

# 27<sup>th</sup> Annual Report 2008-2009



**SAMTEL INDIA LIMITED**

---

BOARD OF DIRECTORS	:	Mr. Satish K Kaura (Chairman & Managing Director)
	:	Mr. C. K. Hazari
	:	Mr. Om Wadhwa
COMPANY SECRETARY	:	Mr. Vinit Kumar
AUDITORS	:	S. S. Kothari Mehta & Co. Chartered Accountants, 146-149, Tribhuwan Complex, Ishwar Nagar, New Delhi
BANKERS	:	Punjab National Bank ICICI Bank Limited
REGISTERED OFFICE		Village Naya Nohra Kota Baran Road, Tehsil-Ladpura Distt. Kota (Rajasthan)- 324001
CORPORATE OFFICE	:	6th Floor, 7, TDI Centre District Centre, Jasola, New Delhi - 110 025 Phone : 011 - 4242 4000 Fax : 011 - 4242 4099
WORKS	:	Village Naya Nohra Kota Baran Road, Tehsil- Ladpura Distt. Kota (Rajasthan)- 324001
SALES OFFICE	:	B- 17, Sector-7, Noida, U. P.-301201
REGISTRAR & TRANSFER AGENTS	:	MCS Limited F-65, Okhla Industrial Area, Phase I, New Delhi - 110020 Phone : 011- 41406149

---

**NOTICE**

NOTICE is hereby given that the Twenty Seventh Annual General Meeting of the Members of Samtel India Limited will be held on Wednesday, the 30<sup>th</sup> day of September, 2009 at 11.00 A.M. at the Registered Office of the Company at Village Naya Nohra, Kota Baran Road, Tehsil. Ladpura, Dist. Kota, Rajasthan-324001, 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, 2009 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. Om Wadhwa, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s. S.S. Kothari, Mehta & Co., Chartered Accountants, New Delhi as Statutory Auditors of the Company, who will hold office from the conclusion of the Twenty Seventh Annual General Meeting upto the conclusion of the next Annual General Meeting of the Company at a remuneration to be fixed by the Board of Directors of the Company.

Registered Office :  
Village Naya Nohra,  
Kota Baran Road, Tehsil. Ladpura,  
Distt. Kota, Rajasthan

By Order of the Board  
**For Samtel India Limited**

Place : New Delhi  
Date : June 30, 2009

Sd/-  
**Vinit Kumar**  
Company Secretary

**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. Registers and Share Transfer Books of the Company will remain closed from 22<sup>nd</sup> September 2009 to 30<sup>th</sup> September 2009 (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., F-65, Okhla Industrial Area, Phase-I, 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 Directors:

At the ensuing Annual General meeting Mr. Om Wadhwa, Director 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:

Mr. Om Wadhwa has been one of the Directors of the Company since 1987. He is a renowned industrialist having his own business of manufacturing and export of electronic components. He is an MBA from a US University. He is Director of J.V. Electronics (P) Limited, Olympia Electronics (P)Ltd., Metores Corporation (P) Ltd. & Olympia Service Centre (I) Pvt. Limited. He is also a Chairman of the audit committee of your 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 Registered Office and Corporate office of the Company on all working days from the date hereof upto the date of meeting during business hours.

Registered Office :  
Village Naya Nohra,  
Kota Baran Road, Tehsil. Ladpura,  
Distt. Kota, Rajasthan

By Order of the Board  
**For Samtel India Limited**

Place : New Delhi  
Date : June 30, 2009

Sd/-  
**Vinit Kumar**  
Company Secretary

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### PERFORMANCE REVIEW AND OUTLOOK

During the financial year ended 31<sup>st</sup> March, 2009, the Company registered a gross turnover of Rs.1972 thousands as against Rs. 1768 thousands in the previous year. The Company incurred a net loss after tax of Rs.36387 thousands during the year under review as against a net loss after tax of Rs. 7489 thousands during the previous financial year.

During the current financial year the company sold as a part of its trading operations 1712 color picture tubes valuing Rs.1972 thousands as against 1604 picture tubes valuing Rs. 1724 thousands sold during the previous financial year.

Considering the abnormal delays in re-starting the production at line 5 at Kota, Raj., sub-optimal volumes at Samtel Color Ltd., volatile steel prices and picture tube market scenario last year, it was considered an appropriate to abandon the metal parts project to curtail unexpected further losses. With the abandoning of the metal parts project due to uncertain prevailing market conditions, the Management continues to explore new trading business options.

### BALANCE SHEET ANALYSIS

#### A Loans: Unsecured

ICD of Rs. 17000 thousands was outstanding as on 31<sup>st</sup> March 2009 (Previous Year Rs. 17000 Thousand).

#### B Fixed Assets:

The net fixed assets at the end of the year were Rs. 777 thousands as on 31<sup>st</sup> March, 2009 (including the salvage value of capital work-in-progress of Rs.400 thousand relating to the metal parts) as against Rs.34233 thousand as on 31<sup>st</sup> March, 2008.

#### C. Current Assets:

The total current assets decreased to Rs. 52140 thousands as on 31<sup>st</sup> March, 2009 from Rs.59893 thousands as on 31<sup>st</sup> March, 2008. This includes decrease in Sundry debtors to Rs.53 thousands from 1187 thousands. Cash and bank balances increased to Rs.1702 thousands from Rs.1653 thousands. Loans and advances got reduced to Rs. 50385 thousands this year from Rs.57053 thousands at the end of the previous year.

#### D. Current Liabilities:

Current Liabilities have decreased to Rs. 47277 thousands as on 31<sup>st</sup> March, 2009 from Rs. 51757 thousands as on 31<sup>st</sup> March, 2008.

### INTERNAL CONTROL SYSTEMS & ITS 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.

### RISK & 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.

With the abandoning of the metal parts project due to uncertain prevailing market conditions, the Management continues to explore new trading business options.

The Company holds long term investments in Samtel Color Limited (SCL) and Samtel Glass Limited. The investments of 59 lacs equity shares of SCL 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. The Anti Dumping duty levied by the Govt. of India on the Color Picture Tubes (CPTs) originating from the certain countries has provided much sought relief to the Samtel Color Limited (SCL) which has been incurring huge losses in the past few years. As a result, this Company is expecting to achieve better price realisation and sales volumes in future.

Samtel Glass Limited (SGL) supplies its color funnels mainly to the SCL. SGL's operations are also expected to show improved results with better price realisations and sales volumes.

## 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 practicing 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 endeavored to be a transparent and an accountable corporate citizen. Samtel India Limited 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 three Directors, out of which two 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 five times during the financial period April 1, 2008 to March 31, 2009. The Board meetings were held on June 27, 2008, July 31, 2008, September 30, 2008, October 31, 2008 and January 29, 2009.

### 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	5	5	No
Mr. C. K. Hazari	5	5	No
Mr. Om Wadhwa	5	5	No
Mr. D. P. Dass(Resigned w.e.f. 14.04.2009)	5	0	No
Mr. V. P. Hari(Resigned w.e.f. 17.06.2009)	5	2	No
Dr. R. N. Sharma(Resigned w.e.f. 13.04.2009)	5	2	Yes

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

Name	Status	No. of Directorships held in other Public Limited Companies	No. of Committee position held in public Limited companies	
			Chairman	Member
Mr. Satish K. Kaura	Executive Director	5	-	3
Mr. C. K. Hazari	Non- Executive Director	3	2	4
Mr. Om Wadhwa	Non- Executive Director	-	-	1
Mr. D. P. Dass	Non- Executive Director	-	-	-
Mr. V. P. Hari	Non- Executive Director	-	-	-
Dr. R. N. Sharma	Non- Executive 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
- 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 judgment 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, if any
- 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. All personnel to whom the Code is applicable have compliance with the Code of Conduct for the financial year 31<sup>st</sup> March, 2009. A declaration to the effect, duly signed by the Managing Director, is annexed here to.

#### **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:**

The 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 2009 below. None of the Directors hold any stock options in the Company.

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

<b>Name of Directors</b>	<b>Category / Status of Directorship</b>	<b>No. of shares held</b>	<b>Number of convertible instruments held</b>
Mr. C. K. Hazari	Non-Executive/ Independent Director	0	0
Mr. Om Wadhwa	Non-Executive/ Independent Director	0	0
Mr. V. P. Hari (Resigned w.e.f. 17.06.2009)	Non-Executive/ Independent Director	2612	0
Dr. R. N. Sharma (Resigned w.e.f. 13.04.2009)	Non-Executive/ Independent Director	0	0
Mr. D. P. Dass (Resigned w.e.f. 14.04.2009)	Non-Executive/ 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:

During the year under review, the Audit Committee of the Company comprised of the following three Directors:

Name of the Director	Designation	Category of Director
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 having sound financial and accounting knowledge

**The members of the Committee met on the following dates during the financial period April 1, 2008 to March 31, 2009:**

- June 27, 2008
- July 31, 2008
- October 31, 2008
- January 29, 2009

**The attendance of members at the meetings are as follows:**

Name of Directors	No. of Meetings held	No. of Meetings attended
Dr. R. N. Sharma (Resigned w.e.f. 13.04.2009)	4	2
Mr. C. K. Hazari	4	4
Mr. Om Wadhwa	4	4

Due to resignation of Dr. R.N. Sharma, the Audit Committee has been re-constituted consisting of following three Directors:

Name of the Director	Designation	Category of Director
1. Mr. Om Wadhwa	Chairman	Non-executive/Independent Director
2. Mr. C.K.Hazari	Member	Non-executive/ Independent Director
3. Mr. Satish K. Kaura	Member	Executive Director

The Company Secretary, Mr. Vinit Kumar 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.

**Internal Control:**

- To review with the management, Auditors the adequacy of Internal control systems.

**Internal Audit:**

- To review the adequacy of internal audit function, approval of the audit plan and its execution, reporting structure, coverage and frequency of internal audit.
- To discuss with Auditors any significant findings and follow up thereon.
- To review the findings of any investigations into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

**External Audit:**

- To discuss with the Statutory Auditors the nature and scope of audit and areas of concern.
- To give recommendations on the appointment and removal of statutory auditor, fixation of audit fee and payment for other services.

**Default:**

- To examine the reason for substantial default in payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividend) and creditors.

**Compliance:**

- To review the effectiveness of the system in monitoring compliance with laws and regulations.
- To review the findings on compliance of any examination by regulatory agencies and / or audit observation.

**Reporting Responsibilities:**

- To brief the Board periodically about the Committee's activities and issues that arise with respect to the quality of the Company's financial statements, compliance with legal and regulatory requirements and the performance of the Company's Auditors.
- To provide an avenue of communication between internal auditors, statutory auditors and the Board of Directors.
- The Chairman of the Audit Committee shall be present at the Annual General Meeting to answer shareholder queries and clarification on matters relating to audit.
- The Annual Report of the Company shall make appropriate disclosures on the composition and function of the Audit Committee.

**Others:**

- To perform such other activities related to this charter as may be assigned by the Board of Directors from time to time.
- The Audit Committee may institute and oversee special investigation, if needed.

**The Company has systems and procedures in place to ensure that the Audit Committee mandatorily reviews:**

- Management discussion and analysis of financial condition and results of operations.
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by management.