

# **TWENTY FIFTH ANNUAL REPORT 2006-2007**

**PEOPLE, PROJECTS, PROGRESS**



**SAMTEL INDIA LIMITED**

**SAMTEL INDIA LIMITED**

**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

**COMPANY SECRETARY** : Shamsheer Singh

**BANKERS** : Punjab National Bank

**REGISTERED OFFICE** : Village Naya Nohra  
 Kota Baran Road  
 Tehsil Ladpura  
 Distt. Kota - 324 001 (Rajasthan)

**CORPORATE OFFICE** : 52, Community Centre  
 New Friends Colony  
 New Delhi - 110 065  
 Phone No. (011) 26842791, 26832886  
 Fax No. (011) 26837534

**WORKS** : **Metal Parts Division**  
 Village Naya Nohra  
 Kota Baran Road  
 Tehsil Ladpura  
 Distt. Kota - 324 001 (Rajasthan)

**SALES OFFICES** : B-17, Sector 7  
 NOIDA-301 201  
 (U.P.)

**REGISTRARS AND SHARE  
 TRANSFER AGENTS** : MCA Limited  
 Sri Venkatesh Bhawan,  
 W-40, Okhla Industrial Area, Phase-II,  
 New Delhi - 110 020.  
 Tele. : 011-41406149, 41406151-52  
 Fax : 41709881



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## CHAIRMAN'S COMMUNIQUE

Dear Shareholders,

As a result of the changes in the business environment confronting your Company in the recent past, it has continued to work with renewed vigour, on strategies to change its business model and product portfolio.

During the financial year ended on 31<sup>st</sup> March 2007, your Company sold 6514 color picture tubes valuing Rs. 79.16 lacs, as a part of its trading operations, against 6816 picture tubes valuing Rs.120.87 lacs during the last financial year.

Your Company has made good progress in its plans to set-up a facility to manufacture metal parts for Colour TV Picture Tubes at Kota (Rajasthan). After obtaining the necessary registrations/permissions for the setting up of the facility, a part of the machinery for the project has arrived at the site and is presently under installation. The project is nearing completion and production of metal parts is expected to commence towards the third quarter of the current financial year.

Your Company holds long-term investments in Samtel Color Limited and Samcor Glass Limited. Based on the expected growth of the television industry in the future, the Company's investments in group companies are expected to perform better in the coming years.

The market for Colour Televisions in the country continues to grow at about 10% per annum. Due to the favorable demand environment, Samtel Color was able to increase unit sales by 23% during the 12-month period ended on 31<sup>st</sup> March 2007. Samtel Color was also able to increase its market share from a level of about 40% at the beginning of the financial year to about 50% from January, 2007. However, prices are under tremendous pressure. Samtel Color has gone in for a Corporate Debt Restructuring program to protect its future liquidity.

The performance of Samcor Glass would have been much better if it had not been adversely affected by the delayed ramp up of production on the two new lines at Samtel Color and tight liquidity conditions.

I would like to place on record 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. Before concluding, I would like to thank all the stakeholders for their continued support and encouragement.

Yours truly,



**Satish K. Kaura**  
Chairman & Managing Director

## NOTICE

Notice is hereby given that the Twenty Fifth Annual General Meeting of the Members of Samtel India Limited will be held on Friday the 28th day of September, 2007 at 11.00 A.M. at the Registered Office of the company at Village Naya Nohra, Kota Baran Road, Tehsil. Ladpura, Dist. Kota-324001, Rajasthan, to transact the following businesses :-

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2007 and the Balance Sheet as at that date and the Reports of the Auditors and Directors Report thereon.
2. To appoint a Director in place of Mr. D.P. Dass, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. V.P. Hari, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint A.F. Ferguson Associates, Chartered Accountants as Statutory Auditors to 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 thought fit, to pass, with or without modifications, the following resolution as as Ordinary Resolution.

**"RESOLVED THAT** subject to the provisions of Sections 269, 316, Schedule XIII and all other applicable provisions of the Companies Act, 1956 and/or subject to the approval of the Central Government, the approval of the Company be and is hereby accorded for the re-appointment of Mr. Satish K. Kaura as Managing Director of the Company for a period of 5 years w.e.f. 9<sup>th</sup> November, 2006 to 8<sup>th</sup> November, 2011 without any remuneration and on the terms and conditions as contained in the explanatory statement appended hereto.

**"RESOLVED FURTHER THAT** Board of Directors be and is hereby authorised to take all such steps as may be necessary or expedient to give effect to this resolution".

Regd Office :  
Village Naya Nohra,  
Kota Baran Road, Tehsil. Ladpura,  
Dist. Kota Rajasthan,

By Order of the Board  
For Samtel India Limited

Sd/-  
(Shamsher Singh)  
Company Secretary

Place : New Delhi  
Date : 30<sup>th</sup> June, 2007

### 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 20th September 2007 to 28th September 2007 (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 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 Corporate Office or to the Share Transfer Agent M/s MCS Ltd. Shri Venkatesh Bhawan, W-40, Okhla Industrial Area, Phase-II, New Delhi 110020. Members who hold share in demat form are requested to update their particulars with their respective depository participant.
6. Appointment / Re-appointment of Managing Director/Directors:

The re-appointment of Mr. Satish K Kaura as Managing Director without any remuneration has to be approved by the members in accordance with the provisions of Sections 269, 316 read with Schedule XIII and other applicable provisions of the Companies Act, 1956

At the ensuing Annual General meeting Mr. D.P. Dass and Mr. V.P. Hari, Directors, retire by rotation and being eligible, offer themselves for reappointment. The information or details to be provided for the aforesaid Managing director/ Directors being reappointed under clause 49 (IV) (G) of clause 49 of the Listing Agreement are as under:

- (a) Shri Satish K. Kaura, aged 62 years, graduated from IIT Kanpur and has done a Masters in Electronics from Carleton University, Canada. Having gained valuable experience in North America he returned to India in 1973 to set up the Samtel Group of Companies. He has been past President of Electronics Components Industries Association (ELCINA) and Confederation of Indian Industries (CII), Northern Region. He was given the Distinguished Alumni Award by IIT Kanpur in 1989 in recognition of his outstanding Entrepreneurial efforts. ELCINA honoured Mr. Kaura with the "Electronics Man the Year Award" in 1988 and CETMA conferred on him "Man of Electronics Award" in 1996. He has been conferred Padam Shri by the Govt. of India in 2005 for distinguished services in the field of Science and technology. He is Managing Director in Samtel Color Limited and Samcor Glass Limited. He is Director in SRF Limited, Samtel Display Limited, Blue Bells Trade Links (P) Limited, Paramount Capfin (P) Limited, Navketan Mercantile (P) Limited, Samtel HAL Display Systems (P) Limited and Fame Mercantile (P) Limited.
- (b) Mr. D.P. Dass, aged 68 years, has been one of the foremost Directors of the Company since 1983. He is a distinguished lawyer having his own law consultancy firm in India and overseas. He is not a Director in any other Company. He is also not a member of any Committees of the Company. He does not hold equity shares in the Company.
- (c) Mr. V.P. Hari aged 83 years, has been one of the Directors of the company since 1983. He is a renowned businessman having his own hotel business and departmental store in Mussourie (U.P.). He is not a Director in any other Company. He is also not a member of any Committees of the Company. He holds 2612 equity shares in the Company.

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 Regd. Office and corporate 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**

### **ITEM NO. 5**

Shri Satish K. Kaura was re-appointed as Managing Director of the Company for a period of 5 years w.e.f 9th November, 2001 to 8th November, 2006 with the approval of the members vide resolution passed on 20th November 2001 and further approval of the Central Government vide letter dated No. 1/12/2002 -CL VII dated 24th July 2002.

The re-appointment of Mr. Satish K Kaura as Managing Director for a period of 5 years w.e.f. 9<sup>th</sup> November, 2006 to 8<sup>th</sup> November 2011 without any remuneration was considered and approved by the Board of Directors in their meeting held on 31<sup>st</sup> October 2006 subject to the approval of the Shareholders and Central Government in accordance with the provisions of Sections 269, 316 read with Schedule XIII and other applicable provisions of the Companies Act, 1956.

Mr. Satish K. Kaura is Managing Director in Samtel Color Limited and Samcor Glass Limited. Since activities of these Companies are of a similar nature and inter related, the appointment of Shri Satish K. Kaura as common Managing Director shall be in the interest of the Company.

On application made by the Company the Central Govt. represented by Ministry of Company Affairs, Shastri Bhawan, New Delhi vide its letter No. 12/32/2007-CI.VII dated 2<sup>nd</sup> March, 2007 has approved the re-appointment of Shri Satish K. Kaura as Managing Director of the Company for a period of 5 years w.e.f. 9<sup>th</sup> November 2006 to 8<sup>th</sup> November 2011 under Section 316 read with Section 269 of the Companies Act, 1956 without any remuneration with the stipulation that the Managing Director shall give an undertaking to the Company that he shall not so long as he functions as such, become interested or otherwise concerned directly or through his wife /or minor children in any selling agency of the company in future without the approval of the Central Government. The appointment shall be conditional upon furnishing of such undertaking and shall cease and determine upon the contravention of the same. The Managing Director has furnished the necessary undertaking vide letter dated 25.4.2007 as required by the Central Govt. represented by Ministry of Company Affairs, Shastri Bhawan, New Delhi vide its letter No. 12/32/2007-CI.VII dated 2<sup>nd</sup> March, 2007.

A copy of material documents referred to in the resolution is available for inspection of the members at the Registered Office of the company on any working day during business hours and shall also be available for inspection throughout the continuance of the Annual General Meeting.

This Memorandum may be treated as an abstract of the draft agreement between the company and Shri Satish K. Kaura for the purpose and in compliance of Section 302 of the Companies Act, 1956.

The resolution is recommended for the approval of the members.

None of the Directors of the Company except Mr. Satish K. Kaura is interested in the resolution.

Regd. Office  
Village Naya Nohra  
Kota Baran Road  
Tehsil, Ladpura, Dist. Kota (Raj.)

Dated : 30th June, 2007

By Order of the Board  
For Samtel India Limited

Sd/-  
(Shamsher Singh)  
Company Secretary



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### PERFORMANCE REVIEW AND OUTLOOK

The Company ended the financial year with a gross turnover of Rs. 7916 thousands as against Rs. 34372 thousands in the previous year ended 31<sup>st</sup> March 2006. The Company earned a net profit after tax of Rs.6223 thousands during the year under review against a net loss of Rs. 457 thousands during the previous year ended 31<sup>st</sup> March 2006.

During the current year the company sold as a part of its trading operations 6514 color picture tubes valuing Rs. 7916 thousands as against 6816 picture tubes valuing Rs. 12087 thousands sold during the last financial year.

The Company has made provisions for bad debts and advances to the tune of Rs. 59810 thousands as also diminution in the value of long term investments of Rs.7408 thousands. However, the profit realised on the sale of fixed assets (retired from active use in the earlier years and held for disposal as at 31<sup>st</sup> March, 2006 consequent to closure of black and white picture tubes operations in the first quarter of the previous year) amounting to Rs. 73349 thousands wiped off the loss resulting from the aforesaid two provisions made and the year ended with a net profit of Rs.6223 thousands.

As reported last year, the company has decided to set-up a facility for manufacturing metal parts for picture tubes for color television sets at Kota (Raj.). The company has obtained the necessary registrations/permissions for the setting up of the metal parts manufacturing facility. Part of the machineries of the project have arrived at the site and these are under installation. Barring unforeseen circumstances, the production will commence in the third quarter of the current year.

### BALANCE SHEET ANALYSIS

#### A. Loans : Unsecured

ICD of Rs. 17000 thousands was outstanding as on 31<sup>st</sup> March 2007.

#### B. Fixed Assets :

The net fixed assets at the end of the year were Rs. 14591 thousands as on 31<sup>st</sup> March, 2007 (including the capital work-in-progress of Rs.13441 thousand & relating to the metal parts project).

#### C. Current Assets :

The total current assets decreased to Rs.71395 thousands from Rs.133077 thousands. This includes reduction / realisation in Sundry debtors from Rs.1521 thousands to 765 thousands. Cash and bank balances got reduced from Rs.5779 thousands to Rs.4185 thousands. Loans and advances got reduced from Rs. 94127 thousands to Rs.66445 thousands.

Other current assets represented by fixed assets retired from active use got reduced to nil as against 31650 thousands last year on account of the sale of the these assets during the year.

### Internal Control Systems and their adequacy

The Company has in place adequate internal audit and control systems. The Company has an independent audit committee which plays oversight role. For more information on the functions of the audit committee in internal control and adequacy refer to the Compliance Report on Corporate Governance in Annual Report.

### Risks and concerns

In accordance with clause 49 of the Listing Agreement your Company has established a Risk Management Program for its business risk. The program is built upon the foundation of the existing risk management process and practices of the Company and has evolved a structured approach for risk management to manage significant risks faced by your Company.

As stated last year, post closure of the manufacturing operations of Black and White Picture Tubes, the company had decided to set-up a facility for manufacturing metal parts for picture tubes for color television sets at Kota (Raj.). Necessary registrations/permissions for setting of the metal parts manufacturing facility have been obtained. Part of the machineries of the project have arrived at the site and these are under installation stage. Barring unforeseen circumstances, the production will commence in the third quarter of the current year.

The Company also holds long term investments in Samtel Color Limited and Samcor Glass Limited. Based on expected future growth of television industry, the Company's investments in group companies are expected to perform better in the years to come.

## COMPLIANCE REPORT ON CORPORATE GOVERNANCE

### (Clause 49 of the Listing Agreement)

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 objective of enhancing shareholder value. In achieving this overriding objective, it has always endeavoured to be a transparent and an accountable corporate citizen. Samtel India is led by a strong and highly independent Board, which provides it strong oversight and strategic counsel. The Company has established systems and procedures to ensure that the Board of the Company is well-informed and well-equipped to fulfill its oversight responsibilities and to provide management the strategic direction it needs to create long-term shareholder value.

SEBI, through circulars dated 29th October, 2004 and 29th March, 2005, has made amendments to the existing Clause 49 and has mandated listed companies to comply with the proposed Clause 49 by 31st December, 2005. Samtel India is therefore already complying changes in Clause 49 and has put in place systems and procedures.

This chapter, along with the chapters on Management Discussion and Analysis and Additional Shareholders Information, reports Samtel India's compliance with the mandated Clause 49.

### 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% 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 Board Meetings held :

The Board of Directors of the Company met four times during the financial period April 1, 2006 to March 31, 2007. The Board meetings were held on June 16, 2006, July 31, 2006, October 31, 2006 and January 30, 2007.

### 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 last Annual General Meeting were as follows:

Name of Directors	No of Board Meetings held	No. of Board Meetings attended	Whether attended Last AGM
Mr. Satish K Kaura	4	4	No
Mr. C.K. Hazari	4	3	No
Mr. Om Wadhwa	4	3	No
Mr. D.P. Dass	4	0	No
Mr. V.P. Hari	4	2	No
Dr. R. N. Sharma	4	4	Yes



**Number of Directorships in other Public Limited Companies.**

Name	Status	No. of Directorships held in other Public Limited Companies	No. of Committee positions held in public Limited companies	
			Chairman	Member
Mr.Satish K. Kaura	Executive Director	4	3	4
Mr.C.K. Hazari	Non Executive Independent Director	3	3	5
Mr.Om Wadhwa	Non Executive Independent Director	-	-	1
Mr.D.P. Dass	Non Executive Independent Director	-	-	-
Mr.V.P. Hari	Non Executive Independent Director	-	-	-
Dr.R.N. Sharma	Non Executive Independent Director	1	2	-

**The independent Directors on Samtel India's Board :**

- Apart from receiving Director's remuneration, do not have any material pecuniary relationships or transactions with the Company, its promoters, its Directors, its senior management or its subsidiaries and associates which may affect independence of the Director
- Are not related to promoters or persons occupying management positions at the Board level or at one level below the Board
- Have not been an executive of the Company in the immediately preceding three financial years
- Are not partners or executives or were not partners or an executives during the preceding three years of the:
- Statutory audit firm or the internal audit firm that is associated with the Company.
- Legal firm(s) and consulting firm(s) that have a material association with the Company.
- Are not material suppliers, service providers or customers or lessors or lessees of the Company. which may affect independence of the Director
- Are not substantial shareholders of the Company i.e. do not own two percent or more of the block of voting shares

As stipulated in the Clause 49 of the listing agreement, none of the Directors is a member of more than Ten (10) Board-level committees, or a Chairman of more than five (5) such committees.

**INFORMATION SUPPLIED TO THE BOARD**

The Board is presented with the agenda for each Board Meeting along with explanatory notes well in advance of the Board meeting. All Board members are free to suggest any item they consider important to the agenda. The Board has unfettered and complete access to all information within the Company. Whenever necessary, senior executives of the Company are invited to the Board meeting to provide additional insights on the matter being discussed. The information regularly supplied to the Board inter-alia includes:

- Annual operating plans and budgets and any update thereof
- Capital budgets and any updates thereof
- Quarterly results for the Company and operating divisions and business segments
- Minutes of the meetings of the Audit Committee and other Committees of the Board
- Information on recruitment and remuneration of senior officers just below the level of Board, including the appointment or removal of Chief Financial Officer and Company Secretary

- Materially important show cause, demand, prosecution notices and penalty notices
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems
- Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company
- Details of any joint venture or collaboration agreement
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property
- Significant labour problems and their proposed solutions. Any significant development in human resources / industrial relations front like signing of wage agreement, implementation of voluntary retirement scheme, etc.
- Sale of material nature of investments, subsidiaries, assets, which is not in the normal course of business
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material
- Non-compliance of any regulatory, statutory nature or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer, etc
- Details of investment of surplus funds available with the Company

The Company has established procedures to enable its Board to periodically review compliance reports of all laws applicable to the Company, as well as steps taken by the Company to rectify instances of non-compliances.

#### Code of Conduct :

The Board has laid down the Code of Conduct for all Board members and senior management of the Company. The same has also been posted on the website of the Company. All personnel to whom the Code is applicable have affirmed compliance with the Code of Conduct for the financial year 31<sup>st</sup> March, 2007. A declaration to the effect, duly signed by the Managing Director, is annexed hereto.

#### Remuneration of Directors :

The Company is not paying any remuneration to any of the Directors, except sitting fees for attending Board/Committee meetings to the non-executive Directors. The Company does not pay remuneration to its Chairman and Managing Director since he has been appointed as Managing Director without payment of any remuneration.

#### 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.

Details of the shareholding of independent Directors as on 31 March 2007 below. None of the Directors hold any stock options in the Company.

#### EQUITY SHARES AND CONVERTIBLE INSTRUMENTS HELD BY NON EXECUTIVE DIRECTORS

Name of the Directo	Category / Status of Directorship	Number of shares held	Number of convertible instruments held
Mr. C.K. Hazari	Independent Director	750	0
Mr. Om Wadhwa	Independent Director	0	0
Mr. V.P. Hari	Independent Director	2612	0
Dr. R.N. Sharma	Independent Director	0	0
Mr. D.P. Dass	Independent Director	0	0