



SAM INDUSTRIES LIMITED

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**12TH
ANNUAL REPORT
2005 - 2006**



SAM INDUSTRIES LIMITED

Board of Directors

Shri Om Agrawal, Chairman

Shri Ashutosh Maheshwari, Vice Chairman

Shri Anil Maloo, Executive Director

Shri B. K. Jalan, Director

Shri Santosh Muchhal, Director

Shri Bhanu Prakash Inani, Director

Company Secretary

Mr. Navin S. Patwa

Auditors

M/s. J. M. Trivedi & Associates,

Chartered Accountants

317, Marathon Max, 3rd floor,

Junction of LBS Marg &

Mulund-Goregaon Link Road

Mulund (West).

MUMBAI – 400 080

Banker

State Bank of Indore

Registrar & Transfer Agent

M/s. Ankit Consultancy Pvt. Ltd.,

2nd Floor, Alankar Point,

Geeta Bhawan Square,

A.B. Road,

Indore – 452 001

Registered Office

408, Dalamal Chambers, 4th Floor,

29, New Marine Lines

Mumbai – 400 020.

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SAM INDUSTRIES LIMITED

NOTICE

Notice is hereby given that the 12th Annual General Meeting of the Members of Sam Industries Limited, will be held at the Registered Office of the Company at the Commercial Premises No. 27, Mahesh Shopping Centre, 1st, Floor, Sector 15, CBD Belapur, Navi Mumbai - 400614 on Saturday, the 30th September, 2006 at 2:00 P.M. to transact the following business: -

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2006 and Profit & Loss Account of the Company for the year ended on that date and the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Santosh Muchhal, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Shri B. K. Jalan, who retires by rotation and is eligible for re-appointment.
4. To appoint M/s. J. M. Trivedi & Associates, Chartered Accountants, Mumbai as Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass, with or without modification(s) the following resolution as a Special Resolution:-

"RESOLVED that subject to the provisions of Section 198, 269, 309, 310 and 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, approval of the company be and is hereby granted for the re-appointment and payment of Remuneration to Mr. Anil Maloo, Executive Director, for a period of five years with effect from 1st June, 2006, on the terms and conditions as set out below:

1. Salary : Rs.50,000/- per month.
2. Perquisites & Allowances :
 - (i) Personal Accident Insurance : As per the policy of the Company.
 - (ii) Conveyance : One Car for use on Company's Business.
 - (iii) Telephone : Telephone facility at the residence.

Explanation :- Provision of car for use of Company's business and telephone at residence will not be considered in computing the value of perquisites.

Note:- All the perquisites will be interchangeable i.e., any excess in particular perquisites may be permissible by a corresponding reduction in one or more of the other perquisite(s).

3. Sitting Fee : No sitting fee shall be paid to Mr. Anil Maloo for attending the Meeting of the Board of Directors of the Company or any committees thereof.
4. Minimum Remuneration : In the event of inadequacy or absence of profit in any financial year during his tenure, Mr. Anil Maloo, will be entitled to the above remuneration along with the perquisites / benefits mentioned above by way of minimum remuneration.

Indore,
The 27th day of July, 2006

By Order of the Board
Navin S. Patwa
Company Secretary

**SAM INDUSTRIES LIMITED**

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THIS MEETING.
2. The Register of Members and Share Transfer Register of the Company will remain close from Saturday, 23rd September 2006 to Saturday, 30th September 2006 (both days inclusive).
3. Shareholders desiring any information as regards the accounts are requested to write to the Company at least 10 days before the annual General Meeting to enable the Management to keep the information ready.
4. Members are requested to kindly bring their copies of the Annual Report to the Meeting.
5. Members/Proxies should bring the Attendance Slip sent herewith duly filled in for attending the Meeting.
6. All documents relevant to the business to be transacted at this meeting will be available for inspection at the Registered Office of the Company during office hours on all the working days up to the date of Annual General Meeting.
7. Explanatory Statement as per Section 173 of the Companies Act, 1956 is annexed.





SAM INDUSTRIES LIMITED

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO. 5

The Board of Directors of the Company at its meeting held on 29th April, 2006, subject to the approval of the members in the Annual General Meeting, approved the terms and conditions of reappointment and remuneration payable to Mr. Anil Maloo as a Whole time Director designated as an Executive Director of the Company with effect from 1st June, 2006 for a period of five years. Pursuant to the provisions of Section 269 and 309 of the Act, read with Schedule XIII to the Act, the aforementioned reappointment of Mr. Anil Maloo and the terms as to remuneration, particularly in regard to minimum remuneration require the approval of the Members in General Meeting by Special Resolution.

Hence, the above resolution is proposed as a Special Resolution and except Mr. Anil Maloo, Executive Director, no other Director is deemed to be interested or concerned in the Proposed Resolution.

The Directors recommend the passing of Special Resolution as set out in Item No.5 of the Notice.

The explanatory statement with the accompanying notice, should be treated as Memorandum of Interest, required to be sent to Shareholders under Section 302 of the Companies, 1956.

Details of Directors seeking appointment / re appointment at the forthcoming Annual General Meeting (In pursuance of Clause 49 of the Listing Agreement)

Name of Director	Mr. B. K. Jalan	Mr. Santosh Muchhal
Date of Birth	13 th June, 1959	31 st March, 1964
Date of Appointment	1 st December, 2004	1 st December, 2004
Expertise in specific functional area.	Commercial	Accounts & Taxation
Qualification	Commerce Graduate	Chartered Accountant
List of outside Directorship held	Gaurang Arc Electrodes Pvt Ltd.	-
Chairman / Member of the Committee of the Board of Directors of the Company	Audit Committee – Member Shareholders/Investors Grievances Committee- Member	Audit Committee – Chairman Remuneration Committee- Chairman

Indore,
The 27th day of July, 2006

By Order of the Board
Navin S. Patwa
Company Secretary



SAM INDUSTRIES LIMITED

REPORT OF THE BOARD OF DIRECTORS

To the Members,

Your Directors have pleasure in presenting the 12th Annual Report of the Company along with the Audited Accounts for the year ended 31st March 2006:

FINANCIAL RESULTS

	(Rs. in Lacs)	
Particulars	2005-2006	2004-2005
Sales & Other Income	2491.26	1119.75
Total Expenditure	1451.58	958.81
Profit (loss) before depreciation, and tax	1039.68	160.94
Less: Depreciation	134.26	123.98
Provision for Taxation	76.25	2.58
Deferred Tax Liability	1.02	5.78
Profit (Loss) after depreciation & tax	828.15	28.60
Less: Prior year adjustment	0.60	1.62
Fringe Benefit Tax	0.82	0
	826.73	26.98
Add: Balance brought forward	(458.99)	(485.98)
Balance available for Appropriation	367.74	0
Proposed Dividend on Preference Shares	85.05	0
Tax on Proposed Dividend on Preference Shares	11.97	0
Transfer To Redemption Reserve	105.00	0
Balance Carried Forward to Balance Sheet	165.72	(458.99)

DIVIDEND

The Board of Directors decided to declare dividend on Preference Shares for the year ended 31st March 2006 and to conserve the resources of the Company and to maintain the liquidity has decided not to declare dividend on Equity share for the year ended 31st March 2006.

PERFORMANCE

Company's Overall Performance

During the year under review your Company's Sales & Other Income is Rs.2491.26 Lacs as against Rs. 1119.75 Lacs in the previous year. The net profit works out to Rs. 826.73 Lacs as against Rs. 26.98 Lacs in the previous year.

Segment wise Performance

Soya Division

During the year under review the Sales and Other income including Processing Charges of your Company was Rs. 1833.14 Lacs as against Rs. 679.011 Lacs in the previous year. The Company earned Profit Rs. 616.53 Lacs as compared to a loss of Rs. 37.97 Lacs during the previous year. The total quantity of seed processed during the year was 129011 M.T. as against 59363 M.T. in the previous year. The Company continues done processing job for ITC Limited (IBD Division) again in this year. ITC Limited – International Business Division was fully satisfied with quality and quantity processed at your plant. They have also appreciated the co-operation extended by the Management and staff of your Company in their "Soya Choupal System". One letter and one certificate received from them have also been attached with this Report.



SAM INDUSTRIES LIMITED

Welding Division

During the year under review the Sales and Other income including Job Charges of your Company was Rs. 659.48 Lacs as against Rs. 440.64 Lacs in the previous year. The Company earned profit Rs. 282.69 Lacs as against Rs. 73.31 Lacs during the previous year.

Real Estate Division

The Company was having 51.67% shares in the M/s. SIVOM ESTATE, which was an Association of person and engaged in business of real estate. During the year company has acquired remaining 48.33% share in M/s. SIVOM ESTATE from other members. Now SIVOM ESTATE is one more division of Sam Industries Limited.

REDEMPTION OF PREFERENCE SHARES

The Company has made the provision for redemption of 1,05,000, 9% Non cumulative Redeemable Preference Shares of Rs.100/- each during the financial year 2005-06.

EXPANSION OF CAPACITY

The Company has expanded its soya extraction plant with the capacity of 400 TPD in addition to present capacity of 800 TPD in the same premises at Dakachya. The Company has started commercial production with 400 TPD.

MANAGEMENT DISCUSSIONS AND ANALYSIS

Industry Structure and Development

Although the Soya industry is still to overcome the difficult phase the trend now seems to be getting positive. In spite of the adverse weather conditions in the beginning of the season and consequently all India crop being substantially lower in 2005-06.

Outlook

The outlook for the Industry is expected to improve with increase in demand of DOC for exports in the coming years. The perception about the performance of Industry has improved and better performance is expected in years to come with good monsoon again.

Internal Control System

The Company has adequate internal control procedures relating to purchase of raw material, stores, components etc. commensurate with the size of the Company and nature of its business.

FIXED DEPOSIT

The company has not accepted any public deposit under Section 58A of the Companies Act, 1956 during the year.

DIRECTORS

In accordance with Section 256 of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Santosh Muchhal and Mr. B. K. Jalan will retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

AUDITORS

M/s. J.M. Trivedi & Associates, Chartered Accountants, Mumbai, will retire at the conclusion of ensuing Annual General Meeting. The Board proposed their re-appointment as Statutory Auditor to audit the accounts of the Company for the year 2006-07. You are requested to consider their re-appointment.

AUDITORS REPORT

The Notes to the Accounts as referred to in the Auditor's Report are self-explanatory and therefore, do not call for any further comments or explanations.



SAM INDUSTRIES LIMITED

CORPORATE GOVERNANCE

The Company has complied with requirement of corporate governance as per clause 49 of the Listing Agreements with Stock Exchanges. A detailed report on Corporate Governance is annexed to this Annual Report. A certificate from the Statutory Auditors of the Company regarding compliance of conditions of corporate governance has been obtained and is enclosed to this Report.

DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors confirm that-

- (i) in the preparation of Annual Accounts, the applicable accounting standards have been followed;
- (ii) the Directors have selected such accounting policies as mentioned in Schedule 25 of the Annual Accounts and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the aforesaid Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on the going concern basis.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE AND OUTGO

Information in accordance with the provision of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo are given in annexure 'A' forming part of this report.

PARTICULARS OF EMPLOYEES

The particulars prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of employees) Rules, 1975 are not applicable in the case of any of the employees of the Company.

INDUSTRIAL RELATIONS

Relations between the Management and its employees have been cordial. Your Directors place on record their appreciation of the efficient and loyal services rendered by the employees of the Company at all levels.

ACKNOWLEDGEMENT

The Directors wish to convey their appreciation for the co-operation received from the Company's bankers and various Govt. agencies. The Directors also wish to thank the Shareholders, Employees, Customers and Suppliers for their support and co-operation.

For and on behalf of the Board of Directors

Indore
The 27th day of July, 2006

Om Agrawal
Chairman



SAM INDUSTRIES LIMITED

ANNEXURE "A"

FORM - A FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. POWER AND FUEL CONSUMPTION

<u>Electricity</u>	2005-06	2004-05
(a) Purchased Unit	5,324,927	2,663,101
Total Amount	23,536,622	14,096,344
Rate /Unit	4.42	5.29
(b) Own Generation		
i) Through Diesel Generator		
Units	126,140	45,824
Units Per Ltr.	2.47	3.2
Cost /Unit (Rs.)	10.70	6.30
ii) Through Steam Turbine		
Units	Nil	Nil
Units Per Ltr.of fuel oil	Nil	Nil
Cost /Unit	Nil	Nil
<u>Coal - Qty (M.T.)</u>	9,672	5,799
Total Amount (Rs.)	31,191,383	13,615,628
Average Rate (Rs./M.T.)	3,225	2,348
<u>Furnace Oil Qty.(Ltr.)</u>	Nil	Nil
Total Amount	Nil	Nil
Average Rate (Rs./Ltr.)	Nil	Nil

B. CONSUMPTION PER UNIT OF PRODUCTION

Products (Seed & Electrodes)	2005-06	2004-05
Electricity (Unit / M.T.)	42.25	45.63
Furnace Oil (Ltr./ M.T.)	Nil	Nil
Coal (Kg./M.T.)	74.97	97.69

II. RESEARCH AND DEVELOPMENT

The Company Manufactures standard product for which technology has already been established and therefore, no further research is being carried out.

III. TECHNOLOGY & ABSORPTION

The Company has adopted indigenous technology for crushing of soyabean seed and other oil seeds. No foreign technology has been imported by the Company.

IV. FOREIGN EXCHANGE EARNING AND OUT GO

	2005-06	2004-05
Foreign exchange used (Rs)	---	---
Foreign exchange earned (Rs)	1,431,316	0



ANNEXURE TO THE DIRECTORS' REPORT REPORT ON CORPORATE GOVERNANCE

I Company's Philosophy

The Company's Philosophy on code of Corporate Governance is based on attainment of high level of transparency, accountability, and adequate disclosures and economic value addition. All employees are guided by the Company's policies on important issues, including our relationship with consumers, stakeholders and Government.

II Board of Directors

As per Listing Agreement, the Board should have an optimum combination of executive and non-executive Directors with not less than 50% of the Board consisting of non-executive Directors. In case of a non-executive Chairman, at least one-third of the Board should consist of Independent Directors and in the case of an executive Chairman at least half of the Board should be Independent Directors.

The Board of Directors has a mix of Executive and Non Executive Directors. The Chairman of the Board of the Company is a non-executive director. The Board of Directors of the Company consists of 6 Directors, of which 3 are non-executive as on 31st March, 2006. During the year, 6 Meetings of the Board of Directors of the Company were held on 20.04.2005, 23.07.2005, 23.08.2005, 18.10.2005, 27.01.2006 and 13.03.2006. The maximum interval between any two meetings was 99 days.

The particulars of the Directors and the attendance at the Board Meetings during the year and the last Annual General Meeting as also number of other directorship and committee membership as on are as follows.

Name of Director	Category	No. of Board Meetings attended	Attendance in last AGM	No. of other Directorship	Committee Membership	
					Chairman	Member
Mr. Om Agrawal	Independent Non – Executive	6	No	2	-	2
Mr. Ashutosh A. Maheshwari	Promoter Executive	6	No	1	-	-
Mr. Anil Maloo	Whole Time Director	6	Yes	2	-	2
Mr. Santosh Muchhal	Independent	6	-	-	1	1
Mr. Brij Kishore Jalan	Whole Time Director	6	Yes	1	-	2
Mr. Bhanu Prakash Inani	Independent	6	-	3	-	-

III Audit Committee

The objective of the Audit Committee is to monitor and provide effective supervision of the Management's financial reporting processes with a view to ensure accurate and proper disclosure and the transparency and quality of financial reporting. The committee also reviews the financial and risk management policies and the adequacy of internal control systems of the Company and meets Statutory Auditors periodically.