERFORMANCE REVIEW AND OUTLOOK

A brief review of the operations of Picture tube division, Multimedia division and Deflection yoke Division is given below.

PICTURE TUBE DIVISION

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

The market for black & white television sets declined by 11% during the year to 5.4 million nos. from 6.0 million nos. per annum in the previous year. Declining demand and excess black & white tube manufacturing capacity in the country resulted in pressure on prices and profit margins for major part under review.

The sales of the Picture tube division, therefore declined to Rs. 7313 lacs during the year in comparison with previous year sale of Rs. 8265 lacs. In this scenario, the division further stepped up various cost reduction measures and efficiency improvement initiatives to reduce the impact of declining volumes and prices.

MULTIMEDIA DIVISION

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

The Monitor market increased to 1.3 million nos. per annum from 0.9 million nos. per annum in the previous year registering an impressive growth of 45%. The color segment of the market continued to grow at the rate of 50% per annum and now constitutes more than 90% of the total market. The mono monitor segment, however, declined during the year to about 0.1 million nos.