

Twenty Third Annual Report 2004-2005



SAMTEL INDIA LIMITED

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BOARD OF DIRECTORS	:	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
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
WORKS	:	<u>Picture Tube Division</u> Plot No. SPA-503 RIICO Industrial Area Bhiwadi - 301 019 Distt. Alwar (Rajasthan)
SALES OFFICES	:	<div> B-17, Sector 7 NOIDA-301 201 (U.P.) </div> <div> Shop No. 1 Sai Lakshmi Rukmini Apartment LIC Colony, Sikh Village Secunderabad. (A.P.) 500009 </div>
		<div> 203, Balarama Bandra Kurla Complex (Near Drive in Cinema) Bandra (E), Mumbai - 400 051 </div> <div> 43, Sovabazar Street Calcutta-700 005 </div>
REGISTRARS AND SHARE TRANSFER AGENTS	:	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 Shareowners,

Global environment

India's economic performance saw a second strong consecutive year of growth in 2004-05. GDP growth for the year has been estimated at 6.9 per cent despite the relatively poor monsoon and flat agricultural growth. While it is too early to make accurate forecasts for 2005-06, I expect the GDP to grow by more than 7 per cent.

The global scenario is more mixed. China is estimated to grow again at over 9 per cent in 2005. Excluding Japan and China, the rest of East Asia and South-East Asia is expected to grow at over 5 per cent. The US will continue to leverage productivity increases to attain about 3.5 per cent GDP growth. Russia is expected to grow at above 6.5 per cent. On the other hand Europe and Japan will be lucky to achieve a GDP growth of even 1.8 per cent.

The global economic recovery during the financial year 2004-05 is expected to continue resulting in business and industrial growth worldwide. This 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 2.3 million sets, the market fell to 1.6 million sets in 2004-05. In the last quarter of the year, the size of market fell below 1.0 million sets on an annualized basis. Your company expects the market for Black & White tubes to continue to decline in the coming years.

During the year under review, the demand for color picture tubes was about 10 million against 8.9 million pieces in the previous financial year. Overall, demand for color television sets will continue to exhibit healthy growth fuelled by lower prices of TV sets due to aggressive competition and easier availability of low interest consumer finance.

Future Plans

Restructuring of the Black & White picture tube industry has helped the Company to record healthy results during the year under review. However, with the market volumes dropping below 1.0 million sets per annum and forecasts of the decline continuing, the demand for Black & White picture tubes will be consequently adversely affected too. This problem has been further magnified by the non-availability of raw materials, thus rendering the business commercially unviable. Consequently, the management is evaluating alternative economic propositions in manufacturing for the facilities located at Bhiwadi.

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. I would also like to thank our customers and vendors for their unstinted support. 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.

With Warm Regards,



Satish K. Kaura

NOTICE

Notice is hereby given that the Twenty Third Annual General Meeting of the members of Samtel India Limited will be held on Tuesday, the 20th September, 2005 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, 2005 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. 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
Distt. Alwar (Rajasthan)

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

Date : 23rd June, 2005

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 5th September, 2005 to 20th September, 2005 (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.

SAMTEL INDIA LIMITED

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. V.P. Hari, Director and Dr. C.K. Hazari, 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. V.P. Hari, aged 80 years, is renowned businessman 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 International.
 - (b) Mr. C.K. Hazari, aged 81 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.
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.

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Plot No. SPA-503
RIICO Industrial Area
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Sd/-
R. Sampath
Authorized Signatory

MANAGEMENT DISCUSSION AND ANALYSIS

During the year under review, your Company had only one business division for manufacturing picture tubes for black and 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 2.30 million sets, the market fell to 1.30 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. 39 crores was lower than the previous year sale of Rs. 48 crores.

The black & white picture tube market is rapidly declining. The decline this financial year is about 40% over the previous year. In view of declining demand for black and white television, the demand for picture tubes is significantly affected. This problem has further magnified due to non availability of raw materials rendering the activity commercially unviable. In such circumstances, the manufacturing operations of black and white picture tubes at the Bhiwadi factory of the Company in the state of Rajasthan are almost negligible towards the end of the year and the Management of the Company is seized of this matter and feels concerned about the prospects of the viability of the manufacturing unit at Bhiwadi. For time being the management is evaluating alternative economic preposition in manufacturing for continuance of Bhiwadi manufacturing operations.

BALANCE SHEET ANALYSIS

A. Loans

Term Loan : Banks

Term loans to the extent of Rs. 3 lacs were repaid to Banks during the year. The balance at the end of the year was nil.

Other Loans :

Loans of Rs. 2 lacs (net) were repaid during the year. The balance as at the end of the year was Rs. 4 lacs.

B. Fixed Assets

The net fixed Assets at the end of the year were Rs. 469 lacs.

C. Current Assets

The total current assets reduced from Rs. 1,533 lacs to Rs. 1,231 lacs during the year. This includes reduction in Sundry debtors from Rs. 119 lacs to Rs. 39 lacs, Cash and bank balances from Rs. 247 lacs to Rs. 99 lacs and loans and advances from Rs. 911 lacs to Rs. 850 lacs.

COMPLIANCE REPORT ON CORPORATE GOVERNANCE 2004–2005

(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 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 five times during the financial year from April 4, 2004 to March 31, 2005. The Board Meetings were held on May 17, 2004, July 29, 2004, October 28, 2004, January 31, 2005 and March 31, 2005. The Annual General Meeting of the Company was held on August 31, 2004 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	5	5	Present
Mr. C.K. Hazari	5	5	Present
Mr. Om Wadhwa	5	5	Present
Mr. D.P. Dass	5	2	Not Present
Mr. V.P. Hari	5	1	Not Present
Dr. R.N. Sharma	5	5	Not Present

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	3	2
Mr. C. K. Hazari	Non-Executive, Independent	4	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	2	1	—

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, 2004 to March 31, 2005:

- May 17, 2004
- July 29, 2004
- October 28, 2004
- January 31, 2005

The attendance of members at the meetings are as follows:

Name of the member	No of Meetings held	Attended
Mr. C.K. Hazari	4	4
Mr. Om Wadhwa	4	4
Dr. R. N. Sharma	4	4

The role and 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 includes:

- 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 other legal requirements.
- related party transactions that may have potential conflict with the interest of the Company.

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 had designated Mr. R. Sampath, General Manager-Finance as compliance officer of the Company.

Investors' complaints:

A statement of complaints received and settled by the Company during the year April 1, 2004 to March 31, 2005 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.	83	83
Legal issues & others	Nil	Nil

Number of pending transfers as on March 31, 2005 : 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
2003-2004	August 31, 2004	11.30 a.m.	SPA-501 'A', RIICO Industrial Area, Bhiwadi, Dist. Alwar, Rajasthan	2
2002-2003	September 24, 2003	11.30 a.m	SPA-501 'A', RIICO Industrial Area, Bhiwadi, Dist. Alwar, Rajasthan	–
2001-2002	December 20, 2002	11.30 a.m	SPA-501 'A', RIICO Industrial Area, Bhiwadi, Distt. Alwar, Rajasthan	–

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

A disclosure of all related party transactions has been made in Schedule 12 Notes to the accounts, 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 and as and when any changes in their interests takes 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.

