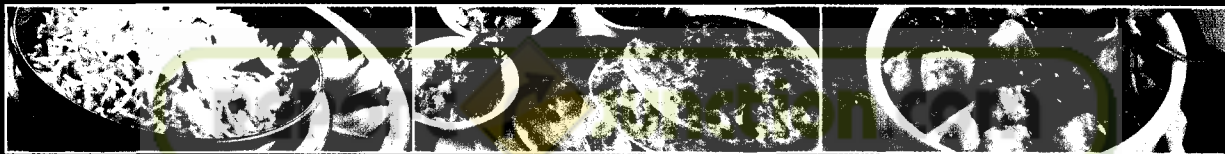


<sup>SUPER</sup>  
**Kohinoor**



ANNUAL REPORT  
2002 - 2003



T h e   W o r l d   o f   F i n e   T a s t e



SATNAM OVERSEAS LIMITED

**SATNAM OVERSEAS LIMITED***Chairman*

Jugal Kishore Arora

*Jt. Managing Directors*

Satnam Arora

Gurnam Arora

*Non-Executive Directors*

Vijay Burman

Anil Bhatia

Vijay Parkash Aggarwal

*Company Secretary*

Rajiv Dudeja

*Auditors*

M/s Nath Ahuja &amp; Co.

Chartered Accountants

New Delhi 110 048

*Bankers*Oriental Bank Of Commerce  
Corporate Branch, New DelhiCanara Bank  
Corporate Service Branch, New Delhi

Andhra Bank, New Delhi

UTI Bank, New Delhi

Bank of Nova Scotia, 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. 5163 5757 (10 Lines)*Works*50-51 Milestone, G.T. Road,  
Murthal Dist. Sonapat (Haryana)

O/S Gate Bhagtanwala, Amritsar (Punjab)

*Transfer Agents***SKYLINE FINANCIAL SERVICES PVT. LTD.**

123, Vinoba Puri, Lajpat Nagar-II, New Delhi-110 024

Phone : 26838501, 26847136, 26920625

*Listing of Equity Shares***(Listing Fees Paid)**

- |  |   |
|--|---|
| 1. The Delhi Stock Exchange Association Ltd.<br>3/1 Asaf Ali Road<br>New Delhi 110 002     | 4. The Stock Exchange Ahmedabad<br>Kamdhenu Complex<br>Opp. Sahajanand College, Panjarapole<br>Ahmedabad - 380 015                                    |
| 2. The Stock Exchange, Mumbai<br>Phiroze Jeejeebhoy Towers<br>Dalal Street, Mumbai 400 001 | 5. National Stock Exchange of India Ltd.<br>Exchange Plaza, 5th Floor,<br>Plot no. C/1 - G Block<br>Bandra-Kurla Complex<br>Bandra (E) Mumbai 400 051 |
| 3. The Ludhiana Stock Exchange Association Ltd.<br>Feroze Gandhi Market, Ludhiana 141 001  |   |

*Contents*

NOTICE	2	CONSOLIDATED BALANCE SHEET, PROFIT & LOSS ACCOUNT & SCHEDULES	38
DIRECTORS' REPORT	5	AUDITORS' REPORT	50
AUDITORS' REPORT	17	SUBSIDIARY COMPANIES	51-63
BALANCE SHEET	20	JOINT VENTURE COMPANIES	64-72
PROFIT & LOSS A/C	21		
SCHEDULES	22		


**SATNAM OVERSEAS LIMITED**
**NOTICE**

Notice is hereby given that the Fourteenth Annual General Meeting of the members of Satnam Overseas Limited will be held on Saturday, the 27th September, 2003 at 1:00 p.m. at Surya Gardens, Sector-D, Pocket II, Vasant Kunj, New Delhi 110 070 to transact the following business :-

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2003 the Profit & Loss Account for the year ended on that date and the Reports of Directors and Auditors thereon.
2. To Delarge Dividend
3. To appoint a Director in place of Mr.Vijay Burman, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Vijay Parkash Aggarwal, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

**SPECIAL BUSINESS**

**To consider and if thought fit, to pass with or without modification(s) the following resolution as SPECIAL RESOLUTION :-**

6. "RESOLVED that the Equity Shares of the Company be de-listed from The Delhi Stock Exchange Association Ltd., The Stock Exchange Ahmedabad and The Ludhiana Stock Exchange Association Ltd. in accordance with the relevant Laws, Rules, Regulations, Listing Agreement with the Stock Exchanges and the Securities and Exchange Board of India (De-listing of Securities) Guidelines and subject to such approvals, permissions and sanctions of Securities and Exchange Board of India / Stock Exchange(s), as may be necessary and subject to such conditions and modifications as may be prescribed while granting such approvals, permissions and sanctions.

RESOLVED Further that the Board of Directors of the company be and is hereby authorised to seek voluntary de-listing at such time and to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary or desirable and to execute all such deeds and documents as may be considered necessary and expedient in this behalf."

**By Order of the Board  
For SATNAM OVERSEAS LIMITED**

**New Delhi  
August 01, 2003**

**RAJIV DUDEJA  
COMPANY SECRETARY**


**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 Special Business to be transacted at the meeting is annexed hereto.
- c) The Register of Members and Transfer Books of the Company will remain closed from Friday, the 5th September, 2003 to Thursday, the 11th September, 2003 (both days inclusive) in connection with Dividend and Annual General Meeting.
- d) Dividend as recommended by the Board of Directors, when declared at the Annual General Meeting will be paid to those members whose name appear on the Register of Members of the company on 11th September, 2003.
- e) Members are requested to provide their Bank Account Numbers, and name and address of the Bank Branch to enable the company to incorporate the same on the Dividend Warrants in order to prevent fraudulent encashment of the warrants.
- f) The Share Department at the Registered Office of the company is open for public dealings between 10.00 a.m. to 1.00 p.m. from Monday to Friday, excluding Holidays.
- g) Entry in the Meeting Hall shall be strictly restricted to Members/valid Proxies only carrying the Attendance Slip.
- h) The Company has already transferred all unclaimed dividend declared for the year ended 31st March, 1995 to the General Revenue Account of the Central Government in terms of the provisions of Section 205 A of the Companies Act, 1956. Those Shareholders who have so far not claimed or collected their dividend for the aforesaid year may claim their dividend from the Registrar of Companies NCT of Delhi and Haryana, Paryavaran Bhawan, CGO Complex, New Delhi 110 003.
- i) Pursuant to the provisions of Section 205 C of the Companies Act 1956, dividend for the Year ended 31st March, 1996 and thereafter, which remains unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund (IEF). Shareholders who have not encashed the Dividend Warrant(s) so far for the Financial Year Ended 31st March, 1996 or any subsequent Financial Years are requested to make their claim to the office of the Registrar and Transfer Agents M/s.Skyline Financial Services Pvt. Ltd. or to the Company's Share Deptt. at 201, Vipps Centre, Masjid Moth, Greater Kailash-II, New Delhi 110 048. It may also be noted that once the unclaimed dividend is transferred to the IEF, as above, no claim shall lie in respect thereof as against the Company.  
  
Unclaimed Interim Dividend for the financial year 1995-96 has already been transferred to Investor Education & Protection Fund (IEF) as above. Unclaimed Final Dividend for the said financial year shall be transferred to the fund as above by 11th November, 2003.
- j) Members are requested to intimate the change, if any, in their registered addresses, to the Registrars, M/s.Skyline Financial Services Pvt.Ltd., 123, Vinoba Puri, Lajpat Nagar-II, New Delhi 110 024. In case of dematerialised shares, the aforesaid intimation should be given to the Depository Participant with whom the member has account.
- k) Shareholders desiring any information as regards 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 or Mr.Rajiv Mangla, Financial Controller, so as to enable the management to keep the information ready.



information ready.

**EXPLANATORY STATEMENT IN RESPECT OF SPECIAL BUSINESS PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

**Item No. 6**

The Securities & Exchange Board of India (SEBI) notified guidelines for Voluntary Delisting of securities from the Stock Exchanges. As per guidelines, Companies have now been permitted to seek Voluntary Delisting of its securities from some or all of the Stock Exchanges. Further, where the Securities of the Company remain listed on the Stock Exchange having nationwide trading terminal i.e. The Stock Exchange, Mumbai, The National Stock Exchange of India and any other Stock Exchange(s) that may be specified by SEBI in this regard, an exit opportunity need not be given by the Company.

At present the Equity Shares of the Company are listed at the Stock Exchanges at Delhi, Mumbai, Ludhiana, Ahmedabad and National Stock Exchange.

Considering the negligible volume of trading and a part of its cost reduction measure, the consent of members is sought for getting the Equity shares of the Company delisted from the Stock Exchanges at Delhi, Ahmedabad & Ludhiana as proposed in the Special Resolution.

The Board recommends the resolution for approval of members.

None of the Directors is, in any way, concerned or interested in the said resolution.

By Order of the Board  
For SATNAM OVERSEAS LIMITED

Report  junction.com

New Delhi  
August 01, 2003

RAJIV DUDEJA  
COMPANY SECRETARY

**SATNAM OVERSEAS LIMITED****DIRECTORS' REPORT & MANAGEMENT DISCUSSION & ANALYSIS**

Your Directors have pleasure in presenting the 14th Annual Report and Audited Accounts for the year ended March 31, 2003.

**FINANCIAL PERFORMANCE**

(Rs. in Lacs)

Particulars	2002-03	2001-02
Turnover & other income	45891	35241
Profit before Depreciation	1537	1176
Depreciation	424	348
Profit before Tax	1113	828
Provision for Taxation	164	93
Profit after Tax	949	735
Add.: Balance Brought Forward	—	—
Profit available for appropriation	949	735
<b>APPROPRIATION</b>		
Transfer to General Reserve	727	735
Proposed Dividend (Including Tax)	222	NIL

The performance of the Company during the year under review was encouraging with significant increase in Sales, Profits and Operating margins. During the year your company achieved a turnover of Rs.454 Crores as compared to Rs.350 Crores in the previous year. Profit after tax went up to Rs.9.49 Crores in comparison to the profit of Rs 7.35 Crores for the previous year, thereby achieving an increase of 30% and 29% in turnover and profits respectively.

During the year Branded Basmati Exports went up by 25% from Rs. 16 Crores to Rs. 20 Crores. Total Basmati Exports went up by 18% from Rs. 79 Crores to Rs. 93 Crores.

**Domestic Sales**

Your Company made concerted efforts to strengthen 'KOHINOOR' in the Indian markets, both for establishing product differentiation and ensuring protection of margins. The Domestic turnover grew at a CAGR of 12% in the last five years from Rs.69 Crores in 1998 to Rs. 120 Crores in 2003.

**International Branded Basmati Sales**

Your Company's decision to promote its own Brands in international markets got a favourable response, indicating growth of 25%, which was mainly on account of establishing own offices, diversifying customer base and geographic spread, increasing marketing spend to promote own brands and entering into the lucrative mainstream markets in USA and U.K.

**FUTURE PROSPECTS**

Your company well known as a leader in its core business segment of basmati rice industry, is making a foray to emerge as a leading foods company with a basket of products for homes across the globe. Your company intends to position itself as a global multi - product company leveraging its expertise in the food products businesses, while maintaining the leadership position in core basmati rice business. The Company will strengthen its own Brands both in the domestic and international markets and exploit new market opportunities like increasing demand for convenience foods and ensure better realisation through sales of own branded products.



## SATNAM OVERSEAS LIMITED

In order to achieve the objective of becoming a food products company, Value added products in the ready-to-eat segment were introduced in domestic as well as global markets under the Brand "KOHINOOR" Heat & Eat. The product aims at providing convenience to people who are either pressed for time or would like to savour authentic Indian Curries in their homes either in India or globally.

The domestic market size for this product is estimated at Rs.100 Crores with a three year CAGR of 20%. The company is targeting a market share of 2% in 2003-04, increasing to 9% in 2005-06. The company expects to contribute around Rs.2 Crores to the topline from the domestic market and Rs.4 Crores from the International market in the current year.

Your company re-launched Ready-to-Eat range of Pulaos "Rice & Spice" under its own brand "KOHINOOR" after conducting extensive surveys. The new range has been considerably re-worked upon in terms of quality, combinations and flavours to make it more acceptable to domestic and international market requirements. The Company expects "KOHINOOR Rice & Spice" to contribute around Rs.3.5 Crores to the topline from the domestic and international markets.

It is also planned to launch "Namkeens" a combination of authentic Gujarati & North Indian fused together to ensure appeal across sections both in Indian and global markets. The domestic market size for this product is estimated at Rs.1500 Crores with a three year CAGR of 35%. Namkeens under the Brand "KOHINOOR" will be launched in the current year both in domestic as well as international markets. The company is targetting a market share of 1.25% in 2005 increasing to 2% in 2007. The company expects to contribute around Rs.2.5 Crores to the topline from the domestic market and Rs.2 Crores from the international market in the current year.

Your company is also planning to launch **RICE & CURRY** - a combination of pre-cooked rice and Ready-to-Eat Indian Curries and **RICE TREAT** - Pre cooked rice dishes under its own brand KOHINOOR. It is expected that the products will contribute Rs.5.5 Crores to the topline in 2003-04.

In addition to Namkeens and Ready-to-Eat, efforts are on to add new products like Pickles, Papad, Cook-in-Sauces and Curry Pastes to the existing product range. Possibilities of combining new products are being worked out and market survey is being conducted to get an idea of product viability.

The new food products are an extension of the Company's expertise in the agro-products business, an understanding of consumer preferences and ability to provide quality products. The company expects the new products to increasingly contribute to both the top line and the bottom line. The positive impact of these launches will be visible by the year 2004-05.

The Distribution Network has been expanded and new distributors are being appointed in Indian as well as International markets to make the products available at every corner.

As a step towards achieving high quality basmati rice your company entered into contract farming Agreement with Government of Punjab, Escorts Ltd. and Mahindra & Mahindra Ltd. We are sure that this partnership will go a long way in helping us increase the quantity of best quality traditional Indian Basmati available to the world. The partnership will provide direct linkage with the farmer. The concept of contract farming arrangement spread over 40,000 acres in Punjab will provide an added source for assured quality traditional Basmati Paddy in the years to come. It will also enable to control quality of rice and reinforce traceability of basmati. Traceability will not only benefit the farmers, but also let the consumers know of the exact place from where their basmati is coming.

With new ventures and developments happening all over, your company is quite hopeful of emerging as the best premium foods company, enabling people to savour the flavours of India, globally.

### Joint Ventures & Subsidiaries

With changing dynamics of the global basmati rice markets, your company in 2000 decided to exploit emerging opportunities in the international markets. Wholly Owned Subsidiary (WOS) in USA (Satnam Overseas Ltd. Inc) and Joint Ventures in U.K. (Indo European Foods Ltd.) and Dubai (Rich Rice Raisers Factory L.L.C.) enabled to consolidate in existing Middle East market and foray into lucrative ethnic and mainstream rice markets of USA and U.K. Each of the overseas initiative is strategically designed keeping in view the changing urban lifestyles and needs of the global ethnic markets. Two new brands "TOHFA" and "FERDAUS" for U.K. markets and "PUNJABI DHABA" for USA market were introduced to cater to the demands of mid - price segment. With constant and enduring efforts your company has been able to place its products in super markets like COSTCO





## **SATNAM OVERSEAS LIMITED**

in USA and Harrods in U.K. Aggressive Promotional Campaigns through television advertising and radio jingles further strengthened the Brands of your company. Efforts are on to tie - up with major players for a new, long term marketing agreement for the lucrative Saudi Arabian market.

### **DIVIDEND**

Your Directors have pleasure in recommending for the consideration of the members at the Annual General Meeting, Dividend of Re 1/- per equity share, which, if approved will absorb Rs.196 Lacs. The company has provided for the proposed dividend tax @ 13.12% in the accounts.

### **TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND**

During the year the company transferred a sum of Rs. 2,31,995.15 being the amount due and payable and remaining unpaid for a period of seven years as provided in Section 205C of the Companies Act, 1956.

### **DIRECTORATE**

In accordance with the provisions of the Companies Act, 1956 Mr. Vijay Burman and Mr. Vijay Parkash Aggarwal - Directors retire by rotation at this Annual General Meeting and being eligible offer themselves for reappointment.

### **SUBSIDIARIES AND JOINT VENTURES**

As required by section 212 of the Companies Act, 1956 the reports and audited accounts of the Subsidiary Companies alongwith the statement pursuant to Section 212 of the Companies Act, 1956 forms part of the Annual Report.

### **INTERNAL CONTROL SYSTEM**

Your Company has well established Internal Control Procedures across its various locations, commensurate with its size and nature of operations. The Internal audit function is adequately resourced and reports independently to the Audit Committee of the Board.

### **LISTING AT STOCK EXCHANGE**

The Equity Shares of the Company are listed on Stock Exchanges at Delhi, Ahmedabad, Ludhiana, Mumbai and National Stock Exchange. The annual listing fees for the year 2003-04 has been paid to all these Exchanges.

It is proposed to de-list the equity shares of the company from the Stock Exchanges at Delhi, Ludhiana and Ahmedabad in view of negligible trading at these Stock Exchanges for which approval of shareholders is being sought at the ensuing Annual General Meeting.

### **CORPORATE GOVERNANCE**

Your company has taken adequate steps to ensure compliance with the provisions of Corporate Governance as stipulated by the Stock Exchanges. A separate report on Corporate Governance alongwith Auditors's Certificate on its compliance by the company is attached as Annexure 'A' to this report.

### **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.

### **FIXED DEPOSITS**

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




**SATNAM OVERSEAS LIMITED**
**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 Companies (Particulars of Employees) Rules 1975 as amended from time to time are given in Annexures 'B' & 'C' forming part of this report.

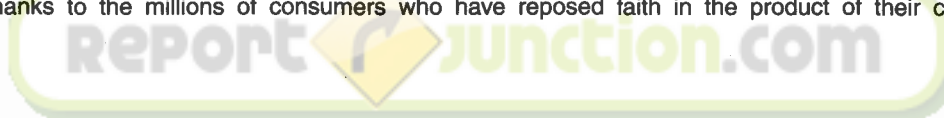
**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217 (2AA) of Companies Act, the Directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed;
- appropriate accounting policies have been selected and applied consistently and judgements and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year ended 31st March, 2003 and the profit and loss account for the year ended 31st March, 2003;
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- The annual accounts have been prepared on a going concern basis.

**ACKNOWLEDGEMENT**

Your Directors acknowledge with gratitude the commitment and dedication of the employees at all levels that has contributed to the growth and success of the company. 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  
AUGUST 01, 2003**

**JUGAL KISHORE ARORA  
CHAIRMAN**

**ANNEXURE 'A' TO THE DIRECTORS' REPORT****REPORT ON CORPORATE GOVERNANCE****1. THE COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE**

The Company believes in good Corporate Governance and aims at conducting its business efficiently, thereby achieving high levels of transparency and accountability in all interactions with partners and stakeholders.

The Company's Policies are aimed at creating shareholder's value in a fair and transparent manner in terms of long term sustainability of the Company's business.

**2. BOARD OF DIRECTORS**

The Company's Board of Directors has the optimum mix of Executive and Non-Executive Directors. It consists of three Executive Directors and three Non-Executive Independent Directors. The Board members possess the requisite skills, experience and expertise to guide the company.

**Information Available to the Board**

All requisite information as per Clause 49 of the Listing Agreement are placed before the Board during meetings. From time to time the Board invites members of the senior management to present reports on the Company's operations and internal control system.

**Composition of the Board**

Name of Director	Category	Directorship in Companies (Incl. SOL)	Membership in specified committees (Incl.SOL)
Mr.Jugal Kishore Arora	Chairman (WTD)	4	NIL
Mr.Satnam Arora	Jt. Managing Director (WTD)	4	1
Mr.Gurnam Arora	Jt. Managing Director (WTD)	4	NIL
Mr.Anil Bhatia	Independent Non-Executive	2	3
Mr.Vijay Burman	Independent Non-Executive	1	3
Mr.Vijay Parkash Agarwal	Independent Non-Executive	1	2

Specified Committees - Audit, Shareholders / Investors Grievance and Share Transfer Committee.

**Attendance at the Board Meetings**

During the financial year 2002-2003, the Board of Directors of your company met 10 times on 15th May, 2002, 23rd July, 2002, 30th July, 2002, 20th August, 2002, 10th October, 2002, 30th October, 2002, 25th November, 2002, 31st December, 2002, 27th January, 2003 and 24th March, 2003.

Attendance Details of each Director at the Board Meetings and the last AGM.

Name of Director	No. of Board Meetings Attended	Attendance at the Last AGM
Mr. Jugal Kishore Arora	5	No
Mr. Satnam Arora	8	Yes
Mr. Gurnam Arora	9	No
Mr. Vijay Burman	9	Yes
Mr. Anil Bhatia	6	No
Mr. Vijay Parkash Agarwal	8	No