

Satnam Overseas takes world orders booked till December

Satnam the largest rice network in India

Export award to Satnam Overseas

"Kohinoor" No.1 branded rice in India

Annual Report 1997 - 98

Satnam Overseas - first rice company to get ISO 9002 certificate

SATNAM Overseas Limited, leader in its area of core competency - packaged food and food products, has bagged the APEDA award for excellence in exports and quality for the 7th year in succession. This award is given by the Ministry of Commerce for outstanding performance in exports. The company has always believed in giving best quality to the consumers. This consistency in quality has resulted in the ISO 9002 certification for the company.

APEDA award for Satnam Overseas

Satnam Overseas Ltd. has bagged the Agricultural and Processed Food Export Development (APEDA) award for excellence for outstanding performance in exports. Satnam's Super Kohinoor basmati rice, its flagship brand, is not only the largest selling brand in the domestic market, but among the top sellers in the US, Canada, Europe, Australia, Singapore, South Africa. The company expects to achieve a turnover of Rs 320 crore for the current financial year ending March 1998 as against Rs 228 crore last year.

The turnover of the company for the current year is expected to be Rs 320 crore as against Rs 228 crore in the previous year. An increase of 40 per cent.



7th APEDA Award and ISO 9002 for Satnam Overseas Limited

Satnam Overseas Limited leader, in its excellence in exports and quality for domestic market. The company has bagged the APEDA award for excellence in exports. The company has always believed in giving best quality to the consumers. This consistency in quality has resulted in the ISO 9002 certification for the company.

SATNAM OVERSEAS LIMITED

bagged the APEDA award for excellence in exports. The company has always believed in giving best quality to the consumers. This consistency in quality has resulted in the ISO 9002 certification for the company.



611



SATNAM OVERSEAS LIMITED

BOARD OF DIRECTORS	
SH. JUGAL KISHORE ARORA CHAIRMAN	SH. SATNAM ARORA JT. MANAGING DIRECTOR
SH. GURNAM ARORA JT. MANAGING DIRECTOR	SH. NITIN ARORA DIRECTOR
SH. VIJAY BURMAN ADDITIONAL DIRECTOR	SH. RAKESH KHOSLA ADDITIONAL DIRECTOR
AUDITORS	
M/S. NATH AHUJA & CO. CHARTERED ACCOUNTANTS NEW DELHI - 110 048	
COMPANY SECRETARY & MANAGER (LEGAL)	
SH. RAJIV DUDEJA	
BANKERS	
ORIENTAL BANK OF COMMERCE NEW DELHI	
ANZ GRINDLAYS BANK LTD. H-BLOCK, CONNAUGHT CIRCUS, NEW DELHI	
REGISTERED OFFICE, CORPORATE OFFICE & SHARE DEPTT.	
201, VIPPS CENTRE, 2, COMMUNITY COMPLEX, GREATER KAILASH - II, MASJID MOTH, NEW DELHI - 110 048 (INDIA) PH. : 646 5757 (10 LINES)	
WORKS	
50-51 MILESTONE, G.T. ROAD, MURTHAL DIST., SONEPAT (HARYANA)	
M.M. MALVIYA ROAD, AMRITSAR, PUNJAB	
TRANSFER AGENT	
FINTECH COMPU SYSTEMS LTD. WZ-1390/4, 3RD FLOOR, PANKHA ROAD, NAGAL RAYA, (NR. D-BLOCK, JANAKPURI BUS TERMINAL) NEW DELHI - 110 046 PHONE : 5556025	

CONTENTS	
NOTICE	2
DIRECTORS' REPORT	5
AUDITORS' REPORT	8
BALANCE SHEET	9
PROFIT & LOSS A/C	10
SCHEDULES	11
SUBSIDIARY COMPANY	22

MD	✓	BKC	✓
CS	✓	DPY	N/A
RO	✓	DIV	✓
TRA	✓	AC	✓
AGM	✓	SHI	✓
YE	✓		



SATNAM OVERSEAS LIMITED

NOTES :

- a) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.**
- b) Relevant explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business set out above is annexed hereto.
- c) The dividend when sanctioned will be made payable to those shareholders whose names will appear as members in the books of the Company on 15th September, 1998.
- d) Members are requested to intimate their Saving Account/Current Account Number and the name of the Bank with whom such account is held to enable the Company to print the said detail on the Dividend Warrant so as to prevent fraudulent encashment of the same.
- e) Members are requested to bring their copy of Annual Report with them at the meeting as extra copies will not be supplied at the venue of the Meeting.
- f) Members who are holding shares in identical names in more than one folio are requested to write to the Company enclosing the Share Certificate(s) to enable the Company to consolidate their holdings under one Folio.
- g) Entry in the Meeting Hall shall be strictly restricted to Members / valid Proxies only carrying the Attendance Slip.
- h) The Register of Members and Transfer Books of the Company will remain closed from 28th August, 1998 to 15th September, 1998 (both days inclusive).
- i) Shareholders desiring any information as regards to Accounts should write to the Company's Registered Office at least ten days before the date of the meeting for the attention of Mr. Rajiv Dudeja, Company Secretary & Manager (Legal), so as to enable the management to keep the information ready.
- j) The unpaid dividend pertaining to the period ended 31st March, 1995 will be transferred to the General Revenue Account of the Central Government in November, 1998. Those who have not encashed Dividend Warrant for the above period, may please write to the Company immediately.

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

Item No. 5, 6 & 7

The Board of Directors in their Meeting dated 15th July, 1998 resolved to revise the remuneration which is to be paid to Sh. Jugal Kishore Arora, Chairman and Sh. Satnam Arora and Sh. Gurnam Arora, Jt. Managing Directors of the Company to be effective from 1st October, 1998 subject to the approval of shareholders.

The revised remuneration payable to Sh. Jugal Kishore Arora, Sh. Satnam Arora and Sh. Gurnam Arora as specified in the resolutions 5, 6 & 7 is in accordance with the provisions of the Schedule XIII of the Companies Act, 1956.

Sh. Jugal Kishore Arora, Chairman and Sh. Satnam Arora and Sh. Gurnam Arora, Jt. Managing Directors of the Company are interested in the proposed resolutions being related to each other and to the extent of remuneration payable to them. Further Sh. Nitin Arora, Director is interested being relative of Sh. Jugal Kishore Arora, Sh. Satnam Arora and Sh. Gurnam Arora. No other Director is concerned or interested in the proposals.

This explanation together with the accompanying notice is and should be treated as an abstract Under Section 302 of the Companies Act, 1956 in respect of the revised remuneration payable to Sh. Jugal Kishore Arora as Chairman and Sh. Satnam Arora and Sh. Gurnam Arora as Jt. Managing Directors of the Company.

Item No. 8

The Company had set up its units at Amritsar and Sonapat (Murthal) for purchase, processing and milling of Paddy to take locational benefits arising out of availability of best quality paddy and rice. In view of the fact that Paddy of premium quality at reasonable price is available at Murthal and districts adjoining it and also to take advantage of modern production, storage and packaging facilities at this Unit, it is considered desirable that all activities relating to production, processing, etc. be streamlined at Murthal Unit.

In view of above, you are requested to empower the Board of Directors to take suitable steps in connection therewith.

The Resolution which attracts the provisions of Section 293(1)(a) of the Companies Act, 1956, has accordingly been proposed for obtaining the consent of shareholders of the Company. Your Directors recommend that the resolution be passed as Ordinary Resolution.

None of the Directors, is, in any way, concerned with or interested in the said resolution except as shareholders of the Company

**BY ORDER OF THE BOARD
For SATNAM OVERSEAS LIMITED**

New Delhi
15th July, 1998

(RAJIV DUDEJA)
Company Secretary & Manager (Legal)



SATNAM OVERSEAS LIMITED

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Ninth Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 1998.

FINANCIAL RESULTS & OPERATIONS

	(Rupees in Lacs)	
	<u>Current year</u>	<u>Previous year</u>
Turnover & Other Income	28,722	23,111
Profit before Depreciation	1,143	1,627
Depreciation	223	201
Profit before Tax	920	1,426
Provision for Taxation	66	178
Profit after Tax	854	1,248
Add : Balance brought forward	300	300
Profit available for appropriation	1,154	1,548
Appropriations		
Proposed Dividend (Including Tax)	254	508
Transfer to General Reserve	900	740
Surplus Carried Forward	—	300

Over the last two years our country's economy has not looked up and in most sectors depressed conditions have prevailed. Most Companies had difficulty in sustaining growth and profitability. Having anticipated these pressures your Company took appropriate measures to combat the situation, which included improved realisation, increased productivity and strict control of overheads. As a result, turnover increased by Rs. 5,848 lacs. The steady growth in sales has been possible only because of your Company's strict adherence to quality which has led to greater consumer acceptance of your product even in this highly competitive product market.

However, because of heavy foreign exchange fluctuations, your Company's profits declined in comparison to the profits of last year. Considering the difficult market conditions, your company's overall performance during 1998 has been satisfactory. Your Company has tied up with few big companies in different countries for Export of Rice, Pulses and other products. It is also proposed to further streamline production facilities at one place in order to reduce overheads, improve inventory management and achieve better capacity utilisation. Your Directors are quite hopeful for achieving commendable results during current year.

Quality has always been a prime consideration with the Company. As a result of which your Company has been awarded the ISO 9002 certification for its quality system.

Your Company has bagged award from WORLD ECONOMIC FORUM in view of its excellent contribution towards global growth. Your company has also once again bagged the prestigious APEDA Award for the current year as a recognition for its outstanding contribution to promoting exports of agricultural and processed food products and product development in the said area.

BONUS

During the year under review, your Company allotted 56,00,000 Equity Shares of Rs. 10/- each fully paid-up by way of Bonus Shares. These shares are entitled for dividend on pro-rata basis with effect from the date of allotment i.e. 1st January, 1998.

DIVIDEND

Keeping in view the profitability of your Company and after considering the need for ploughing back the profits, your Directors recommend for consideration of members at the Annual General Meeting Dividend @15% for the financial year ended 31st March, 1998 on the expanded capital of the Company.

AUDITORS

M/s. Nath Ahuja & Company - Chartered Accountants retire at this Annual General Meeting and being eligible, offer themselves for re-appointment. A letter that the re-appointment, if made, will be in conformity with the provisions of Section 224(1B) of the Companies Act, 1956, has been received from them.

PERSONNEL

The Management-Employee relations remained cordial throughout the year. The Directors wish to place on record their deep appreciation for the dedicated and loyal services rendered by the officers, staff and workers of the Company which enabled to achieve higher performance at various levels. A statement showing particulars of employees as required under Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended up-to-date is annexed and forms an integral part of this Report.

DIRECTORATE

In accordance with the requirements of the Companies Act, 1956 Mr. Jugal Kishore Arora - Director retires by rotation at this Annual General Meeting and being eligible offers himself for reappointment. Mr. Rakesh Khosla and Mr. Vijay Burman were appointed as Additional Directors on the Board on 29th November, 1997 and they retire at the ensuing Annual General Meeting.



SATNAM OVERSEAS LIMITED

SUBSIDIARY COMPANY

As required by Section 212 of the Companies Act, 1956, the statement in respect of the subsidiaries is annexed and forms an integral part of this report.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure II forming part of this Report.

AUDITORS' REPORT

The observations made by the Auditors in their Report are adequately explained in the notes to the Accounts and need no further elaboration.

PUBLIC DEPOSIT

Your Company has not accepted any deposit from Public during the year under review.

APPRECIATION

Your Directors wish to place on record their appreciation for the devoted services of all the workers, staff and executives of the Company which have largely contributed to its efficient working. Your Directors also put on record their appreciation and thanks to the millions of consumers who have reposed faith in the product of their Company.

FOR AND ON BEHALF OF THE BOARD

New Delhi
15th July, 1998

(JUGAL KISHORE ARORA)
Chairman

ANNEXURE - 1 TO THE DIRECTORS' REPORT - PARTICULARS OF EMPLOYEES

- A. Employed throughout the year under review and were in receipt of remuneration for the year which, in the aggregate, was not less than Rs. 3,00,000/- per annum.

S.No.	Name	Age	Designation	Remuneration (RS.)	Qualification/ Experience (in years)	Date of commence- ment of employment	Particulars of last employment held
1.	Jugal Kishore Arora	54	Chairman	5,41,666/-	35 years	01.04.91	N.A.
2.	Satnam Arora	49	Jt. Managing Director	5,41,666/-	M.A.(Eco.) 25 years	01.04.91	N.A.
3.	Gurnam Arora	48	Jt. Managing Director	5,41,666/-	Graduate 25 years	01.04.91	N.A.
4.	Bharat Bhushan Arora	41	G.M. (Sales)	3,74,196/-	M.A.(Eco.) 15 years	01.06.92	System Executive Indian Oil Corp. Ltd.
5.	Col. Romesh L. Mehta	50	G.M. (Works)	3,31,200/-	M.Sc., MBA 25 years	01.04.94	Retired Army Officer
6.	M.S. Kochar	48	Dy. G.M. (Banking)	3,13,140/-	M.Com, CAIIB 26 years	01.09.96	Manager Punjab National Bank

* Jugal Kishore Arora, Satnam Arora and Gurnam Arora are related to each other.

- B. Employed for the part of year and were in receipt of remuneration which, in the aggregate was not less than Rs.25,000/- per month.

S.No.	Name	Age	Designation	Remuneration (RS.)	Qualification/ Experience (in years)	Date of commence- ment of employment	Particulars of last employment held
7.	N. Mohan Narang	42	G.M. (Intl. Trade)	31,466/-	M.Com Diploma (Int. Trade & Material Mgt.)	17.04.96	Dy. G.M. (Exports-Foods) S.M. Dechem Ltd. (Food Div.), Bhopal.

Notes

- Remuneration shown above includes Basic Salary, Bonus, Contribution to Provident Fund, Leave Travel Concession, House Rent Allowance and monetary value of perquisites as per Income Tax Act/Rules.
- None of the employees is a relative of any Director of the Company.
- The Company did not have any employee either in the whole or part of the period under report, who was in receipt of remuneration in the period which, in the aggregate or at the rate which, in the aggregate, was in excess of that drawn by the Managing Director and held by himself or alongwith his spouse and dependent children, two per cent or more of the Equity Shares of the Company.



SATNAM OVERSEAS LIMITED

ANNEXURE II TO THE DIRECTORS' REPORT

Information as per Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 1998.

A. CONSERVATION OF ENERGY

Improvement of methods of Energy Conservation and optimal utilisation of Energy in all operations, continued to receive close attention. Company is always conscious to conserve energy through improved methods of operations and design. In this regard the Company has introduced energy saving features in the systems and monitors, by which the user saves the power consumption to a considerable extent.

B. RESEARCH & DEVELOPMENT (R & D)

i) Specific areas in which R&D carried out by the Company

Efforts continued during the year for further improvement in quality and nutritional profile of Rice to meet consumer needs. Efforts were made for optimisation of yield, input substitution and cost effectiveness. Company is using Nitrogenic flushed packaging system to provide longer shelf life to its products.

ii) Benefits derived as a result of the above R & D

The quantity of broken rice has gone down. The finished rice grains have better gloss, are of uniform size and have better aroma resulting in increased marketability.

iii) Future plan of action

Steps are continuously being taken for development of new products, upgradation of technology and packaging and improvement of product quality with the aim of offering better products at relatively affordable prices to the consumers.

iv) Expenditure on R&D

a) Capital	:	NIL
b) Recurring	:	Rs.1,08,510/-
c) Total	:	Rs.1,08,510/-
d) Total R&D expenditure as a percentage of total turnover	:	.004 %

C. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

Technology Absorption, Adaptation and Innovation has always been the key strength of the Company. Company plans to be a leading player in technology introduction through innovative products. Your Company has developed a new product "Rice 'N' Spice" having Nine flavours to suit the Indian Market.

D. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange Earnings of the Company amounted to Rs. 20563 lacs as against Foreign Exchange Outgo of Rs.127 lacs during the year under review.

FOR AND ON BEHALF OF THE BOARD

New Delhi
15th July, 1998

(JUGAL KISHORE ARORA)
Chairman



SATNAM OVERSEAS LIMITED

AUDITORS' REPORT

Ladies & Gentlemen,

We have audited the attached Balance Sheet of M/s. Satnam Overseas Limited, 201, Vipps Centre, 2, Community Centre, Greater Kailash - II, New Delhi-110 048, as at March 31, 1998 and the Profit and Loss account for the year ended on that date annexed thereto and report that :-

As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we give below a statement on the matters specified in Paragraphs 4 and 5 of the said Order.

- 1) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets, and these fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
- 2) None of the fixed assets have been revalued during the year.
- 3) According to information and explanations given to us, physical verification have been conducted by the management at reasonable intervals in respect of finished goods, stores, spare parts, and raw materials.
- 4) As explained to us, the procedure for physical verification of stocks followed by the management are adequate and reasonable in relation to the size of the company and nature of its business.
- 5) No material discrepancies have been noticed on physical verification of stocks as compared to book records.
- 6) As explained to us and on the basis of examination of stocks, the valuation is fair and proper in accordance with normally accepted accounting principles.
- 7) The company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained u/s 301 of the Companies Act, 1956 (1) of 1956 and/or from companies under the same management as defined under section 370(1B) of the Companies Act, 1956.
- 8) The company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 and/or to Companies under the same management as defined under section 370 (1B) of the Companies Act, 1956.
- 9) No loans or advances in the nature of loan have been granted by the company. However, the company has granted interest free advances to its staff, which are being repaid as stipulated.
- 10) According to information and explanation given to us there is adequate internal control procedures commensurate with the size of the company and nature of its business in respect of purchase of stores, raw materials including components, plant and machinery, equipment and other assets, and for the sale of goods.
- 11) The transactions of purchase of goods, materials and services, made in pursuance of contracts or arrangements entered in the register(s) maintained under section 301 of the Companies Act, 1956, as aggregating during the year to Rs. 50,000/- or more in respect of each party, have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials or services or the prices at which transactions for similar goods or services have been made with other parties.
- 12) There were no unserviceable or damaged stores, raw materials or finished goods.
- 13) The company has not accepted any deposits from the public, and as such the directions issued by the Reserve Bank of India in accordance with section 58A of the Companies Act, 1956 and the rules framed there under are not applicable to the company.
- 14) The company is maintaining proper records for the sale and disposal of realisable by-products and scraps.
- 15) The company has an internal audit system commensurate with the size of the company and the nature of its business.
- 16) Cost records u/s 209(1)(d) of the Companies Act, 1956 are not required to be maintained by the company.
- 17) The company was regular in depositing Provident Fund and E.S.I. dues with appropriate authorities, wherever applicable.
- 18) No undisputed amounts payable in respect of Income-tax, Wealth tax, Sales tax, Custom Duty and Excise Duty were outstanding, as at the last day of the financial year concerned, for a period of more than six months from the date they became payable.
- 19) No personal expenses have been charged to revenue accounts.
- 20) The company does not come within the meaning of clause (i) of sub-section (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

We further report that :-

- 1) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit.
- 2) In our opinion proper books of account have been kept by the company as required by law, so far as it appears from our examination of such books.
- 3) Subject to the above the Balance Sheet & Profit & Loss A/c referred to in this report are in agreement with the books of accounts.
- 4) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit & Loss Account read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :-
 - a) in so far as it relates to the Balance Sheet, of the state of affairs of the company as at March 31, 1998;
 - and
 - b) in so far as it relates to the Profit & Loss Account, of the profit of the company for the year ended on March 31, 1998.

for Nath Ahuja & Company,

Place : New Delhi
15th July, 1998

(N.N. Ahuja)
Chartered Accountant



SATNAM OVERSEAS LIMITED

BALANCE SHEET AS AT 31ST MARCH 1998

(Figures in Rs.)

PARTICULARS	Schedule	FOR THE YEAR ENDED 31-03-98	FOR THE YEAR ENDED 31-03-97
SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS			
A) Share Capital	A	196,000,000.00	140,000,000.00
B) Reserves and Surplus	B	374,079,173.23	312,039,927.66
C) Profit & Loss Appropriation A/c		0.00	30,000,000.00
D) Share Premium A/c	C	0.00	28,000,000.00
2. LOAN FUNDS			
Secured Loans	D	925,768,999.95	693,386,528.69
		1,495,848,173.18	1,203,426,456.35
APPLICATION OF FUNDS			
1. FIXED ASSETS			
Gross Block	E	251,719,645.24	248,516,394.93
Less : Depreciation		97,342,311.27	76,063,448.85
Net Block		154,377,333.97	172,452,946.08
CAPITAL WORK-IN-PROGRESS		7,657,088.00	0.00
2. INVESTMENTS			
	F	7,134,490.00	7,134,490.00
3. CURRENT ASSETS, LOANS AND ADVANCES			
A) Inventories	G	1,096,024,552.00	870,114,210.75
B) Trade Debtors	H	307,640,405.21	299,486,777.15
C) Cash and Bank Balances	I	18,054,193.84	16,661,132.26
D) Other Current Assets	J	2,529,925.00	2,267,925.00
E) Loans and Advances	K	105,455,001.31	82,600,681.24
		1,529,704,077.36	1,271,130,726.40
LESS: CURRENT LIABILITIES & PROVISIONS			
A) Liabilities	L	111,149,101.89	137,843,687.58
B) Provisions		120,059,763.00	141,616,276.00
NET CURRENT ASSETS			
MISCELLANEOUS EXPENDITURE	M	28,184,048.74	32,168,257.45
(To the extent not written off or adjusted)			
TOTAL		1,495,848,173.18	1,203,426,456.35
NOTES TO THE ACCOUNTS			
In terms of our separate report of even date attached	N		
FOR NATH AHUJA & COMPANY			

(N.N. AHUJA)
CHARTERED ACCOUNTANT(SATNAM ARORA)
JT. MG. DIRECTOR(GURNAM ARORA)
JT. MG. DIRECTOR(RAJIV DUDEJA)
COMPANY SECRETARY & MANAGER (LEGAL)New Delhi
15th July, 1998