

Annual Report 2005-06

Delivering values to customers



worldwide

  
**Kohinoor**  
FOODS LIMITED

'Kohinoor Foods Limited'. Formerly known as 'Satnam Overseas Limited'.

True to our vision of evolving as a multi product food company, we have re-christened ourselves with a new name. Our flagship brand 'Kohinoor', renowned world over for authentic and quality food offerings, has become our corporate identity.

With the rechristening to Kohinoor Foods Limited, we will be able to communicate our ever evolving business domain that has moved away from commodity to foods, more effectively to all our stakeholders. Though we have changed our name, our commitment to the enterprise remains the same.

At Kohinoor Foods Limited, our vision is to create a modern, customer driven organization, bringing out a range of quality food products for customers across the globe, harnessing nature's bountiful offerings to enliven the taste buds of millions of people.

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Our state-of-the-art food factory  
at Bahalgarh, Sonapat (Haryana)



### Registered Office, Corporate Office and Share Department

201, Vipps Centre, Masjid Moth  
Greater Kailash II, New Delhi-110 048  
Tel: +91-11-41635757 (10 Lines)  
Fax: +91-11-41638586/87  
E-mail: info@kohinoorfoods.in  
Web: www.kohinoorfoods.in

### Works

50-51 Milestone, G.T. Road  
Murthal, Dist. Sonapat (Haryana)

O/S Gate Bhagtanwala, Amritsar (Punjab)

71, Libaspur, Bahalgarh  
Dist. Sonapat, (Haryana)

### Subsidiary Companies

Satnam Overseas Limited INC.  
400, Apgar Drive, Suite 'F', Somerset  
NJ08873, U.S.A.  
Tel: 1(732) 8684400, Fax: 1(732) 8684404  
E-mail: info@kohinoorfoods.com

Indo European Foods Limited  
Kohinoor House, 40 Langer Road, Felixstowe  
Suffolk, IP 11 2BW, United Kingdom  
Tel: 01394 276 700, Fax: 01394 276 771  
E-mail: info@kohinoorfoods.co.uk

Sachdeva Brothers Limited  
50-51 Milestone, G.T. Road  
Murthal, Dist. Sonapat (Haryana)

### Joint Venture Company

Rich Rice Raisers Factory L.L.C  
Post Box No. 15542, Al Quoz Industrial Area  
3rd Interchange, Sh Zayed Road, Dubai, U.A.E.  
Tel: (9714) 3382800, 2262644  
Fax: (9714) 3382900, 2262282  
E-mail: richrice@emirates.net.ae

## Board of Directors

Mr Jugal Kishore Arora	Chairman
Mr Satnam Arora	Jt. Managing Director
Mr Gurnam Arora	Jt. Managing Director
Mr Vijay Burman	Non-Executive Director
Mr Anil Bhatia	Non-Executive Director
Mr Vijay Parkash Aggarwal	Non-Executive Director

Company Secretary Ms Kanika Verma

Auditors M/s Mayur Batra & Co  
Chartered Accountants

## Bankers

Oriental Bank of Commerce  
UTI Bank  
Punjab National Bank  
Corporation Bank  
State Bank of India  
HSBC Ltd.  
Indian Overseas Bank  
Standard Chartered Bank

## Transfer Agents

M/s Skyline Financial Services Pvt. Ltd.  
123, Vinoba Puri, Lajpat Nagar III, New Delhi-110024  
Tel: 29833777, 29847136

## Listing of Equity Shares

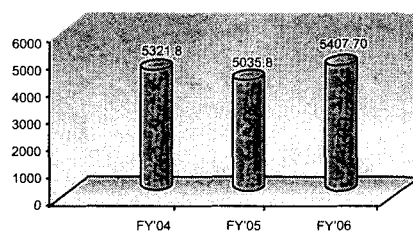
National Stock Exchange Ltd.  
Bombay Stock Exchange



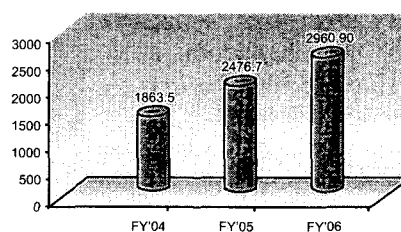
# THE YEAR AT A GLANCE

Our sprawling rice factory at Murthal, Sonapat (Haryana)

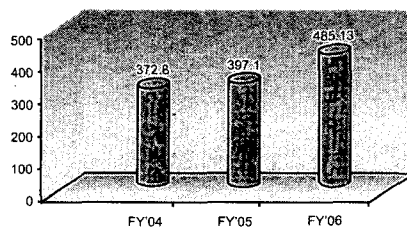
Revenues (Rs Million)



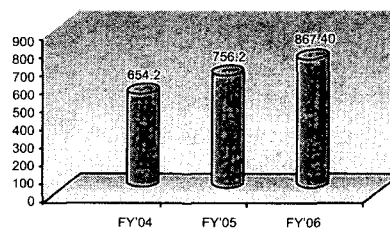
Branded Sales (Rs Million)



EBITDA (Rs Million)



Gross Block (Rs Million)



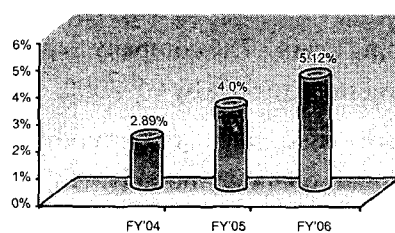


## Enhanced Focus on Branded Business

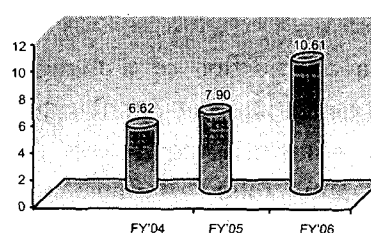
- Branded Sales up by 20% to Rs 2,961mn from Rs 2,477mn in FY'05
- Branded Basmati sales increased by 14.70% to Rs 2,737mn
- Food business grew by a robust 146% to Rs 223.69mn from Rs 91mn in FY'05
- EBITDA increased from 7.88% in FY'05 to 8.97%
- The company recorded a 34% increase in PAT to Rs 207.85mn
- EPS increased to Rs 10.61 from Rs 7.90 in FY'05



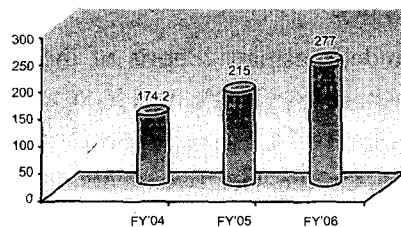
### Operating Margins



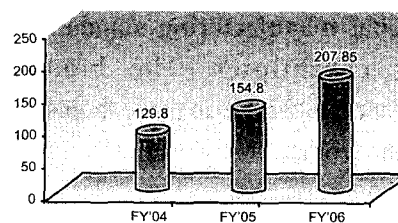
### EPS (Rs)



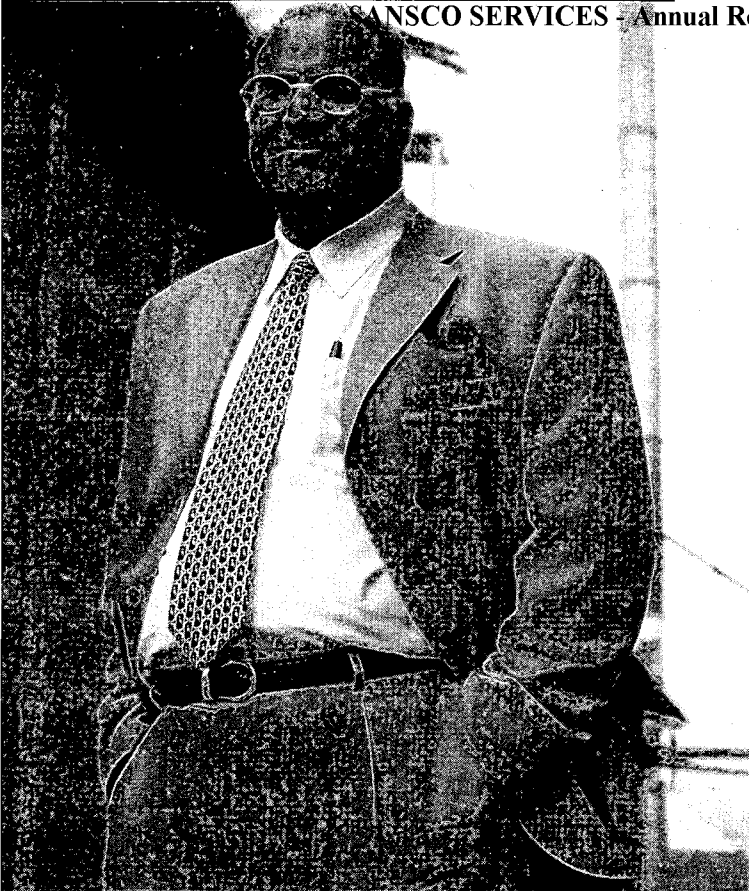
### PBT (Rs Million)



### PAT (Rs Million)







## Chairman's Message

Dear Shareholders,

It gives me immense pleasure to present you 17th Annual Report of the company and the first Annual Report from Kohinoor Foods Limited, the re-christened name of 'Satnam Overseas Limited'.

It is essentially a culmination of a thought process in our organization that our flagship brand 'Kohinoor', renowned world over for authentic and quality food offerings, has become the identity of the organization.

Today, your company 'Kohinoor Foods Limited' is one of the leading food companies of the country with global manufacturing standards and marketing capabilities. The brand 'Kohinoor' is currently available in more than 45 countries across the world.

### Building Sustainable Growth

During the financial year 2006, your company's turnover increased to Rs 541 crore from Rs 507

crore in last financial year 2005, an increase of 6.71%. The net profit increased to Rs 20.79 crore from Rs. 15.48 crore, an increase of 34.30% YoY, due to higher branded sales and improved operating profit margin.

The focus on branded sales has yet again delivered positive results. Of the total turnover, 55% was own brand sales in comparison to 35% in FY 2004 (with 34% from domestic basmati rice, 17% from Branded Basmati Exports, 4% from Branded Foods) and balance from the commodity business segment. This has been one of the most significant achievements for your company. Your company expects to take the branded turnover to 90% of total revenues by the financial year 2009.

Your company has emerged as a market leader in domestic basmati rice with its flagship Kohinoor brand enjoying a coveted 38% market share (Source: TNS - Ernst & Young). In fact in the modern retail format, the company enjoys a share of more than 52% in branded basmati rice category (Source: AcNielsen ORG-MARG). It has a distinct presence in well known retail chains of the country like Pantaloon Retail (Food Bazaar), Reliance's Sahakari Bhandar, Spencers, Shoprite, Hyper City and Fabmall etc. Your company is aggressively tapping organized retail market and believes that major growth shall be led by the Big Retail Formats in the coming years. The company expects to take its market share to 60% by FY 2009.

Kohinoor also has an enviable list of institutional clientele notably, Taj Group of Hotels, Oberoi Group of Hotels, ITC Sheraton Hotels and many more. The brand 'Kohinoor' has been awarded the Super Brand status in the rice category.

The branded basmati exports of the company has increased by 25.0% in FY06 to Rs. 92.8 crore from Rs 74.2 crore. The CAGR of the company for the last two years for branded basmati export has been close to 80%. Your company has entered Saudi Arabia, the world's largest basmati rice market (Rs. 3000 crore) and

has appointed distributor there to market Kohinoor basmati rice. The company has been exporting basmati rice to Saudi Arabia under private labels since last 10 years and understands the market very well.

Your company intends to increase its own branded basmati share out of total basmati exports to 90% by FY 2009 in comparison to 60% in FY 2006.

### **Making 'Kohinoor' a Culinary Brand**

I am delighted to inform you that your company has started commercial production of frozen foods with a capacity of 20 MT per day in the first phase. It is a defining step in our pursuit of expanding the food business to a far bigger scale. The portfolio in frozen foods include: gourmet ready meals, snacks (samosas, vada, aloo bonda, dosa, idli etc.), traditional Indian breads like naans, parathas, kulchas and frozen vegetables etc.

With this your company has now developed an enviable portfolio of food products ranging from staples (basmati rice), convenience foods (ready to eat curries, ready meals, cook-in sauces and cooking pastes etc.) and spices & seasonings along with the newly started frozen foods. All these products form a complete food basket for connoisseurs of consumers across the world. In the past year, your company has introduced 3 more product lines with more than 35 SKUs (Stock Keeping Units) in the overseas markets.

At global level, the market size of food business is approximately US \$ 4 trillion out of which 70% is from processed foods. Your company's branded food turnover showed a spectacular increase of 146% YoY to Rs 22.37 crore from Rs 9.1 crore in the previous financial year.

Your company believes that its foods business will be major growth driver in the coming years. The company expects its food business to contribute 25-30% of its turnover by FY 2009.

### **Delighting Customers Worldwide**

Kohinoor has been enjoying tremendous brand

equity and has loyal fan following in countries far across the globe. Today Kohinoor's food products are sold at TESCO, ASDA and SOMERFIELD in UK, KROGERS, TARGET and WHOLE FOODS in the US, COLES and WOOLWORTHS in Australia, premium stores like HANKYU, DAIMARU, SEIJO ISHI in Japan, Malaysia Airlines and many more.

The company has established global foot-prints in the form of two subsidiaries in United States and United Kingdom apart from one joint venture company in the U.A.E. The company has manufacturing facilities in Felixstowe (U.K.) and Dubai (U.A.E) and garners strategic strengths in two most potent regions of the world. The US operation is a marketing and distribution arm of the company with dedicated warehousing capabilities in New Jersey, Houston and Maryland.

Your company will continue to drive growth by entering into new markets, expanding the product portfolio and garnering more market share in existing markets.

Let me end by thanking all our customers, distributors, vendors, culinary specialists and employees for contributing to the success of your Company. And a special thanks to all shareholders, for continued trust and support.

I look forward to receive your continued cooperation while Kohinoor Foods Limited embarks on its ambitious journey.

Yours sincerely

**Jugal Kishore Arora**

Chairman





## Across Continents and Amongst Millions

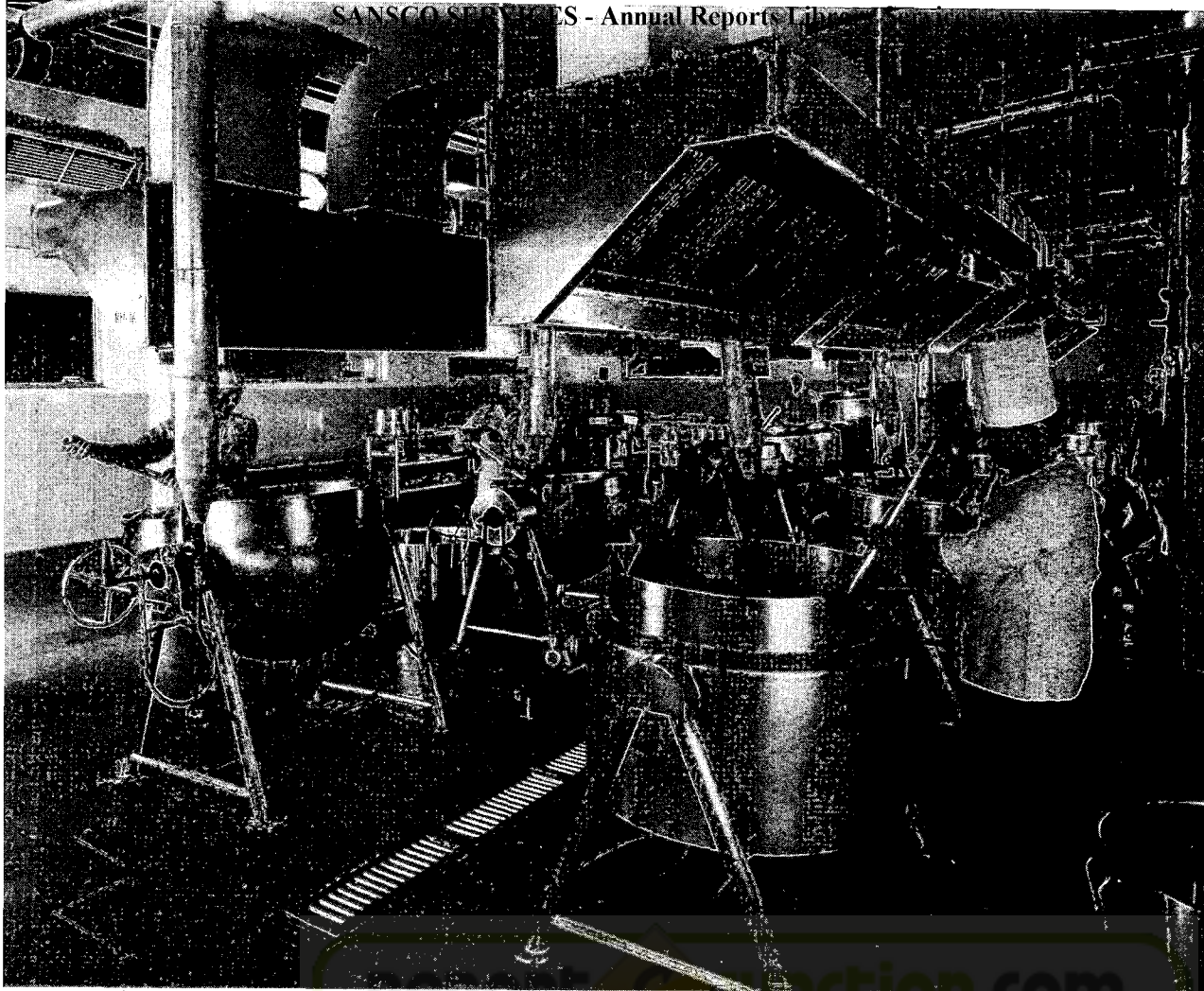
India, the land where food is celebrated as a tradition, has been the inspiration behind our enterprise. Indian food today is renowned world over for its magnificent range of curries, rice and other food offerings. Kohinoor Foods brings a delightfully authentic range of Indian cuisine to global palate.

With master chefs working on recipes days together with their mystical blend of Indian spices along with fresh ingredients from the fields, What Kohinoor Foods brings to the dining table is something extra special. Capturing taste and traditions from different regions of India, Kohinoor's authentic range of cuisine promises a journey of delight for the discerning food connoisseurs.

Kohinoor Foods has created an enviable portfolio of food products ranging from staples (basmati rice) to all sorts of convenience foods. Recently the company has started a fine range of frozen foods for the global audience in love with Indian food.

Kohinoor today reflects the attributes of an authentic culinary brand dishing out a special culinary experience with unique taste and flavour. The brand 'Kohinoor' has captured imagination of millions of customers across countries and continents.





## The Masters at Work

In order to cater to consumers across the world, we have put up a state-of-the-art food processing facility at Bahalgarh, Sonapat (Haryana). Arguably, one of India's finest food processing unit, we subscribe to every form of International food safety norms. The factory is ISO 9001:2000 certified, HACCP Certified, GMO Certified, BRC (British Retailers Consortium) Certified, Kosher Certified and Halal Certified.

We have world-class infrastructure with best possible technology in thermal processing and freezing. Our technology partners include world leaders; FMC Technologies US, Toyo Jidoki Japan, G. Mondini Italy, Romer Germany to name a few.

We combine human resource talent along with best possible infrastructure to offer world class products. With a relentless pursuit to excel, our team of culinary chefs, R&D and new product development experts have created a slew of innovative products. Our range of Microwaveable Ready Meals; Rice & Curry is one such fine examples. Rice & Curry comes in a double compartment tray with offerings of rice and curry together in a microwaveable format. Kohinoor range of cook-in sauces is another innovation with its 100% natural Indian curry sauce.