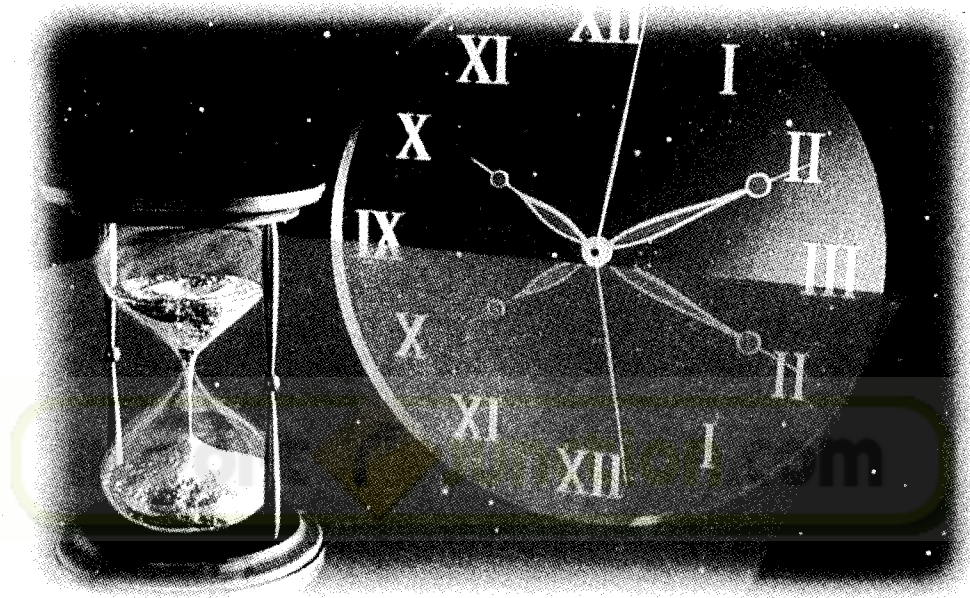


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ANNUAL REPORT
2001-2002



SAMTEL INDIA LIMITED

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SAMTE INDIA LIMITED

BOARD OF DIRECTORS : Mr. Atish K. Kaura (Chairman & Managing Director)
Mr. C.K. Hazari
Mr. Davendra Ahuja
Mr. D.P. Dass
Mr. Om Wadhwa
Mr. V.P. Hari
Dr. R.N. Sharma

COMPANY SECRETARY : Ms. Sharda Trivedi

AUDITORS : M/s A.F. Ferguson Associates
Chartered Accountants
New Delhi

BANKERS : Punjab National Bank

REGISTERED OFFICE : Plot No. SPA 503
RIICO Industrial Area
Bhiwadi - 301 019
Distt. Alwar (Rajasthan)
Phone No. (01493) 220738, 220739; Fax No. (01493) 221117

CORPORATE OFFICE : 52, Community Centre
New Friends Colony
New Delhi - 110 065
Phone No. 6832886, 6842791; Fax No. 6837534

	<u>Picture Tube Division</u>	<u>Multimedia Division</u>
WORKS	Plot No. SPA 503 RIICO Industrial Area Bhiwadi - 301 019 Distt. Alwar (Rajasthan)	RS No. 5/3 Vadamangalam Village Villianur Commune Pondicherry
SALES OFFICES	B-17, Sector 7 NOIDA-301 201 (U.P.) 203, Balarama Bandra Kurla Complex (Near Drive in Cinema) Bandra (E), Mumbai - 400 051	Shop No. 1 Sai Lakshmi Rukmini Apartment LIC Colony, Sikh Village Secunderabad. (A.P.) 500009 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	

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SAMEL INDIA LIMITED
CHAIRMAN'S COMMUNIQUE

Dear Shareholders,

30th September, 2002

You would recall that we began the last financial year facing an economic slowdown. Thereafter, we witnessed a period in which we all saw the world go through cataclysmic changes. Today, we are in the middle of socio - economic turbulence that will define the course of progress for all mankind in the coming years. The economic challenges being faced by us in India, clearly suggest that we in Industry have to find creative solutions for integrating our enterprises with the world economy and becoming globally competitive. Under these circumstances, the management of your Company has its task clearly cut out for it.

As you are aware, the black and white television market has declined in the past few years resulting in lower demand for picture tubes which, since inception, has been the major product your Company manufactures. The management of the Company has been taking steps to adjust itself to the new situation by reducing costs and seeking a place in the world market, where demand for these tubes though limited, still exists. The Company had also diversified into allied business areas of computer monitors and deflection yokes for colour picture tubes to reduce its dependence on the black and white television industry. However, on account of losses in the computer monitor and black and white picture tube division in the last few years, the Company had to undertake restructuring both financial and otherwise, to maintain its viability.

To restore the financial health of the Company, the Deflection Yoke (DY) Division was sold to Samtel Color Limited on 30th June, 2002 as a going concern on slump sale basis. The profit on sale of this division has enhanced the net worth of the Company and as a consequence it is no longer a potentially sick Company as defined under the provisions of section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985. The proceeds from the sale of the DY division are being utilised to repay the debts of the Company and should result in substantial savings in finance cost in the coming years. In spite of all the actions taken by the management, the operating losses in the Company continue to be a matter of concern and the performance of the computer monitor division is being monitored closely.

Your Company is a major promoter of and has substantial investments in Samtel Color Limited and Samcor Glass Limited. I would therefore like to keep you informed about the performance of these two companies.

Samtel Color Limited achieved a Gross Turnover of Rs. 703.39 crores in the Financial Year 2001 - 02, a growth of 5.5% over the previous financial year. The Company reported a net profit of Rs. 25.64 crores after providing Rs. 16.10 crores for deferred tax for the year. The earning per share was Rs. 6.33 for the year. The Company had recently set up a new production line with a capacity of 2.2 million tubes per annum to manufacture 21" Super Flat TV tubes and Colour Display tubes for Computer Monitors. It is the largest manufacturer of colour picture tubes in India with a capacity of 5.5 million tubes per annum and a market share of approximately 40%.

The sales of Samcor Glass Limited, manufacturer of funnels for colour picture tubes and glass shells for Black & White picture tubes, in the year 2001-2002 were Rs. 141.97 crores against Rs. 96.54 crores in the previous year. The Company recorded a net profit of Rs. 7.11 lacs for the year 2001-2002 against a net loss of Rs. 283.72 lacs in the previous year.

The Board of Directors of your Company has focused on the highest standards of corporate governance and has been guiding your Company's management effectively. We have continuously endeavoured to maintain a high degree of transparency in communications with our investors. I would like to take this opportunity to sincerely thank all my Samtelite colleagues for their hard work and loyalty to the Company. Last but not the least, my sincere thanks to all of you for your continued support to the management of your Company.

With Warm Regards,

Satish Kaura
SATISH K. KAURA

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SAMTEL INDIA LIMITED

Notice is hereby given that the Twentieth Annual General Meeting of the Members of Samtel India Limited will be held on Friday, the December 20, 2002 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 period ended 30th June, 2002 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. Davendra Ahuja 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 M/s. A.F. Ferguson Associates, Chartered Accountants as Statutory 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.

Registered Office :
Plot No. SPA 503
RIICO Industrial Area
Bhiwadi-301019
Dist. Alwar (Rajasthan)

By Order of the Board
Sd/-
Sharda Trivedi
Company Secretary

Date : 24th September, 2002

NOTES

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and 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/Corporate 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. Shareholders are requested to kindly bring their copies of Annual Report to the meeting.
3. Register of Members and Share Transfer Books of the Company will remain closed from December 9, 2002 to December 20, 2002 (both days inclusive).
4. All documents referred to in the accompanying Notice are open for inspection at the Registered Office/Corporate 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 to the Share Transfer Agent M/s MCS Ltd. Shri Venkatesh Bhawan, 212-A Shahpur Jat, New Delhi-110049.

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6. Pursuant to the provisions of section 2(5A) 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 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.

7. Appointment/Re-appointment of Directors :

At the ensuing Annual General Meeting, Mr. Davendra Ahuja, Director and Mr. C.K. Hazari, shall be retiring by rotation and being eligible, offer themselves for reappointment. The information or details to be provided for the aforesaid Directors/Managing director under Corporate Governance code are as under :

- (a) Mr. Davendra Ahuja, aged 70 years, has been one of the foremost Director of the Company since 1983. He is a Financial consultant and is director of Centurion Bank Limited. He is also Director in many other Companies, viz., PHIL Corporation Limited, GMAC-TCFC Finance Limited etc.
- (b) Mr. C.K. Hazari 78 years, has been one of the foremost Director of the Company since 1983. He is also a financial consultant and former director of SRF Limited. He is also Director in many other Companies, viz, Uniproducts Limited, PNB Capital Services Limited etc.

8. Any queries relating to Accounts must be sent to the Company at least 10 days before the date of the meeting.

Inspection of Documents

The material documents referred to hereinabove will be open for inspection by the Members at the Regd. Office of the Company on all working days from the date hereof upto the date of meeting during business hours.

Registered Office :

Plot No. SPA 503

RIICO Industrial Area

Bhiwadi-301019

Dist. Alwar (Rajasthan)

By Order of the Board

Sd/-

Sharda Trivedi

Company Secretary

Date : 24th September, 2002

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SAMTEL INDIA LIMITED

MANAGEMENT DISCUSSION & ANALYSIS REPORT

During the fifteen months period under review, your Company had three business divisions namely, Picture Tube Division, Multimedia Division and Deflection Yoke Division manufacturing Picture Tubes for black & white television industry, Computer Monitors and Deflection Yokes for Colour TV Picture Tube, respectively.

As you are aware, the black and white television market has declined in the past few years reducing simultaneously the demand for picture tubes which, since inception of the Company was the major product it was manufacturing. The Company has been taking steps to adjust itself to the new situation by reducing costs and seeking a place in the world market where demand for black and white television tubes though limited, still exists. The Company also diversified into allied business areas of computer monitors and deflection yokes for color picture tubes to reduce its dependence on the black and white television industry. However, on account of losses in the computer monitor and black and white picture tube division in the last few years, the Company undertook restructuring both financial and otherwise, to maintain its viability.

SALE OF DEFLECTION YOKE DIVISION

To restore the financial health of the Company, the Deflection Yoke Division was sold to Samtel Color Limited on 30th June, 2002 as a going concern on slump sale basis. The profit on sale of Deflection Yoke Division of Rs. 2123.46 lacs has enhanced the net worth of the Company to Rs. 1472.47 lacs and as a cosequence the Company is no longer a potentially sick Company as defined under the provisions of section 23 of the Sick Industrial Companies (Special provisions) Act, 1985.

The proceeds from the sale of Deflection Yoke Division are being utilised to repay the debts of the Company which shall result in substantial savings in finance cost in the coming years.

PERFORMANCE REVIEW AND OUTLOOK

A brief review of the operations of Picture Tube Division and Multimedia 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 and white television sets continues to decline. As compared to the previous years demand of 4.1 million sets, the market fell to 3.6 million sets in the current year. In spite of reduced domestic demand, the Division could maintain its sales volumes at 1607 thousands by increasing exports.

The sales of the Picture Tube Division increased to Rs. 79 crores during the period of 15 months in comparison to sale of Rs. 61 crores in the previous year. The division continues to focus on cost reduction measures to meet the challenges it is facing due to falling demand and excess tube manufacturing capacity in the Country.

With a diminishing demand for Black & White Television sets in the domestic market, the Division is making serious efforts to explore new markets abroad including Russia and China. This is expected to help in utilising the existing manufacturing capacity better.

Multimedia Division

The Multimedia division is engaged in manufacture of computer monitors.

During the twelve month period ended 31st March, 2002, the demand for Colour Display Monitors used with personal computers was approximately 1.75 million as against 1.65 million in preceding financial year indicating

lower growth in demand mainly on account of the slowdown in the Indian economy.

The sale of Multimedia division decreased to Rs. 69 crores in the current period of 15 months from Rs. 105 crores in previous year. The decline in sale is on account of reduction in sale of monitors from 195 thousands (nos.) in the previous year to 148 thousands (nos.) for the fifteen months period under review alongwith decline of selling price by 27% during the said period. The performance of this division is being closely reviewed in view of the emerging business scenario.

BALANCE SHEET ANALYSIS

Loans

A. Debentures

1. The company has repaid Rs. 187 lacs during the period under review towards non-convertible secured debentures reducing the outstanding to Rs. 263 lacs.

Term Loans

Term loans to the extent of Rs. 213 lacs (net) were repaid during the period to the Financial Institutions. The balance stands at Rs. 118 Lacs as on 30th June, 2002.

Other loans (Unsecured)

Loans and inter corporate deposits of Rs. 1709 Lacs (net) were repaid during the period under review by the Company. The balance at the end of period was Rs. 59 Lacs.

B. Fixed Assets

During the period under review, certain fixed assets at Picture Tube Division and Multimedia Division were retired from active use. An impairment loss of Rs. 310 lacs has been recognised in the accounts.

C. Current Assets

Inventories

The total inventory as at 31st March, 2001 was Rs. 13.74 crores which stood reduced to a level of Rs. 6.70 crores as at 30th June, 2002. A reduction of Rs. 2.38 crores was due to sale of Deflection Yoke Division to Samtel Color Limited. The reduction of Rs. 4.66 crores was attributable to better inventory management in both Picture Tube division and Multimedia Division.

The figure of Rs. 36.45 crores as on 30th June, 2002 appearing under the head "Current Assets" includes Rs. 14.52 crores recoverable from Samtel Color Limited arising from sale of Deflection Yoke Division to them. The total current assets as on 31st March, 2001 was Rs. 39.67 crores.

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SAMTEL INDIA LIMITED

REPORT ON CORPORATE GOVERNANCE 2001-2002

Company's philosophy on Corporate Governance :

Samtel India Limited is highly committed to upholding corporate governance values and has been practising the principles of good corporate governance over the years. 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 an accountable corporate citizen. Given below is a brief report of the directors on the practices followed at Samtel India Limited to strive towards achievement of goal of good 'Corporate Governance'.

Size and Composition of the Board :

The Board of Directors of the Company comprises of seven Directors, out of which six directors are Non-Executive and Independent. The Non-Executive Directors are proficient in their own fields and bring with them decades of experience in the areas of finance, technology, legal and general management.

The Board comprises of more than 50% of Non-Executive and Independent directors. The composition of the Board is in conformity with the amendments in the listing Agreement.

Mr. Satish K Kaura, Promoter, Chairman & Managing Director, is the only Executive Director of the Company who is responsible for overall management of the Company.

Number of Meetings held, date on which held :

The Board of Directors of the Company met six times during the financial period April 1, 2001 to June 30, 2002. The Board meetings were held on June 29, 2001, July 31, 2001, October 24, 2001, January 25, 2002, April 26, 2002 and May 10, 2002. The Annual General Meeting of the Company was held on September 24, 2001 at SPA 501 'A', RIICO Industrial Area, Bhiwadi, Dist. Alwar, Rajasthan.

Attendance of each director at Board meetings and the last Annual General Meeting :

The attendance at the various meetings of the Board of Directors and the Annual General Meeting were as follows :

Director	No of Board Meetings held	Board Meetings Attended	AGM Attended
Mr. O.P. Gupta*	6	1	Resigned
Mr. Satish K Kaura	6	6	Not Present
Mr. C.K. Hazari	6	6	Present
Mr. Om Wadhwa	6	6	Not Present
Mr. Davendra Ahuja	6	2	Not Present
Mr. D.P. Dass	6	2	Present
Mr. V.P. Hari	6	2	Not Present
Dr. R.N. Sharma**	6	4	Present

* Mr. O.P. Gupta has resigned from Directorship w.e.f. 30.06.2001.

** Dr. R.N. Sharma was appointed as Director w.e.f. 31.07.2001.

Number of Directorship in other Public Limited Companies :

Name	Status	No. of Directorship held in other Public Limited Companies	No. of Committee positions held in other public Limited Companies	
			Chairman	Member
Mr. Satish K. Kaura	Executive Director	4	nil	1
Mr. C.K. Hazari	Non Executive Independent Director	9	2	2
Mr. Om Wadhwa	Non Executive Independent Director	nil	nil	nil
Mr. Davendra Ahuja	Non Executive Independent Director	5	nil	3
Mr. D.P. Dass	Non Executive Independent Director	nil	nil	nil

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Mr. V. Hari	Non-Executive Independent Director	3	nil	nil
Dr. R.N. Sharma	Non-Executive Independent Director			

Remuneration of Directors :

The Company is not paying any remuneration to the directors, except sitting fees to Non-Executive Directors for the Boards/Committee meetings attended.

Pecuniary relationship or transaction between Non-Executive Directors and Company :

The Company did not have any pecuniary relationship with any of the Non-Executive Directors and also did not enter into any transaction with Non-Executive Directors.

Board Committees :

The Company has constituted two Committees of Directors, namely, Audit Sub-Committee and Share Transfer & Grievance Committee to deal with matters which need urgent decisions and monitoring of the activities falling within their terms of reference. Each of these Committees have their respective charters approved by the Board. The minutes of the Meetings are recorded and placed before the Board for its information.

Audit Committee :

The Audit Committee of the Company as on June 30, 2002, comprises of the following three Directors :

Name	Designation	Status
1. Mr. C.K. Hazari	Chairman	Independent, Non-Executive Director
2. Mr. Om Wadhwa	Member	Independent, Non-Executive Director
3. Dr. R.N. Sharma	Member	Independent, Non-Executive Director

Mr. C.K. Hazari, Chairman of the Committee is a Chartered Accountant and has proficiency in the area of finance.

The members of the Committee met on the following dates during the financial period April 1, 2001 to June 30, 2002 :

- June 26, 2001;
- October 23, 2001; and
- January 24, 2002

The attendance of members at the meetings are as follows :

Name of the member	No. of meetings held	Attended
Mr. O.P. Gupta*	3	1
Mr. C.K. Hazari	3	3
Mr. Om Wadhwa	3	2
Dr. R.N. Sharma**	3	1

*Mr. O.P. Gupta has resigned from Directorship w.e.f. 30.06.2001

** Dr. R.N. Sharma was appointed as Director w.e.f. 31.07.2001

The Company Secretary, Ms Sharda Trivedi is the Secretary of the Committee.

The terms of reference of the Audit Committee :

The role and terms of reference of the Audit Committee covers areas mentioned under clause 49 of the Listing Agreement and section 292A of the Companies Act, 1956, besides other terms as may be referred by the Board of Directors. The terms of reference includes :

- review of the Company's financial reporting systems, and its financial statements.

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- review of accounting and financial policies and practices.
- review of the internal control and internal audit systems.
- review of risk management policies and practices.
- compliance with accounting standards, stock exchange and other legal requirements.
- related party transactions that may have potential conflict with the interest of the Company.
- and generally, all items, listed in clause 49 IID of the listing agreement.

Share Transfer & Grievance Committee :

The Share Transfer & Grievance Committee approves and monitors transfers, transmission, splitting and consolidation of shares and debentures issued by the Company. This committee also monitors complaints of shareholders relating to transfer of shares, non receipt of balance sheet, dividend etc. The Share transfer Committee comprises of Mr. C.K. Hazari, a non-executive director as Chairman and Mr. Satish K Kaura, Chairman & Managing Director of the Company.

The Board has designated Ms. Sharda Trivedi, Company Secretary as compliance officer of the Company.

Investors complaints :

A statement of complaints received and settled by the Company during the period April 1, 2001 to June 30, 2002 is given below :

Nature of complaints	No. of complaints received	No. of complaints settled
Complaints relating to transfer, transmission, dividend, interest and change of address etc.	2	1
Legal issues & other	nil	nil

Number of pending transfers as on June 30, 2002 was 4 deeds for 350 equity shares.

Annual General Meetings :

The details of the last three Annual General Meetings are given below :

Year	Date	Time	Venue	No. of special resolutions passed
2000-2001	24.09.2001	4.00 p.m.	SPA 501 'A', RIICO Industrial Area, Bhiwadi, Dist. Alwar, Rajasthan	1
1999-2000	20.09.2000	4.00 p.m.	SPA 501 'A', RIICO Industrial Area, Bhiwadi, Dist. Alwar, Rajasthan	1
1998-1999	06.08.1999	11.30 a.m.	SPA 501 'A', RIICO Industrial Area, Bhiwadi, Dist. Alwar, Rajasthan	Nil

Extra ordinary General Meetings :

The details of the Extra ordinary General Meetings held during the financial period April 1, 2001 to June 30, 2002 are given below :

Date	Time	Venue	No. of special resolutions passed
20.11.2001	11.30 a.m.	SPA 501 'A', RIICO Industrial Area, Bhiwadi, Dist. Alwar, Rajasthan	Nil
20.11.2001	12.30 p.m.	SPA 501 'A', RIICO Industrial Area, Bhiwadi, Dist. Alwar, Rajasthan	Nil