

TWENTY FIRST ANNUAL REPORT 2002-2003



SAMTEL INDIA LIMITED

SAMTEL INDIA LIMITED

BOARD OF DIRECTORS	: Mr. Satish 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. (011) 26842791, 26832886; Fax No. (011) 26837534 <u>Picture Tube Division</u>
WORKS	: Plot No. SPA 503 RIICO Industrial Area Bhiwadi - 301 019 Distt. Alwar (Rajasthan)
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 43, Sovabazar Street Calcutta-700 005
REGISTRARS AND SHARE TRANSFER AGENTS	: MCS Limited Sri Venkatesh Bhawan 212-A, Shahpur Jat New Delhi - 110 049 Phone No. 26494830, 26494831 Fax No. 26494152

CHAIRMAN'S COMMUNIQUE

Dear Shareowner(s),

Global environment

The global economic slowdown continues to affect business and industry worldwide. Economic recovery continues to be marred by uncertainty on account of various political and social factors about which you are well informed through the media. These events have naturally had their impact on our economy as well. In addition to this, the country was faced by a poor monsoon last year.

Indian TV market

The market for black and white television sets continues to decline. As compared to the previous year's demand of 3.6 million sets, the market fell to 3.1 million sets in the current year. Your company expects a further drop of 10 % in the Black & White tube market in the coming financial year. The prices of picture tubes also declined on account of severe competition amongst domestic manufacturers saddled with excess manufacturing capacities.

Two World Cup events (soccer and cricket) during the year 2002-03, led to a surge in the sales of colour televisions by about 30 per cent. During the year under review, the demand for Color Picture Tubes was about 8.1 million against 6.2 million pieces in the previous financial year.

Demand for televisions and colour picture tubes has been sluggish in the first quarter of this year due to a large pipeline accumulated during the last quarter. Some industry sources are forecasting that without any events, the demand for colour televisions could show a small shrinkage this year. Overall, demand for colour television sets will continue to grow, helped further by lower prices of TV sets due to aggressive competition and easier availability of low interest consumer finance.

Plans

Restructuring of the black & white picture tube industry is finally taking shape, resulting in a sharp reduction in excess tube manufacturing capacity, as weak units close down. This has led to prices of black and white picture tubes firming up towards the end of the period under review and we expect this trend to continue. Your company's efforts to create a world-class environment continue. The company is also making good progress in its journey towards a Six Sigma environment.

Thanks

I would like to take this opportunity to express my sincere thanks to the Board of Directors of your Company for their continued guidance to the management of the company and their relentless focus on the highest standards of corporate governance. This kind of performance is only possible with strong support from our customers and vendors, for which we are very grateful. I would also like to take this opportunity to express my sincere thanks to all Samtelites for their dedication, hard work and focused approach towards meeting their objectives.

Thank you all for your valuable support.

With Warm Regards,

Satish Kaura

Satish K Kaura

SAMTEL INDIA LIMITED**NOTICE**

Notice is hereby given that the Twenty First Annual General Meeting of the Members of Samtel India Limited will be held on Wednesday, the September 24, 2003 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 nine months period ended March 31, 2003 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 Dr. R.N.Sharma 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
Distt. Alwar (Rajasthan)

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

Date : June 28, 2003

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 September 15, 2003 to September 24, 2003 (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.

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5. Members who hold shares in Physical form 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. Members who hold shares in demat form are requested to update their particulars with their respective depositories.
6. Pursuant to the provisions of section 205A of the Companies Act, 1956 as amended, dividend for the financial year ended 31st March, 1996 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. V.P.Hari, Director and Dr. R.N.Sharma, Director 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 V.P.Hari, aged 79 years, has been one of the foremost Director of the Company since 1983. He is renowned business man having his own hotel business and departmental stores at Mussourie.
 - (b) Dr. R.N.Sharma, aged 79 years, has had a long and distinguished career as a Chairman of Coal India Limited. He has retired as Director of Tata Iron & Steel Co. Ltd.
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
Distt. Alwar (Rajasthan)

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

Date : June 28, 2003

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

During the nine months period under review, your Company had two business divisions namely, Picture Tube Division and Multimedia Division manufacturing picture tubes for black & white television industry and computer monitors respectively. However, in view of continuous losses the Pondicherry plant of the Multimedia Division of the company was closed down in December, 2002.

PERFORMANCE REVIEW AND OUTLOOK

The Picture Tube Division manufactures picture tubes for black and white televisions and monochrome monitors at Bhiwadi, Rajasthan.

The market demand for black and white television sets continues to decline. As compared to the previous year's demand of 3.6 million sets, the market demand fell to 3.1 million sets in the current year. The prices and profit margin of picture tubes also declined on account of severe competition amongst the domestic manufacturers saddled with excess picture tube manufacturing capacities. The sales of the Picture Tube Division declined to Rs.27 crores during the nine months under review in comparison to sale of Rs.79 crores during the previous period of fifteen months.

The restructuring of the black & white picture tube industry is finally taking shape, resulting in sharp reduction in excess tube manufacturing capacity as weak units are closing down. This has led to prices and profit margin of black and white picture tubes firming up towards the end of the period under review and we expect this trend to continue.

The Division continues to explore new markets for exports, where demand though limited, still exists. With focus on cost reduction measures and the uptrend in black and white picture tube prices, the division expects improved operating results in the coming financial year.

BALANCE SHEET ANALYSIS

A. Loans

Debentures :

The company has fully repaid the non - convertible secured debentures of Rs.263 lacs during the period under review

Term Loan : Financial Institutions

Term loans to the extent of Rs. 102.55 lacs (net) were fully repaid during the period under review to the Financial Institutions.

Term Loan: Banks

Term loans to the extent of Rs. 5 lacs (net) were repaid during the period to ICICI bank Ltd.. The balance stands at Rs. 9 lacs as on March 31, 2003.

Other Loans : (Unsecured)

Loans of Rs.27 lacs (net) were repaid during the period under review by the company. The balance at the end of the period was Rs 32 lacs.

B. Fixed Assets

During the period under review, certain fixed assets at Multimedia Division were retired from active use. An impairment loss of Rs.171 lacs has been recognized in the accounts. The net block is Rs. 805 lacs as on 31st March, 2003.

C. Current Assets

The total current assets reduced from Rs. 3690 lacs to Rs. 1866 lacs. The reduction includes Rs. 1452 lacs received on account of sale of an undertaking in last year. The total inventory as at June 30, 2002 was Rs 670 lacs, which stood reduced to a level of Rs 453 lacs as at March 31, 2003.

COMPLIANCE REPORT ON CORPORATE GOVERNANCE

(Clause 49 of the Listing Agreement)

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 four times during the financial period July 1, 2002 to March 31, 2003. The Board meetings were held on September 24, 2002, October 30, 2002, December 20, 2002 and January 29, 2003. The Annual General Meeting of the Company was held on December 20, 2002 at SPA 501 A, RIICO Industrial Area, Bhiwadi, Dist. Alwar, Rajasthan.

Attendance of each Director at Board meeting 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. Satish K Kaura	4	3	Present
Mr. C.K. Hazari	4	4	Present
Mr. Om Wadhwa	4	3	Not Present
Mr. Davendra Ahuja	4	1	Not Present
Mr. D.P. Dass	4	-	Not Present
Mr. V.P. Hari	4	2	Not Present
Dr. R. N. Sharma	4	4	Present

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	2	2
Mr. C.K. Hazari	Non Executive Independent Director	7	2	4
Mr. Om Wadhwa	Non Executive Independent Director	-	-	-

SAMTEL INDIA LIMITED

Mr. Davendra Ahuja	Non Executive Independent Director	4	2	2
Mr. D.P. Dass	Non Executive Independent Director	-	-	-
Mr. V.P. Hari	Non Executive Independent Director	-	-	-
Dr. R.N. Sharma	Non Executive Independent Director	3	-	-

Remuneration of Directors :

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

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

Company did not have any pecuniary relationship with any of the Non-Executive Directors and also did not enter into any transactions 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 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 areas of finance.

The members of the Committee met on the following dates during the financial period July 1, 2002 to March 31, 2003:

- September 24, 2003; and
- January 29, 2003

The attendance of members at the meetings are as follows:

Name of the member	No. of Meetings held	Attended
Mr. C.K. Hazari	2	2
Mr. Om Wadhwa	2	1
Dr. R.N.Sharma	2	2

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 292 A of the Companies Act, 1956, besides other terms as may be referred by the Board of Directors. The terms of reference include:

- review of the Company's financial reporting systems, and its financial statements.
- 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 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, transmissions, 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 July 1, 2002 to March 31, 2003 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 & others	nil	nil

No. of pending transfers as on March 31, 2003 : nil

Annual General Meetings :

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

Year	Date	Time	Venue	No. of special resolutions passed
2001-2002	20.12.2002	11.30 a.m.	SPA 501 'A', RIICO Industrial Area, Bhiwadi, Dist. Alwar, Rajasthan	-
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

SAMTEL INDIA LIMITED**Postal Ballot :**

There was one item of business for approval by the shareholders which was put through by a postal ballot during the financial period. The Company had appointed Mr. V.Rajaraman, Chartered Accountant as Scrutinizer for conducting the postal ballot exercise. Mr.C.K.Hazari, Director announced the results of the postal ballot poll on February 27, 2003 at the Registered Office of the Company at SPA 503, RIICO Industrial Area, Bhiwadi, Dist. Alwar, Rajasthan.

Result of polling by postal ballot is as under:

Particulars	No. of shares	Voting power *	%**
No. of ballot papers assenting for the resolution	20,81,997	2,08,19,970	99.94
No. of ballot papers dissenting for the resolution	3,710	37,100	0.06

* in relation to total valid ballot forms received.

** in relation to the total voting right of valid ballot forms received.

Disclosures:**a) Related Party Transactions:**

A disclosure of all related party transactions has been made in Schedule 12, "Notes to the financial statements", annexed to the financial statements. All the Directors have disclosed their interest in form No. 24 AA pursuant to section 299 of the Companies Act, 1956. As and when any changes in their interests take place, such disclosures are placed before the Board Meetings. Due adherence to the requirements of law is ensured in respect of related party transactions, as applicable. Interested Directors do not take part in the proceedings of the Board of Directors.

b) Compliance made by the Company:

The Company has complied with all the requirements of the Listing Agreement with the Stock Exchanges, SEBI and other Statutory Authorities. During the last three years, no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other Statutory Authorities on any matters relating to the capital markets.

Communication to Shareholders:

The quarterly and annual results are generally published in the Newspapers, the Pioneer (English) and the Dainik Navjyoti (Hindi).

Management:

The Management Discussions and Analysis has been included in this Annual Report and includes discussion on the matters specified in clause 49 of the listing agreement.

General Shareholders' information :

The General Shareholders' Information has been furnished in a separate section forming part of the Annual Report for the benefit of investors.