

A N N U A L R E P O R T
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\$ SATNAM OVERSEAS LIMITED





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 & SR. MANAGER (LEGAL)

SH. RAJIV DUDEJA

BANKERS

ORIENTAL BANK OF COMMERCE
CORPORATE BRANCH
GREATER KAILASH-I
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

LISTING OF EQUITY SHARES (Listing Fees Paid)

- | | |
|--|---|
| 1. The Delhi Stock Exchange Association Limited
West Plaza
Indira Gandhi Stadium
Indraprastha Estate
New Delhi | 3. The Ludhiana Stock Exchange Association Ltd.
Feroze Gandhi Market
Ludhiana-141001 |
| 2. The Stock Exchange, Mumbai
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai-400001 | 4. The Stock Exchange,
Ahmedabad
Kamdhenu Complex
Opp. Sahajanand
Panjarapole
Ahmedabad-380015 |

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SATNAM OVERSEAS LIMITED

NOTICE

Notice is hereby given that the Tenth Annual General Meeting of the Members of Satnam Overseas Limited will be held on Friday, the 24th September, 1999 at 11.30 A.M. at Dagar Farms, Brijwasan, New Delhi-110061, to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 1999, the Profit & Loss Account for the financial year ended on that date and Report of Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Nitin Arora, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

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

New Delhi
June 11, 1999

(RAJIV DUDEJA)
Company Secretary

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) 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.
- c) The amount of unclaimed dividend for the year 1995 has already been transferred to the General Revenue Account of Central Government in terms of provisions of Section 205A of the Companies Act, 1956. Those members who have so far not claimed their dividend for the said period may claim the same by submitting an application in prescribed Form II to the Registrar of Companies, N.C.T. of Delhi and Haryana, Paryavaran Bhawan, CGO Complex, Lodhi Road, New Delhi-110003.

Consequent upon amendment in Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) ordinance, 1999 the amount of dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund.

Members who have not encashed the dividend warrant(s) so far for subsequent years are requested to make their claims to the company.
- d) 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.
- e) Entry in the Meeting Hall shall be strictly restricted to Members/valid Proxies only carrying the Attendance Slip.
- f) The Register of Members and Transfer Books of the Company will remain closed from Wednesday, the 1st September, 1999 to Thursday, the 16th September, 1999 (both days inclusive).



SATNAM OVERSEAS LIMITED

DIRECTOR'S REPORT

Your Directors are pleased to present the Tenth Annual Report together with the Audited Accounts of the Company for the financial year ended March 31, 1999.

FINANCIAL RESULTS

	(Rupees in Lacs)	
	1998-99	1997-98
Turnover & other Income	31,192	28,722
Profit before Depreciation	662	1,143
Depreciation	240	223
Profit before Tax	422	920
Provision for Taxation	15	66
Profit after tax	407	854
Add : Balance Brought Forward	—	300
Profit available for appropriation	407	1,154
APPROPRIATION		
Transfer to General Reserve	407	900
Dividend	Nil	254

OPERATIONS

The sluggish market conditions prevailed throughout the year. High opening season Paddy prices worsened the situation. During the year paddy was exceptionally of lower quality which resulted in high proportion of Broken Rice. The Broken Rice contributed to 28 to 40 per cent approx. to total rice production in comparison to 18 to 25 per cent in previous years, which was mainly because of un-seasonal rains in November. In addition, quality of Dead grains rose to 6-8 per cent from the usual 1-2 per cent. As a result, the quantity of Export Quality Basmati Rice declined. Indian rice exporters suffered a major set back with devaluation of Pakistan's currency and the country having exceptionally good Basmati crop, Pakistan cornered major export orders.

Non-Basmati Rice exports remained the thrust area throughout the year. Vietnam and Thailand posed stiff competition in Non-Basmati Exports. Despite competition, Non-Basmati Rice Exports of your Company were a maiden Rs. 85 Crores.

However, despite the problems, your Company, managed the operations in best possible manner with the help of sophisticated hi-tech machines being installed at factory premises and the excellent Distribution Network. As a result your Company exploited the domestic market and achieved a turnover of over Rs. 100 Crores in Comparison to Rs. 71 Crores in the previous year, which action also resulted in reduction of Inventory Holding Cost and other related expenses. Your Company's turnover no doubt increased but profits could not move up because of lower profit margins.

Your Company could not escape from the clutches of cyclone that hit Kandla port in June'98, destroying raw material worth over Rs. 7 crores, exclusively meant for export. However, despite the fact that stock was insured, the Company suffered a net loss of Rs. 1.50 crores as a result of complications with Insurance Company.

FUTURE OUTLOOK

Your Company's main thrust till date was on South and East of India. It is now being shifted to cover not only South and East but also Northern and Central Belt of India. Steps have been taken to ensure that Company's products reach into the deep routes of India.

It has also been decided to concentrate more on domestic market to combat the risks arising out of Competition, Currency fluctuation, political risk, natural calamities etc. The ratio of Exports to domestic sales of your Company are generally 70:30, which might change to 65:35 by the end of year 2000 and 50:50 in the coming years.

Your Company has been exporting not only Branded rice but also under Private labelling. It has been decided to concentrate more on Brand Promotion through rigorous Advertisement and Publicity, which would enable your Company to Command Premium over other Brands available in the market.

Action is also being taken to tap the possible opportunities under current conditions including new markets and possible products. Your company is taking adequate steps to promote its premium Brands SUPER KOHINOOR and TROPHY



SATNAM OVERSEAS LIMITED

internationally. New distributors have been appointed across the country thereby further strengthening sales and distribution network.

As a measure of caution your Company has constructed huge godowns at factory premises to store large quantities of paddy and rice in hygienic condition and to avoid risk of loss due to untimely rains and Bad weather. New and sophisticated Plant and Machinery has been installed worth over Ten Crore of Rupees which would not only reduce the percentage of Broken but also assist in processing paddy in a manner that would yield premium quality Basmati grains.

Keeping in view the excellent crop expected from the fields of Punjab & Haryana the turnover is likely to yield better results this year. The demand of Basmati Rice is also expected to increase from Middle East, which will further strengthen the profit base of your Company.

DIVIDEND

As you are aware that despite an increase in turnover of the Company, the profits reduced to more than half in comparison to the previous year. Your Company is also planning to widen its area of operation through diversification. Keeping in view the tight money market scenario and long term financial health of your Company, your Directors have as a matter of prudence not recommended any Dividend for this financial year. The amount will be utilised to meet working capital requirements. It is expected that the performance of your Company would improve in the coming year.

DIRECTORS

In accordance with the provisions of Companies Act, 1956 and the Articles of Association of the Company Shri Nitin 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 15th October, 1998 and they retire at the ensuing Annual General Meeting.

INFORMATION TECHNOLOGY

Your Company made requisite investment in Information Services/Technology to ensure that the systems are prepared for year 2000 change. Reasonable steps have been taken to ensure smooth changeover into the next millennium.

AUDITORS

M/s Nath Ahuja & Co., Statutory Auditors of the Company, retire and offer themselves for reappointment. The Company has obtained a Certificate to the effect that their reappointment, if made, would be in conformity with the limits specified under section 224 (1B) of the Companies Act, 1956.

SUBSIDIARY COMPANY

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

FIXED DEPOSITS

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

INFORMATION REGARDING CONSERVATION OF ENERGY ETC. AND EMPLOYEES

Information required under 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 information as per section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 as amended from time to time are given in Annexures forming part of this report.

EMPLOYEES

Your Directors wish to place on record their deep gratitude for the dedicated and sincere services rendered by the executives, officers and all other employees of the Company, without whose wholehearted efforts the achievements made would not have been possible.

FOR AND ON BEHALF OF THE BOARD

New Delhi
June 11, 1999

(JUGAL KISHORE ARORA)
Chairman



SATNAM OVERSEAS LIMITED

ANNEXURE - I 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. 6,00,000/- per annum.

Sl. No.	Name	Age	Designation	Remuneration	Qualification Experience (In Years)	Date of Commence-ment of Employment	Particulars of Last Employment Held
1.	Jugal Kishore Arora	55	Chairman	9,00,000/-	36 Years	01.04.1991	N.A.
2.	Satnam Arora	50	Jt. Managing Director	9,00,000/-	M.A. (Eco.) 26 Years	01.04.1991	N.A.
3.	Gurnam Arora	49	Jt. Managing Director	9,00,000/-	Graduate 26 Years	01.04.1991	N.A.

* 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. 50,000 per month. - NIL

NOTES:

1. Remuneration shown above Comprises of Basic Salary only.
2. None of the employees is a relative of any Director of the Company.
3. 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.

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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, 1999.

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 in tune with international standards and benchmarks.

iv) Expenditure on R&D

a) Capital	:	Nil
b) Recurring	:	Rs. 11,000/-
c) Total	:	Rs. 11,000/-
d) Total R&D expenditure as a percentage of total turnover	:	—

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.

D. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange Earnings of the Company amounted to Rs. 19684 lacs as against Foreign Exchange Outgo of Rs. 884 lacs during the year under review.

FOR AND ON BEHALF OF THE BOARD

New Delhi
June 11, 1999

(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-110048, as at March 31, 1999 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 matter 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 explanations 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.