



National Stock Exchange of India Ltd.
Exchange Plaza, C-1, Block G,
Bandra-Kurla Complex,
Bandra(E), Mumbai

1st June, 2011

Subject: Transfer of Undertaking of the Company

Dear Sir,

The Board of Directors at its Meeting held on 01 June, 2011, had approved the Notice seeking consent of the Shareholders through Postal Ballot, pursuant to Section 293(1)(a) of Companies Act, 1956 read with Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 to the transfer of the business of (i) manufacturing, processing, finishing, marketing, trading, distributing, importing, exporting and/or supply of food products, including ready to eat products, cook-in sauces, cooking pastes, spices, seasonings and frozen food; and (ii) the marketing, trading, selling and distributing of rice products in the territory of India along with its Food Factory situated at Bahalgarh, Haryana (collectively the "**Business**"), together with all the assets and liabilities, employees, contracts, licenses, agreements etc., as a going concern or otherwise;

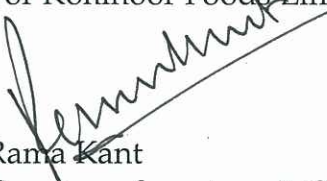
Pursuant to Clause 31 of the Listing Agreement, we enclose herewith three copies of the Notice seeking approval of the Shareholders through Postal Ballot along with the Postal Ballot Form.

This is for your information and necessary action, please.

Thanking you,

Yours truly,

For Kohinoor Foods Limited


Rama Kant
Company Secretary & GM (Legal)



Encl: as above

KOHINOOR FOODS LIMITED

Formerly Satnam Overseas Limited

201, Vipps Centre, Masjid Moth, Greater Kailash-II, New Delhi-110 048

Ph.: 91-11-41635757 (30 Lines), Fax: 91-11-41638586/87, E-mail: info@kohinoorfoods.in www.kohinoorfoods.in

71, Libaspur, Bahalgarh, Dist. Sonapat, Haryana-131021 (100% E.O.U.)

• Winner of APEDA Awards every year since 1991 for quality & export excellence • Brand Equity Award • Niryat Shree Award
• World Quality Commitment International Star Award, Paris • Award from World Economic Forum

KOHINOOR FOODS LIMITED

Registered Office: 201, Vipps Center, Masjid Moth, Greater Kailash-II, New Delhi-110048

Notice for Voting through Postal Ballot

(Pursuant to Section 192A of the Companies Act, 1956)

Dear Members,

Notice is hereby given, pursuant to the provisions of Section 192A of the Companies Act, 1956 (the Act) read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001 (the Rules) and other applicable provisions, if any, that the following business is proposed to be conducted through Postal Ballot process.

The proposed ordinary resolution and explanatory statement stating the material facts and the reasons for the proposal is appended below and a Postal Ballot form is enclosed for your consideration.

The Scrutinizer will submit his report to the Chairman of the Company after completing of the scrutiny and the result of the voting of the postal ballot will be announced on 9th July, 2011 at 3.30 PM at the Registered Office of the Company.

The date of announcement of the result of Postal Ballot shall be taken to be the date of passing of the Resolution.

Draft Ordinary Resolution:

TRANSFER OF THE BUSINESS UNDERTAKING:

Pursuant to the provisions of Section 293(1)(a) of the Companies Act, 1956 any proposal to sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking, of the whole, or substantially the whole, of any such undertaking, requires consent of the Shareholders.

The Company, is *inter alia*, engaged in the business of manufacturing of rice, and manufacturing of ready to eat foods products. The Company proposes to transfer its undertaking relating to the business of (i) manufacturing, processing, finishing, marketing, trading, distributing, importing, exporting and/or supply of food products, including ready to eat products, cook-in sauces, cooking pastes, spices, seasonings and frozen food; and (ii) the marketing, trading, selling and distributing of rice products in the territory of India along with its Food Factory situated at Bahalgarh, Haryana (collectively the "**Business**") to M/s Kohinoor Speciality Foods India Private Limited (the "**Acquirer**") as a going concern, on a slump sale basis in terms of the



Business Transfer Agreement executed on the 1st of June 2011 (the “BTA”). The Acquirer is currently a wholly owned subsidiary of the Company. Subsequently, McCormick Ingredients Southeast Asia Private Limited (“McCormick”) will subscribe to, on a fully diluted basis, 85% of the issued and subscribed share capital of the Acquirer, in terms of the various Transaction Documents (as defined in the BTA).

Further, pursuant to Section 192A of the Act, read with Rule 4(f) of the Rules, the consent of the shareholders has to be obtained by passing shareholders’ resolution through Postal Ballot.

The following Resolution is proposed to be passed in this regard:

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 293(1)(a) and Section 192A read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001 (the Rules) and other applicable provisions, if any, of the Companies Act, 1956, and the Memorandum and Articles of Association of the Company, consent be and is hereby accorded to convey, transfer, assign, deliver or otherwise dispose of the Business together with all the assets and liabilities, employees, contracts, licenses, agreements etc, as a going concern on a slump sale basis, in the manner set out and subject to the fulfillment of the terms and conditions and the provisions set forth in the Business Transfer Agreement and other Transaction Documents. The said transfer is proposed to be for an aggregate consideration of Rs. 315 crores (Rupees three hundred and fifteen crores only), subject to working capital adjustments, as set out in the BTA (“**Consideration**”) (which Consideration includes the amount of non-compete fee paid by the Acquirer to the Company), to be paid in the following manner:

- (i) Rs. 273 crores of the Consideration shall be paid in cash by the Acquirer from the part of the proceeds received by the Acquirer by way of share subscription monies from McCormick which in aggregate represents 85% of the issued, subscribed and paid up share capital of the Acquirer ; and
- (ii) for the balance of the Consideration, the Company shall be issued such number of equity shares of the Acquirer that shall represent in aggregate, 15% of the issued subscribed and paid up share capital of the Acquirer.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to discuss, negotiate, finalise and agree upon such modifications or changes in the terms and conditions in respect of the Transaction Documents as may be deemed fit by them and also to negotiate, finalise, enter into and execute all such deeds, documents, agreements, letters and to do such acts, deeds, matters and/or things as may be necessary and/or expedient in their discretion, including through



one or more committee that may be constituted by the board for this purpose, for giving effect to this resolution and completing the transfer of the Business together with all the assets and liabilities, employees, contracts, licenses, agreements etc to the Acquirer, in the interest of the Company."

**For and on Behalf of the Board
For KOHINOOR FOODS LIMITED**

**Date: 01.06.2011
Place: New Delhi**


**Rama Kant
Company Secretary and GM
(Legal)**

Notes:

1. Only a shareholder, whose name is borne on the Register of Members as on 3rd June, 2011, is entitled to exercise his vote on the Resolution, through Postal Ballot.
2. Explanatory Statements pursuant to Section 173(2) of the Act in respect of the business set out above is annexed hereto.
3. Pursuant to the provision of section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001 (the Rules) the assent or dissent of the company in respect of the resolution under postal ballot notice dated 01 June 2011 shall be determined through postal ballot.
4. The Board of Directors has appointed Mr. Vinod Aggarwal, Practicing Company Secretary having his address at LIG 1, Gayatri Enclave, RPS Colony, Madangir, New Delhi-110062 to act as the Scrutinizer to receive and scrutinize the complete ballot papers from the shareholders. The Postal ballot form and the self-addressed business reply envelope are enclosed for use of the shareholders.
5. You are requested to read the instructions, printed on the reverse of the Postal Ballot Form, carefully and return the Form, duly completed in all respect, in the attached self addressed, prepaid postage envelope, so as to reach the Scrutinizer on or before the close of working hours on 6th July, 2011. Postal Ballot Forms received after the said date will be treated as if the reply has not been received from the Shareholder. The Scrutinizer will submit his Report after completion of the scrutiny and the result of the voting by Postal Ballot will be declared on 9th July, 2011.



Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956:

The Company which is, *inter alia*, engaged in the business of manufacturing, processing, supply and export of rice since its incorporation, had also entered into ready to eat foods products.

The Company proposes to convey, transfer, assign, deliver or otherwise dispose of its undertaking relating to the business of (i) manufacturing, processing, finishing, marketing, trading, distributing, importing, exporting and/or supply of food products, including ready to eat products, cook-in sauces, cooking pastes, spices, seasonings and frozen food; and (ii) the marketing, trading, selling and distributing of rice products in the territory of India along with its Food Factory situated at Bahalgarh, Haryana (collectively the "**Business**") together with all the assets and liabilities, employees, contracts, licenses, agreements etc to M/s Kohinoor Speciality Foods India Private Limited (the "**Acquirer**").

The Acquirer, at present, has been incorporated as a wholly owned subsidiary of the Company, and the issued, subscribed and paid up share capital of which shall, upon consummation of the transactions set out in the Transaction Documents (as defined in the Postal Ballot Notice), be held in the ratio of 85:15 by McCormick Ingredients Southeast Asia Private Limited ("**McCormick**") and the Company, respectively.

McCormick is a leading global player with rich and diverse experience in businesses similar to the Company's Business. McCormick and the Company have agreed to jointly leverage their individual strengths to maximise the potential and value of the Company. McCormick has an excellent international reputation and standing and has the ability to grow the Business to the next level.

The BTA, has been executed on 1st June, 2011, for transfer of the Business, together with all the assets and liabilities, employees, contracts, licenses, agreements etc, as a going concern on a slump sale basis in the manner set out and subject to the fulfillment of the terms and conditions and the provisions set forth in the BTA and the other Transaction Documents. The said transfer is proposed to be for an aggregate consideration of Rs. 315 crores (Rupees three hundred and fifteen crores only), subject to working capital adjustments, as set out in the BTA ("**Consideration**") (which Consideration includes the amount of non-compete fee paid by the Acquirer to the Company), to be paid in the following manner:

- (i) Rs. 273 crores of the Consideration shall be paid in cash by the Acquirer from the part of the proceeds received by the Acquirer by way of share subscription monies from McCormick which in aggregate represents 85% of the issued, subscribed and paid up share capital of the Acquirer ; and



- (ii) for the balance of the Consideration, the Company shall be issued such number of equity shares of the Acquirer that shall represent in aggregate, 15% of the issued, subscribed and paid up share capital of the Acquirer.

The Board of Directors in its meeting held on 1st June, 2011 had considered and approved the same, subject to the shareholders' approval.

Simultaneously with the consummation of the transactions set out in the BTA, the following transactions will also take place:

The Company and the Acquirer will enter into a separate Rice Supply Agreement. In terms of the said Agreement, the Company shall, exclusively manufacture/process and/or package the Products, as set out in the Rice Supply Agreement for the Acquirer, within the territory of India.

Similarly, a separate Food Supply Agreement is proposed to be executed between the Company and the Acquirer. In terms of the said Agreement, the Acquirer shall, exclusively manufacture/process and/or package the food products, as set out in the said agreement, for the Company for export by the Company.

In terms of a Promoter non-compete agreement dated 1st June, 2011 ("**Non-compete Agreement**") entered into between the Promoters of the Company and the Acquirer, the Promoters have, for an agreed consideration, *inter alia*, undertaken not to compete with the Business transferred, pursuant to the terms of the BTA, by the Company to the Acquirer.

Further, in conjunction with the transfer of the Business as contemplated under the BTA, certain Trademarks, which are registered in India, in the name of / applied for by the Company (under various classes of the Trade Marks Act, 1999), are being assigned by the Company to an affiliate of McCormick, for an aggregate consideration of Rs. 50.40 crores. Simultaneously, certain other Trademarks including and in particular, the trademark "Kohinoor" registered/applied for (under various classes of the Trade Mark Act, 1999) by three affiliate partnership firm of the Promoters will also be assigned to the said affiliate of McCormick by the affiliate including partnership firms of the Promoters of the Company for an agreed consideration.

The Company shall continue to carry on the export business relating to rice and other foods products. The Company shall also continue to carry on the business of manufacturing and processing of rice products for the Indian territory, exclusively to the Acquirer.

Consent of the members is sought pursuant to Section 293(1)(a) of the Companies Act, 1956, by way of Ordinary Resolution.

The BTA referred to in the Notice and the Explanatory Statement shall be available for inspection at the registered office of the Company, between working hours on all working days up to the close of business hours on 6th July, 2011.



Except that Mr. Satnam Arora and Mr. Gurnam Arora are the Directors of the Acquirer and Mr. Jugal Kishore Arora is the brother of Mr. Satnam Arora and Mr. Gurnam Arora, none of the Directors is interested in the proposed resolution.

The Directors recommend and place before you, the proposed resolution for your consideration and approval.

Date: 01.06.2011
Place: New Delhi

**For and on Behalf of the Board
For KOHINOOR FOODS LIMITED**


Rama Kant
Company Secretary and GM
(Legal)

