

TWENTY SIXTH ANNUAL REPORT 2007-2008

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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 : Shamsher 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 - 110 025
Phone No. (011) 26842791, 26832886
Fax No. (011) 26837534

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Metal Parts Division

WORKS : 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** : MCS Limited
Sri Venkatesh Bhawan,
W-40, Okhla Industrial Area, Phase-II,
New Delhi - 110 020.
Tele. : 011-41406149, 41406151-52
Fax : 41709881

CHAIRMAN'S COMMUNIQUE

Dear Shareholders,

The business environment continues to present challenges for your Company, but driven by its resilience, foresight and strategic direction, it has continued to unlock future growth potential.

During the financial year ended on 31st March 2008, your company sold as a part of its trading operations 1604 color picture tubes valuing Rs. 1724 thousands, as against 6514 picture tubes valuing Rs. 7854 thousands sold during the previous financial year.

As reported to the members in the last annual report, the Company had decided to set up a facility for manufacturing metal parts for picture tubes for color television sets at Kota (Rajasthan), to cater to the needs of Samtel Color Limited. However, owing to the revision of production plan by SCL for its Kota factory, there was a delay in setting up of the same. SCL is currently in the process of evaluating various options/ strategies for procurement of metal parts.

Your company holds long-term investments in Samtel Color Limited and Samtel Glass Limited. As the market dynamics turn favourably in our direction, the Company's investments in group companies are expected to perform better in the coming years.

The market for colour televisions continues to grow at about 10% per annum. However, Samtel Color Limited was not able to exploit the positive market dynamics due to delays in the ramp up of production on the two new lines, liquidity stress and dumping of color picture tubes by overseas suppliers. As mentioned in previous year's report, SCL approached the CDR cell of RBI for corporate debt restructuring (CDR) and the proposal has since been approved. The CDR, coupled with the notification on anti-dumping duty, should help the company regain its foothold in the market.

The performance of Samtel Glass Limited would also have shown improvements had it not been adversely affected by the performance of Samtel Color Limited.

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 and Managing Director

NOTICE

NOTICE is hereby given that the Twenty Sixth Annual General Meeting of the Members of Samtel India Limited will be held on Thursday the 25th day of September, 2008 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 business :-

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2008 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. C.K. Hazari, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Dr. R.N. Sharma, who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS :

4. To consider and and if thought fit to pass, with or without modifications the following as Ordinary Resolution.
 "RESOLVED THAT in accordance with the provisions of Section 224 and all other applicable provisions of the Companies Act 1956, the approval of the Company be and is hereby accorded for the appointment of M/s. S.S. Kothari, Mehta & Co, Chartered Accountants, New Delhi as statutory auditors of the Company to hold office from the conclusion of the Twenty Sixth Annual General Meeting upto the conclusion of the Twenty Seventh Annual General Meeting at a remuneration to be agreed by the Board of Directors of the Company in place of M/s. A.F. Ferguson Associates, Chartered Accountants, the retiring auditors who have expressed their inability to be reappointed as statutory auditors of the Company".

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 : 27th June, 2008

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.
3. 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.
4. Register of Members and Share Transfer Books of the Company will remain closed from 18th September 2008 to 25th September 2008 (both days inclusive).
5. 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.
6. 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.

7. Appointment / Re-appointment of Directors:

At the ensuing Annual General meeting Mr. C.K. Hazari and Dr. R.N. Sharma, Directors retire by rotation and being eligible, offer themselves for reappointment. The information or details to be provided for the aforesaid Directors being reappointed under clause 49 (IV) (G) of clause 49 of the Listing Agreement are as under:

- (a) Mr. C.K. Hazari, aged 85 years is a Chartered Accountant by profession and a financial consultant. He is a Director in M/s. Uniproducts India Limited, PNR Capital Services Limited, HB Estate Developers Limited, Core lease Finance Private Limited and Ascend Exports Private Limited. He is a member of the Audit Committee of the Company and Chairman of the Share Transfer and Grievance Committee of the Company. He is also a member of audit committee and shareholders grievance committee of Uniproducts Limited. He is Chairman of audit committee and member of shareholders grievance committee of HB Estate Developers Limited. He holds 750 equity shares in the Company.
- (b) Dr. R.N. Sharma aged 84 years, has been one of the Directors of the company. He is Doctorate of Science, AISM, F.I.E. He had a long and distinguished career as Chairman of Coal India Limited. He has retired as Director of Tata Steel Limited. He is on the Board of Eastern Corporate Links Services (P) Limited and Eastern Signpacks Limited. He is the Chairman of the Audit Committees of the Company. He does not hold any equity shares in the Company.

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 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. 4.

In terms of Section 224 (2) (b) of the Companies Act 1956, the retiring auditors, M/s. A.F. Ferguson Associates, Chartered Accountants have expressed their unwillingness to be reappointed as statutory auditors of the Company beyond the date of the conclusion of the Twenty Six Annual General Meeting of the Company. The audit committee has recommended the appointment of M/s. S.S. Kothari, Mehta & Co, Chartered Accountants, New Delhi as statutory auditors of the Company to hold office from the conclusion of the Twenty Sixth Annual General Meeting till the conclusion of the Twenty Seventh Annual General Meeting subject to the approval of the members in the ensuing Annual General Meeting.

Your Directors recommend the appointment of M/s. S.S. Kothari, Mehta & Co, Chartered Accountants, New Delhi as statutory auditors of the Company to hold office from the conclusion of the Twenty Sixth Annual General Meeting till the conclusion of the Twenty Seventh Annual General Meeting at a remuneration to be agreed by the Board of Directors of the Company.

None of the Directors are interested in the resolution.

Regd. Office

Village Naya Nohra

Kota Baran Road

Tehsil. Ladpura, Dist. Kota (Raj.)

By Order of the Board
For Samtel India Limited

Sd/-

(Shamsher Singh)
Company Secretary

Dated : 27th June, 2008

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

PERFORMANCE REVIEW AND OUTLOOK

During the financial year ended 31st March, 2008, the company registered a gross turnover of Rs.1768 thousands as against Rs. 7916 thousands in the previous year. The Company incurred a net loss after tax of Rs.6732 thousands during the year under review as against a net profit of Rs.6223 thousands during the previous financial year.

During the current financial year the company sold as a part of its trading operations 1604 color picture tubes valuing Rs.1768 thousands as against 6514 picture tubes valuing Rs.7916 thousands sold during the previous financial year.

As reported to the members in the last annual report the Company had decided to set-up a facility for manufacturing metal parts for picture tubes for color television sets at Kota (Raj.). This facility was meant to cater to the needs of Line V (EOU Unit) of Samtel Color Limited. There was delay in setting up of the metal parts facility due to the fact that during the last 6-8 months, SCL has revised its production plan for its Kota factory. At present, SCL is evaluating various options/strategies for starting Line 5 at Kota and procurement of metal parts.

In view of the above events/circumstances at the customer's end, setting up of the facility was postponed to dovetail the requirements of metal part at SCL'S Kota factory. Such actions were considered necessary to avoid additional capital cost and recurring operational cash losses.

BALANCE SHEET ANALYSIS

A Loans: Unsecured

ICD of Rs. 17000 thousands was outstanding as on 31st March 2008.

B. Fixed Assets:

The net fixed assets at the end of the year were Rs. 33991 thousands as on 31st March, 2008 (including the capital work-in-progress of Rs.33340 thousand relating to the metal parts project) as against Rs.14591 thousand as on 31st March, 2007. Additional capital expenditure had been incurred on the metal parts project.

C. Current Assets:

The total current assets decreased to Rs.63042 thousands as on 31st March, 2008 from Rs. 75827 thousands as on 31st March, 2007. This includes increase in Sundry debtors from Rs.765 thousands to 1187 thousands. Cash and bank balances reduced from Rs.4185 thousands to Rs.1653 thousands. Loans and advances got reduced from Rs. 70877 thousands to Rs. 60202 thousands.

D. Current Liabilities:

Current Liabilities have increased from Rs. 43891 thousands as on 31 st March, 2007 to Rs. 56957 thousands as on 31st March, 2008 due to the amount payable for part of the capital expenditure incurred on the metal parts project.

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 chapter 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 facility have been obtained. There was delay in setting up of the metal parts facility in view of the facts and circumstances mentioned herein above.

The Company holds long term investments in Samtel Color Limited (SCI) and Samcor Glass Limited. The investments of 59 lacs equity shares of SCI had been pledged with the approval of the members with ICICI Bank Limited to comply with the conditions of Corporate Debt Restructuring (CDR) Scheme of SCL, approved by Corporate Debt Restructuring (CDR) cell of RBI vide letter No.CDR (AG)/721/2007-2008 dated September 27, 2007. It may also be informed that Government of India, Ministry of Finance, Department of Revenue vide Notification no. 90/2008-customs dated 24th July, 2008 had imposed Anti Dumping Duty in respect of import of Cathode Ray Colour Television Picture tubes falling under sub heading 8540.11 of the First Schedule to the Customs Tariff Act 1975, originating in, or exported from Malaysia, Thailand, China, PR and Korea RP. This will bring substantial benefit to SCL and thereby help in generating some returns on the investments held in Samtel Color Limited.

Based on expected future growth of television industry and new market dynamics/price scenario, the company's investments are expected to show better value in the years ahead.

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 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, 2007 to March 31, 2008. The Board meetings were held on June 30, 2007, July 31, 2007, October 31, 2007 and January 31, 2008.

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	4	No
Mr. Om Wadhwa	4	4	No
Mr. D.P. Dass	4	0	No
Mr. V.P. Hari	4	1	No
Dr. R. N. Sharma	4	3	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	5	-	3
Mr.C.K. Hazari	Non Executive Independent Director	3	2	4
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 :

- 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 31st March, 2008. 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 non-executive Directors as on 31 March 2008 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

Board Committees:

The Company has constituted two Committees of Directors, namely, Audit 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 of the Director	Designation	Status
1. Dr. R.N. Sharma.	Chairman	Independent, Non-executive Director
2. Mr. C.K.Hazari	Member	Independent, Non-executive Director
3. Mr. Om Wadhwa	Member	Independent, Non-executive Director

All the Directors have sound financial and accounting knowledge.

The members of the Committee met on the following dates during the financial period April 1, 2007 to March 31, 2008 :

- June 30, 2007;
- July 31, 2007
- October 31, 2007
- January 31, 2008

The attendance of members at the meetings are as follows:

Name of the member	No of Meetings held	Attended
Dr. R.N.Sharma	4	3
Mr. C.K. Hazari	4	4
Mr. Om Wadhwa	4	4

The Company Secretary, Mr. Shamsheer Singh is the Secretary of the Committee.

The terms of reference of the Audit Committee:

The terms of reference of the Audit Committee as stipulated by the Board are in accordance with all the items listed in Clause 49 of the Listing Agreement as follows:

Financial Statements :

- To review the financial reporting process and the disclosures of financial information to ensure that the financial statement reflects a true and fair position, and complies with all disclosure requirements.
- To review with the management, the quarterly statements before submission to the Board for approval.
- To review with the management, annual financial statements before recommending to the Board of Directors for approval, focusing primarily on :
 - Matters required to be included in the Directors Responsibility Statement to be included in the Board Report in terms of Section 217(2AA) of the Companies Act, 1956
 - Change in Accounting Policies and practices.
 - Major accounting entries based on exercise of judgement by management.
 - Qualification in draft audit report.
 - Significant adjustments arising out of audit.
 - Compliance with accounting standards and requirements of stock exchange (s).
 - Any related party transactions that may have potential conflict with the interest of the Company at large.
 - Reviewing the Company's financial and Risk Management policy.