

# Twenty Second Annual Report 2003-2004



**SAMTEL INDIA LIMITED**

<b>BOARD OF DIRECTORS</b>	: Mr. Satish K. Kaura (Chairman & Managing Director) Mr. C.K. Hazari Mr. D.P. Dass Mr. Om Wadhwa Mr. V.P. Hari Dr. R.N. Sharma	
<b>AUDITORS</b>	: M/s A.F. Ferguson Associates Chartered Accountants New Delhi	
<b>BANKERS</b>	: Punjab National Bank	
<b>REGISTERED OFFICE</b>	: Plot No. SPA-503 RIICO Industrial Area Bhiwadi - 301 019 Distt. Alwar (Rajasthan) Phone No. (01493) 220738, 220739; Fax No. (01493) 221117	
<b>CORPORATE OFFICE</b>	: 52, Community Centre New Friends Colony New Delhi - 110 065 Phone No. (011) 26842791, 26832886; Fax No. (011) 26837534	
<b>WORKS</b>	<u>Picture Tube Division</u>	
	: Plot No. SPA-503 RIICO Industrial Area Bhiwadi - 301 019 Distt. Alwar (Rajasthan)	
<b>SALES OFFICES</b>	: B-17, Sector 7 NOIDA-301 201 (U.P.)	: Shop No. 1 Sai Lakshmi Rukmini Apartment LIC Colony, Sikh Village Secunderabad. (A.P.) 500009
	: 203, Balarama Bandra Kurla Complex (Near Drive in Cinema) Bandra (E), Mumbai - 400 051	: 43, Sovabazar Street Calcutta-700 005
<b>REGISTRARS AND SHARE TRANSFER AGENTS</b>	: MCS Limited Sri Venkatesh Bhawan, W-40, Okhla Industrial Area, Phase-II, New Delhi - 110 020. Tele. : 26384909-11, 26384917 to 4920	

## **CHAIRMAN'S COMMUNIQUE**

Dear Shareowner(s),

### **Global environment**

The global economic recovery towards end of the financial year 2003-04 is expected to revive the business and industrial growth worldwide. This recovery will also help the Television industry, though Black & White TV will continue to decline.

### **Indian TV market**

The market for black and white television sets continues to decline sharply. As compared to the previous year's demand of 3.4 million sets, the market fell to 2.3 million sets in 2003-04. Your company expects a further drop of 20% in the Black & White tube market in the coming financial year. The prices of picture tubes improved marginally due to restructuring of Black & White Picture Tube industry.

During the year under review, the demand for color picture tubes was about 8.9 million against 7.8 million pieces in the previous financial year.

Demand for televisions and colour picture tubes have been fairly good in the first quarter of this year as compared to sluggish first quarter in the previous year 2003-04. 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 has helped the Company to record healthy results during the year under review. We have plans to increase export volumes in the year 2004-05 and build new export customers. 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 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 K. Kaura

## NOTICE

Notice is hereby given that the Twenty Second Annual General Meeting of the members of Samtel India Limited will be held on Tuesday, the 31st August 2004 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 & Loss Account for the year ended 31st March, 2004 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. Om Wadhwa, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Dr. D.P. Dass, 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.

### SPECIAL BUSINESS

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

**“Resolved that** pursuant to the applicable provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines 2003, (hereinafter referred to as the “Delisting Guidelines”) (including any statutory modifications(s) or re-enactments thereof for the time being in force), the Companies Act, 1956, Securities Contracts (Regulation) Act, 1956 and the rules framed thereunder, Listing Agreement(s), and all other applicable laws, rules, regulations and guidelines and subject to approval(s), consent(s), permission(s) or sanction(s), of the Securities and Exchange Board of India, Stock Exchange(s) where the shares of the company are listed and other appropriate authorities, institutions or regulators as may be necessary and subject to such conditions and modifications, as may be prescribed or imposed by any authority while granting such approval(s), permissions(s) and sanction(s), which may be agreed to by the Board of Directors of the company, the consent of the company be and is hereby accorded to the Board of Directors to delist the equity shares of the company from the Delhi Stock Exchange and Jaipur Stock exchange”.

**“Resolved further that** the Board of Directors of the company be and are hereby authorized to sign and submit all applications, forms, papers and other documents and to comply with all other formalities / procedures and to do all such acts, deeds and things as may be required by the above Stock Exchanges, SEBI and / or by any other statutory / regulatory authorities, in connection with delisting of the equity shares of the company from the Delhi Stock Exchange and Jaipur Stock Exchange”.

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

**“Resolved that** subject to the provisions of section 372A of the Companies Act, 1956 or rules / regulations thereunder, if any, and / or such other approvals / provisions / consents / sanctions, if any, that may be required, the approval / consent of the Company be and is hereby accorded to make investment upto a sum of Rs. 325 lacs by way of purchase of upto 9 lac equity shares in the equity capital of M/s Samcor Glass Limited on such terms and conditions and with effect from such date and in such manner as may be decided by the Board of Directors of the Company (hereunder referred to as the “Board”) and without prejudice to the generality of the foregoing, the Board or any Committee of Directors constituted by the Board in this regard be and are hereby authorized to finalize and complete the aforesaid investment with such modifications as the Board or the said Committee of Directors may deem appropriate or require from time to time.

**“Resolved further that** the purpose of giving effect to the aforesaid investment, the Board and / or the Committee of Directors thereof be and are hereby further authorized to do all such acts, deeds, matters and things and execute all such deeds, documents, instruments and writings as it may in its absolute discretion deem necessary or desirable”.

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

By Order of the Board  
Sd/-  
R. Sampath  
Authorized Signatory

Date : 29th July, 2004

## 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 16th August, 2004 to 31st August, 2004 (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, W-40, Okhla Industrial Area, Phase-II, New Delhi 110020.

**6. Appointment / Re-appointment of Directors:**

At the ensuing Annual General Meeting, Mr. Om Wadhwa, Director and Dr. D.P. Dass, Director shall be retiring by rotation and being eligible offer themselves for reappointment. The information or details to be provided for the aforesaid Directors under Corporate Governance code are as under:

- (a) Mr. Om Wadhwa, aged 73 years, has been one of the foremost Director of the Company since 1987. He is a renowned Industrialist having his own business of manufacturing and export of electronic components. He is a MBA from US University. He is Chairman of JV electronics Pvt. Ltd. and Olympia Electronics Ltd.
  - (b) Dr. D.P. Dass, aged 65 years, has been one of the foremost Director of the Company since 1983. He is a distinguished lawyer having his own law consultancy firm in India and overseas.
7. 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 Registered Office of the Company on all working days from the date hereof upto the date of meeting during business hours.

**Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, setting out all material facts relating to the special business.**

**Item No. 5**

The Company's equity shares at present are listed on three Stock Exchanges in India namely, at Delhi, Jaipur and Mumbai Stock Exchanges. With the extensive networking of The Stock Exchange, Mumbai (BSE) and the extension of the BSE terminals to other cities as well, investors have access to online dealings in the company's equity shares across the country. The bulk of the trading in the company's equity shares in any case takes place on the BSE and the depth and liquidity of trading in the company's equity shares on the other Stock Exchanges is negligible. It is also observed that the listing fees to the Delhi Stock Exchange and Jaipur Stock Exchange is disproportionately higher compared to the extremely low trading volumes of the company's shares with these Stock Exchanges.

The Company also satisfies the requirement / criteria for delisting the equity shares, pursuant to Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 and therefore it is proposed to get the equity shares delisted from the Delhi Stock and Jaipur Stock Exchange.

Your Directors, therefore, recommend the Special Resolution for the approval of the members.

None of the Directors, in any way, is concerned or interested in the resolution.

**Item No. 6**

Samtel India Limited (SIL) was one of the promoters of Samcor Glass Limited (SGL), which was set up as a Joint Venture Company between Samtel Group Companies and Corning Incorporated, USA. SGL was initially set up to manufacture glass parts for black & white picture tubes. SIL is presently fully dependent on SGL for sourcing glass parts (critical raw material) for manufacturing black & white picture tubes as the supply of black & white glass parts is highly restricted world-wide.



The equity capital of SGL was brought in by SIL and other associated companies in the Samtel group. For this purpose, SIL shareholders had approved an investment of Rs. 800 lacs (representing 80 lacs equity shares of Rs. 10/- each) in the equity capital of SGL at the Annual General Meeting held on 10th August, 1992. However, SIL invested a sum of Rs. 230 lacs only due to paucity of funds.

M/s Rajasthan Industrial and Investment Corporation Limited (RIICO) was requested to contribute a part of the holding representing 40 lacs equity shares of Rs. 10/- each. These shares were to be bought back by the promoters (including SIL) in terms of *Buy-Back Agreement entered into with RIICO in 1993 as under* :

#### **Dates of Buy-Back**

1. On the completion of 5 years : 16 Lacs Equity Shares  
of Commercial Production by SGL.
2. On the completion of 7 years : 24 Lacs Equity Shares  
of commercial production by SGL.

#### **Buy-Back Price**

Buy-Back price to be arrived at by adding 19% p.a.\* interest Less dividend, if any, paid by SGL to RIICO.

\* Since negotiated to 14% p.a.

Erstwhile Samtel Electron Devices Limited (since merged with Samtel Color Limited) had bought back 16 lacs Equity Shares in the year 1998. Out of the balance 24 lacs Equity Shares, 15 lacs Equity Shares are being bought back by Teletube Electronics Limited. It is now proposed that Samtel India Limited buy the remaining 9 lacs Equity Shares as per the terms of the Buy-Back commitment made to RIICO.

It is, therefore, proposed that SIL purchase the said 9 lacs Equity shares from RIICO at a total cost not exceeding Rs. 325 lacs as per the terms of the Buy-Back Agreement with RIICO.

The investment shall be financed through internal accruals / funds of SIL.

Under section 372A of the Companies Act, 1956, the proposal to make the aforesaid investment requires approval of the shareholders by way of a special resolution.

The Board recommends the resolution for your approval.

None of the Directors of the Company, except Mr. Satish K. Kaura, Managing Director is concerned or interested in the resolution.

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

By Order of the Board  
Sd/-  
R. Sampath  
Authorized Signatory

Date : 29th July, 2004

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## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

During the year under review, your Company had only one business division for manufacturing picture tubes for black & white television industry.

### 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 previous year's demand of 3.4 million sets, the market fell to 2.3 million sets in the current year. The prices and profit margin of picture tubes also declined on account of severe competition amongst domestic manufacturers saddled with excess picture tube manufacturing capacities. The sales of Picture Tube Division at Rs. 48 crores was much higher than the previous nine months of Rs. 27 crores.

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

##### Term Loan : Banks

Term loans to the extent of Rs. 6 lacs were repaid to Banks during the period. The balance at the end of the year was Rs. 3 lacs. Further the Company fully paid the Cash credit facilities amounting to Rs. 64 lacs.

##### Other Loans :

Loans of Rs. 26 lacs (net) were repaid during the year. The balance at the end of the year was Rs. 6 lacs.

#### B. Current Assets

The total current assets reduced from Rs. 1,977 lacs to Rs. 1,533 lacs during the year. This includes reduction of inventories from Rs. 453 lacs to Rs. 199 lacs.



## COMPLIANCE REPORT ON CORPORATE GOVERNANCE 2003-2004

### (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 six Directors, out of which five 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 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 year from April 1, 2003 to March 31, 2004. The Board Meetings were held on June 28, 2003, July 30, 2003, October 31, 2003 and January 28, 2004. The Annual General Meeting of the Company was held on September 24, 2003 at SPA-501 'A', RIICO Industrial Area, Bhiwadi, Distt. Alwar, Rajasthan.

#### The terms of reference of the Audit Committee:

#### 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	4	Present
Mr. C.K. Hazari	4	4	Present
Mr. Om Wadhwa	4	4	Not Present
Mr. Dev Ahuja*	4	0	Not Present
Mr. D.P. Dass	4	1	Not Present
Mr. V.P. Hari	4	2	Not Present
Dr. R.N. Sharma	4	4	Present

\* Since resigned w.e.f. 28th January, 2004

**Number of Directorship in other Public Limited Companies :**

Name	Status	Nos. of Directorship held in other public limited companies	Nos. of Committee positions held in other public limited companies	
			Chairman	Member
Mr. Satish K Kaura	Executive	5	2	2
Mr. C.K. Hazari	Non-Executive, Independent	5	3	5
Mr. Om Wadhwa	Non-Executive, Independent	—	—	—
Mr. D.P. Dass	Non-Executive, Independent	—	—	—
Mr. V.P. Hari	Non-Executive, Independent	—	—	—
Dr. R.N. Sharma	Non-Executive, Independent	3	—	—

**Remuneration of Directors:**

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

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

The Company is not having any pecuniary relationship with any of the Non-Executive Directors and also has not entered 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 April 1, 2003 to March 31, 2004:

- June 27, 2003
- October 31, 2003
- January 28, 2004

The attendance of members at the meetings are as follows:

Name of the member	No of Meetings held	Attended
Mr. C.K. Hazari	3	3
Mr. Om Wadhwa	3	2
Dr. R.N.Sharma	3	3

The Company Secretary, Ms. Sharda Trivedi was the Secretary of the Committee up to 23rd January, 2004.