



## WORLD CUISINES ON YOUR PLATTER

ANNUAL REPORT 2013-2014

  
**Kohinoor**  
FOODS LIMITED

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<b>Registered Office</b>	: 201, Vipps Centre, Masjid Moth Greater Kailash II, New Delhi-110 048 Tel: +91-11-29220330
<b>Corporate Office and Share Department</b>	: Pinnacle Business Tower, 10th Floor, Surajkund, Faridabad, (Haryana)-121001 CIN : L52110DL1989PLC037097 Tel: +91-129-424 2222 (30 Lines) Fax: +91-129-424 2233 E-mail: info@kohinoorfoods.in Web: www.kohinoorfoods.in
<b>Works</b>	: 50-51 Milestone, G.T. Road Murthal, Dist. Sonapat (Haryana)
<b>Wholly Owned Subsidiary Companies</b>	: Kohinoor Foods USA INC. 40, Northfield Avenue Edison, NJ 08837
	: Indo European Foods Limited Kohinoor Congress House, 6th Floor, Suite 2, 14 Lyon Road, Harrow, Middlesex, Post Code: HA2 2 EN United Kingdom
	: Sachdeva Brothers Private Limited Pinnacle Business Tower, 10th Floor, Surajkund, Faridabad, (Haryana)-121001
<b>Joint Venture Company</b>	: Rich Rice Raisers Factory L.L.C. Post Box No. 15542 Al Quoz Industrial Area 3rd Interchange, Sh Zayed Road Dubai, U.A.E.
	: Kohinoor Speciality Foods India Pvt. Ltd. 401, Vipps Centre, Masjid Moth Greater Kailash-II, New Delhi-110048
<b>Listing of Equity Shares</b>	
National Stock Exchange of India Ltd. (NSE)	
Bombay Stock Exchange Ltd. (BSE)	

## 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 Independent Director
Mr. Sandeep Kohli	Non-Executive Independent Director
Mr. M.K. Trisal	Non-Executive Independent Director
Mr. S.C. Gupta	Non-Executive Independent Director (Appointed w.e.f. 14/08/2013)
Mr. Khedaim Abdulla Saeed Faris Alderei	Non-Executive Director (Appointed w.e.f. 05/12/2013)

**Company Secretary & GM (Legal)** Mr. Rama Kant

**Auditors** M/s. Rajender Kumar Singal & Associates LLP  
Chartered Accountants

**Cost Auditors** M/s. Cheena And Associates  
Cost Accountants

**Bankers**  
Oriental Bank of Commerce  
State Bank of India  
Punjab National Bank  
Allahabad Bank  
ICICI Bank Ltd.  
IDBI Bank Ltd.  
Bank of India  
Axis Bank Ltd.  
Yes Bank  
IndusInd Bank

**Transfer Agents**  
M/s Skyline Financial Services Pvt. Ltd.  
D-153A, 1st Floor, Okhla Industrial Area, Phase -I  
New Delhi-110020, Ph.: 011-26812682, 83, 84

**Depositories**  
National Securities Depository Ltd. (NSDL)  
Central Depository Services (INDIA) Ltd. (CDSL)

## Chairman Message



Dear Shareholders,

Greetings

It gives me great pleasure and satisfaction to inform you that your Company has done extremely well during the year. It has given excellent result in export performance and also entered into a path breaking Joint Venture Agreement with Al Dahra, Abu Dhabi.

Your Company has achieved a total turnover of INR 12,644 millions, a growth of 16% over last year turnover of INR 10,897 million. This growth is remarkable considering that this has come largely from our export activities. The total Rice export business of the Company has grown up by 27.71% out of which Basmati Rice export has shown a remarkable growth of 37% over the last year. Likewise packaged food business has shown a remarkable growth in export revenue from INR 440 million during the last year to INR 732 million during the current year, a growth of 66%.

Your Company's growth in rice export was on account of Company's focussed approach on select markets and customers. While our main area of export continues to be Saudi Arabia, UAE, Iran, UK and USA, some new markets like Russia and China were also explored. Similarly while serving our existing customers with full dedication our marketing team has added a number of new customers for our rice and food products.

To further increase our rice export business, we have formed two marketing teams each headed by a very senior and seasoned marketing expert. These two teams have been given specific markets in which they will explore new opportunities and new customers. These teams have become active and we expect results in the next financial year.

Our packaged food export has seen a remarkable growth on account of introduction of new products and innovative packaging. We have added a number of new products under Instant Mixes, Indian Savories (namkeens) Sweets and Cookies. We have also introduced products like Paneer (Indian cottage cheese) and Pure Ghee under Kohinoor Brand. These products have been very well accepted in Middle East, USA, UK, Hongkong etc. We are in the process of bringing a whole new range of products like Rice Bran Oil, Dry Fruits and Quinoa. We are very focussed on our food segment and will continue to invest and innovate in this segment to make it a significant part of our business.

Our vision is to make your Company a leading name in the global market not only for its quality basmati rice but also for the most innovative and healthy food products. Our focus would be on developing new products, healthy products in innovative packaging.

As informed earlier your Company entered into and concluded a Joint Venture Agreement with Al Dahra Kohinoor LLC, Abu Dhabi that seeks to establish a Rice processing mill and an adequate storage capacity for Rice in UAE. The Joint Venture aims at securing a steady supply of Rice into the Emirates in conformity with UAE Food Security Program. In current fiscal year Company has started supplying Rice to Al Dahra Kohinoor LLC, Abu Dhabi, subsequent to our agreement with Al Dahra. Through this Joint Venture we will be able to gain enhanced marketing and trading access for our Rice products across the Arabian Gulf and Middle East Region.

With the objective of bringing authentic Indian flavours to the people all over the World, we want your Company Kohinoor Foods to become a leading name in the Food Business globally. In pursuit of our vision, to make Kohinoor the most trusted and preferred Food Brand globally, we would continue to develop products, increase operational efficiency and follow our successful strategies.

I am grateful to the Board of Directors for their unwavering support and guidance. I also take this opportunity to express my gratitude to all our consumers, business partners, bankers, employees and other stakeholders who have shown their trust in us and have extended their constant support.

With best wishes,

Sincerely  
Sd/-  
Jugal Kishore Arora  
Chairman





(The Promoter Directors alongwith Investor Director of Kohinoor Foods Limited)



(The Promoter Directors and Investor Director alongwith team members of Kohinoor - Al Dahra)

## Directors' Report and Management Discussion & Analysis

(Rs. In Million)

The following report should be read in conjunction with the audited financial statements and notes for the year ended March 31, 2014 and the audited financial statements and notes for the year ended March 31, 2013. This report contains forward looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the company's strategy for growth, market position, expenditures, and financial results, are forward looking statements. Forward looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

### Company – In General

Synonymous with the fine taste of India in its absolute authentic form, the sole objective of Kohinoor Foods Limited, since its inception, has been to make the world experience the true Indian flavour. Just some of the reasons why it offers an extensive range that caters to consumers' need in all parts of the world – a wide variety of Basmati Rice, Wheat Flour, Ready to Eat Curries & Meals, Readymade Gravies, Cooking Pastes, Chutney's, Spices and Seasonings to Frozen Breads, Ghee, Snacks & Paneer (Indian Cottage Cheese). Today, the most powerful brand of the Company "Kohinoor" is a household name not only in India, but also in the countries like USA, UK, UAE, Canada, Australia, Middle East, Singapore, Japan, Mauritius & other European countries. As of now, the brand 'Kohinoor' is known in more than 60 countries worldwide.

Your Directors have pleasure in presenting the 25th Annual Report and the Audited Annual Accounts of the Company for the Financial Year ended 31st March, 2014.

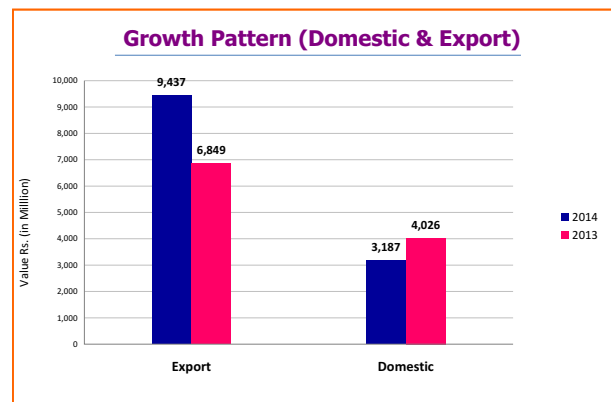
### Financial Overview

The year under review has been quite promising and at the same time challenging for the Company, with an overall turnover growth of 16% (approx) at INR 12649.32 Million. The Export Sales grew by 38% (approx) vis-a-vis last year's performance. The financial highlights for the year ending 31st March, 2014 are as under:

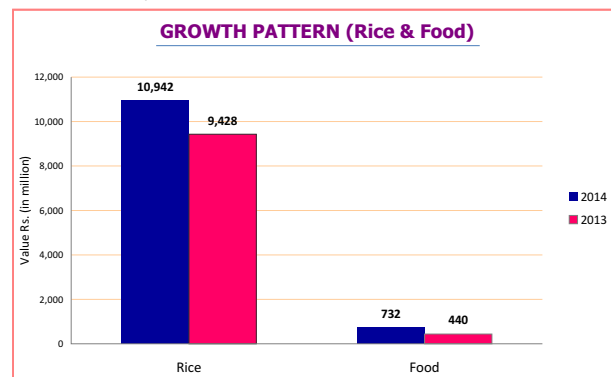
Particulars	FY'14	FY'13
<b>Total Turnover</b>	<b>12649.32</b>	<b>10896.62</b>
Profit Before Interest, Depreciation and Tax (PBITD)	1202.19	1164.632
Profit/(Loss) Before Exceptional and Extra-Ordinary Items	225.02	160.04
Exceptional and Extra Ordinary Items	152.71	0.00
<b>Profit Before Tax</b>	<b>72.30</b>	<b>160.04</b>
Less: Tax Expense	7.21	62.65
<b>Profit After Tax</b>	<b>65.09</b>	<b>97.40</b>

### Operations:

For the year under review, the company has exhibited positive growth in the Export market as shown below, the Export Sales grew by 37.78% amounting to Rs. 9,437 million against Rs.6,849 million in previous year, while the Domestic Sales stood at Rs. 3,187 million as against Rs. 4,026 million in the previous year.



The contribution made by Rice to the Company's business is Rs. 10,942 millions as against Rs.9,428 millions in the previous year, while the Food Business also contributed a remarkable sales of Rs. 732 million as against Rs. 440 million in the previous year which is 66% growth over the last financial year.





The year saw increase in basmati paddy price going significantly up as compared to last year. The main reason of higher prices is attributed to significant increase in the demand for Basmati Rice in International markets of middle-east helped by weak Indian currency. Major factors contributing towards our Company's growth being:

- Impressive growth in the volume of Basmati Rice in the markets of Iran, Iraq, Saudi Arabia and Yemen that includes private label as well. On the back of successful media campaign (above the line activity) conducted in Kurdistan (Iraq) last year for Kohinoor Brand, the company continued to support local promotional activities (below the line activity) to create consumer awareness and further built brand equity at the market place. In the process Kohinoor, has emerged as one of the most recognizable & respectable name for basmati rice in Iraqi market.



Mr. Gurnam Arora (JMD- Kohinoor Foods) in talks with H.E. Shri D.P. Srivastava, Ambassador of India in Iran during Iran Agro Food 2014 held in the city of Tehran (Iran)

- In Saudi Arabia, our Private Label Business has recorded a robust growth because the Company entered into Contract with few major buyers.
- **New Clients added:** In Rice Business, new private label prestigious clients have been added from countries such as Niger, Iran & Italy. The Company focused on spreading its foot prints across the globe and reaching out to new customers.
- **Growth across continents:** Basmati Rice Business grew in almost all geographies globally that we are present in e.g.,



Mr. Gurnam Arora (JMD- Kohinoor Foods) alongwith Al Dabra Team at Iran Agro (Foods) 2014 in the city of Tehran

Asia Pacific, Middle East, Europe, Africa & the USA.

- In our endeavour to add new products for our consumers, the company aggressively added and promoted new categories such as Instant Mixes, Indian Sweets, Biscuits & Cookies, Pickles in Kohinoor Brand. These products were distributed in Ethnic & Mainstream markets in UK & Europe, USA & Canada, Australia & New Zealand, Middle East, South East Asia & Africa. Besides,



(Left to right) Mr. Satnam Arora, Mr. Gurnam Arora and Mr. Jugul Kishore Arora at Kohinoor Business Partner's meet in Thailand

we have achieved milestones in private label business by supplying many international recipes to our global clients and now we are growing with more new categories such as Rice Bran Oil & Quinoa that have been launched under the COLES BRAND. Our packaged Food Division would continue to focus on Ambient Range- Cooking



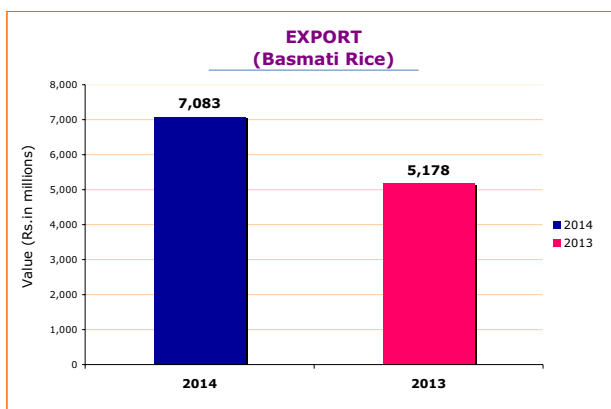
Participants from around the world attending Kohinoor Business Partner's meet in Thailand

- Paste, Cooking Sauces & Ready to Eat to cater to the varying tastes and requirements of our consumers across the globe.
- To align our activities and to bring our business partners close to achieve company objectives, Kohinoor Foods held a global business partners meet in Thailand in Sep'13. The theme of the meet was Renew, Refocus & Refresh. The meet was highly successful and was attended both by our Kohinoor Foods distributors and our selected Private Label buyers from around the world.

## EXPORT MARKETS

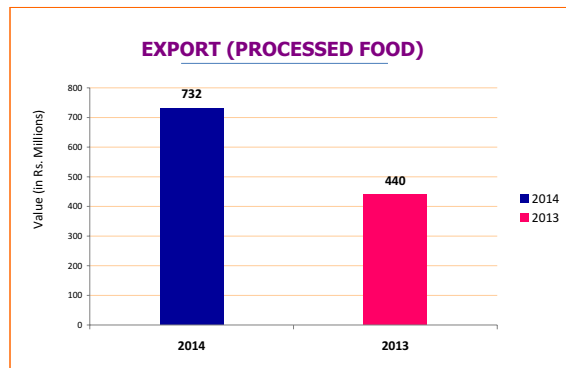
### Export- Basmati Rice

This year, in the Export of Basmati Rice, the Company did a business of around Rs. 7,083 million as against Rs. 5,178 million in the previous financial year. The Company did business in more than 60 countries this year and recorded a growth of 36.79% in comparison to the last year business.



### Export- Processed Food

This year the export of processed food products of Kohinoor recorded a business of Rs. 732 millions as against Rs. 440 millions in the previous year. The Company achieved a remarkable growth built on the successful product distribution of Kohinoor 'Ghee' and introduction of an entire range of new product variants such as Namkeens, Instant Mixes & Indian



Sweets. We expect to notch up good numbers in the next financial year through some exciting product launches and expanding & streamlining the distribution network.

## Subsidiaries/Joint Venture

### UAE Operations

Rich Rice Raisers Factory LLC, Dubai (RRR), was established as a Joint Venture Company in the financial year 2001 in Dubai. In the current Fiscal year your Company has entered into a Joint Venture Agreement with Al Dahra (Abu



Dhabi) that seeks to establish a Rice processing mill and adequate storage capacity for rice in UAE. Joint Venture also





seeks to establish a robust framework for achieving agricultural trade between India & UAE, as part of Abu Dhabi Govt. Plan to provide long-term and sustainable food security for their people. Kohinoor Foods Limited proposes to disinvest from Rich Rice Raisers Factory LLC, Dubai (RRR).

## U.K Operations:

Indo European Foods Limited (IEFL) is the Wholly Owned Subsidiary of our Company and has recorded an increase of 9% in turnover from 18.70 million GBP to 20.40 million GBP in current financial year. The highlight of the achievement of UK operation are given below.

### **Induction of fully automatic Packaging Line –**

IEFL packaging operations went from semi-automatic to fully automatic this year and have made substantial investment on a state of the art, made to order packaging line capable of packing our unique laminated packaging at high speed. This investment yielded better operating productivity and reduction in human resources cost leading to leaner and agile operations.



Kohinoor range of products on display at Booker Outlet, UK

### **Jasmine rice added to portfolio –**

IEFL added Jasmine Rice under its portfolio under the brand name Triple Diamond. This comes on the back of Triple Diamond Long Grain Rice that was introduced a year ago. Jasmine Rice is imported and packed at the Factory in UK under 2kg and 10kg packaging.

### **Segregation of operational departments –**

This year IEFL also invested in factory layouts to improve our process flow which led to smoother flow of traffics resulting in lead time reduction and more efficient use of factory premises. As a result, product segregation is now much more transparent and a separate area was allocated for products having Allergens thereby ensuring that we meet the stringent food safety regulations of UK.

### **Efficiency is supply chain –**

Company met its target of 98.5% delivery target to its key UK retail customers. Team at Factory takes great pride in being instrumental in sustaining growth through various cost reduction

and optimisation of processes while working hand in hand with our sales team in meeting corporate targets. IEFL operations have been commended on this achievement especially by Tesco by nominating and choosing them as Supplier who provided real Innovation to the Asian Category. Apart from that IEFL also secured position of Grocer Gold Finalist for SME.

### **Investment in People –**

IEFL have also made strides in investing in various training programs for factory staffs and invested in making systems and processes more ergonomic for the entire staff. Training like Food Safety & Hygiene, Food Handling, Health and Safety processes allowed us to achieve better operational efficiency by reducing wastage, increasing quality of their products and reduction in health hazards and accidents. These programs also boosted staff morale and motivation which is a key achievement in becoming a preferred employer for new recruits.

### **Forward Thinking -**

Company has done ground work for installation of 5000 mt. of Grain Silos at the premises which will lead to more efficient product storage and a better control on supply chain from raw material stage to finished goods. Looking at the future and gearing up to meet the competitive UK food landscape the Company has also began ground work for entering bigger food categories like Frozen and Chilled Food to strengthen our revenue stream.

### **USA Operations**

Kohinoor Food USA Inc. is the Wholly Owned Subsidiary of our company and has recorded an increase of 20% in turnover from 11.49 million USD to 13.45 million USD in current financial year. The highlight of the achievement of USA operation are given below.

Kohinoor Food USA Inc. strengthened the brand- Kohinoor, in ethnic stores across USA, and has started making headway into the booming competitive markets of the American main stream. This brings in new challenges and an absolute new face of growth for the Kohinoor brand in USA. Several new product initiatives planned under the Kohinoor brand will help them in further strengthening the Kohinoor brand in markets across the USA, Canada, and South America.

Highlights of the year include entry of Kohinoor Foods USA into several heavyweights mainstream retailers in USA

- WalMart- Canada: Listed our Basmati Rice and Ready to Eat Meals across the Canadian market
- COSTCO WHOLESALERS: Listed us as a vendor and launched several products in the Ready to Eat category
- BIG LOTS: We secured a 'Never Out' shelf space across

1400 retail outlets

- A New York state government contract for supply of Ready to Eat meals specially cooked in olive oil
- SAMS CLUB: Listed us as a vendor in Sam's Club and launched two Ready to Eat Product ranges



Kohinoor range of products on display at Sams Club, USA

- FANCY FOOD: Introduction of a major distributor in New York to distribute Kohinoor Brand basmati rice



Kohinoor Foods at Fancy Food Show, New York (USA)

- SOUTH PACIFIC: Distributor in Vancouver, Canada
- WEGMANS: We are in the process of becoming a preferred vendor to serve Indian grocery aisles in stores nationwide.
- Made excellent progress in Food Service Industry by becoming a vendor for FRESH CAFE and for a fresh meal supplier to Whole Foods, which is a premium upscale retail chain across USA

A major push is in process to increase the distribution network across markets in South America i.e. Peru, Chile, Brazil and the Caribbean Islands, and the launch have already shown some good results. Simultaneously, new marketing strategy in channel distribution is in place for appointing multiple distributors in the same region for different products have shown encouraging results. The year came to an end with satisfactory performance, launch of new products, and spread of distribution network in ethnic and the main stream, which helped the Kohinoor brand to further establish its roots in markets across USA and Canada.

## Processed Food Business

The history of food has been dynamic. Globally, food has moved up from being just a necessity for survival to something that provides convenience, health, wellness and pleasure and brings families together. This year food has given us a chance to share our all time high revenues of INR 732 Million.

We have achieved milestones in private label business by supplying many international recipes to our global clients and now we are growing with more new categories such as Rice Bran Oil & Quinoa that have been launched under the COLES BRAND.

Kohinoor has always gained trust of International reputed retail chain stores for manufacturing their branded food products. Apart from the existing business we have also secured new clients like Brahim's Brand from Malaysia, Brunei Halal for UK & South East Asian Markets, Varo Brand in UK and Our Little Secret (OLS) Brand for UK, Europe & New Zealand.

After the success of Kohinoor brand Ready to Eat Business, we have extended our portfolio to new product categories with more than 50 SKU's. Some of the new categories introduced in International Markets under the Kohinoor brand being- Instant Mixes, Indian Savouries (Namkeens), Biscuit & Cookies, Instant Mixes & Pickles. All the new categories are being aggressively driven through our extensive distribution network worldwide with great brand visibility in Ethnic & Mainstream Markets: UK & Europe, US & Canada, Australia & New Zealand, Middle East, South East Asia & Africa.

We have adhered to strong supply chain management having strong quality norms to meet the global standards. The focus continues to be on profitable growth, driven



Kohinoor Food products being displayed at Mainstream Outlet in New Zealand

through innovation and operational excellence right through the value chain.

Now, Kohinoor is entering into value-added brand extension of its products by strong research and development.

Kohinoor is ready with more products for the next financial year 2014-15 such as READY-TO-EAT QUINOA, RICE BRAN OIL categorized in the healthy range and INSTANT NOODLES, INSTANT PASTA, INSTANT CUP RICE in the functionality range.

## Industry Overview

### Food Processing Industry

The Indian market offers a huge potential for the food processing industry - more so because of the fact that it promotes two main growing factors of our Indian Economy - Industry & Agriculture. During the last one decade, India moved from a position of scarcity to surplus in Food. Given the trade in production of food commodities, the Food Processing Industry in India is on an assured track of growth and profitability. It is expected to attract phenomenal investment in capital, human, technological and financial areas. A reason why the Food Processing Industry sector in India has been accorded high priority by the Government of India, with a number of fiscal relief and incentives, to encourage commercialization and value addition. As per a study conducted by McKinsey and Confederation of Indian Industry (CII), the turnover of the total food market is approximately Rs.250,000 Crores, out of which value-added food products comprise Rs.80,000 Crores.

### Basmati Rice

Like any other commodity business, In India Basmati Rice is a category which is little complex and widely unorganized. Kohinoor Foods is the exclusive supplier of Rice to Kohinoor Speciality Foods India Pvt. Ltd. for their marketing and distribution of Rice in domestic market. With an industry estimated consumption of around 1.5 million tonnes of Basmati Rice in India, this is one category which has grown significantly over the years and slated to grow further in times to come. Though majorly unorganized, but year on year this category is experiencing good number of conversions from unbranded to branded packaged Basmati Rice in terms of consumptions in India. This is mainly due to introduction of branded and package basmati rice in many retail outlets. India's growing middle class has augmented the domestic demand of branded rice. Moreover, introduction of modern food retail formats has also propelled the packaged food market, facilitating the availability, visibility and accessibility of branded products. The domestic branded market in India is expected to grow at around 15%-20% as compared to 5% for unbranded rice. Eating rice is common habit in most of the Indian households and it is usually a part of one of the 3 meals cooked every day. Geographically, the consumption of Basmati is higher in the Northern & Western part of the country while culturally, its consumption is quite high in the Punjabi & Gujarati families. With the view of serving the best to their customers & employees, Basmati consumption is also higher in well recognized hotels & large institutions. The consumption of branded packaged Basmati Rice is also being driven by the modern retail that allows every consumer to select what they want.

### Ambient - Ready Meals

Ready Meals, is a category which is gaining popularity globally though still at a growing stage; but the factors that has so far contributed to sales of Ready Meals have been increasing consumer base of working people who have less time to spend on cooking, eating out of home is becoming a common phenomenon on weekends, growth of Modern trade, the Convenience of making exotic vegetarian & non-vegetarian dishes in just a few minutes, etc. As this category grows, an Innovative value addition to products with Health & Nutrition is expected to become an important aspect of it.

### Frozen Food - Ready Meals

Though Frozen Food as a category constitutes many products, majority of it being the frozen unprocessed non-vegetarian food, but within this segment vegetarian Frozen Ready Meals, snacks too is growing at significant rate. The factors that contribute to the growth of this category is very similar to that of Ambient Ready Meals like growing consumer base of working people who have less time to spend on cooking, eating out of home is becoming a common phenomena every week & on weekend, Growth of Modern trade, the Convenience of making exotic Vegetarian dishes in just a few minutes, etc.

### Risks & Concerns

Macro-economic factors like recession, subdued demand and political uncertainty may affect the business of the Company and the industry at large as well. The Company is aware that uncertainties in business offer opportunities as well as downside risks and thus has identified and put in place mitigation tools for the same. Some key risk areas are.

**Procurement risk:** Adequate availability of key raw materials at the right prices is crucial for the Company. Being a generic natural product with low yield concentrated in a small region of the World, production of Basmati depends on the vagaries of nature. Therefore, any disruption in the supply due to a natural or other calamity or violent changes in the cost structure could adversely affect the Company's ability to reach its consumers with the right value proposition. However, we are ready with plans that might help us at such times. The Company's long term relationship with farmers built on trust ensures constant supply and thus over the years it has not faced any procurement problems. Also, adequacy of irrigation facilities in the Basmati producing regions mitigates these uncertainties.

**High working capital requirement:** Basmati rice requires to be aged for 9-12 months before selling, leading to huge working capital requirements. This results in low ROCE (Return on capital employed) for the industry. Combating this risk, efficient working capital management system has been set in place by the Company and cash flow is monitored on daily basis.



Intense competition from unorganized sector: Another characteristic of this industry is the presence of unorganized sector offering basmati in loose unbranded form which intensifies competition. The Company is moving towards branded products and has invested significantly in building strong brands which helps differentiate their product.

## Postal Ballot

During the year under review the resolution through postal ballot was passed for allotment of 20% Equity Shares to Al Dahra International Investments LLC, Abu Dhabi along with the resolution for mortgage/ charge of Assets and also to borrow money in excess of paid up capital and reserve as required u/s 293(1)(a) & 293(1)(d) of the Companies Act, 1956, in terms of Section 192A, read with the rules made there under. Mr. Vinod Aggarwal, Practicing Company Secretary, (Scrutinizer) has submitted the report dated 22nd August, 2013, that the consent of the Shareholders has been obtained with, requisite majority.

## Utilisation of Proceeds of Preferential Issue

During the year, the Company has raised funds by way of Preferential Allotment to M/s Al Dahra International Investments LLC., Abu Dhabi, pursuant to Section 81(1A) of the Companies Act, 1956 and SEBI (ICDR) Regulations. In this regard the Company has received a sum of Rs. 112.77 Crores (Approx) as proceeds from the said issue by issuing 20% Equity Shares of the Company. These funds have been utilized by the company to meet the Long Term Capital requirement of the Company and for other general corporate purposes.

## Dividend

Your Directors do not recommend any dividend for the financial year 2013-14.

## Re-Appointment / Appointment of Directors

In accordance with the provisions of the Companies Act, 2013, Mr. Satnam Arora, Director retires by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment. Your Directors recommend his re-appointment.

Mr. Khedaim Abdulla Saeed Faris Alderei, (holding DIN 06699678) was appointed as an Additional Director by the Board at its meeting held on 5th December, 2013. According to the provisions of Section 161 of the Companies Act, 2013, he holds that office upto the date of this Annual General Meeting be and is hereby appointed as Director liable to retire by rotation of the Company, subject to approval of Shareholder in General Meeting.

Mr. Maharaj Kishen Trisal and Mr. Satish Chander Gupta were appointed as an Independent Directors of the Company, liable to retire by rotation and their term expires at this Annual General Meeting.

Pursuant to the provisions of section 149 of the Act, which came in to effect from April 1, 2014, every listed public company is required to appoint Independent Directors, who are not liable to retire by rotation.

Mr. Vijay Burman, Mr. Sandeep Kohli, Mr. Maharaj Kishen Trisal and Mr. Satish Chander Gupta, Non-Executive Directors of the Company, have given a declaration to the Board that they meet the criteria of independence as provided under section 149(6) of the Act. In the opinion of the Board, each of these directors fulfil the conditions specified in the Act and the Rules framed thereunder for appointment as Independent Director and they are independent of the management. The Nomination Committee has recommended the appointment of these directors as Independent Directors from April 1, 2014 upto March 31, 2016.

## Compliance with Section 212:

As required under the Listing Agreements with the Stock Exchanges, a Consolidated Financial Statement of the Company and all its Subsidiaries is attached. The Consolidated Financial Statements have been prepared in accordance with the relevant Accounting Standards as prescribed under Section 211(3C) of the Companies Act, 1956 ("Act"). These financial statements disclose the assets, liabilities, income, expenses and other details of the Company, its subsidiaries and associate companies.

Pursuant to the provision of Section 212(8) of the Act, the Ministry of Corporate Affairs vide its circular dated February 8, 2011 has granted general exemption from attaching the Balance Sheet, Profit and Loss Account and other documents of the Subsidiary Companies with the Balance Sheet of the Company. A statement containing brief financial details of the Company's subsidiaries for the financial year ended March 31, 2014, is included in the Annual Report. The annual accounts of these Subsidiaries and the related detailed information will be made available to any member of the Company/ its Subsidiaries seeking such information at any point of time and are also available for inspection by any member of the Company/ its Subsidiaries at the registered/ Corporate office of the Company. The annual accounts of the said Subsidiaries will also be available for inspection, as above, at the Head Office/Registered Offices of the said respective Subsidiary Companies. The Company shall furnish a copy of details of annual accounts of subsidiaries to any member on demand.

## Internal Control System

Your Company has well established Internal Control Procedures across its various locations, commensurate with its size and nature of operations to ensure that financial and Operating Reporting Systems are reliable and that all material risks are evaluated. The Internal audit function is adequately resourced and reports independently to the Audit Committee of the Board. In the opinion of the management and the internal auditors, there exists adequate safeguard against fraud and negligence within the Company.

## Listing at Stock Exchange

The Equity Shares of the Company are listed with BSE Limited and National Stock Exchange of India Ltd. The annual listing fee for the year 2014-15 has been paid to the Exchanges.

## 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 and its compliance by the company is attached as Annexure 'A' to this report. The Company has also taken Auditors Certificate on its Compliance and the same is attached with its Annual Report.

## Auditors

M/s Rajender Kumar Singal & Associates LLP, Chartered Accountants, New Delhi, Statutory Auditors of the Company retires at the conclusion of this Annual General Meeting and offer themselves for re-appointment.

The Board pursuant to the provisions of Section 139, 142 and other applicable provisions of the Companies Act, 2013 and on the recommendation of the Audit Committee has considered the appointment of M/s Rajender Kumar Singal & Associates LLP, Chartered Accountants, New Delhi (Firm Registration No. 016379N), as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting to the conclusion of Fourth consecutive Annual General Meeting subject to ratification by the Shareholders Annually at every Annual General Meeting to be held till the year 2018.

The Board recommends the appointment of M/s Rajender Kumar Singal & Associates LLP, Chartered Accountants, New Delhi, who have given their consent and a certificate to the effect that their appointment, if made, will be within the limit specified under Section 141 of the Companies Act, 2013.

## Auditors Report

The Company has received the Auditors Report duly signed by M/s Rajender Kumar Singal & Associates LLP, Chartered Accountants, New Delhi, and took note on the same. Further as mentioned in the Auditors Report, attention is drawn to Note No. 11(c) & 38(a)(i) to the financial statements, the board discussed the contention of the Auditor and is of the view that the losses incurred by the Wholly Owned Subsidiary is not going to affect the company's investment in long run. Further as per advice received from legal experts and on the basis of merit of the case, there is a high probability that the income tax order will be set aside and the demand will be quashed. Accordingly, management is of the view that no provision in respect of the above demand is required to be made in the books of accounts.

## Cost Auditors

The Cost Auditor M/s Cheena and Associates, appointed as Cost Accountants of the Company for the year 2013-14, has completed the audit of the cost record of the company and will submit his report within 180 days from the close of Financial Year.

The Board pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), on the recommendation of the Audit Committee has approved the appointment and remuneration of M/s Cheena & Associates, Cost Accountant Firm to conduct the audit of the cost records of the Company for the financial year ending on March 31, 2015.

## Secretarial Audit Report

As a measure of good corporate governance practice, the Board of Directors of the company appointed M/s Vinod Aggarwal and Associates, Company Secretaries to conduct Secretarial Audit of the company for the year 2013-14. The Secretarial Audit Report as received from the Practicing Company Secretary is annexed to the Annual Report. As per the Secretarial Audit Report the company has complied with all the applicable acts, laws, rules and regulations.

## Secretarial Audit

The Board pursuant to the Provision of Section 205 of the Companies Act, 2013 has appointed M/s Vinod Aggarwal Associates, Company Secretary Firm, to conduct Secretarial Audit of the Company for the Financial Year 2014-2015.

## Fixed Deposits

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

## Share Capital of the Company

During the year the paid up Share Capital of the Company has increased from Rs. 28,19,32,240/- to Rs. 35,24,15,300/- by issuing 70,48,306 equity shares of Rs. 10/- each at a premium of Rs. 150/- per share to Al Dahra International Investments LLC, UAE (Investor) on preferential basis.

## STATUS OF PENDING LITIGATIONS BEFORE VARIOUS COURT/AUTHORITIES

1. The Company has preferred an appeal before the Income Tax Appellate Tribunal, New Delhi against the impugned Income Tax Assessment Order in respect of Assessment Years 2002-03 to 2008-09 in which additional income tax of Rs. 63.32 Cr. along with interest of Rs. 31.55 Cr. has been demanded. However the company has deposited a sum of Rs. 13.50 Cr. "Under Protest" against the above pending demand till date.

In respect of above appeal, Hon'ble Income Tax Appellate Tribunal, New Delhi in its order dated 21st July 2014 has granted significant relief by deleting the majority of additions made by the Income Tax Authorities. The resultant tax effect of the same is estimated at Rs.38.78 Cr. (appx.) for Income Tax and Rs. 19.38 Cr. (appx.) for Interest Apart from above,

certain issues have been remanded back to the Assessing Officer for fresh adjudication in view of the substantial material placed on records by the Company before Hon'ble ITAT, New Delhi. As per the opinion of the legal experts and on the basis of the merit of the case, there is a high probability that the item remanded back to the Assessing Officer will also be decided in Company's favour in due course.

The Company has preferred another appeal before the Income Tax Appellate Tribunal, New Delhi against the impugned Income Tax Assessment Order in respect of Assessment Year 2009-10 in which income tax of Rs. 17.90 Cr. along with interest of Rs. 10.54 Cr. has been demanded.

The Company has also filed objection before the Dispute Resolution Panel, New Delhi against the draft Assessment Order passed by the Income Tax Department, in respect of Assessment Year 2010-11. The Tax effects on the additions made for AY 2010-11 is estimated at Rs. 20.75 Cr.

As per the opinion of the legal experts and on the basis of the merit of the case coupled with the relief granted by Hon'ble Income Tax Appellate Tribunal, New Delhi in its order dated 21st July 2014, major relief is expected to be received in subsequent years as well in respect of the additions made on the identical issues.

2. The Company has filed a suit for declaration, and mandatory injunction against the Reserve Bank of India and Punjab National Bank before the Hon'ble High Court, New Delhi for loss of Rs. 27.49 crores, arising out of forex derivative transactions.
3. During the year the Company and HDFC Bank have entered into a mutual agreement under which the company will pay an agreed amount against the total amount of Rs. 39.50 crores, in respect of disputed liability arises on account of forex derivatives transaction, as mentioned in the Previous Year Annual Report and will jointly withdraw the case.
4. The Board of Trustee of the port of Mumbai has filed a money suit for recovery of Rs. 9.63 crores towards alleged outstanding demurrage charges against which the company has filed its counter claim of Rs. 10.88 crores towards the financial losses, interest on the investment, refund of the license fees, refund of the demurrage charges, compensation and damages etc.
5. There are few more cases which are pending before the various authorities and the same has been duly disclosed under Notes to the Account.

## Information Regarding Conservation of Energy etc.

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 as amended from time to time is given in Annexure 'B' forming part of this report.

## Information regarding Employees

In terms of the provisions of Section 217(2A) of the Companies Act, 1956 read with the companies (Particulars of Employee) Rules 1975 the names and other particulars of Employees are given as under:

- i) Name of the Employees, Designation/Nature of Duties, Gross Remuneration, Qualification, Age, Total Experience (in years), employed part of the year and in receipt of remuneration of Rs. 60,00,000/- or more per annum are as under:
  - a) Shri Jugal Kishore Arora, Whole time Director designated as Chairman, Rs. 96,61,524/-, Graduate, 71 years, 28 years and he is the promoter of the company.
  - b) Shri Satnam Arora, designated as Joint Managing Director, Rs. 1,10,74,131/-, Post Graduate, 65 years, 28 years and he is the promoter of the company.
  - c) Shri Gurnam Arora, designated as Joint Managing Director, Rs. 1,10,24,256/-, Graduate, 64 years, 28 years and he is the promoter of the company.
- ii) Employed part of the year and in receipt of remuneration of Rs. 5,00,000/- or more per month during any part of the year under consideration.: Nil

## Directors' Responsibility Statement

Pursuant to section 134(5) of The Companies Act, 2013, the Directors confirm that:

- a) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- b) The Director had selected such accounting policies and applied consistently and made judgments and estimates 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 and of the profit of the Company for that period;
- c) The Director had taken proper and sufficient care 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;
- d) The Director had prepared the annual accounts on a going concern basis;
- e) The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.



- f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## Awards & Recognitions

Kohinoor Foods is no stranger to Awards & Recognitions. Since its inception, the company has been earning awards and recognition like consumer validated Super Brand Award (thrice in series), Reader's Digest Most Trusted Brand award (4 times in a row), Power Brand Award, Guinness Book of World Record (for making World's Largest Biryani), National award for Export Excellence, Brand Equity Award & many APEDA awards. During the year your Company has been Ranked as India's Most Trusted Packaged Rice Brand in a study covering 19000 brands across 16 cities by Trust Research Advisory.

## Corporate Social Responsibility

Kohinoor also envisions to improve lives in communities we live around, protect workplace rights, respect people, support missions that help people have a better life, provide good jobs, world class quality products and a healthy environment to all of us around.

At Workplace, Kohinoor Foods maintain high standards for fair and dignified treatment of all the people who work for our Company. For all of its employees, it is not just a place to work, but like another home and everybody in it is like a big family, closely bonded with each other.

Kohinoor Foods also believes that a Company is as good as the people who work for it - their combined talents, skills, knowledge, experience and passion make a Company what it is. Hence, Company's continuous goal is to inspire and motivate its people to hone their talents, increase their knowledge & skills and achieve extraordinary results at their workplace. In this endeavour we have offered subsidized meals to our employees at a very nominal cost.

The Company also considers it as its responsibility to support the community that we live in. Kohinoor Foods supports 'Maitri' an NGO working for widows at Vrindavan to make difference in their lives. It also supports 'Smt. Nagendram Nandi Nelayam Trust', the non-governmental organization working for animals, environment and education. We have supported the needy girl child's education at Him Jyoti School, Dehradun and also distributed blankets during winters for the under privileged & homeless people to help them with basic necessities of life on regular basis.

Being environmentally conscious company and as part of Go Green Campaign, we have put up water treatment plant in our rice factory (Murthal), where treated water is used for watering the lawn, garden and irrigation of the fields.

Adherence to global human rights standards, No minor labour, Fair trade practices, complete Medical facilities for its people, Safe & sound working environment are the things that Kohinoor Foods takes utmost care about.

## CSR Committee

The Ministry of Corporate Affairs has notified Section 135 and Schedule VII of the Companies Act 2013 as well as the provisions of the Companies (Corporate Social Responsibility Policy) Rules, 2014, which comes into effect from April 1, 2014.

As per the new Act, every company, having a net worth of Rs 500 crore or a turnover of Rs 1,000 crores or net profit of Rs 5 crore, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on Corporate Social Responsibility activities. The CSR activities should not be undertaken in the normal course of business and must be with respect to any of the activities mentioned in Schedule VII of the 2013 Act. Accordingly the Board of your company has constituted the CSR committee as per the Act to monitor all the activities to be undertaken in the year 2014-15. The members of the CSR Committee are as under:

Mr. Sandeep Kohli

Mr. Maharaj Kishan Trisal

Mr. Satnam Arora

Mr. Gurnam Arora

## Sexual Harassment Committee

As per the recent judgment given by Honourable Supreme Court of the India, every employer has to constitute a committee to prevent Sexual Harassment at work place. In view of the aforesaid ruling, during the year your Company has constituted the said committee to comply with the Supreme Court directions.

## Acknowledgment

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 Authorities and millions of consumers who have reposed faith in the products of your company.

For and on Behalf of the Board

Sd/-

Jugal Kishore Arora

Chairman

Faridabad

August 13th, 2014

## **ANNEXURE 'A' TO THE DIRECTORS' REPORT** **REPORT ON CORPORATE GOVERNANCE**

### **1. Corporate Governance Philosophy**

The Company's philosophy on Corporate Governance envisages attainment of the highest levels of transparency, accountability and equity in all facets of its operations with its stakeholders including shareholders, employees, lenders, and the Government. Adopting Corporate Governance as a work ethos, the Company ensures best performance by staff at all levels to maximize the operational efficiency and enhancing the stakeholders' value.

### **2. Board of Directors**

#### **Composition of the Board**

The Board of Directors has an optimal combination of Executive, Non-Executive and Independent Directors. The Board is headed by an executive Chairman. As on 31<sup>st</sup> March, 2014, the Board comprised of eight members. It consists of three Executive Directors and one Non-Executive Director and four are 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 and applicable provisions of the Companies Act, 2013 is 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. During the financial year ended 31st March, 2014, Nine meetings of the Board of Directors of the Company were held and the gap between two Board Meetings did not exceed four months. The meetings were held on 29<sup>th</sup> May, 2013, 12<sup>th</sup> July, 2013, 14th August, 2013, 29<sup>th</sup> August, 2013, 6<sup>th</sup> September, 2013, 12th November, 2013, 5<sup>th</sup> December, 2013, 30<sup>th</sup> January, 2014 and 13th February, 2014. The details of the Directors on the Board of your Company for the year 2013-14 are given below:

#### **Directors attendance record and Directorship held.**

#### **Composition of the Board as on 31<sup>st</sup> March, 2014**

Name of Director	Category	No. of Board Meetings Attended	Whether Attended last AGM	Directorship in Companies (Including KFL*)	Number of Committee memberships (including KFL*)	
					Member	Chairman
Mr. Jugal Kishore Arora	Chairman/ Executive	08	No	06	NIL	NIL
Mr. Satnam Arora	Jt Managing Director/ Executive	09	Yes	09	03	NIL
Mr. Gurnam Arora	Jt. Managing Director/ Executive	07	No	06	1	NIL
Mr. Vijay Burman	Independent Director/ Non-Executive	09	Yes	01	3	2
Mr. Sandeep Kohli	Independent Director/ Non-Executive	08	No	08	3	1
Mr. Maharaj Kishan Trisal	Independent Director/ Non-Executive	09	No	05	2	NIL
Mr. Satish Chander Gupta**	Independent Director/ Non-Executive	06	No	15	16	NIL
Mr. Khedaim Abdulla Saeed Faris Alderei***	Investor Director/ Non-Executive	02	No	24	1	NIL

\* Kohinoor Foods Limited

\*\* Appointed on 14<sup>th</sup> August, 2013

\*\*\*Appointed on 5<sup>th</sup> December, 2013

### Code of Conduct for Board Members & Senior Management Team:

In Compliance with the provisions of Clause 49 of the Listing Agreement, the Board has laid down a Code of Conduct for all Board Members and Senior Management Team. A copy of the said Code of Conduct is available on the website of the Company.

All Board Members and Senior Management Team have affirmed compliance of Code of Conduct as on 31<sup>st</sup> March 2014. A declaration signed by Chairman is enclosed herewith.

### INFORMATION REQUIRED AS PER CLAUSE 49 OF THE LISTING AGREEMENT RELATING TO DIRECTORS

**Mr. Jugal Kishore Arora** (DIN- 00010704) is a Chairman of the Company.

He is associated with the Organisation since its inception and has completed his Graduation from Punjab University. He has been looking after and is in-charge of Procurement as well as the Production of the Company. His vast experiences of more than three decades in the rice industry, together with a sharp eye for detail, have reaped rich dividends. In fact, he has been largely responsible for the wide acceptance that the company's Basmati Brands enjoy all over the World today. Mr. Arora set up the first rice processing plant at Amritsar followed by rice processing plants at Murthal (Haryana) and New Delhi. His major contribution is in the areas of quality standardisation. He has pioneered the development of different quality parameters for Indian basmati rice by carrying out extensive interactions with the farmers, agro-scientists and research personnel for the betterment of basmati rice, the quality and output at the domestic level. Today, he is engaged in providing strategic direction to the company's business; taking the overall charge of procuring raw-material (paddy) and selecting the optimum growing region etc. and setting "QUALITY" standards for the company's range of rice-offerings.

He is a Director of Satnam International Pvt. Ltd., Satnam Haegens Ltd., Sachdeva Brothers Pvt. Ltd., Indo European Foods Ltd. UK, Kohinoor Foods USA Inc. and Adhiraj Buildcon Pvt. Ltd.

He holds 55,56,984 (15.77%) Equity Shares of the Company in his own name as on 31<sup>st</sup> March, 2014.

**Mr. Satnam Arora** (DIN – 00010667) is a Jt. Managing Director of the Company.

He has completed his education as a Master in Economics from Punjab University and has been involved in the family business of trading of Basmati Rice right from the beginning. He has vast experience in marketing the rice in overseas market. Mr. Satnam Arora has been looking after Export Marketing as well as he is responsible for Banking, Finance, Taxation and Secretarial as well. The fact that the company has taken a Commanding Share of the Basmati Export Market is largely because of the sincere efforts and initiative taken by Mr. Satnam Arora. He strongly believes that success in life can be achieved only with self-confidence and belief. In order to bring significant exposure to his organisation, he has been a part of several Industry association like FICCI, ASSOCHAM, AIREA (All India Rice Exporters Association) and APEDA etc..

He is a director of Indraprastha Medical Corporation Ltd, Satnam International Pvt. Ltd., Satnam Haegens Ltd., Sachdeva Brothers Pvt. Ltd., Sara Textiles Ltd., Kohinoor Foods USA, Inc. and Booker Satnam Wholesale Pvt. Ltd.

He is a member of Audit Committee and Stakeholder Relationship Committee of the Kohinoor Foods Ltd and also a member of Stakeholder relationship Committee of Indraprastha Medical Corporation Ltd.

He holds 48,66,209 (13.81%) Equity Shares of the Company in his own name as on 31<sup>st</sup> March, 2014.

**Mr. Gurnam Arora** (DIN – 00010731) is a Jt. Managing Director of the Company.

He is having vast experience and skills and has been instrumental in providing a new strategic focus to the rice industry from a commodity driven business to a branded category. After completion of Graduation degree, he joined the family business of rice trading. Over the years, Mr. Gurnam Arora learnt the intricacies of the business and demonstrated his strategic approach & acumen by successfully marketing & promoting company's products in national & international markets. Amongst other career milestones, he has played a key role in introducing convenient packaging options and many more value additions for the consumers. He has over thirty three years of experience in rice industry. Mr. Gurnam Arora has been looking after Domestic Marketing, Purchase, Administration, HR, Quality Control and day to day Corporate Affairs of the Company. Mr. Gurnam Arora's





### INFORMATION REQUIRED AS PER CLAUSE 49 OF THE LISTING AGREEMENT RELATING TO DIRECTORS

broad vision helped the company to increase its value. The Sales in domestic market have increased manifolds in the past years. He was the President of All India Rice Exporters Association and a member of the Basmati Development Fund, APEDA and Ministry of Commerce and also associated with various industry associations like FICCI, ASSOCHAM etc.

He is a Director of Satnam International Pvt. Ltd., Satnam Haegens Ltd., Sachdeva Brothers Pvt. Ltd. and Indo European Foods Ltd. UK.

He is a member of Remuneration Committee of the Kohinoor Foods Limited.

He holds 55,94,274 (15.87%) Equity Shares of the Company in his own name as on 31<sup>st</sup> March, 2014.

**Mr. Vijay Burman** (DIN – 00013710) has been appointed as an Independent Director of the Company.

He is a Science Graduate with over 40 years experience in Textile Industry and also having sufficient expertise in Finance. Because of his vast Financial Exposure, he has been appointed as an Independent Director of the Company. His vide exposure helps the Company to improve its Financials.

He is a Chairman of Audit Committee and Nomination and Remuneration Committee and also a member of Stakeholders Relationship Committee the Kohinoor Foods Limited.

He does not hold any share of the Company in his name as on March 31<sup>st</sup>, 2014

**Mr. Sandeep Kohli** (DIN – 00300767) has been appointed as Independent Director of the Company.

He is a Post Graduate. He is having Twenty five years of bluechip, MNC management experience in India and parts of Asia and has knowledge of finance, marketing, brand building and legal aspects of businesses. He has launched KFC, Pizza Hut and A&W brands in the Indian sub-continent and Indian Ocean countries, also instrumental in establishing and growing businesses in the services, hospitality and real estate industries, currently involved in various projects in the hospitality and services sector in an entrepreneurial and advisory capacity and also developed American Express card member, travelers cheques and travel business base in India and Taiwan. Established American Express travel as the travel service provider in India.

He is a Director of Mezbanan Hottlers Pvt. Ltd., Paloma Developers Pvt. Ltd., Great Indian Restaurant Co. Pvt. Ltd. and Gamma Restaurants Pvt. Ltd.

He is a member of Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee of the Company.

He does not hold any share of the Company in his name as on March 31<sup>st</sup>, 2014.

**Mr. Maharaj Kishan Trisal** (DIN – 00059545) has been appointed as Independent Director of the Company.

He holds an Electrical Engineering degree from Thapar Institute of Engg. & Technology & has been awarded the coveted honor of being "Distinguished Alumnus" of the institute in the year 2002. He has extensive knowledge and experience in Industrial Power Generation business and has spearheaded and launched the concept of Cogeneration in Industrial Power Generation in India. He is presently working as President and Chief Executive Officer with Marathon Electric India Limited - An affiliate of Regal Beloit Corporation, USA. Marathon India is the combination of two Indian Companies GE Motors India Ltd & Alstom Industrial Products Ltd. Trisal's previous work experience includes various positions including Divisional Manager with Escorts, and Associate Vice President - Turbine with Kirloskar Oil Engine Ltd.

He is a Director of Sudhir Genset Ltd. and Sudhir Power Projects Ltd, Ansal Housing and Construction Ltd., Sudhir Transformers Ltd. and Sudhir Sales & Services Limited.

He is a member of Audit Committee and Nomination and Remuneration Committee of the Company.

He does not hold any share of the Company in his name as on March 31<sup>st</sup>, 2014.

**Mr. Satish Chandra Gupta** (DIN – 00025780) has been appointed as Independent Director of the Company.

Mr. Satish Chandra Gupta is M. Com., CAIIB served as a Manager and General Manager at Oriental Bank of Commerce. Mr.

### INFORMATION REQUIRED AS PER CLAUSE 49 OF THE LISTING AGREEMENT RELATING TO DIRECTORS

Gupta was responsible for Credit, Credit Policy, Planning and Development, Marketing, International Banking Division, Domestic & International Treasuries, Accounts, Merchant Banking and Recovery & Law etc., having joined it in 1972. He served as the Managing Director of Punjab National Bank from May 1, 2001 to June 5, 2007 and Indian Overseas Bank from May 2001 to June 9, 2005. He is a practicing Chartered Accountant for more than 32 years with rich experiences in the field of Banking, finance and audit. He started his career with State Bank of India in the year 1966 and moved to Syndicate Bank as a probationer officer. He has been a career banker and has put in 41 years of banking service before attaining superannuation on May 31, 2007. His specialization is Credit and Manpower Management. In his career as a banker, he has worked as Credit Officer, Branch Manager, Regional Head, General Manager in-charge of the operations, For Indian Overseas Bank & Punjab National Bank. In the course of his earlier assignments, deployment of funds to SME and Large Corporates alike was the core area of his operations. In IOB and PNB, he dabbled with Treasury Operations as well apart from Corporate Planning and Manpower Management. He is B.Com and LL.B besides being a fellow member of the Institute of Chartered Accountants of India. Mr. Gupta is a Commerce Graduate from Agra University, Master of Commerce from Meerut University and also a Certified Associate of Indian Institute of Bankers.

He is a Director of Emmsons International Ltd., ISMT Ltd., Solar Industries India Ltd., Gujarat Foils Ltd., SMC Investments And Advisors Ltd., Brahmaputra Infrastructure Ltd., Geeta Energy Generation Pvt. Ltd., Orbit Corporation Ltd., SMC Global Securities Ltd., Prudent Arc Ltd., Ahinsa Buildtech Pvt. Ltd., Orbit Highcity Pvt. Ltd., Hotel Queen Road Pvt. Ltd. and Kamanwala Housing Construction Ltd.

He is a member of Audit Committee and Nomination and Remuneration Committee of the Company.

He does not hold any share of the Company in his name as on March 31<sup>st</sup>, 2014.

**Mr. Khedaim Abdulla Saeed Faris Alderei** (DIN – 06699678) has been appointed as Investor Director/ Non –Executive Director of the Company.

He is the Vice Chairman of the Al Dahra Agriculture. He has over 20 years of public and private sector experience and has held senior positions within the UAE's diplomatic core, as well as managing the public and private offices of senior members of the UAE Government and Royal Family.

He began his career working in the UAE Ministry of Foreign Affairs, with postings to the UAE Embassies in Washington DC, USA and Beirut, Lebanon, where he held the post of First Secretary. Khadim was then appointed Plenipotentiary Minister First Class at the Ministry of Foreign Affairs. In addition to these duties he was made Deputy General Manager to the Court of His Highness Sheikh Hamdan Bin Zayed Al Nahyan, the then Deputy Prime Minister and Minister for Foreign Affairs.

After leaving the Ministry of Foreign Affairs, he was appointed Chief Executive Officer of the Private Office of His Highness Sheikh Hamdan Bin Zayed Al Nahyan. In this role, he was responsible for the coordination of all private and business interests and activities of His Highness.

His Excellency holds a Bachelors Degree in Human Resources Development from the American University in Washington DC, USA and a MBA in International Relations from the American University of Beirut, Lebanon. He has also attended several executive management programs at top institutions such as the Harvard Business School in Boston, USA.

He is a Director of Al Ain Holding LLC, Al Nakheel Investments Co. LLC, Al Ain Educational Investments LLC, The Sheik Zayed Private Academy for Girls LLC, Al Ain Properties LLC, Al Ain Properties Holding LLC, Jannah Properties, Al Ain Hospitality Investments LLC, Al Bateen Properties LLC, Al Bateen Tower Property Management LLC, Al Ain International Group-Division of General Trade, Three Royals Vice Chairman & Board Member Investment LLC, Ghazlan General Trading LLC, Advanced Scientific Group LLC, AlAIN Capital LLC, AlAin Oil LLC, Al Dahra Holding LLC, Al Dahra Capital LLC, Al Dahra Agriculture LLC, Al Dahra International Investments LLC, Al Dahra National Investments LLC, Al Dahra Industrial LLC, Al Dahra Kohinoor LLC and Agility (Abu Dhabi) PJSC.

He is a member of Audit Committee and Nomination and Remuneration Committee of the Company.

He does not hold any share of the Company in his name as on March 31<sup>st</sup>, 2014.

### 3. BOARD COMMITTEES

Presently, the Board has three committees viz. the Audit Committee, the Stakeholders Relationship Committee and the Remuneration and Nomination Committee.

#### i) **Audit Committee**

The Company has an Audit Committee which deals in matters relating to financial reporting and internal controls. All the members are financially literate. Mr. Vijay Burman, who has the expertise in the accounting and financial management is the Chairman of the Audit Committee. Mr. Satnam Arora, Jt. Managing Director and the person responsible for Finance and Accounting, Banking, Taxation, Secretarial & Legal and other departmental head were also present time to time apart from the Internal Auditors and Statutory Auditors, who were the permanent invitees. The Company Secretary acts as Secretary to the Committee.

The Chairman of the Audit Committee was present at the Annual General Meeting of the Company held on 30<sup>th</sup> September, 2013 to answer member queries.

In accordance with Section 177(1) of the Companies Act, 2013 and as per the requirements of SEBI Circular dated April 17, 2014 (which is effective from October 1, 2014), the Board of Directors of the Company at their meeting held on 29<sup>th</sup> May, 2014, have approved new terms of reference for the Audit Committee and thereupon the revised terms of reference of the Audit Committee are in conformity with the requirements of Clause 49 (III)(D) of the revised Listing Agreement and Section 177(1) of the Companies Act, 2013. Further the Audit Committee has been granted powers as prescribed under Clause 49 (III)(C) of the Listing Agreement.

During the year under review, the Audit Committee met Five (5) times i.e. on 29<sup>th</sup> May, 2013, 14<sup>th</sup> August, 2013, 29<sup>th</sup> August, 2013, 12<sup>th</sup> November, 2013 and 13<sup>th</sup> February, 2014 and the maximum time gap between any two consecutive meetings did not exceed four months. The minutes of the meetings of the Audit Committee are noted by the Board. The details of the composition of the Committee, meetings held, attendance at the meetings along, are given below.

Name	Position	Meetings Attended
Mr. Vijay Burman	Chairman	5
Mr. Maharaj Kishan Trisal	Member	5
Mr. Sandeep Kholi	Member	5
Mr. Satnam Arora*	Member	1
Mr. Satish Chandra Gupta*	Member	1
Mr. Khedaim Abdulla Saeed Faris Alderei*	Member	1

\* Appointed w.e.f. 5<sup>th</sup> December, 2013

#### ii) **Stakeholder Relationship Committee (formerly termed as Investor's Grievance and Share Transfer Committee)**

- The Company Secretary, being the Compliance Officer is entrusted with the responsibility to specifically look into the redressal of shareholders and investors complaints and report the same to Investors Grievance/ Share Transfer Committee.
- The Functioning and terms of reference of Investors Grievance/ Share Transfer Committee includes:
- To specifically look into the redressal of investors' grievance pertaining to transfer/ transmission of shares, dividends, dematerialization/ rematerialisation, replacement of lost/ stolen/ mutilated share certificates;
- To consider the matters relating to transfer, transmission and transposition of shares, sub-division and consolidation of



shares, replacement of lost/ stolen and mutilated share certificates and review of requests for dematerialization/ rematerialisation of shares

- Other related issues and to strengthen investors' relations.

In accordance with Section 178(5) of the Companies Act, 2013 and as per the requirements of SEBI Circular dated April 17, 2014 for amendment to Equity Listing Agreement (which is effective from October 1, 2014), the Board of Directors of the Company at their meeting held on May 29, 2014, have approved the change in nomenclature of the Shareholders Grievances Committee to Stakeholders Relationship Committee and enhanced their role. Therefore the said Committee shall in addition to the above role, also consider and resolve the grievances of debenture holders, deposit holders and other security holders of the Company.

The Company received a total of 19 complaints from investors during the year 01.04.2013 to 31.03.2014, all of which were resolved within the stipulated time to the satisfaction of the complainants. No requests for share transfers are pending except those that are disputed or sub-judice.

**During the year, the Committee met 5 times and the attendance of the Members was as follows:**

Name	Position	Meetings Attended
Mr. Sandeep Kohli	Chairman	5
Mr. Vijay Burman	Member	5
Mr. Satnam Arora	Member	5

### iii) **Remuneration and Nomination Committee (formerly termed as Remuneration Committee)**

In accordance with Section 178 of the Companies Act, 2013 and as per the requirements of SEBI Circular dated April 17, 2014 for amendment to Equity Listing Agreement (which is effective from October 1, 2014), the Board of Directors of the Company at their meeting held on 29<sup>th</sup> May, 2014, have approved the change in nomenclature of the Remuneration Committee to Nomination and Remuneration Committee and have revised their role as under:

The revised role of the Nomination and Remuneration Committee, inter-alia, includes the following:

Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

Formulation of criteria for evaluation of Independent Directors and the Board;

Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;

Devising a policy on Board diversity;

Constitution of Remuneration and Nomination Committee

Name of Director	Remuneration and Nomination Committee
Chairman	Mr. Vijay Burman
Member	Mr. Maharaj Kishan Trisal
Member	Mr. Sandeep Kohli
Member	Mr. Satnam Arora
Member	Mr. Satish Chandra Gupta
Member	Mr. Khedaim Abdulla Saeed Faris Alderei

### REMUNERATION OF EXECUTIVE DIRECTORS FOR 2013-2014

Name of Director	Salary (Rs.Lacs)	Other Perquisites (Rs.Lacs)	Service Contract Tenure
Mr. Jugal Kishore Arora	96	0.60	5 years, w.e.f. 27.09.12
Mr. Satnam Arora	90	20.74	5 years, w.e.f. 27.09.12
Mr. Gurnam Arora	90	20.74	5 years, w.e.f. 27.09.12

In the Last Annual General Meeting the Company had increased the remuneration of Mr. Jugal Kishore Arora, Mr. Satnam Arora and Mr. Gurnam Arora and the approvals from the Central Government has been received during the year.

All the resolutions set out in the respective notices were passed by show of hands at the above AGMs.

### 4. GENERAL BODY MEETINGS

Details of location of the last three Annual General Meetings of the Company are given below :

Year Ended	Date of AGM	Time	Venue	Special Resolutions Passed
2011	27-09-2011	10:00 A.M.	Pearey Lal Bhawan Association, 2 Bahadur Shah Zafar Marg, New Delhi 110002	NIL
2012	27-09-2012	12:30 P.M.	Pearey Lal Bhawan Association, 2 Bahadur Shah Zafar Marg, New Delhi 110002	3
2013	30-09-2013	05:00 P.M.	Pearey Lal Bhawan Association, 2 Bahadur Shah Zafar Marg, New Delhi 110002	1

### 5. Disclosures

#### a) Related Party Transactions

The Related Party Transactions of the company are disclosed in the notes on financial statements for the year ending 31<sup>st</sup> March, 2014.

Pecuniary relationships or transactions with the Non-Executive Directors.

NONE

#### b) Compliances made by the Company

The Company was not subject to any non-compliance and no penalties or strictures have been imposed by Stock Exchanges, SEBI or any other Statutory Authority, on any matters relating to Capital Market during the last three years.

#### c) The Company has complied with the applicable mandatory requirements of Clause 49 of the Listing Agreement. There are certain Non-mandatory requirements which have also been unilaterally adopted by the Company.

#### d) Reconciliation of Share Capital Audit

A qualified practicing Company Secretary carried out audit on quarterly basis to reconcile the total admitted equity share capital with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed equity share capital. The reconciliation of share capital audit report confirms the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

### 6. Means of Communication

The company interacts with its shareholders through multiple forms of corporate and financial communication:

#### a) Financial Results:

The quarterly, half-yearly and annual results were generally published in English Newspaper Financial Express and regional language newspaper (Hindi) in Jansatta. The same were sent to Stock Exchanges and were also displayed on the website of the company, [www.kohinoorfoods.in](http://www.kohinoorfoods.in).

#### b) Website:

The company's website [www.kohinoorfoods.in](http://www.kohinoorfoods.in) contains a separate dedicated section 'Investor' where shareholders information is available. Annual Report of the Company, Notices of Postal Ballot, Board Meeting etc. are regularly updated on the website.

#### c) NSE Electronic Application Processing System ( NEAPS):

NEAPS is also a web based application designed by NSE where corporates are required to upload the prescribed information on the website for viewing by the investors. The Company is electronically filing the Corporate Governance, Shareholding Pattern and Reconciliation of Share Capital Audit Report periodically as prescribed by NSE on NEAPS.

#### d) SEBI Complaints Redress System ( SCORES)

SEBI has designed a centralised web-based system, [www.scores.gov.in](http://www.scores.gov.in), wherein the investors can lodge their complaints and can view the status of their complaints being replied to by the respective Company. In compliance thereof, the company is regularly uploading the 'Action taken Report' on the said website in respect of the investors' references received, if any.

### 7. SHAREHOLDER INFORMATION

#### Annual General Meeting

Date	: 29 <sup>th</sup> September, 2014
Time	: 11:00 A.M.
Venue	: Pearey Lal Bhawan Association, 2, Bahadur Shah Zafar Marg, New Delhi -110 002
Financial Calendar	: 1 <sup>st</sup> April to 31 <sup>st</sup> March
Date of Book Closure	: 15.09.2014 to 29.09.2014 (both days inclusive)
CIN	: L52110DL1989PLC037097

### 8. Listing on Stock Exchanges

The Equity Shares of the Company are listed with The BSE Ltd.(BSE) and National Stock Exchange of India Ltd. (NSE).

### 9. Payment of Listing Fees

The annual listing fee for the year 2014-2015 has been paid by the company to BSE and NSE, both the Stock Exchanges.

### 10. Payment of Depository Fees

Annual Custody / Issuer fees for the year 2014-2015 has been paid by the Company to NSDL and CDSL.

### 11. Trading Symbol / Stock Code

1. National Stock Exchange of India Ltd.	:	Kohinoor
2. The Bombay Stock Exchange Ltd., Mumbai	:	512559
3. ISIN Number for NSDL & CDSL	:	INE080B01012



## STOCK MARKET DATA

Monthly High and Low quotations of Shares traded at The National Stock Exchange of India Ltd. (NSE) and The Bombay Stock Exchange Ltd. (BSE)

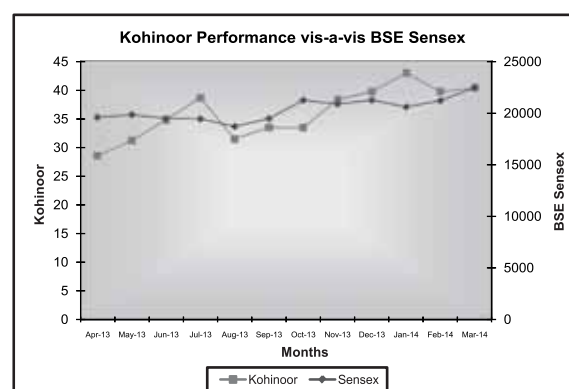
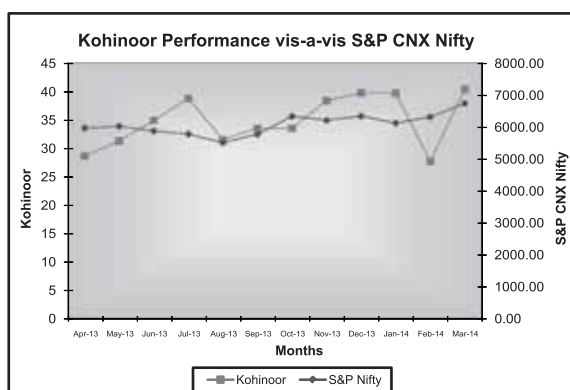
Month/Year	N.S.E		B.S.E	
	High(Rs.)	Low(Rs.)	High(Rs.)	Low(Rs.)
April 2013	33.25	22.70	33.25	23.10
May	34.50	28.55	34.80	28.55
June	39.30	29.15	39.55	29.05
July	56.80	32.30	57.60	32.15
August	34.80	29.60	34.80	29.30
September	38.80	30.10	38.40	30.35
October	35.15	31.50	35.15	31.55
November	44.50	32.95	44.50	33.00
December	42.70	37.70	42.65	37.55
January 2014	47.90	38.55	47.90	38.70
February	42.90	37.75	42.85	38.00
March	44.60	38.00	44.40	37.95

**S&P CNX Nifty/Sensex vis-à-vis Kohinoor Foods**

**Relative Price Movements**

**April 2013 – March 2014**

**(Base price as on 1st April 2013)**



### 12. Registrar and Share Transfer Agent

M/s. Skyline Financial Services Pvt. Ltd.  
D-153-A, 1st Floor, Okhla Industrial Area,  
Phase-I, New Delhi 110 020

#### Share Transfer System

All the Transfers received are processed and approved by the share transfer committee and returned to the shareholders within a period of 15 days. The Company obtains from a practicing Company Secretary half yearly certificate of compliance as required under clause 47(c) of the Listing Agreement and files the same with Stock Exchanges.

### 13. Distribution of Shareholding and Shareholding Pattern as on 31<sup>st</sup> March, 2014.

#### Distribution of Shareholding As on 31<sup>st</sup> March, 2014

NO. OF SHARES		SHARE HOLDERS		TOTAL SHARES	
		No.	% age	Total	% of Total
01	500	38065	94.22	2462803	6.99
501	1,000	1250	4.47	1030086	2.92
1,001	2,000	537	1.88	828708	2.35
2,001	3,000	183	0.55	469664	1.33
3,001	4,000	79	0.29	283629	0.80
4,001	5,000	64	0.23	298561	0.85
5,001	10,000	101	0.38	782464	2.22
10,001	Above	120	0.36	29085615	82.53
<b>Total</b>		<b>40399</b>	<b>100.00</b>	<b>35241530</b>	<b>100.00</b>

#### Shareholding Pattern as on 31<sup>st</sup> March, 2014

Category	Number of Shares	Percentage (%)
Promoters	16787311	47.64
Mutual Funds & UTI	-	-
Banks, Financial Institution	118401	0.34
F.I.Is	17500	0.05
Corporate Bodies Public	3761344	10.67
Public	7281834	20.66
NRIs/OCBs	7275140	20.64
Any Other	-	-
<b>Total</b>	<b>35241530</b>	<b>100.00</b>

## 14. CEO and CFO Certification

The Joint Managing Directors of the company give quarterly certification on Financial Results while placing Financial Results before the Board in terms of clause 41 of the Listing Agreement. The Joint Managing Director has also given certificate on CEO and CFO Certification for the year ended 31<sup>st</sup> March, 2014 and the same is attached with the Annual Report.

## 15. Compliance Certificate

The Joint Managing Director of the company gives quarterly certificate on compliance with various laws and regulations and other legal requirement of the central, state and other government and local authorities concerning the business and affairs of the Company.

## 16. Dematerialisation of Shares

The Shares of the company are in Compulsory Demat segment and are available for trading in the depository systems of both the National Securities Depository Ltd. (NSDL) and the Central Depository Services (India) Ltd. (CDSL). At the end of Financial Year, 347,39,681 Equity Shares of the Company forming 98.57% of the share capital of the Company, stand dematerialized.

## 17. Promoter Shareholding

In compliance of the SEBI circular No. Cir/ISD/3/2011 dated June 17, 2011, all the Shares of the Promoters are in Dematerialization form.

## 18. Un-Paid Dividend of Shareholders

As per MCA Circular no. G.S.R.352 (E) dated 20th May, 2012 the List of Un-paid dividend shareholders as on date of last Annual General Meeting is now available on MCA Portal as well as on the Company's website [www.kohinoorfoods.in](http://www.kohinoorfoods.in).

## 19. Green Initiatives

During fiscal 2012, we started a sustainability initiative with the aim of going green and minimizing our impact on the environment. Members are requested to support this green initiative by registering/updating their e-mail address, in respect of shares held in dematerialized form with their respective Depository Participants and in respect of shares held in physical form with Skyline Financial Services Pvt. Ltd.

## 20. Plant Locations

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

## 21. Address for Correspondence

Shareholders Correspondence may be addressed to :

M/s. Skyline Financial Services Pvt.Ltd.

D-153-A, 1st Floor,

Okhla Industrial Area,

Phase-I, New Delhi 110 020

Or

The Company Secretary

Kohinoor Foods Limited

201, Vipps Centre, Masjid Moth,

Greater Kailash-II, New Delhi 110 048

Or

The Company Secretary

Kohinoor Foods Limited

Pinnacle Business Tower, 10<sup>th</sup> Floor,

Surajkund, Faridabad, Haryana- 121001

However, shareholders holding shares in demat mode should address their correspondence relating to their holdings to the respective Depository participants.



## Declaration as required under Clause 49 of the Listing Agreement

All Directors and senior management of the Company have affirmed compliance with the Code of Conduct for the financial year ended 31<sup>st</sup> March 2014

13<sup>th</sup> August, 2014  
Faridabad

FOR AND ON BEHALF OF THE BOARD

Sd/-  
Jugal Kishore Arora  
Chairman

## SECRETARIAL AUDIT REPORT

To  
The Board of Directors  
Kohinoor Foods Limited  
201, Vipps Center, Masjid Moth  
Greater Kailash-II  
New Delhi – 110 048

We have examined the registers, records and documents of Kohinoor Foods Limited (hereinafter referred to as “the Company”) for the financial year ended on March, 31, 2014 according to the provisions of:-

- The Companies Act, 1956 (“the Act”) and the Rules made under that Act;
  - The Depositories Act, 1996 and the Regulations and Bye-laws framed under that Act;
  - The Foreign Exchange Management Act, 1999 and the Rules and Regulations made under that Act to the extent applicable to Overseas Direct Investment (ODI).
  - The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act');
    - ❖ The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - ❖ The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
    - ❖ The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
    - ❖ The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made under that Act; and
    - ❖ The Equity Listing Agreements with the Bombay Stock Exchange Limited and National Stock Exchange of India Limited.
1. Based on my limited examination and verification of the registers, records and documents as produced to me and according to the information and explanations given to me by the Company, I report that the Company has, in my opinion, complied with the provisions of the Act and the Rules made under the Act and the Memorandum and Articles of Association the Company, with regard to:
- i. maintenance of various statutory registers and documents and making necessary entries therein;
  - ii. closure of the Register of Members;
  - iii. forms, returns, documents and resolutions required to be filed with the Registrar of Companies;
  - iv. service of documents by the Company on its Members, Auditors and the Registrar of Companies;
  - v. notice of Board meetings and Committee meetings of Directors;
  - vi. the meetings of Directors and Committees of Directors including passing of resolutions by circulation;
  - vii. the 24<sup>th</sup> Annual General Meeting held on 30<sup>th</sup> September 2013;
  - viii. the approval of shareholders obtained through Postal Ballot Process, as per the result declared on 22.08.2013, to issue and allot 7,048,306 Equity Shares of face Value Rs. 10 each, for cash at a premium of Rs. 150 per equity share on a preferential basis.
  - ix. minutes of proceedings of General Meetings and of Board and its Committee Meetings;
  - x. approvals of the Members, the Board of Directors, the Committees of Directors and government authorities, wherever required;

- x. constitution of the Board of Directors /Committee(s) of directors and appointment, retirement and re-appointment of Directors including the Managing Directors and Whole time Director designated as Chairman;
  - xi. Payment of remuneration to the Directors including the Managing Director and Whole time Director designated as Chairman.
  - xii. appointment of Auditors;
  - xiii. transfers and transmissions of the Company's shares, issue and delivery of duplicate certificates of shares;
  - xiv. transfer of amounts, as required under the Act to the Investor Education and Protection Fund;
  - xv. borrowing and registration, modification and satisfaction of charges wherever applicable;
  - xvi. investment of the Company's funds including inter-corporate loans;
  - xvii. giving guarantees in connection with loans taken by subsidiaries;
  - xviii. form of Balance Sheet and Profit & Loss Account as prescribed in the revised Schedule VI of the Act and as certified by the Statutory Auditors;
  - xix. Directors' Report;
  - xx. contracts, common seal, registered office and publication of name of the Company; and
  - xxi. Generally, other applicable provisions of the Act and the Rules made under that Act.
2. I further report that;
- i. the Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements, shareholdings / and directorships in other companies and interests in other entities;
  - ii. the Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and the compliance with the code of Business Conduct & Ethics for Directors and Management Personnel.
  - iii. the Company has obtained all necessary approvals under the various provisions of the Act, wherever required;
  - iv. There was no prosecution initiated against the Company and no fines or penalties were imposed on the Company during the year under review under the Companies Act, SEBI Act, SCRA, Depositories Act, Listing Agreement and Rules, Regulations and Guidelines framed under these Acts against the Company, its Directors and Officers.
3. I further report that the Company has complied with the provisions of the Depositories Act, 1996 and the Bye-laws framed thereunder by the Depositories with regard to dematerialisation / rematerialisation of securities and reconciliation of records of dematerialised securities with all securities issued by the Company.
4. I further report that:
- i. the Company has complied with the requirements under the Equity Listing Agreements entered into with The Bombay Stock Exchange Limited and the National Stock Exchange of India Limited;
  - ii. the Company has complied with provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 including the provisions with regard to disclosures and maintenance of records required under the Regulations;
  - iii. the Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 including the provisions with regard to disclosures and maintenance of records required under the Regulations.

Note: This report has been prepared on the request of the Company; to voluntary comply with the recommendations contained in Corporate Governance Voluntary Guidelines, 2009 issued by the Ministry of Corporate Affairs.

**For Vinod Aggarwal & Associates,  
Company Secretaries**

Sd/-  
**Vinod Aggarwal**  
CP No: 8816  
Date: 28<sup>th</sup> July, 2014  
Place: New Delhi

To the Member,  
Kohinoor Foods Limited,

We have examined the compliance of condition of Corporate Governance by Kohinoor Foods Ltd.(the Company), for the year ended on 31<sup>st</sup> March, 2014, as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

As required by the Guidance note issued by the Institute of Chartered Accountant of India, we have to state that based on the report given by the Registrar and Share Transfer Agent of the Company to the Shareholder/ Investor Grievances, as on 31<sup>st</sup> March, 2014, there were no investor grievances matters against the Company remaining unattended/pending for more than 30 days.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

**For RAJENDER KUMAR SINGAL & ASSOCIATES LLP**

CHARTERED ACCOUNTANTS

FRN : 016379N

Sd/-

**PANKAJ GUPTA**

Partner

Membership No. 094909

Place: New Delhi,

Date: 29-05-2014

## CEO AND CFO CERTIFICATION

Pursuant to the provisions of Clause 49 of the Listing Agreement with BSE and NSE, I Satnam Arora, Jt. Managing Director of Kohinoor Foods Ltd. hereby certify to the Board that:

- a) I have reviewed the financial statements and cash flow statement for the year and that to the best of my knowledge and belief:
  - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) these statements together present a true and fair view of the Company's affair and are in compliance with existing Accounting Standards, applicable laws and regulations.
- b) To the best of our knowledge and belief, no transactions entered into by the Company during the year 2013-2014 which are fraudulent, illegal or violative of the Company's code of conduct.
- c) I accept responsibility for establishing and maintaining internal controls for financial reporting and I have evaluated the effectiveness of internal control system of the Company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, wherever applicable.
- d)
  - i) There has not been any significant change in internal control over financial reporting during the year under reference;
  - ii) There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements; and
  - iii) I am not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Faridabad  
29.05.2014

Sd/-  
Satnam Arora  
(Jt. Managing Director)



### ANNEXURE – 'B' 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 31<sup>st</sup> March, 2014.

#### 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 and benefits derived as a result of R&D

Research & Development has always been a focus area at Kohinoor Foods. In the last year the Company has put special efforts in research and development. The R&D team of the Company has worked on a number of areas, more specifically in the areas of frozen foods. This has resulted in the Company being able to launch a range of products including Kohinoor 'Ghee' and introduction of new range product variants e.g. Rice Bran Oil, Dry Fruits, Quinoa, Chia Seeds, Multigrain etc. in both Ready to Eat & Ready to Cook segments. We expect to notch up good numbers in the next financial year through some exciting product launches and expanding & streamlining the distribution network.

##### ii) Future plan of action

Steps are continuously being taken to promote the branded sales in domestic as well as overseas market. The Company is continuously making efforts to provide best of quality products to its customers.

##### iii) Expenditure on R&D

a) Capital	:	Nil
b) Recurring	:	Rs. 1,910,079/-
c) Total	:	Rs. 1,910,079/-
d) Total R&D expenditure as a percentage of total turnover	:	0.02%

#### C. Technology Absorption, Adaptation and Innovation

Technology Absorption, Adaptation and Innovation have 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

##### a) Total Foreign Exchange earned and used.

Foreign Exchange Earnings of the Company amounted to Rs. 94,372.07 Lacs as against Foreign Exchange Outgo of Rs. 6,820.90 Lacs during the year under review.

##### b) Activities related to exports, initiative taken to increase exports, development of new export markets for products.

In the last year, Kohinoor Foods has put in a lot of emphasis to increase exports of value added food products, basmati rice from the country, namely, the following:

- Basmati Rice
- Pulses and Lentils
- Namkeen

- Instant Mix
- Ghee
- Spices
- Indian Sweets
- Cookies
- Paneer
- Processed Foods (value added culinary products using basmati rice, and other vegetables)

With its traditional strength in the exports of basmati gathered over the years, Kohinoor Foods has yet again put special efforts to increase the exports of value added food products in the last year. The company having two subsidiaries in UK and USA and a Joint Venture operation in United Arab Emirates, has been able to provide renewed impetus to the growth of exports of various agro commodities, produced in India.

It has now made substantial inroads in the overseas markets, particularly in Benin, Cyprus, Germany, Iran, Israel, Italy, Jordan, Kuwait, Lebanon, Maldives, New Zealand, Poland, Reunion & Saudi Arabia. Kohinoor Foods has concentrated in marketing of valued added food products and basmati rice in order to maximise selling under its own brand names even in the overseas markets.

FOR AND ON BEHALF OF THE BOARD

Sd/-

JUGAL KISHORE ARORA

CHAIRMAN

Faridabad

13<sup>th</sup> August, 2014

## INDEPENDENT AUDITOR'S REPORT

To

**The Members of Kohinoor Foods Limited**

### Report on the Financial Statements

We have audited the accompanying financial statements of **Kohinoor Foods Limited** ('the Company') which comprise the balance sheet as at 31<sup>st</sup> March, 2014, the statement of profit and loss and the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i). In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (ii). In the case of the Statement of Profit And Loss, of the profit for the year ended on that date; and
- (iii). In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Emphasis of Matter

We draw attention to Note-11(c) and to Note-38(a)(i) to the financial statements. The Company has not made provisions for the followings:

- Provisions for the Diminution in the value of Investments as the Investment is strategic investment
- Provision for the demand raised by Income Tax Authorities as the matter is pending before ITAT and DRP

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a. 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;



- b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956; and
- e. on the basis of written representations received from the directors as on 31<sup>st</sup> March 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

**For RAJENDER KUMAR SINGAL & ASSOCIATES LLP**  
(CHARTERED ACCOUNTANTS)  
FRN : 016379N

**Sd/-**  
**(Pankaj Gupta)**

PARTNER

Membership No. 94909

Place: New Delhi  
Date: 29-May-2014

## ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

***The Annexure referred to in our report to the members of Kohinoor Foods Limited ('the Company') for the year ended 31<sup>st</sup> March 2014. We report that:***

- i. In respect of its fixed assets:
  - a. In our opinion and on the basis of the information and explanation given to us, the Company is maintaining Fixed Assets Register showing necessary particulars. The Company is in the process of updating its records showing full particulars, including quantitative details and situations of fixed assets.
  - b. As explained to us, the physical verification of fixed assets was conducted by the management at reasonable intervals and no material discrepancies were noticed on such verification. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of assets.
  - c. The Company has disposed off some of the fixed assets which were not substantial, and therefore do not affect going concern assumption.
- ii. In respect of its inventories:
  - a. As informed and represented to us, inventories were physically verified during the year by the management at reasonable intervals.
  - b. According to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate having regard to the size of the company and nature of its business.
  - c. According to the information and explanation given to us, the company is maintaining proper records of inventory and there was no material discrepancies noticed on physical verification.
- iii. In respect of unsecured loans granted by the company to companies covered in the register under section 301 of the Companies Act, 1956 and according to the information and explanation given to us:
  - a. The Company has given unsecured interest free loan to its Joint Venture Company covered in the register maintained under Section 301 of the Companies Act, 1956. At the year end, an amount outstanding against the loan granted to the above mentioned company aggregated to Rs. 18.51 Crores. The maximum balance outstanding during the year was Rs. 18.51 Crores. In our opinion, having regard to the long term involvement with the above mentioned company and considering the explanations given to us in this regard, the terms and conditions of the above loan are not, prima facie, prejudicial to the interests of the Company.

- b. The Company has taken interest free unsecured loans from three directors covered in the register maintained under Section 301 of the Act. The aggregate amount outstanding at year end is Rs. 14.89 Crores and the loan is repayable on demand. In our opinion, considering the explanations given to us in this regard, the terms and conditions of the above are not, prima facie, prejudicial to the interests of the Company.
- iv. In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system commensurate with the size of the company and nature of its business with regard to purchases of inventory, fixed assets and for the sale of goods & services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control system.
- v.
- a. In our opinion and according to the information and explanations given to us, contracts or arrangements referred to in Section 301 of the Act have been entered in the register maintained under that section.
- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which appear reasonable as per information available with the company.
- vi. In our opinion and according to the information and explanations given to us, the company has not accepted deposits from the public during the year. Therefore, the provisions of clause 4(vi) of the said order are not applicable to the Company.
- vii. In our opinion and according to the information and explanations given to us, the Company has an Internal Audit System commensurate with the size and nature of its business.
- viii. We have broadly reviewed the books of account relating to material, labor and other items of cost maintained by the company pursuant to the rules prescribed by the central government for the maintenance of cost records under section 209(1)(d) of the Act and are of the opinion that, the accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- ix.
- a. According to the information and explanations given to us and on the basis of our examination of the books of accounts, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Service Tax, Wealth Tax, Custom Duty, Excise duty, Cess and other material statutory dues as applicable with appropriate authorities except for some delay in depositing the same.
- According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income tax, Sales tax, Service Tax, Wealth Tax, Custom Duty, Excise duty, Cess and other statutory dues were outstanding, as at March 31, 2014 for a period of more than six months from the date they became payable.
- b. According to the information and explanations given to us, there are dues of Income Tax, Sales Tax and Excise Duty which have not been deposited on account of any dispute. The details of disputed dues as at March 31, 2014 in respect of Excise duty, Sales tax and Income tax that have not been deposited by the company are as follows :-

(INR. In Lacs)

Nature of Dues	Amount	Period to which the Amount relates	Forum where dispute is pending
Income Tax	9487.02	2002-03 to 2008-09	Income Tax Appellate Tribunal- (New Delhi)
Income Tax	2843.93	2009-10	Income Tax Appellate Tribunal- (New Delhi)
Income Tax	2075.00	2010-11	DRP, New Delhi
Sales Tax- Delhi	122.00	1991-92 to 2000-01	Commissioner of Sales Tax (Delhi)
Sales Tax- Amritsar	477.25	2009-10 to 2010-11	Deputy Excise & Taxation Commission (Appeal)
Excise Duty	42.90	April 2005 to February 2006	CCE (Appeals)

(INR. In Lacs)

Nature of Dues	Amount	Period to which the Amount relates	Forum where dispute is pending
Service tax	259.25	2004-05 to 2008-09	Service tax Appellate Tribunal- (New Delhi)
Income tax (TDS/TCS)	0.74	2007-08 (4 <sup>th</sup> Quarter)	Commissioner of Income tax (Appeals)

- x) The Company does not have any accumulated losses as at the end of the Financial Year and it has not incurred cash losses in the current and the immediately preceding year.
- xi) According to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions or banks or bond holders.
- xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
- xiii) In our opinion and according to the information and explanations given to us, the Company is not a Chit fund / Nidhi / Mutual Benefit Fund / Societies. Accordingly paragraph 4(xiii) of the order is not applicable.
- xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, and debentures and other investments.
- xv) According to the information and explanation given to us, the Company has given corporate guarantee of a sum of Rs.15094.45 Lakhs for loans taken by its wholly owned subsidiaries from banks. In our opinion, the terms and conditions on which the Company has given guarantee for loans taken by its wholly owned subsidiaries from banks are not prima facie prejudicial to the interest of the Company.
- xvi) According to the information and explanations given to us by the management, term loans were applied for the purpose for which they were obtained.
- xvii) According to the information and explanations given to us, no funds raised on short basis have been used for long term purpose. No long-term funds have been used to finance short-term assets except working capital.
- xviii) During the period covered under audit, the company has made preferential allotment of 7,048,306 equity shares of Rs. 10/- per share, issued at a premium of Rs. 150/- per share on Preferential basis to parties and companies covered in the register maintained under section 301 of the Act. In our opinion and according to information and explanation given to us, the price at which the shares have been issued is not prejudicial to the Company.
- xix) The company has no outstanding debentures as at the year end.
- xx) The Company has not raised any money by public issue during the year.
- xxi) During the course of our examination of the books of account, carried out in accordance with generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of fraud on or by the company, noticed or reported during the year, nor have we been informed of such cases by the management.

**For RAJENDER KUMAR SINGAL & ASSOCIATES LLP**

(CHARTERED ACCOUNTANTS)

FRN : 016379N

**Sd/-**

**(Pankaj Gupta)**

Partner

Membership No. 094909

New Delhi

Date: 29-May-2014

**BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2014**
**(Rs. In Lacs)**

<b>PARTICULARS</b>	<b>NOTE</b>	<b>AS AT 31-March-2014</b>	<b>AS AT 31-March-2013</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's Fund</b>			
Share Capital	2	3,524.15	2,819.32
Reserve and Surplus	3	44,983.07	33,759.74
		48,507.22	36,579.06
<b>Non-Current Liabilities</b>			
Long Term Borrowings	4	3,193.35	5,722.40
Long Term Provisions	5	203.98	111.13
		3,397.33	5,833.53
<b>Current Liabilities</b>			
Short Term Borrowings	6	77,180.85	74,513.47
Trade Payables	7	13,455.95	12,168.61
Other Current Liabilities	8	23,736.35	7,468.82
Short Term Provisions	9	184.70	565.99
		114,557.85	94,716.88
<b>TOTAL</b>		<b>166,462.40</b>	<b>137,129.47</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets	10		
Tangible Assets		9,031.99	9,477.88
Capital Work-in-Progress		101.27	356.98
		9,133.26	9,834.86
Non-Current Investments	11	13,240.11	13,240.54
Deferred tax assets (net)	12	138.73	372.08
Long Term Loans and Advances	13	2,042.33	1,855.90
		15,421.17	15,468.52
<b>Current Assets</b>			
Inventories	14	108,887.36	93,230.09
Trade Receivables	15	28,496.02	14,612.87
Cash and Bank Balances	16	819.64	1,369.88
Short Term Loans and Advances	17	3,646.42	2,532.05
Other Current Assets	18	58.54	81.19
		141,907.97	111,826.08
<b>TOTAL</b>		<b>166,462.40</b>	<b>137,129.47</b>

Significant Accounting Policies 1

The Notes Referred To Above Form Part of The Balance Sheet

In terms of our separate report of even date attached

**for and on behalf of the Board of Directors**
**For Rajender Kumar Singal & Associates LLP.**
**Chartered Accountants**

FRN : 016379N

**Sd/-**  
**(PANKAJ GUPTA)**  
**PARTNER**

Membership No: 094909

Faridabad  
29-May-2014

**Sd/-**  
**SATNAM ARORA**  
**JT. MG. DIRECTOR**
**Sd/-**  
**RAMA KANT**  
**COMPANY SECRETARY**
**Sd/-**  
**GURNAM ARORA**  
**JT. MG. DIRECTOR**



### STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2014

(Rs. In Lacs)

PARTICULARS	Note	FOR THE YEAR ENDED 31-March-2014	FOR THE YEAR ENDED 31-March-2013
<b>INCOME</b>			
Revenue from Operations	19	126,337.69	108,780.67
Other Income	20	<u>155.55</u>	<u>187.40</u>
Total Revenue		126,493.25	108,968.07
<b>EXPENDITURE</b>			
Cost of Material Consumed	21	74,739.83	58,235.20
Purchases of Stock-in-Trade	22	18,907.73	21,013.12
Changes of Inventories of Traded Goods	23	3,099.23	1,231.35
Employee Benefits Expenses	24	1,999.02	1,779.66
Finance Costs	25	8,641.28	9,113.31
Depreciation and Amortisation Expenses	10	1,130.40	932.52
Other Expenses	26	<u>15,725.58</u>	<u>15,062.48</u>
Total Expenses		<u>124,243.07</u>	<u>107,367.63</u>
<b>Profit Before Extra Ordinary Items</b>		<b>2,250.18</b>	<b>1,600.44</b>
Extra Ordinary Items	27	1,527.13	—
<b>Profit Before Tax</b>		<b>723.05</b>	<b>1,600.44</b>
Tax Expenses			
Current Tax		171.16	320.21
Less : - MAT credit entitlement		<u>151.55</u>	<u>320.21</u>
Income Tax for Prior Years		(180.78)	—
Deferred Tax		233.35	626.47
<b>Profit for the year</b>		<b>650.87</b>	<b>973.97</b>
Earnings per equity share before extra ordinary items of face value of Rs. 10 each			
Basic and Diluted (in Rs.) [Refer note no. 33]		7.15	3.45
Earnings per equity share after extra ordinary items of face value of Rs. 10 each			
Basic and Diluted (in Rs.) [Refer note no. 33]		2.14	3.45

The Notes Referred to Above Form Part of The Statement of Profit and Loss

In terms of our separate report of even date attached

for and on behalf of the Board of Directors

For Rajender Kumar Singal & Associates LLP.

CHARTERED ACCOUNTANTS

FRN : 016379N

Sd/-  
(PANKAJ GUPTA)  
PARTNER

Membership No: 094909

Faridabad  
29-May-2014

Sd/-  
SATNAM ARORA  
JT. MG. DIRECTOR

Sd/-  
GURNAM ARORA  
JT. MG. DIRECTOR

Sd/-  
RAMA KANT  
COMPANY SECRETARY

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2014

(Rs. In Lacs)

PARTICULARS	FOR THE YEAR ENDED 31- March-2014	FOR THE YEAR ENDED 31-March-2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax & extra ordinary items	2,250.18	1,600.44
Adjustments for :		
Depreciation	1,130.40	932.52
Interest Paid	8,641.28	9,113.31
Interest Received	(42.78)	(81.80)
Dividend Received From Key Man Insurance Policy	(9.30)	(5.28)
Net gain/ loss on sale of Investment	(0.25)	
<b>Operating profit before working capital changes</b>	<b>11,969.52</b>	<b>11,559.19</b>
Adjustments for :		
Debtors	(13,883.14)	4,295.25
Inventories	(15,657.26)	(8,310.58)
Current Liabilities & Provision	17,266.44	5,371.43
Direct taxes	161.17	—
<b>Cash flow before exceptional and extra ordinary items</b>	<b>(143.28)</b>	<b>12,915.29</b>
Exceptional Items	—	—
Extra ordinary items	(1,527.13)	—
<b>Net cash from operating activities</b>	<b>(1,670.41)</b>	<b>12,915.29</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets and change in Capital work in progress	(428.80)	(1,367.59)
Sale / (Purchase) of Investments	0.68	(3,168.80)
Loans & advances and other current assets	(1,278.15)	1,945.87
Interest Received	42.78	81.80
Dividend Received From Key Man Insurance Policy	9.30	5.28
<b>Net cash from Investment activities</b>	<b>(1,654.18)</b>	<b>(2,503.45)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of Share Capital	11,277.29	—
Proceeds from short term borrowings	2,667.38	2,635.68
Repayment of long term borrowing	(2,529.05)	(3,789.23)
Interest paid	(8,641.28)	(9,113.31)
<b>Net cash flow from financing activities</b>	<b>2,774.34</b>	<b>(10,266.86)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(550.25)</b>	<b>144.99</b>
- Cash & Cash equivalent at begning of the year	1,369.88	1,224.89
- Cash & Cash equivalent at end of the year *	819.64	1,369.88
- Effect of change in Exchange Rate on Cash and Cash Equivalent	(70.21)	11.83
<b>* Cash &amp; Cash equivalent include :</b>		
Restricted Bank Balance ( In dividend accounts)	3.63	10.08
FDR/Margin money with Bank	690.28	1,016.65

In terms of our separate report of even date attached  
**For Rajender Kumar Singal & Associates LLP.**  
**CHARTERED ACCOUNTANTS**  
 FRN : 016379N

**for and on behalf of the Board of Directors**

Sd/-  
**(PANKAJ GUPTA)**  
**PARTNER**

Sd/-  
**SATNAM ARORA**  
**JT. MG. DIRECTOR**

Sd/-  
**GURNAM ARORA**  
**JT. MG. DIRECTOR**

Membership No: 094909  
 Faridabad  
 29-May-2014

Sd/-  
**RAMA KANT**  
**COMPANY SECRETARY**

## 1. Significant Accounting Policies

### (a) **Basis of Preparation of Financial Statements :**

The financial statements are prepared and presented under the historical cost convention, on the accrual basis of accounting and comply with the Accounting Standards prescribed by the Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956 to the extent applicable, as adopted consistently by the company.

### (b) **Use of Estimates and Judgments :**

The preparation of financial statements are in conformity with the Accounting Standards which requires Management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures relating to the contingent liabilities as on the date of balance sheet and the reported amount of revenues and expenditures during the reporting period. The estimates and assumptions used in the Financial Statements are based upon Management's best evaluation of the relevant facts and circumstances as of the date of the Financial Statements. Examples of such estimates include useful life of fixed assets, creation of deferred tax asset, lease rentals and write off of deferred revenue expenditure. Actual results may differ from those estimates.

### (c) **Revenue Recognition :**

The company follows the mercantile system of accounting and recognizes the income and expenditures on accrual basis except in case of significant uncertainties. Certain items of income such as insurance claim, market fees refund, overdue interest from customers etc have been considered to the extent the amount is accepted by the parties. The principles of the revenue recognition are given below:-

Sales are recognized as follows :

Domestic Sales - At the point of dispatches to customers.

Export Sales - At the time of issue of Bill of Lading.

Sales are recorded net of sales returns, price differences and sales tax.

Sale of license and duty draw back are recognized on realization basis.

### (d) **Fixed Assets:**

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use. All costs, including financing cost till commencement of commercial production, net charges on foreign exchange contracts, if capitalization criteria are met.

Capital work in progress is stated at cost. Capital WIP includes the cost of fixed assets that are not yet ready for their intended use, as on the balance sheet date.

### (e) **Depreciation:**

Depreciation is provided on written down value basis at rates provided in Schedule XIV to the Companies Act, 1956. The depreciation rates which are different from the principal rates specified in Schedule-XIV are as follows:-

Tarpaulin: 100% p.a.

Wooden & Plastic Crates: 100% p.a.

Depreciation on addition to fixed assets is provided on pro-rata basis from the date the assets are acquired/installed. Depreciation on sale/deduction from fixed assets is provided for upto the date of sale, deduction and discardment as the case may be.

In case of items having value of Rs. 5,000/- or below, acquired during the year have been charged to profit & loss account at 100% in the year of purchase.

### (f) **Impairment of Assets:**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable

amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

**(g) Expenditure Incurred during Construction Period:**

Expenditure directly relating to construction activity is capitalized, Indirect expenditure incurred during construction period is capitalized as part of the indirect construction cost to the extent to which the expenditure indirectly related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is not related to the construction activity nor is incidental thereto is charged to the Statement of Profit and Loss. Income earned during construction period is deducted from the total of the indirect expenditure.

All direct capital expenditure on expansion are capitalized. As regards indirect expenditure on expansion, only that portion is capitalized which represents the marginal increase in such expenditure involved as a result of capital expansion. Both direct and indirect expenditure are capitalized only if they increase the value of the asset beyond its original standard of performance.

**(h) Leases:**

**(a) Finance Lease:**

- (i) Assets taken on finance lease are capitalised at fair value or net present value of the minimum lease payments, whichever is less.
- (ii) Lease payments are apportioned between the finance charges and outstanding liability in respect of assets taken on lease.

**(b) Operating Lease:**

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term are classified as operating lease. Charges are recognized as an expense in the Statement of Profit and Loss on a straight line basis over the lease term.

**(i) Government Grants:**

Grants in the nature of capital contribution towards setting up of projects in backward area is adjusted from the cost of the related fixed assets. Grants related to revenue are deducted from the related expense.

**(j) Income Taxes:**

- (i) Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with Income Tax Act, 1961. Deferred income tax reflects the impact of current year timing differences between taxable income that originates in one period and are capable of reversal in one or more subsequent periods.
- (ii) Minimum Alternate Tax (MAT) paid in accordance with Income Tax Act, 1961 gives rise to future economic benefits in the form of adjustments of future income tax liability against such payments.
- (iii) Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are recognized on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax assets can be realized against future taxable profits. Unrecognized deferred tax assets of earlier years are re-assessed and recognized to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized.

**(k) Provisions, Contingent Liabilities and Contingent Assets :**





## Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

## Contingent Liability

A contingent liability is disclosed where, as a result of past events, there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

## Contingent assets

Contingent assets are neither recognized nor disclosed.

## (l) Employees Benefits :

The Company has adopted the Accounting Standard 15- Employee Benefits prescribed under the Companies (Accounting Standards) Rules, 2006 with effect from 1 January 2008. The Company's obligation towards various employee benefits has been recognized as follows:

### Short Term Employee Benefits

All employee benefits payable wholly within twelve months of rendering the service are short-term employee benefits. Benefits such as salaries, wages and bonus wages, etc, are recognized in the Profit and Loss statement in the period in which the employee renders the related service.

### Defined Benefit Plan

Gratuity cost is a defined Benefit Plan. The present value of obligations under such defined benefit plan is determined based on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, years approximating to the terms of related obligations. Actuarial gains and losses are recognised immediately in the profit and loss statement. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the settlement occurs.

## (m) Borrowing Cost:

Borrowing cost include:

- a) Interest and commitment charges on bank borrowings and other short term and long term borrowings;
- b) Amortization of discounts and premiums relating to the borrowings;
- c) Amortization of ancillary costs incurred in connection with the arrangement of borrowing;
- d) Finance charges in respect of assets acquired under finance lease and under other similar arrangements; and
- e) Exchange difference arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing cost attributable to the fixed assets during construction/ exploration, renovation and modernization are capitalized. Such borrowing costs are apportioned on the average balance of capital work in progress for the year. Other borrowing costs are recognized as an expense in the period in which they are incurred.

## (n) Investments:

Long Term Investments

Long term Investments are stated at cost.

**(o) Inventories:**

Inventories are valued at cost or net realizable value whichever is lower, as taken, valued and certified by the management. The basis for determining cost for various categories of inventories are as under:

Raw Material	- At cost on FIFO Basis
Finished Stock	- At material cost + appropriate share of production overhead. +Other cost to the extent they are incurred in bringing the inventory to the present location and condition. (On weighted average cost basis).
Work in Progress	- At material cost + appropriate share of production overhead. (On weighted average cost basis).
Packing Material	- At cost
Stores & Spares	- At cost

**(p) Foreign Exchange Transactions :**

Transactions in foreign currency are converted at the exchange rate prevailing at the date of the transaction. Foreign currency monetary assets and liabilities not covered by forward exchange contracts are restated at the year end rates and the resultant gains or losses are recognized in the Profit and Loss account. Non-monetary items are carried in terms of historical cost denominated in foreign currency using the exchange rates at the date of transaction.

Forward contracts other than those entered into to hedge foreign currency risk on unexecuted firm commitment or of highly probable forecast transactions are treated as foreign currency transactions and accounted accordingly. Any profit or loss arising on cancellation of a forward contract is recognized as income or expense in the period in which they arise.

Mark to Market exposure arising out of derivative contracts has been provided except for those contracts which have been challenged in the court of law and disclosed under contingent liabilities.

The Company follows the Accounting Standards which are made mandatory. It is in the process of formulating the requisite mechanism/systems to meet prescribed requirements under Accounting Standards 30, 31 & 32. It shall be following the accounting policy of recognition, presentation & disclosure of forward exchange transactions including Derivative/ Hedging/ Currency Swaps & Interest Swaps etc as prescribed under these Accounting Standards with effect from the date these are made mandatory by ICAI. Unhedged balances of receivables and payables are disclosed on net basis.

**(q) Research & Development :**

Revenue Expenditure on Research & Development is charged as an expense in the year in which it is incurred. Capital expenditure is included in respective heads under fixed assets.

**(r) Earning per share:**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting year. The weighted average numbers of equity shares outstanding during the year are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**(s) Cash and Cash Equivalents :**

Cash and cash equivalents in the balance sheet comprise of cash at bank and in hand and short term investments with an original maturity of three months or less. Earmarked balances with bank, margin money or security against borrowings, guarantees and other commitments, if any shall be treated separately from cash and cash equivalent.

### NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

(Rs. In Lacs)

PARTICULARS	AS AT 31-March-2014	AS AT 31-March-2013
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#### 2. SHARE CAPITAL

##### Authorised Share Capital

75,000,000 (Previous Year 75,000,000) 7,500.00 7,500.00

Equity Shares of Rs. 10/- each

##### Issued, Subscribed And Paid-up Capital

35,241,530 (Previous Year 28,193,224) 3,524.15 2,819.32

Equity Shares of Rs. 10/- each fully paid-up

3,524.15 2,819.32

#### a) The reconciliation of the number of shares outstanding is set out below:

Number of Equity Shares at the beginning of the year 28,193,224 28,193,224

Number of Equity Shares issued during the year 7,048,306 —

Number of Equity Shares at the end of the year 35,241,530 28,193,224

#### b) Shares held by Shareholders holding more than 5 percent shares in the Company :

	Name of Shareholder	As At 31-March-2014		As At 31-March-2013	
		No. of Shares	holding	No. of Shares	holding
(1)	Jugal Kishore Arora	5,556,984	15.77%	4,934,917	17.50%
(2)	Satnam Arora	4,866,209	13.81%	4,315,759	15.31%
(3)	Gurnam Arora	5,594,274	15.87%	5,016,791	17.79%
(4)	M/s Al Dahra International Investments LLC	7,048,306	20.00%	-	0.00%

#### c) Terms/Rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share and has equal dividend right. The Company declares and pays dividend in Indian Rupees. The Dividend if proposed by the Board of Directors is subject to shareholders approval in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the equity shareholders will be entitled to receive the remaining assets of the Company in proportion to the number of equity shares held by the shareholders.

#### d) During the year ended 31st March 2014, the company has allotted 7,048,306 equity shares of Rs. 10/- per share, issued at a premium of Rs. 150/- per share on Preferential basis to M/s Al Dahra International Investments LLC, Abu Dhabi. The Paid Up Share Capital of the Company has now increased from Rs. 2819.32 Lacs to Rs. 3524.15 Lacs.

#### 3. Reserve And Surplus

(Rs. In Lacs)

	AS AT 31-March-2014	AS AT 31-March-2013
<b>Capital Reserve</b>		
As per last Balance Sheet	742.76	742.76
<b>Securities Premium Account</b>		
As per last Balance Sheet	3,976.97	
Add: on shares issued during the year	10,572.46	
	14,549.43	3,976.97
<b>General Reserve</b>		
As per last Balance Sheet	11,266.94	11,266.94
<b>Surplus from Statement of Profit &amp; Loss</b>		
As per last Balance sheet	17,773.07	16,799.10
Add: Profit during the year	650.87	973.97
	18,423.94	17,773.07
	44,983.07	33,759.74

### 4. LONG TERM BORROWINGS

	AS AT 31-March-2014	(Rs. In Lacs) AS AT 31-March-2013
<b>Secured Loans</b>		
Term Loans from Banks	1,704.35	4,186.25
Long Term maturity of Finance Lease obligations	—	24.95
	<u>1,704.35</u>	<u>4,211.20</u>
<b>Unsecured Loans</b>		
Loan from Promoters	1,489.00	380.00
Term Loans form Banks	—	1,131.19
	<u>1,489.00</u>	<u>1,511.19</u>
	<u>3,193.35</u>	<u>5,722.40</u>

- a) Term loans are repayable in monthly/quarterly installments. Maturity profile of non-current term loans from banks are as set out below

Term Loan Installments Repayable within:-

1-2 Years	1,104.35	3,726.19
2-3 Years	600.00	1,294.35
3-4 Years	—	296.90
	<u>1,704.35</u>	<u>5,317.44</u>

- b) Term Loans carry different interest rates ranging from 8% to 13.5% per annum.

- c) Term loan form banks (including current maturities) are secured by:-

i) Secured by mortgage of property belonging to Promoters and charge on Fixed Assets and second pari pasu charge on Current Assets of the company.	639.36	1,735.85
ii) Secured by Subservient charge on Current Assets	—	746.69
iii) Secured by Charge on fixed assets situated at Murthal Factory.	1,800.00	2,102.31
iv) Secured by Charge on third party property.	1,250.00	2,250.00
v) Secured by charge on head office premises at Surajkund	529.35	804.35

### 5. LONG TERM PROVISIONS

Provision for Employee Benefit	203.98	111.13
Provision for Gratuity	<u>203.98</u>	<u>111.13</u>

### 6. SHORT TERM BORROWINGS

<b>Secured</b>		
Loan repayable on Demand from Banks	74,680.24	67,817.95
Buyers Credit	—	4,926.94
<b>Unsecured</b>		
Overdraft in Current Account	<u>2,500.61</u>	<u>1,768.57</u>
	<u>77,180.85</u>	<u>74,513.47</u>



a) Loan repayable on Demand from Banks include the followings		
Pre-Shipment	44,306.18	41,594.19
Post-Shipment	6,956.60	6,339.54
Working Capital Demand Loan	1,050.00	950.00
Cash Credit	19,710.76	18,934.22
Suppliers Bill Discounting	2,656.70	—
	<u>74,680.24</u>	<u>67,817.95</u>

b) Loan repayable on Demand from Banks are secured by hypothecation of Inventory, book debts and other current assets of the company, both present and future and the first charge on fixed assets of the company (excluding of specific assets charged to Term lending Banks).

c) In the previous year, Buyers Credit has been availed from banks against lien on L.C limits secured as described in para 6(b) above for non fund based limits of working capital loans.

### 7. TRADE PAYABLE

-Due to Micro, Small and Medium Enterprises	—	—
-Due to Others	13,455.95	12,168.61
	<u>13,455.95</u>	<u>12,168.61</u>

The Ministry of Micro, Small and Medium Enterprises has issued an office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amount payable to such enterprises as at the year end has been made in the financial statements based on the information received and available with the Company. Based on the information received from vendors, there are no dues outstanding to micro and small enterprises (Suppliers) covered under the Micro, Small and Medium Enterprises Development Act, 2006.

### 8. OTHER CURRENT LIABILITIES

Current maturities of long-term debt (Secured)	2,514.36	3,452.94
Current maturities of long-term debt (Unsecured)	273.81	1,158.57
Current maturities of finance lease obligations	24.75	63.57
Interest Accrued and due on borrowings	153.35	212.27
Advance received from customers	17,110.07	470.56
Current maturities of deferred payment liabilities	—	479.91
Unclaimed Dividends	3.63	10.08
Statutory Liabilities	111.66	156.37
Employees Benefit Expenses	131.31	101.92
Other Liabilities	3,413.40	1,362.63
	<u>23,736.35</u>	<u>7,468.82</u>

### 9. SHORT TERM PROVISIONS

Provision for employee benefits		
Provision for gratuity	13.88	63.40
Other Provisions		
Income Tax [Refer note no. 38]	169.35	500.99
Wealth Tax	1.47	1.60
	<u>184.70</u>	<u>565.99</u>

**10. FIXED ASSETS**
**(Rs. In Lacs)**

Particulars	Gross Block			Depreciation			WDV	WDV
	As at 31-03-2013	Additions	Deletions	As at 31-03-2014	For the Year	Deletions/ Adjustments	As at 31-03-2014	As at 31-03-2013
<b>TANGIBLE ASSETS</b>								
LAND	325.65	—	—	325.65	—	—	—	325.65
FACTORY BUILDING	2,819.52	212.26	—	3,031.78	139.26	—	1,523.92	1,434.86
OFFICE BUILDING	2,226.19	52.67	—	2,278.86	106.82	—	249.28	2,083.73
PLANT & MACHINERY & OFFICE EQUIPMENT	10,925.75	290.89	—	11,216.64	708.19	—	6,651.34	4,982.60
FURNITURE & FIXTURES	405.50	16.75	—	422.25	45.39	—	174.06	276.83
WOODEN, PLASTIC CRATES & TARPULINS	—	76.57	—	76.57	24.03	—	24.03	—
COMPUTERS	190.83	10.97	—	201.80	15.85	—	174.53	32.15
VEHICLES <sup>(1)</sup>	932.50	31.09	15.00	948.59	90.85	8.32	672.99	342.05
<b>TOTAL</b>	<b>17,825.95</b>	<b>691.19</b>	<b>15.00</b>	<b>18,502.15</b>	<b>1,130.40</b>	<b>8.32</b>	<b>9,470.15</b>	<b>9,477.88</b>
<b>PREVIOUS YEAR</b>	13,605.18	4,273.64	52.86	17,825.95	932.52	44.23	8,348.07	6,145.39

**CAPITAL WORK IN PROGRESS**
**(Rs. In Lacs)**

Particulars	Gross Block		
	As at 31-03-2013	Addition during the year	Capitalisation during the year
Machinery WIP	224.48	16.64	161.82
Electric Installation WIP	27.52	17.95	28.55
Building WIP	104.98	51.29	151.23
<b>TOTAL</b>	<b>356.98</b>	<b>85.89</b>	<b>341.59</b>
<b>PREVIOUS YEAR</b>	3,254.40	493.33	3,390.74

**Note:**

1) Vehicles include the financial leased vehicles.



	AS AT 31-March-2014	(Rs. In Lacs) AS AT 31-March-2013
<b>11. NON-CURRENT INVESTMENTS</b>		
<b>TRADE INVESTMENTS</b>		
<b>Investment in Unquoted Equity Instruments</b>		
<b>Subsidiary Companies</b>		
Kohinoor Foods USA Inc. 56,000 (Previous year - 56,000) shares of USD 62.5 each fully paid up	1,608.68	1,608.68
Indo European Foods Ltd., UK 5,183,534 (Previous year - 5,183,534) shares of GBP 1 each fully paid up	4,185.78	4,185.78
Sachdeva Brothers Pvt. Ltd. 15,835 (Previous year - 15,835) shares of Rs. 100 each fully paid up	71.34	71.34
<b>Joint Venture Company</b>		
Rich Rice Raisers Factory LLC. 75 (Previous year - 75) shares of DHR 1000 each fully paid up	9.42	9.42
<b>Others</b>		
Kohinoor Speciality Foods India Pvt. Ltd. 44,161 (Previous year - 44,161) shares of Rs. 10 each fully paid up	4,220.86	4,220.86
<b>Investment in Unquoted Preference Shares</b>		
<b>Subsidiary Companies</b>		
Kohinoor Foods USA Inc. 80,000 (Previous year - 80,000) shares of USD 62.5 each fully paid up	2,369.77	2,369.77
Indo European Foods Ltd., UK 1,000,000 (Previous year - 1,000,000) shares of GBP 1 each fully paid up	773.64	773.64
<b>Other Investment</b>		
<b>Investment in Quoted Equity Instruments</b>		
Punjab National Bank Nil (Previous year - 110) shares of Rs. 10 each fully paid up	—	0.43
Anu Laboratories Ltd. 5,940 (Previous year - 5,940) shares of Rs. 1 each. Fully paid up	0.62	0.62
	<u>13,240.11</u>	<u>13,240.54</u>
a) Aggregate amount of Quoted investments	0.62	1.05
Aggregate amount of Market value of Quoted Investments	0.01	0.82
Aggregate amount of Un-quoted Investments	13,239.49	13,239.49
b) All the Non-current investments are carried at cost.		
c) The Company's Investment in Subsidiary/Joint Venture Companies are long term strategic investment involving long-term commitment. The losses incurred by wholly owned subsidiary companies are not going to effect the company's investment in long run, therefore no provisions for diminution in the value of investment or losses suffered by the subsidiary companies have been made in the accounts. However, consolidated financial statements have been prepared in accordance with AS-21 prescribed by the Companies (Accounting Standard) Rules, 2006.		
<b>12. DEFERRED TAXASSETS (NET)</b>		
Disallowance under Income tax act, 1961	73.57	54.98
Related to fixed assets	(383.11)	(284.65)
Related to business loss	448.27	601.75
	<u>138.73</u>	<u>372.08</u>

		(Rs. In Lacs)
	AS AT 31-March-2014	AS AT 31-March-2013
<b>13. LONG TERM LOAN AND ADVANCES</b>		
(Unsecured, Considered Good)		
Capital Advances	58.38	65.25
Security Deposit	129.56	114.42
Loan and advances to related parties	1,854.39	1,676.22
	<u>2,042.33</u>	<u>1,855.90</u>
<b>a) Loans and advances to related parties</b>		
<b>To Subsidiary Companies</b>		
Sachdeva Brothers Private Limited	3.14	2.84
<b>To Joint Venture</b>		
Rich Rice Raisers Factory LLC.**	1,851.25	1,673.38
	<u>1,854.39</u>	<u>1,676.22</u>
* The loan to the Joint Venture Company, Rich Rice Raisers Factory LLC of Rs. 1,851.25 Lacs does not carry any interest and the repayment schedule is not specified.		
<b>b) Disclosures required by Clause 32 of the Listing Agreement</b>		
Amount of loans and advances in the nature of loans outstanding from subsidiaries, where interest is not charged.		
<b>Subsidiary Company</b>		
Sachdeva Brothers Private Limited		
Amount outstanding at the end of years	3.14	2.84
Maximum amount outstanding during the years	3.14	2.84
<b>14. INVENTORIES*</b>		
(As taken, valued and certified by the Management)		
Raw Material	12,383.03	—
Finished Goods	95,093.15	88,724.20
Stock-in-trade	230.56	3,329.79
Stores and Spares	161.05	155.56
Packing Materials	1,019.57	1,020.54
	<u>108,887.36</u>	<u>93,230.09</u>
* Inventories are valued at cost or net realizable value which ever is lower.		
<b>15. TRADE RECEIVABLES</b>		
(Unsecured, Considered Good)		
Outstanding for a period exceeding six months	3,163.57	2,348.52
Others	25,332.45	12,264.35
	<u>28,496.02</u>	<u>14,612.87</u>
<b>a) Trade receivables include the following amount due from related parties</b>		
<b>Subsidiary Company</b>		
Kohinoor Foods USA Inc	5,881.69	3,440.50
Indo European Foods Ltd., UK	3,858.89	703.33
<b>Joint Venture Company</b>		
Rich Rice Raisers Factory LLC.	1,104.97	2,348.70
	<u>10,845.55</u>	<u>6,492.53</u>



	AS AT 31-March-2014	(Rs. In Lacs) AS AT 31-March-2013
<b>16. CASH &amp; BANK BALANCES</b>		
<b>Cash &amp; Cash Equivalents</b>		
Balances with Banks in Current Accounts	98.34	333.76
Cash in Hand	27.38	9.39
	<u>125.73</u>	<u>343.15</u>
<b>Other Bank Balances</b>		
Fixed Deposits as Margin Money with Banks	690.28	1,016.65
Un-paid Dividend Accounts*	3.63	10.08
	<u>693.91</u>	<u>1,026.73</u>
	<u>819.64</u>	<u>1,369.88</u>
*Pursuant to Section 205C of the Companies Act, 1956, dividend of Rs. 6.43 Lacs pertaining to year 2005-2006, which was unclaimed for a period of seven years, was transferred during the year to the Investor Education and Protection Fund administered by the Central Government.		
<b>17. SHORT TERM LOAN AND ADVANCES</b>		
(Unsecured considered good)		
Staff Advance	11.66	3.57
Pre-paid Expenses	295.98	247.84
Advance against Purchases	195.01	65.22
Advance Tax	2,176.42	1,437.28
MAT Credit Entitlement	471.76	320.21
Others	495.59	457.92
	<u>3,646.42</u>	<u>2,532.05</u>
<b>18. OTHER CURRENT ASSETS</b>		
(Unsecured, Considered good)		
Interest accrued but not due on bank deposits	58.54	81.19
	<u>58.54</u>	<u>81.19</u>
		(Rs. In Lacs)
	For the Year Ended 31-March-2014	For the Year Ended 31-March-2013
<b>19. REVENUES FROM OPERATIONS</b>		
Sales of Products	126,237.29	108,744.05
Sales of Services	—	0.49
Other Operating Revenues	100.40	36.12
	<u>126,337.69</u>	<u>108,780.67</u>
<b>a) Sales of Products</b>		
Rice	110,801.47	94,281.52
Foods	5,718.01	4,232.88
Pulses	1,937.74	9,291.90
Other Foods Products	7,780.07	937.76
	<u>126,237.29</u>	<u>108,744.05</u>
<b>b) Sales of Services</b>		
Income from Milling	—	0.49
	<u>—</u>	<u>0.49</u>
<b>c) Other Operating Revenues</b>		
Sale of Scrap	43.11	25.24
Duty Drawback/ Sale of License	57.29	10.88
	<u>100.40</u>	<u>36.12</u>

		(Rs. In Lacs)
	For the Year Ended 31-March-2014	For the Year Ended 31-March-2013
<b>20. OTHER INCOME</b>		
Dividend from Key man Insurance Policy	9.30	5.28
Interest Income	42.78	81.80
Miscellaneous Income*	103.47	100.32
	<u>155.55</u>	<u>187.40</u>
*Miscellaneous income for the year includes Rs. 0.24 Lacs as profit on sale of Investment of 110 share of Rs. 10 each of Punjab National Bank.		
<b>21. COST OF MATERIAL CONSUMED</b>		
Opening Stock	88,724.20	79,550.66
Add: Purchases	93,491.80	67,408.74
Less Closing Stock	107,476.18	88,724.20
	<u>74,739.83</u>	<u>58,235.20</u>
<b>Cost Of Material Consumed Under Broad Heads</b>		
Paddy	36,186.78	31,674.98
Rice	38,553.05	26,560.21
	<u>74,739.83</u>	<u>58,235.20</u>
<b>22. PURCHASE OF STOCK IN TRADE UNDER BROAD HEADS</b>		
Non-Basmati Rice	6,998.97	9,211.31
Foods	5,025.76	3,203.70
Pulses	31.40	7,755.97
Other Foods Products	6,851.59	842.14
	<u>18,907.73</u>	<u>21,013.12</u>
<b>23. CHANGES OF INVENTORIES OF TRADED GOODS</b>		
Opening Stock	3,329.79	4,561.13
Closing Stock	230.56	3,329.79
	<u>3,099.23</u>	<u>1,231.35</u>
<b>24. EMPLOYEE BENEFIT EXPENSES</b>		
Staff Salaries	1,421.75	1,317.62
Director's Remuneration	317.60	223.41
Gratuity	54.55	45.07
Bonus	42.81	41.20
Staff Welfare	95.08	87.69
Employer's Contribution to P.F.& ESI	67.24	64.67
	<u>1,999.02</u>	<u>1,779.66</u>
<b>25. FINANCE COST</b>		
Interest Expense*	7,920.16	8,440.03
Other Bank Charges	8.12	5.52
Other Borrowing Cost	712.99	667.77
	<u>8,641.28</u>	<u>9,113.31</u>

\*Interest cost for the year includes exchange difference of Rs. 273.71 Lacs arising from foreign currency borrowing to the extent they are regarded as an adjustment to the interest expense.

(Rs. In Lacs)

	For the Year Ended 31-March-2014	For the Year Ended 31-March-2013
<b>26. OTHER EXPENSES</b>		
<b>a) Manufacturing Expenses</b>		
Loading and Unloading Charges	287.15	379.14
Packing Materials Consumed	4,127.22	3,477.91
Wages	77.76	66.30
Processing Charges	80.10	0.00
Repair to Machinery	164.50	124.61
Consumables & Stores Consumed	129.70	122.74
Power & Fuel	797.67	804.02
Brokerage & Commission	496.51	212.44
	<u>6,160.61</u>	<u>5,187.17</u>
<b>b) Administrative Expenses</b>		
Payment to Auditors		
-Statutory Audit Fee	15.00	15.00
-Tax Audit Fee	4.00	4.00
-Other Matters	5.67	8.72
Postage, Telegram and Telephone	86.75	60.35
General Expenses <sup>^</sup>	127.27	131.76
Storage & Warehousing	22.18	145.83
Legal and Professional Charges	760.15	179.15
Loss on sale of Asset	0.10	1.90
Rates and Taxes	14.95	20.37
Other Taxes Paid	135.13	150.47
Charity and Donation	7.21	22.82
Vehicle Maintenance	94.17	97.55
Printing and Stationery	29.60	19.50
Fumigation Expenses	90.29	98.61
Insurance Charges	182.17	171.52
Conveyance	43.30	41.64
Membership & Subscription	18.20	25.65
Traveling Expenses (Directors)	92.18	101.30
Traveling Expenses (Others)	120.77	118.80
Research & Development	19.10	25.36
Rent	47.35	25.08
Staff Recruitment Expenses	8.06	5.69
Bad Debts	41.36	15.77
Repairs to Building	113.34	125.46
Repairs to Others	73.42	77.44
Foreign Exchange Gain Loss	567.38	1,366.83
	<u>2,719.10</u>	<u>3,056.57</u>

<sup>^</sup> Expenses incurred during the year on registration of trade mark amounting to Rs. 1.38 lacs (Previous year: Rs. 5.41 lacs) has been charged to profit/loss a/c and has not been recognized as an Intangible asset as per Accounting Standard-26.

**(Rs. In Lacs)**
**c) Selling & Distribution Expenses**

	<b>For the Year Ended 31-March-2014</b>	<b>For the Year Ended 31-March-2013</b>
Advertisement and Publicity	43.87	31.42
Business Promotion	623.54	708.01
Rebate & Discount	1.70	—
Ocean Freight	2,408.92	2,305.56
Expenses Against Export	118.09	134.00
Brokerage & Commission on Sales	70.40	118.65
Clearing and Forwarding	3,579.34	3,521.08
	<u>6,845.86</u>	<u>6,818.74</u>
	<u>15,725.58</u>	<u>15,062.48</u>

**27. Extra Ordinary Items**

The company has entered into agreements with banks in respect of disputed liability on account of derivative transaction, which was shown as contingent liability in the notes on financial statements for the year ended 31st March 2013. The net loss on account of these agreements has been shown as extraordinary items in the statement of profit and loss.

**28. Disclosures under Accounting Standard 11 on "Effects of Change in Foreign Exchange Rates" :**
**a) Foreign currency exposure not hedged by a derivative instrument or otherwise**
**(Figures In Lacs)**

<b>Particulars</b>	<b>Currency</b>	<b>In Foreign Currency as at 31 March 2014</b>	<b>In Rupees</b>
Export Receivable	USD	214.27	12,878.90
	GBP	4.64	462.93
	EUR	0.42	34.58
Borrowings	USD	10.60	636.99

- b) As required under AS-11 the company has outstanding Forward contracts as on 31st March 2014 and there is Marked to Market (MTM) unrealized loss on forward contracts of Rs. 10.03/- Lacs, which has been accounted for accordingly in the books of accounts.

**c) Outstanding forward exchange contracts entered by the company for the purpose of hedging its foreign currency exposures are as under:**
**(Figures In Lacs)**

<b>Currency</b>	<b>Cross Currency</b>	<b>In Foreign Currency as at 31<sup>st</sup> March 2014</b>	<b>Fair value as at 31<sup>st</sup> March 2014</b>
USD	Indian Rupees	5.00	302.55

### 29. Disclosures under Accounting Standard 15 on "Employees Benefits" :

#### a) Defined Contribution Plans:

Amount of Rs. 67.24 Lacs (previous year Rs. 64.67 Lacs) pertaining to employer's contribution to Provident Fund and Employees State Insurance is recognized as an expense and included in "Employees cost" in Note No. 24.

#### b) Defined Benefit Plan:

##### General description of Defined Benefit Plan (Gratuity):

The Company operates gratuity plan wherein every employee is entitled to the benefit equivalent to 15 days basic salary last drawn for each completed year of service. The same is payable on termination of service, or retirement, or death whichever is earlier. The benefits vests after five years of continuous service. The Company has set a limit of Rs. 10.00 lacs (previous year Rs. 10.00 lacs) per employee.

#### (c) The disclosures for gratuity cost is given below:

- (i) The changes in the present value of obligation representing reconciliation of opening and closing balances thereof are as follows:

(Rs. In Lacs)

	Particulars	For the year ended 31 <sup>st</sup> March, 2014	For the year ended 31 <sup>st</sup> March, 2013
1	Present value of obligation at the beginning of the year	174.53	134.93
2	Interest cost	14.40	11.81
3	Past service cost	—	—
4	Currents service cost	27.02	19.79
5	Liability transferred out	—	—
6	Benefits paid	(11.42)	(5.80)
7	Actuarial (gain)/loss on obligation	13.33	13.80
8	Present value of obligation at the end of the year	217.86	174.53

- (ii) The changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows:

	Particulars	For the year ended 31 <sup>st</sup> March, 2014	For the year ended 31 <sup>st</sup> March, 2013
1	Fair value of plan assets at the beginning of the year	5.06	4.76
2	Expected return on plan assets	0.44	0.42
3	Contributions	7.57	5.77
4	Liability transferred out	—	—
5	Benefits paid	(11.42)	(5.80)
6	Actuarial gain/(loss) on plan assets	(0.24)	(0.09)
7	Fair value of plan assets at the end of the year	1.41	5.06

- (iii) Actuarial gain/ loss recognized are as follows:

	Particulars	For the year ended 31 <sup>st</sup> March, 2014	For the year ended 31 <sup>st</sup> March, 2013
1	Actuarial gain/(loss) for the year - obligation	(13.33)	(13.80)
2	Actuarial gain/(loss) for the year - plan assets	(0.24)	(0.09)
3	Total gain/(loss) for the year	(13.57)	(13.89)
4	Actuarial gain/(loss) recognized in the year	(13.57)	(13.89)
5	Unrecognized actuarial gains (losses) at the end of year	—	—



(iv) The amounts recognized in Balance Sheet are as follows:-

	Particulars	For the year ended 31 <sup>st</sup> March, 2014	For the year ended 31 <sup>st</sup> March, 2013
1	Present value of obligation as at the end of the year	217.86	174.53
2	Fair value of plan assets as at the end of the year	1.41	5.06
3	Funded/(unfunded) status	(216.45)	(169.47)
4	Excess of actual over estimated	(0.24)	—
5	Net assets/(liability) recognized in balance sheet	(216.45)	(169.47)

(v) The amounts recognized in Profit and Loss Account are as follows

	Particulars	For the year ended 31 <sup>st</sup> March, 2014	For the year ended 31 <sup>st</sup> March, 2013
1	Current service cost	27.02	19.79
2	Past service cost	—	—
3	Interest cost	14.40	11.81
4	Expected return on plan assets	(0.44)	(0.42)
5	Net actuarial (gain)/loss recognized in the year	13.57	13.89
6	Expenses recognized in the statement of profit and losses*	54.55	45.07

\* Included in the "Employee Costs" in Note No. 24

(vi) Principal actuarial assumptions at the balance sheet date are as follows:

### A. Economic Assumptions

The principal assumptions are the discount rate and salary growth rate. The discount rate is generally based upon the market yield available on the Government bonds at the accounting date with a term that matches that of the liabilities and the salary growth rate takes account of inflation, seniority, promotion and other relevant factors on long term basis.

	Particulars	Year ended 31 <sup>st</sup> March, 2014	Year ended 31 <sup>st</sup> March, 2013
1	Discount rate	8.25%	8.25%
2	Expected rate of return on plan assets	8.70%	8.00%
3	Salary growth rate	6.00%	6.00%

### B. Demographic Assumption

1	Retirement Age	58 Years
2	Mortality table	Indian Assured life maturity (2006-08) ultimate

## 30. Disclosures under Accounting Standard 17 on "Segment Reporting":

The Company is primarily engaged in the business of manufacturing, trading & marketing of food products which is a single segment, as per Accounting Standard (AS) 17 issued by the Institute of Chartered Accountants of India.

## 31. Disclosures under Accounting Standard 18 on "Related Party Disclosures":

### 31.1 List of Related Parties

- i) Wholly Owned Subsidiaries of the Company
  - Sachdeva Brothers Pvt Ltd. India
  - Kohinoor Foods USA Inc.
  - Indo European Foods Ltd., UK

- ii) Joint Venture/Associates of the Company
  - Rich Rice Raisers Factory LLC.- Dubai
  - M/s Al Dahra International Investments LLC, UAE
  - M/s Al Dahra Kohinoor LLC, UAE
- iii) Key Managerial Personnel and their relatives
 

Mr. Jugal Kishore Arora	Chairman
Mr. Satnam Arora	Jt.Mg.Director
Mr. Gurnam Arora	Jt.Mg.Director
Mr. Nitin Arora	Son of Mr. Jugal Kishore Arora
Mr. Amit Arora	Son of Mr. Satnam Arora
Mr. Ankush Arora	Son of Mr. Gurnam Arora
Mr. Nishant Arora	Son of Mr. Gurnam Arora
- iv) Enterprise over which key managerial personnel exercise significant influence
  - Satnam Overseas (Exports) - Partnership Firm of Promoter Directors
  - Adonis No.1 Beauty Clinic LLP
  - Incredible Foods Pvt. Ltd.
  - Satnam International Pvt. Ltd.
  - Satnam Haegens Ltd.
  - Adhiraj Buildcon Pvt. Ltd.
  - Booker Satnam Wholesale Pvt. Ltd.
  - Little Munchkins LLP.

### 31.2 The following transactions were carried out with related parties in the ordinary course of Business during the year\*

(Rs. In Lacs)

	Subsidiary Companies	Joint Venture Company/ Associates	Key management personnel and their relatives	Enterprises over which Key management personnel exercise significant influence
<b>Transactions during the year</b>				
- Sale of Product	14,557.04 (12,206.55)	1,514.32 (2,805.85)		
- Advance received from Customer		6,772.08 —		
- Remuneration			461.27 (352.62)	
- Expenses				12.59 —
- Expenses Reimbursement to the related party	10.46			
- Loan from Promoters			1,109.00 (380.00)	
- Expenses incurred on behalf of the related party	0.30 (0.31)			
<b>Balances outstanding at the year end:-</b>				
- Loans/Advances	3.14 (2.84)	1,851.25 (1,673.38)		
- Loan from Promoter			1,489.00 (380.00)	
- Debtors	9,740.58 (4,143.83)	1,104.97 (2,348.70)		
- Advance form customers		6,540.97		
- Corporate guarantee given by the company	15,094.45 (11,480.70)			



	AS AT 31-March-2014	(Rs. In Lacs) AS AT 31-March-2013
<b>32. Disclosures under Accounting Standard 19 on "Leases":</b>		
32.1 Total of minimum future lease payments under non-cancelable operating leases for various periods are as follows:-		
Amount payable not later than one year	98.32	37.93
Amount payable later than one year but not later than five years	189.44	8.28
Amount payable later than five years	Nil	Nil
	<u>287.76</u>	<u>46.21</u>
The company has entered into operating lease agreements that are renewable on a periodic basis and cancelable at company's option.		
The company has not entered into sublease agreements in respect of these leases.		
32.2 The company has taken on lease certain vehicle and has the option to purchase the vehicles as per terms of the lease agreements, details of which are as under :-		
<b>a) Obligations towards minimum lease payments:-</b>		
Amount payable not later than one year	25.69	68.90
Amount payable later than one year but not later than five years	Nil	25.71
Amount payable later than five years	Nil	Nil
	<u>25.69</u>	<u>94.61</u>
<b>b) Present value of (a) above :-</b>		
Amount payable not later than one year	24.75	63.57
Amount payable later than one year but not later than five years	Nil	24.95
Amount payable later than five years	Nil	Nil
	<u>24.75</u>	<u>88.52</u>
<b>c) Finance Charges</b>	<b>0.94</b>	<b>6.08</b>
<b>33. Disclosures under Accounting Standard 20 on "Earning Per Share" :</b>		
<b>a) Calculation of Weighted Average number of equity shares</b>		
<b>For Basic/Diluted EPS</b>		
No. of Shares at the beginning of the year	28,193,224	28,193,224
Equity Shares issued during the year	7,048,306	----
Total number of equity shares outstanding at the end of the year	35,241,530	28,193,224
Equity shares outstanding for 248 days	28,193,224	28,193,224
Equity shares outstanding for 117 days	35,241,530	28,193,224
Weighted Average number of equity shares outstanding during the year	30,452,544	28,193,224
<b>b) Net Profit after tax available for equity shareholders</b>		
Before Extra Ordinary item	2,178.00	973.97
After Extra Ordinary Item	650.87	973.97
Earnings per share (face value per share Rs. 10 each)		
Basic and Diluted: before extra ordinary item (Rs.)	7.15	3.45
Basic and Diluted: after extra ordinary item (Rs.)	2.14	3.45

	AS AT 31 <sup>st</sup> March, 2014	(Rs. In Lacs) AS AT 31 <sup>st</sup> March, 2013
<b>34. Disclosures under Accounting Standard 27, "Financial Reporting of Interest in Joint Venture" :</b>		
Rich Rice Raisers Factory LLC (Dubai) % holding in Joint Venture	25.00%	25.00%
<b>34.1 The Company's Share of the assets, liabilities, contingent liabilities and capital commitments as at 31 March 2014</b>		
<b>Assets</b>		
Non-current Assets	36.77	23.18
Non-current Investment	204.10	330.77
Current Assets	2,519.30	3,043.96
	2,760.16	3,397.91
<b>Liabilities</b>		
Non-current Liabilities	1,359.16	1,181.39
Current Liabilities	1,133.27	1,705.36
	2,492.43	2,886.74
<b>Contingent Liabilities</b>	1.10	13.79
<b>Income</b>	2,503.00	4,571.65
<b>Expenses</b>	2,797.62	4,455.80

	For the year ended 31 <sup>st</sup> March, 2014	(Rs. In Lacs) For the year ended 31 <sup>st</sup> March, 2013
<b>35. Other disclosures as per Revised Schedule VI of the Companies Act, 1956</b>		
<b>CIF Value of Imports</b>		
- Material Purchase	6,184.58	7,580.32
- Packaging Material	76.00	—
	6,260.58	7,580.32
<b>Expenditure in Foreign Currency (On accrual basis)</b>		
- Traveling	51.74	59.23
- Business Promotion	363.76	326.11
- Legal & Professional Charges	13.73	13.93
- Membership & Subscription	8.48	2.92
- Entertainment	4.44	1.79
- Boarding & Lodging Expenses	23.79	19.14
- Bad debts	43.65	—
- Clearing & Forwarding	16.00	—
- Consultancy Charges	—	4.32
- Advertisement & Publicity	7.91	11.32
- Telephone Expenses	1.16	1.40
- Commission on Export Sales	25.49	25.31
- Printing & Stationery	0.17	0.04
- Copyright & Trademark	—	1.07
	560.32	466.59
<b>Earning in Foreign Exchange</b>		
- FOB Value of Export of Goods	88,383.81	62,662.30

	For the year ended 31 <sup>st</sup> March, 2014	For the year ended 31 <sup>st</sup> March, 2013
<b>36. Consumption of Raw Material, Components and Spares etc.</b>		
	Amount %	Amount %
<b>Consumption of</b>		
<b>Indigenous</b>	72,736.17 92.07%	54,255.53 87.74%
<b>Imported</b>	6,260.58 7.93%	7,580.32 12.26%
	78,996.75 100.00%	61,835.85 100.00%

**37. Disclosures under Accounting Standard 29, "Provisions, Contingent Liabilities and Contingent Assets" : (Rs. In Lacs)**

Provision relating to	Opening Balance as at 1 <sup>st</sup> April, 2013	Created during the year	Withdrawals/ Deposited	Closing Balance as at 31 <sup>st</sup> March, 2014
Gratuity	174.53	54.55	11.23	217.86
Income Tax	500.99	171.16	502.80	169.35
Wealth Tax	1.60	1.47	1.60	1.47
	677.12	227.19	515.62	388.68

**38. Contingent Liabilities**
**a) Claims against the company, not acknowledged as debt**

	As at 31 <sup>st</sup> March, 2014	(Rs. In Lacs) As at 31 <sup>st</sup> March, 2013
i Income Tax	14,405.96	9,487.03
ii Sales Tax - Delhi	122.00	122.00
iii Excise & Taxation Dept., Punjab	477.25	477.25
iv Excise Duty	42.91	42.91
v Service Tax	259.25	259.25
vi Liability on account of Derivatives Transactions-PNB	2,749.00	2,749.00
vii Liability on account of Derivatives Transactions-HDFC Bank	—	3,950.34
viii Legal Cases against the Company	963.94	963.94
ix TDS/TCS	0.74	1.57
<b>b) Corporate Guarantee given by the Company.</b>	<b>15,094.45</b>	<b>11,480.70</b>
<b>c) Surety Bonds issued to Govt. Agencies under EPCG scheme</b>	<b>1,886.65</b>	<b>1,883.81</b>

**Nature of Contingent Liabilities and other particulars are as given below:-**

- i The Company has preferred an appeal before the Income Tax Appellate Tribunal, New Delhi against the impugned Income Tax Assessment Order in respect of Assessment Years 2002-03 to 2008-09 in which additional income tax of Rs. 63.32 Cr. along with interest Rs. 31.55 Cr. has been demanded. Subsequently, company has deposited Rs. 13.00 Cr. "Under Protest" against this demand.  
The Company has preferred another appeal before the Income Tax Appellate Tribunal, New Delhi against the impugned Income Tax Assessment Order in respect of Assessment Years 2009-10 in which income tax of Rs. 17.90 Cr. along with interest Rs. 10.54 Cr. has been demanded.  
The Company has also filed objections before the Dispute Resolution Panel, New Delhi against the draft assessment order passed by the Income Tax Deptt. in respect of Assessment Years 2010-11. The tax effects of the additions made are estimated at Rs. 20.75 Cr.  
As per the advice received from legal experts and on the basis of merit of the case, there is a high probability that the aforesaid impugned orders will be set aside and the demand will be deleted. Accordingly, management is of the view that no provision in respect of the above demand is required to be made in the books of accounts.
- ii An appeal before the Sales Tax Commissioner - Appeals, New Delhi is lying pending in respect of Sales Tax demand on sale of REP Licenses made in earlier years.
- iii An appeal is lying pending before the Dy. Excise & Taxation Commissioner-Appeal, Punjab against the Order received from Excise and Taxation Deptt., Punjab in respect of Year 2009-10 and 2010-11 demanding a sum of Rs. 4.50 Cr towards the cess imposed by the State Govt. on exports. The company has challenged the validity of imposition of cess on export in its appeal as the same is not permissible under article 286 of the Constitution of India. Further demand has been raised for Rs. 26.84 Lacs after completing the Sales Tax assessment for AY 2011-12 against which appeal has been filed.
- iv An appeal before the Customs, Excise & Service Tax Appellate Tribunal, New Delhi is lying pending against the order of Commissioner of Central Excise (Appeals), Delhi -III in respect of additional excise duty demanded by the Excise department in connection of dispute over classification of goods - food product produced at Bahalgarh Factory- as per the Central Tariff Act. As the matter is still pending before the Tribunal, no provision in the books of accounts have been made.
- v An appeal before the Appellate Tribunal is lying pending against the order received from the office of Service Tax Commissionerate, New Delhi demanding the service tax & penalty Rs. 2.59 Cr in respect of certain services provided in earlier



years. As per the advice received from the legal experts and on the basis of merit of the case, management is of the view that no provision in respect of the above demand is required to be made in the books of accounts. Subsequently, the company has deposited Rs.20 Lacs "Under Protest" as per the directions given in the stay order granted by Appellate Tribunal in this regard.

- vi The Company has filed a suit for declaration, and mandatory injunction against the Reserve Bank of India and Punjab National Bank before the Hon'ble High Court, New Delhi for loss of Rs. 27.49 crores arising out of forex derivative transactions.
- vii In the financial statement of the financial year 2012-13, there was a contingent liability of Rs. 39.50 crores in respect of disputed liability on account of derivatives transactions with HDFC Bank. The bank and the company have entered into a mutual agreement, under which the company will pay an agreed amount and the Kohinoor Foods Limited & the bank will jointly withdraw the cases. The net loss on account of these transactions are charged in the statement of profit and loss as extraordinary item and the corresponding contingent liability has ceased to exist.
- viii The Board of Trustee of the port of Mumbai has filed a money suit for recovery of Rs. 9.63 crores towards alleged outstanding demurrage charges against which the company has filed its counter claim of Rs. 10.88 crores towards the financial losses, interest on the investment, refund of the license fees, refund of the demurrage charges, compensation and damages etc.

**Corporate guarantees are given by the company for subsidiaries as follows:-**

(Rs. In Lacs)			
Name of Beneficiary	Guarantee issued to	Amount in foreign currency	Amount in Rs. Lacs
i Indo European Foods Ltd	Bank of India, U.K	8,000,000 GBP	7,988.00
ii Indo European Foods Ltd	Oriental Bank of Commerce, Delhi	1,700,000 GBP	1,697.45
iii Kohinoor Foods USA INC	Punjab National Bank, Hong Kong	9,000,000 USD	5,409.00
			(Rs. In Lacs)
			As at
			31 <sup>st</sup> March, 2014
			As at
			31 <sup>st</sup> March, 2013

### 39. Commitments

Estimated amount of contracts remaining to be executed on capital account (Net of advances)	192.92	194.85
Bank Guarantee given by Bankers on behalf of the Company.	4,503.00	3,462.04

40. During the year no amount of Dividend has been remitted in foreign currency to Non Resident out side India.

41. Some of the balances of Debtors and Creditors are subject to confirmation.

### 42. Prior Period Items

There is no material prior period items included in profit & loss account required to be disclosed as per Accounting Standard - 5, prescribed by the Companies (Accounting Standard) Rules, 2006.

43. Corresponding figures for the previous year have been regrouped/rearranged, wherever necessary to confirm to current year classification.

The above notes form part of the financial statements

In terms of our separate report of even date attached  
**For Rajender Kumar Singal & Associates LLP.**  
**CHARTERED ACCOUNTANTS**  
 FRN : 016379N

**for and on behalf of the Board of Directors**

**Sd/-**  
**(PANKAJ GUPTA)**  
**PARTNER**

**Sd/-**  
**SATNAM ARORA**  
**JT. MG. DIRECTOR**

**Sd/-**  
**GURNAM ARORA**  
**JT. MG. DIRECTOR**

Membership No: 094909

Faridabad  
 29-May-2014

**Sd/-**  
**RAMA KANT**  
**COMPANY SECRETARY**

### ANNEXURE TO THE BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2014

Statement Pursuant to Section 212 of the Companies Act, 1956 relating to Company's Interest in the subsidiaries companies

(In Lacs)

01 Name of subsidiaries Company	Sachdeva Brothers Pvt. Ltd.	Kohinoor Foods USA. Inc.	Indo European Foods Limited, UK
02 Financial Year of the subsidiaries ended on	31-03-2014	31-03-2014	31-03-2014
03 Number of shares held by Kohinoor Foods Ltd. with its Nominees in the subsidiaries Companies at the end of the financial year of the subsidiaries companies.			
i) Equity shares	15,835 (Rs. 100 Each)	56,000 (USD 62.50 Each)	5,183,534 (GBP 1 Each)
ii) Extent of holding	100.00%	100.00%	100.00%
iii) Share Application Money (Rs.) / (\$)	Nil	Nil	Nil
04 Date from which it became subsidiaries Company	17/10/1990	24/03/2000	29/03/2005
05 The net aggregate of Profit/(Loss) of the subsidiaries Companies as far as it concerns the members of the Holding Company			
i) Not dealt with in the Holding Company's Account			
(a) For the Period Ended 31 March 2014	Rs. 0.34	\$ 0.23	£ 2.53
(b) For the Previous Financial years since it became the Holding company's subsidiaries	Rs. (37.28)	\$ ( 70.17)	£ (5.23)
ii) Dealt with in the Holding Company's Accounts			
(a) For the financial years of the subsidiaries	Nil	Nil	Nil
(b) For the Previous Financial years since it became the Holding company's subsidiaries	Nil	Nil	Nil
06 Changes in the interest of Kohinoor Foods Ltd. between the end of the subsidiary's Financial year and 31 March, 2014			
- Number of Shares acquired	Nil	Nil	Nil
- Material changes between the end of the subsidiary's Financial year and 31 March, 2014			
(i) Fixed Assets (Net Addition) (Capital Work-in-progress)	Nil	Nil	Nil
(ii) Investments	Nil	Nil	Nil
(iii) Money lent by the subsidiaries	Nil	Nil	Nil
(iv) Moneys borrowed by the subsidiaries			
Company other than for meeting Current Liabilities			

In terms of our separate report of even date attached

for and on behalf of the Board of Directors

**For Rajender Kumar Singal & Associates LLP.**

**Chartered Accountants**

FRN : 016379N

**Sd/-  
(PANKAJ GUPTA)  
PARTNER**

**Sd/-  
SATNAM ARORA  
JT. MG. DIRECTOR**

**Sd/-  
GURNAM ARORA  
JT. MG. DIRECTOR**

Membership No: 094909

Faridabad  
29-May-2014

**Sd/-  
RAMA KANT  
COMPANY SECRETARY**

### STATEMENT PURSUANT TO SECTION 212(8) OF THE COMPANIES ACT, 1956.

As per AS-21 issued by the Institute of Chartered Accountants of India, the financial statements of the Company reflecting the consolidation of the accounts of its subsidiary companies to the extent of equity holding of the company in these companies are included in this Annual Report.

In terms of general exemption provided by the Central Government, Ministry of Company Affairs vide General Circular No. 2 /2011 dated 8th Feb 2011, The copy of the balance sheet, profit and loss account report of the board of directors and the report of the auditors of the subsidiary companies have not been attached to this annual report. The accounts of these companies have been separately audited as per Generally Accepted Accounting Principles/Practices as applicable in their respective jurisdiction of the country of incorporation. A statement pursuant to the above circular giving details of subsidiaries is attached herewith:-

	<b>(Rs. In Lacs)</b>		
Name of subsidiaries Company	Sachdeva Brothers Pvt. Ltd.	Kohinoor Foods USA. Inc.	Indo European Foods Limited, UK
Capital	15.84	5,108.50	6,174.26
Reserves	(18.92)	(3,498.57)	1,231.81
Total Assets	0.21	12,101.86	18,802.25
Total Liabilities	0.21	12,101.86	18,802.25
Details of Investment	—	—	—
(Excluding Investment in Subsidiaries)			
Turnover	—	8,197.74	19,853.34
Profit / Loss Before Tax	(0.34)	317.86	1,737.28
Provision for Tax	—	—	74.92
Profit / Loss After Tax	(0.34)	317.86	1,662.36

Proposed Dividend including Dividend declared during the year.

Foreign exchange rate as on 31 March 2014.

1 USD=Rs. 60.10, 1 GBP=Rs. 99.85

The amount given in the table above are from the Annual Account made for the respective financial year end for each of the companies.

#### Undertaking:

We undertake that the annual accounts of the subsidiary companies and the related detailed information will be made available to the investors, who seek such information, at any point of time. The annual accounts of the subsidiary companies will also be kept for inspection by the investor in the Registered/Head office of Kohinoor Foods and that of subsidiary companies concerned.

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#### FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

**SATNAM ARORA**  
JT. MG. DIRECTOR

**GURNAM ARORA**  
JT. MG. DIRECTOR

**RAMA KANT**  
COMPANY SECRETARY

Faridabad  
29-May-2014

## INDEPENDENT AUDITOR'S REPORT

**To**  
**The Board of Directors of Kohinoor Foods Limited**  
**Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of **Kohinoor Foods Limited** ('the Company'), its subsidiaries and joint ventures, which comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2014, the consolidated statement of profit and loss and consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of other auditors on the financial statements of subsidiaries and joint ventures as noted below, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) In the case of the consolidated balance sheet, of the state of affairs of the Company as at March 31, 2014;
- (ii). In the case of the consolidated statement of profit And loss, of the profit for the year ended on that date; and
- (iii). In the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

**Emphasis of Matter**

We draw attention to the following note as appearing in the Independent Auditors' Report of Rich Rice Raisers Factory LLC, the joint venture company in which Kohinoor Foods Limited holds 25% of the Nominal value of shares. "Investments in properties to the tune of Dirham 6,56,571/- (net) (Gross Value Dirham 49,93,165/- less specific borrowings of Dirham 43,36,594/-) (equivalent to Rs.107.35 Lakhs) are in the personal name of one of the shareholders (other than Kohinoor Foods Limited)". We further draw attention to Note-34(a)(i) to the financial statements. The Company has not made provisions for the demand raised by Income Tax Authorities as the matter is pending before ITAT and DRP.

**Other Matter**

We did not audit the financial statements of subsidiaries and joint venture companies, whose financial statements reflect total assets of Rs. 41887.73 Lakhs as at March 31, 2014, total revenues of Rs. 38,099.89 Lakhs and net cash inflows amounting to Rs. 551.85 Lakhs for the year then ended. These financial statements have been audited by, other auditors whose reports have been furnished to us by the Management and our opinion is based solely on the reports of the other auditors. Our opinion is not qualified in respect of this matter.

**For RAJENDER KUMAR SINGAL & ASSOCIATES LLP**  
(CHARTERED ACCOUNTANTS)

FRN : 016379N

Sd/-

**(PANKAJ GUPTA)**

PARTNER

Membership No. 094909

New Delhi

29-May-2014

### CONSOLIDATED BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2014

(Rs. In Lacs)

PARTICULARS	NOTE	AS AT 31-March-2014	AS AT 31-March-2013
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's Fund</b>			
Share Capital	2	3,524.15	2,819.32
Reserve and Surplus	3	43,051.85	30,771.48
		46,576.00	33,590.80
<b>Non-Current Liabilities</b>			
Long Term Borrowings	4	4,852.98	6,718.61
Long Term Provisions	5	203.98	116.73
		5,056.95	6,835.34
<b>Current Liabilities</b>			
Short Term Borrowings	6	89,471.87	83,112.37
Trade Payables	7	14,238.13	13,153.06
Other Current Liabilities	8	24,649.08	12,059.10
Short Term Provisions	9	221.23	7,162.21
		128,580.32	115,486.73
<b>TOTAL</b>		<b>180,213.27</b>	<b>155,912.88</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets	10		
Tangible Assets		14,042.01	13,825.03
Intangible Assets		55.51	56.17
Capital Work-in-Progress		101.27	356.98
		14,198.79	14,238.18
Non-Current Investments	11	4,425.58	4,552.68
Deferred tax assets (net)	12	1,156.36	1,316.25
Long Term Loans and Advances	13	2,331.50	2,266.46
		7,913.44	8,135.39
<b>Current Assets</b>			
Inventories	14	123,334.86	104,269.76
Trade Receivables	15	27,585.26	16,970.19
Cash and Bank Balances	16	2,311.50	2,309.89
Short Term Loans and Advances	17	4,803.28	9,908.28
Other Current Assets	18	66.15	81.19
		158,101.05	133,539.31
<b>TOTAL</b>		<b>180,213.27</b>	<b>155,912.88</b>

Significant Accounting Policies 1

The Notes Referred To Above Form Part of The Balance Sheet  
In terms of our separate report of even date attached

for and on behalf of the Board of Directors

**For Rajender Kumar Singal & Associates LLP.**  
**Chartered Accountants**  
FRN : 016379N

Sd/-  
(PANKAJ GUPTA)  
PARTNER

Sd/-  
SATNAM ARORA  
JT. MG. DIRECTOR

Sd/-  
GURNAM ARORA  
JT. MG. DIRECTOR

Membership No: 094909

Faridabad  
29-May-2014

Sd/-  
RAMA KANT  
COMPANY SECRETARY



### CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2014

(Rs. In Lacs)

PARTICULARS	NOTE	FOR THE YEAR ENDED 31-March-2014	FOR THE YEAR ENDED 31-March-2013
<b>INCOME</b>			
Revenue from Operations	19	141,956.87	122,111.65
Other Income	20	256.31	263.06
Total Revenue		142,213.18	122,374.71
<b>EXPENDITURE</b>			
Cost of Material Consumed	21	79,152.71	62,159.70
Purchases of Stock-in-Trade	22	22,886.33	25,848.48
Changes of Inventories of Traded Goods	23	1,903.32	956.86
Employee Benefits Expenses	24	2,853.06	2,508.66
Finance Costs	25	9,516.58	9,807.17
Depreciation and Amortisation Expenses	10	1,447.92	1,197.75
Other Expenses	26	20,466.43	18,707.13
Total Expenses		138,226.35	121,185.75
<b>Profit Before Extra Ordinary items</b>		<b>3,986.83</b>	<b>1,188.97</b>
Extra Ordinary Items	27	1,527.13	—
<b>Profit Before Tax</b>		<b>2,459.70</b>	<b>1,188.97</b>
Tax Expenses			
Current Tax		221.07	307.54
Less :- MAT credit entitlement		151.55	320.21
Income Tax for Prior Years		(180.78)	(—)
Deferred Tax	12	258.36	626.47
<b>Profit for the year</b>		<b>2,312.61</b>	<b>575.17</b>
Earnings per equity share before extra ordinary item of face value of Rs. 10 each			
Basic and Diluted (in Rs.) [Refer note no. 32]		12.61	2.04
Earnings per equity share after extra ordinary items of face value of Rs. 10 each Basic and Diluted (in Rs.) [Refer note no. 32]		7.59	2.04

The Notes Referred To Above Form Part of The Balance Sheet

In terms of our separate report of even date attached

for and on behalf of the Board of Directors

**For Rajender Kumar Singal & Associates LLP.**

**Chartered Accountants**

FRN : 016379N

Sd/-  
(PANKAJ GUPTA)  
PARTNER

Membership No: 094909

Faridabad  
29-May-2014

Sd/-  
SATNAM ARORA  
JT. MG. DIRECTOR

Sd/-  
RAMA KANT  
COMPANY SECRETARY

Sd/-  
GURNAM ARORA  
JT. MG. DIRECTOR

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 <sup>st</sup> MARCH, 2014		(Rs. In Lacs)
PARTICULARS	FOR THE YEAR ENDED 31-March-2014	FOR THE YEAR ENDED 31-March-2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax & extra ordinary items	3,986.83	1,188.97
Adjustments for :		
Depreciation	1,447.92	1,197.75
Interest paid	9,516.58	9,807.17
Interest received	(47.50)	(94.94)
Dividend Received form key Man Insurance Policy	(9.30)	(5.28)
Net gain/loss on sale of Investment	(61.30)	—
<b>Operating profit before working capital changes</b>	<b>14,833.23</b>	<b>12,093.67</b>
Adjustments for :		
Debtors	(10,615.07)	438.50
Inventories	(19,065.11)	(8,329.79)
Current Liabilities & Provision	6,821.32	9,777.12
Direct taxes	111.26	12.67
Un realized Foreign exchange Gain/Loss	(703.17)	(203.05)
<b>Cash flow before exceptional and extra ordinary items</b>	<b>(8,617.53)</b>	<b>13,789.13</b>
Exceptional Items	—	—
Extra ordinary items	(1,527.13)	—
<b>Net cash from operating activities</b>	<b>(10,144.66)</b>	<b>13,789.13</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets and change in Capital work in progress	(1,408.54)	(1,865.98)
Sale of Investments	188.40	224.80
Loans & advances and other current assets	5,055.01	(1,538.33)
Interest Received	47.50	94.94
Dividend Received from Key Man Insurance Policy	9.30	5.28
<b>Net cash from Investing activities</b>	<b>3,891.68</b>	<b>(3,079.28)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of Share Capital	11,277.29	—
Proceeds from short term borrowings	6,359.51	3,255.78
Repayment of long term borrowing	(1,865.63)	(3,898.71)
Interest paid	(9,516.58)	(9,807.17)
<b>Net cash flow from financing activities</b>	<b>6,254.58</b>	<b>(10,450.09)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1.61</b>	<b>259.76</b>
- Cash & Cash equivalent at beginning of the year	2,309.89	2,050.13
- Cash & Cash equivalent at end of the year *	2,311.50	2,309.89
* Cash & Cash equivalent include :		
Restricted Bank Balance ( In dividend accounts)	3.63	10.08
FDR/Margin money with Bank	1,498.09	1,546.85

In terms of our separate report of even date attached

for and on behalf of the Board of Directors

For Rajender Kumar Singal & Associates LLP.  
Chartered Accountants  
FRN : 016379N

Sd/-  
(PANKAJ GUPTA)  
PARTNER

Membership No: 094909  
Faridabad  
29-May-2014

Sd/-  
SATNAM ARORA  
JT. MG. DIRECTOR

Sd/-  
RAMA KANT  
COMPANY SECRETARY

Sd/-  
GURNAM ARORA  
JT. MG. DIRECTOR

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### a) Principles of Consolidation :

These Consolidated Financial Statements (CFS) relate to Kohinoor Foods Limited (i.e. Parent company), its subsidiary companies (i.e. Indo European Foods Ltd. UK, Kohinoor Foods USA Inc. and Sachdeva Brothers Pvt. Ltd.), and its Joint Venture Company i.e. Rich Rice Raisers Factory LLC. These Consolidated Financial Statements are prepared and presented in Indian Rupees under the historical cost convention, on the accrual basis of accounting and comply with the Accounting Standards prescribed by the Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956 to the extent applicable, as adopted consistently by the company. The Financial Statements of the subsidiaries and joint venture are in their respective local currencies.

#### b) Basis of Preparation of Consolidated Financial Statements

These CFS are prepared in accordance with Accounting Standard (AS-21) "Consolidated Financial Statements" prescribed by the Companies (Accounting Standard) Rules, 2006. The financial statements of the Parent and its subsidiaries are combined on a line by line basis by adding together sums of like nature, comprising assets, liabilities, income and expenses and after eliminating intra-group balances/ transactions.

The Financial Statements of foreign subsidiaries and the joint venture, are prepared on the basis of generally accepted accounting principles, local laws and regulations as prevalent in their respective countries and such financial statements are considered for consolidation. The effect of adjustments on account of variance in accounting policies of such associate and joint venture vis -à-vis those of the parent is not material, and accordingly, not considered.

Investment in Joint Venture undertaking over which the company exercises joint control is accounted for using proportionate consolidation method as prescribed under Accounting Standard (AS) 27 'Financial Reporting of Interests in Joint Ventures' prescribed by the Companies (Accounting Standard) Rules, 2006.

For the purpose of consolidation, foreign currency assets, liabilities, income and expenditure are translated using the exchange rate as prescribed under Accounting Standard (AS-11) on 'Accounting for the Effects of Changes in Foreign Exchange Rates', prescribed by the Companies (Accounting Standard) Rules, 2006. The exchange difference arising on consolidation is recognized in the Foreign Currency Translation Reserve classified under Reserves and Surplus.

#### c) Use of Estimates and Judgments

The preparation of financial statements are in conformity with the Accounting Standards which requires Management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures relating to the contingent liabilities as on the date of balance sheet and the reported amount of revenues and expenditures during the reporting period. The estimates and assumptions used in the Financial Statements are based upon Management's best evaluation of the relevant facts and circumstances as of the date of the Financial Statements. Examples of such estimates include useful life of fixed assets, creation of deferred tax asset, lease rentals and write off of deferred revenue expenditure. Actual results may differ from those estimates.

#### d) Revenue Recognition :

The Group follows the mercantile system of accounting and recognizes the income and expenditures on accrual basis except in case of significant uncertainties. Certain items of income such as insurance claim, market fees refund, overdue interest from customers etc have been considered to the extent the amount is accepted by the parties. The principles of the revenue recognition are given below:-

Sales are recognized as follows :

- |                |  |
|----------------|--|
| Domestic Sales | - At the point of dispatches to customers. |
| Export Sales   | - At the time of issue of Bill of Lading.  |

Sales are recorded net of sales returns, price differences and sales tax.

Sale of license and duty draw back are recognized on realization basis.



### e) Fixed Assets

Fixed assets of the Group are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use. All costs, including financing cost till commencement of commercial production, net charges on foreign exchange contracts, if capitalization criteria are met.

Capital work in progress is stated at cost. Capital WIP includes the cost of fixed assets that are not yet ready for their intended use, as on the balance sheet date.

### f) Depreciation /Amortization :

#### i) Kohinoor Foods Limited

Depreciation is provided on written down value basis at rates provided in Schedule XIV to the Companies Act, 1956. The depreciation rates which are different from the principal rates specified in Schedule-XIV are as follows:-

Tarpaulin	100% p.a.
Wooden & Plastic Crates	100% p.a.

Depreciation on addition to fixed assets is provided on pro-rata basis from the date the assets are acquired/installed. Depreciation on sale/deduction from fixed assets is provided for upto the month of sale, deduction and discardment as the case may be.

In case of items having value of Rs. 5,000/- or below, acquired during the year have been charged to profit & loss account at 100% in the year of purchase.

#### ii) Indo European Foods Limited, UK :

Depreciation is calculated as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that assets as follows:

Freehold Buildings	2% p.a. straight line basis
Plant and Machinery	Over estimated useful life
Fixtures and Fittings	15% p.a. reducing balance basis
Motor Vehicles	20% p.a. reducing balance basis

Amortization is calculated as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that assets as follows:

Website	7.50%
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#### iii) Rich Rice Raiser Factory LLC.

Depreciation of property, plant and equipments is charged using the straight line method so as to provide for the full cost of assets over their estimated useful lives. The principal categories of assets and their useful lives are as follows:

	Years
Building Improvements	10
Office Equipment, Furniture and fixture	5
Plant and Machinery	10
Motor Vehicles	5

#### iv) Kohinoor Foods USA INC.

The Company records Property and equipments at cost. Depreciation is charged on Straight line methods. The principal categories of assets and their useful lives are as follows:

	Years
Office Equipment	5
Furniture and fixture	7
Computers	5
Software	3

### g) **Impairment of Assets:**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

### h) **Expenditure Incurred during Construction Period:**

Expenditure directly relating to construction activity is capitalized, Indirect expenditure incurred during construction period is capitalized as part of the indirect construction cost to the extent to which the expenditure indirectly related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is not related to the construction activity nor is incidental thereto is charged to the Statement of Profit and Loss. Income earned during construction period is deducted from the total of the indirect expenditure.

All direct capital expenditure on expansion are capitalized. As regards indirect expenditure on expansion, only that portion is capitalized which represents the marginal increase in such expenditure involved as a result of capital expansion. Both direct and indirect expenditure are capitalized only if they increase the value of the asset beyond its original standard of performance.

### i) **Deferred Expenditure :**

*Indo European Foods Limited, UK*

In line with group accounting policy on product entry cost, the company has carried forward, as deferred expenditure, certain cost relating to the introduction of various branded products into the united kingdom market.

Deferred expenditure is that which, when incurred will not produce an immediate return and which may be expected to accrue economic benefit over the future period.

Promotional expenditure (such as expenditure incurred to introduce a new brand name to, and increase awareness among , consumers) may be deferred over a period. Promotional expenditure following the introduction of a new sale product is carried forward and write off over a period not exceeding ten years provided, in the opinion of the directors, such expenditure is separately identifiable and the future product sales are reasonably expected to benefit from such expenditure. The future benefit is kept under constant review and the rate of write off adjusted accordingly.

### j) **Leases:**

Where the Group, as a lessor, effectively retains substantially all the risks and benefits of ownership of the leased term are classified as operating lease. Charges are recognized as an expense in the Statement of Profit and Loss on a straight line basis over the lease term.

### k) **Income Taxes:**

- Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with Income Tax Act, 1961. Deferred income tax reflects the impact of current year timing differences between taxable income that originates in one period and are capable of reversal in one or more subsequent periods
- Minimum Alternate Tax (MAT) paid in accordance with Income Tax Act, 1961 gives rise to future economic benefits in the form of adjustments of future income tax liability against such payments.
- Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are recognized on carry forward of



unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax assets can be realized against future taxable profits. Unrecognized deferred tax assets of earlier years are re-assessed and recognized to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized.

## **l) Provisions, Contingent Liabilities and Contingent Assets :**

### **Provisions**

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

### **Contingent Liability**

A contingent liability is disclosed where, as a result of past events, there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

### **Contingent Assets**

Contingent Assets are neither recognized nor disclosed.

## **m) Employees Benefits :**

### **Short Term Employee Benefits**

All employee benefits payable wholly within twelve months of rendering the service are short-term employee benefits. Benefits such as salaries, wages and bonus wages, etc, are recognized in the Profit and Loss statement in the period in which the employee renders the related service.

### **Defined Benefit Plan**

Gratuity cost is a defined benefit plan. The present value of obligations under such defined benefit plan is determined based on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, years approximating to the terms of related obligations. Actuarial gains and losses are recognized immediately in the profit and loss statement. Gains or losses on the curtailment or settlement of any defined benefit plan are recognized when the settlement occurs.

## **n) Investments:**

### **Long Term Investments**

Long term Investments are stated at cost.

## **o) Inventories:**

Inventories are valued at cost or net realizable value whichever is lower, as taken, valued and certified by the management. The basis for determining cost for various categories of inventories are as under:

Raw Material	- At cost on FIFO Basis
Finished Stock	- At material cost + appropriate share of production overhead. (On weighted average cost basis).
Work in Progress	- At material cost + appropriate share of production overhead. (On weighted average cost basis).
Packing Material	- At cost
Stores & Spares	- At cost

### p) Foreign Exchange Transactions :

Transactions in foreign currency are converted at the exchange rate prevailing at the date of the transaction. Foreign currency monetary assets and liabilities not covered by forward exchange contracts are restated at the year end rates and the resultant gains or losses are recognized in the Profit and Loss account. Non-monetary items are carried in terms of historical cost denominated in foreign currency using the exchange rates at the date of transaction.

Forward contracts other than those entered into to hedge foreign currency risk on unexecuted firm commitment or of highly probable forecast transactions are treated as foreign currency transactions and accounted accordingly. Any profit or loss arising on cancellation of a forward contract is recognized as income or expense in the period in which they arise.

Derivative transactions are considered as off balance sheet items and cash flows arising there from are recognized in the books of accounts as and when paid in accordance with the terms of the respective contracts over the tenor thereof. Mark to market exposure arising out of derivative contracts has not been reflected in the financial statements.

The Group follows the Accounting Standards which are made mandatory. It is in the process of formulating the requisite mechanism/systems to meet prescribed requirements under Accounting Standards 30, 31 & 32. It shall be following the accounting policy of recognition, presentation & disclosure of forward exchange transactions including Derivative/ Hedging/ Currency Swaps & Interest Swaps etc as prescribed under these Accounting Standards with effect from the date these are made mandatory by ICAI.

### q) Research & Development :

Revenue Expenditure on Research & Development is charged as an expense in the year in which it is incurred.

Capital expenditure is included in respective heads under fixed assets.

### r) Earning Per Share:

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting year. The weighted average numbers of equity shares outstanding during the year are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

### s) Cash and Cash Equivalents :

Cash and cash equivalents in the balance sheet comprise of cash at bank and in hand and short term investments with an original maturity of three months or less. Earmarked balances with bank, margin money or security against borrowings, guarantees and other commitments, if any shall be treated separately from cash and cash equivalent.

- t) Consolidated Financial Statements comprise the financial statements of KFL, its subsidiaries and its joint venture company listed below.

<u>A. Subsidiaries</u>	<u>Country of Incorporation</u>	<u>% Ownership</u>
Wholly Owned Subsidiary (WOS)		
<b>Domestic :</b>		
Sachdeva Brothers Pvt. Ltd.	India	100
<b>Overseas :</b>		
Indo European Foods Ltd	United Kingdom	100
Kohinoor Foods USA Inc.	USA	100
<b>B. Joint Venture</b>		
Rich Rice Raisers Factory LLC	Dubai	25

### NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2014

(Rs. In Lacs)

PARTICULARS	AS AT 31-March-2014	AS AT 31-March-2013
<b>2. SHARE CAPITAL</b>		
<b>Authorised Share Capital</b>		
75,000,000 (Previous year 75,000,000)	7,500.00	7,500.00
Equity shares of Rs. 10/- each		
<b>Issued, Subscribed And Paid-up Capital</b>		
35,241,530 (Previous year 28,193, 224)	3,524.15	2,819.32
Equity Shares of Rs. 10/- each fully paid-up		
	<u>3,524.15</u>	<u>2,819.32</u>

- a) The reconciliation of the number of shares outstanding is set out below:
- |  |            |            |
|--|------------|------------|
| Number of Equity Shares at the beginning of the year | 28,193,224 | 28,193,224 |
| Number of Equity Shares issued during the year       | 7,048,306  | —          |
| Number of Equity Shares at the end of the year       | 35,241,530 | 28,193,224 |

- b) Shareholders holding more than 5 percent shares in the Company :

	As At 31-March-2014		As At 31-March-2013	
	No. of Shares	% holding	No. of Shares	% holding
(1) Jugal Kishore Arora	5,556,984	15.77%	4,934,917	17.50%
(2) Satnam Arora	4,866,209	13.81%	4,315,759	15.31%
(3) Gurnam Arora	5,594,274	15.87%	5,016,791	17.79%
(3) M/s Al Dahra International Investments LLC	7,048,306	20.00%	—	—

- c) **Terms/Rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs. 10/- Per share. Each holder of equity shares is entitled to one vote per share and has equal dividend right. The Company declares and pays dividend in Indian Rupees. The Dividend proposed by the Board of Directors is subject to shareholders approval in the ensuing Annual General Meeting. In the event of liquidation of the Company, the equity shareholders will be entitled to receive the remaining assets of the Company in proportion to the number of equity shares held by the shareholders.

- b) During the year ended 31st March 2014, the company has allotted 7,048,306 equity shares of Rs. 10/- per share, issued at a premium of Rs. 150/- per share on Preferential basis to M/s Al Dahra International Investments LLC, Abu Dhabi. The Paid Up Share Capital of the Company has now increased from Rs. 2819.32 Lacs to Rs. 3,524.15 Lacs.

### 3. RESERVE AND SURPLUS

(Rs. In Lacs)

	AS AT 31-March-2014	AS AT 31-March-2013
<b>Capital Reserve</b>		
As per last Balance Sheet	742.76	742.76
<b>Securities Premium Account</b>		
As per last Balance Sheet	3,976.97	
Add: on shares issued during the year	<u>10,572.46</u>	<u>3,976.97</u>
<b>General Reserve</b>		
As per last Balance Sheet	9,048.70	9,048.70
<b>Surplus from Statement of Profit &amp; Loss</b>		
As per last Balance Sheet	18,542.70	17,967.53
Add: Profit during the year	<u>2,312.61</u>	<u>575.17</u>
<b>Foreign Currency Translation Reserve</b>		
As per last Balance Sheet	(1,539.64)	(1,539.64)
Add: Exchange fluctuation during the year	<u>(604.70)</u>	<u>(1,539.64)</u>
	<u>43,051.85</u>	<u>30,771.48</u>

(Rs. In Lacs)

AS AT 31-March-2014	AS AT 31-March-2013
------------------------	------------------------

#### 4. LONG TERM BORROWINGS

##### Secured Loans

Term Loans from Banks	2,273.85	4,365.69
Long Term maturity of Finance Lease obligations	—	28.53
	<u>2,273.85</u>	<u>4,394.21</u>

##### Unsecured Loans

Loan from Promoters	1,489.00	380.00
Loans from Related Party	1,090.13	813.21
Term Loans from Banks	—	1,131.19
	<u>2,579.13</u>	<u>2,324.40</u>
	<u>4,852.98</u>	<u>6,718.61</u>

- a) Term loans from banks are repayable in monthly/quarterly installments. Maturity profile of non-current term loans from banks are as set out below

Term Loan Installments Repayable within:-

1-2 Years	1,673.85	3,726.19
2-3 Years	600.00	1,473.79
3-4 Years	—	296.90
	<u>2,273.85</u>	<u>5,496.88</u>

- a) Term Loans carry different interest rates ranging from 5.5% to 13.5% per annum.

- b) Term loan from banks (including current maturities) are secured by :-

(i) Secured by mortgage of property belonging to Promoters and charge on Fixed Assets and second pari pasu charge on Current Assets of the company in Kohinoor Foods Limited.	639.36	1,735.85
(ii) Secured by Subservient charge on Current Assets in Kohinoor Foods Limited.	—	746.69
(iii) Secured by Charge on fixed assets situated at Murthal Factory of Kohinoor Foods Limited.	1,800.00	2,102.31
(iv) Secured by charge on third party property of Kohinoor Foods Limited.	1,250.00	2,250.00
(v) Secured by Charge on head office premises at Surajkund of Kohinoor Foods Limited.	529.35	804.35
(vi) Secured against Investment Property of Rich Rice Raiser Factory LLC, Dubai	256.97	179.44
(vii) Secured by debenture over the current and future assets of Indo European Foods Limited, incorporating a legal charge over the company's freehold property and a corporate guarantee given by the parent company.	312.53	3,448.01

#### 5. LONG TERM PROVISIONS

Provision for Employee Benefit		
Provision for Gratuity	203.98	116.73
	<u>203.98</u>	<u>116.73</u>

#### 6. SHORT TERM BORROWINGS

##### Secured

Loan repayable on Demand from Banks	86,971.27	76,416.85
Buyers Credit	—	4,926.94

##### Unsecured

Overdraft in Current Account	2,500.61	1,768.57
	<u>89,471.87</u>	<u>83,112.37</u>

(Rs. In Lacs)

	AS AT 31-March-2014	AS AT 31-March-2013
a) Loan repayable on Demand from Banks include the following		
Pre-Shipment	44,306.18	41,594.19
Post-Shipment	6,956.60	6,339.54
Working Capital Demand Loan	9,009.13	5,502.79
Trust Receipts & Cheque Discounting	355.29	457.93
Loan against Property and Vehicles	1.99	—
Cash Credit	23,685.39	22,522.41
Suppliers Bill Discounting	2,656.70	—
	86,971.27	76,416.85
b) (i) Loan repayable on Demand from Banks are secured by hypothecation of Inventory, book debts and other current assets of the company, both present and future and the first charge on fixed assets of the company (excluding of specific assets charged to Term lending Banks)		
(ii) Bank loan and overdrafts in Indo European Foods Limited is secured by debenture over the company's current and future assets, incorporating a legal charge over the company's freehold property and a corporate guarantee given by the parent company.		
(iii) Short term borrowing of Rich Rice Raiser Factory LLC. are secured by personal guarantee of two partners and fixed deposits.		
c) In the previous year, Buyers Credit has been availed from banks against lien on L.C limits secured as described in para 6 (b) above for non fund based limits of working capital loans.		

### 7. TRADE PAYABLE

- Due to Micro, Small and Medium Enterprises	—	—
- Due to Others	14,238.13	13,153.06
	14,283.13	13,153.06

\*The Ministry of Micro, Small and Medium Enterprises has issued an office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amount payable to such enterprises as at the year end has been made in the financial statements based on the information received and available with the Company. Based on the information received from vendors, there are no dues outstanding to micro and small enterprises (Suppliers) covered under the Micro, Small and Medium Enterprises Development Act, 2006.

### 8. OTHER CURRENT LIABILITIES

Current maturities of long-term debt (Secured)	2,514.36	6,900.96
Current maturities of long-term debt (Unsecured)	273.81	1,158.57
Current maturities of finance lease obligations	24.75	63.89
Interest Accrued and due on borrowings	153.35	217.77
Advance received from customers	17,114.98	1,571.69
Current maturities of deferred payment liabilities	—	479.91
Unclaimed Dividends	3.63	10.08
Statutory Liabilities	139.93	156.37
Employees Benefit Expenses	131.31	101.91
Other Liabilities	4,292.96	1,397.94
	24,649.08	12,059.10

### 9. SHORT TERM PROVISIONS

Provision for employee benefits		
Provision for gratuity	13.88	63.40
Other provisions		
Income Tax [Refer note no.34]	205.88	7,097.21
Wealth Tax	1.47	1.60
	221.23	7,162.21



**(Rs. In Lacs)**
**10. FIXED ASSETS**

Particulars	Gross Block			Depreciation					WDV			
	As At 01-04-2013	Additions	Deletions	Translation Reserve	Total as at 31-03-2014	As at 01-04-13	Charged During the year	Adjustment	Translation Reserve	Total as at 31-03-2014	As At 31-03-2014	As At 31-03-2013
TANGIBLE ASSETS												
LAND	860.33	—	—	56.13	916.47	—	—	—	—	—	916.47	860.33
FACTORY BUILDING	2,819.52	212.26	—	—	3,031.78	1,384.67	139.26	—	—	1,523.92	1,507.86	1,434.86
OFFICE BUILDING	5,121.55	52.67	—	603.70	5,777.92	516.65	171.18	—	68.02	755.85	5,022.07	4,604.90
PLANT & MACHINERY AND OFFICE EQUIPMENTS	12,988.91	295.05	—	446.30	13,730.25	6,814.09	911.98	—	174.54	7,900.61	5,829.64	6,174.82
FURNITURE & FIXTURE	671.12	16.93	—	139.26	827.31	327.91	81.34	—	33.62	442.87	384.44	343.21
WOODEN, PLASTIC CREATES & TARPAULINS	27.29	76.57	27.29	—	76.57	27.29	24.03	27.29	—	24.03	52.53	—
COMPUTERS	240.46	10.97	40.02	5.21	216.62	201.30	17.97	40.02	4.47	183.72	32.90	39.16
VEHICLES <sup>(i)</sup>	1,225.16	33.77	15.00	26.30	1,270.23	857.42	101.38	8.32	23.64	974.12	296.10	367.74
SUBTOTAL	23,954.34	698.20	82.31	1,276.91	25,847.14	10,129.32	1,447.14	75.63	304.30	11,805.13	14,042.01	13,825.03
INTANGIBLE ASSETS												
WEBSITE	1.98	—	—	0.42	2.40	1.32	0.78	—	0.30	2.40	—	0.66
GOODWILL	55.51	—	—	—	55.51	—	—	—	—	—	55.51	55.51
DEFERRED MARKETING EXPENSES	741.87	—	—	77.88	819.76	741.87	—	—	77.88	819.76	—	—
SUBTOTAL	799.36	—	—	78.30	877.66	743.19	0.78	—	78.18	822.15	55.51	56.17
GRAND TOTAL	24,753.70	698.20	82.31	1,355.21	26,724.80	10,872.51	1,447.92	75.63	382.48	12,627.28	14,097.52	13,881.20
GRAND TOTAL	19,829.16	4,803.70	25.57	146.41	24,753.70	9,513.61	1,297.48	16.94	78.36	10,872.51	13,881.20	10,315.56

**(Rs. In Lacs)**
**CAPITAL WORK IN PROGRESS**

Particulars	Gross Block			
	As at 01-04-2013	Addition during the year	Capitalisation during the year	As at 31-03-2014
Machinery WIP	224.48	16.64	161.82	79.30
Electric Installation WIP	27.52	17.95	28.55	16.92
Building WIP	104.98	51.29	151.23	5.05
<b>TOTAL</b>	<b>356.98</b>	<b>85.89</b>	<b>341.59</b>	<b>101.27</b>
<b>PREVIOUS YEAR</b>	3,254.40	493.33	3,390.74	356.98

Note:

<sup>(1)</sup> Vehicles include the financial leased vehicles.

	AS AT 31-March-2014	(Rs. In Lacs) AS AT 31-March-2013
<b>11. NON-CURRENT INVESTMENTS</b>		
Trade Investment		
Investment in Unquoted Equity Instruments		
Subsidiary Companies		
Others		
Kohinoor Speciality Foods India Pvt. Ltd.	4,220.86	4,220.86
44,161 (Previous year - 44,161) shares of Rs.10 each fully paid up		
Others Investment		
Investment in Quoted Equity Instruments		
Punjab National Bank	—	0.43
Nil (Previous year - 110) shares of Rs.10 each fully paid up		
Anu Laboratories Ltd.	0.62	0.62
5,940 (Previous year - 5,940) shares of Rs. 1 each. Fully paid up		
Investment in Property	204.10	330.77
	4,425.58	4552.68
a) Aggregate amount of quoted investments	0.62	1.05
Aggregate amount of Market value of quoted investments	0.01	0.82
Aggregate amount of un-quoted investments	4,424.95	4,551.62
b) All the Non-current investments are carried at cost		
<b>12. DEFERRED TAX ASSETS (NET)</b>		
Disallowance under Income tax act, 1961	73.57	54.98
Related to fixed assets	660.19	(284.65)
Related to business loss	422.61	1,545.92
	1,156.36	1,316.25
<b>13. LONG TERM LOAN AND ADVANCES</b>		
(Unsecured, Considered Good)		
Capital Advances	58.38	68.10
Security Deposit	200.45	191.19
Deferred Marketing Expenditure	684.23	752.14
Loan and advances to related parties	1,388.44	1,255.04
Total	2,331.50	2,266.46
a) Loans And Advances To Related Parties		
To Joint Venture		
Rich Rice Raisers Factory LLC.*	1,388.44	1,255.04
	1,388.44	1,255.04

\* The loan to the joint venture company, Rich Rice Raisers Factory LLC does not carry any interest and the repayment schedule is not specified.



	(Rs. In Lacs)
AS AT 31-March-2014	AS AT 31-March-2013
<b>14. INVENTORIES*</b>	
(As taken, valued and certified by the Management)	
Raw Material	17,891.52
Finished Goods	5,408.39
Stock-in-trade	92,114.54
Stock in Transit	230.56
Stores and Spares	4,330.80
Packing Materials	155.56
	1,427.62
	832.84
	123,334.86
	104,269.76
*Inventories are valued at cost or net realizable value which ever is lower.	
<b>15. TRADE RECEIVABLES</b>	
(Unsecured Considered Goods)	
Outstanding for a period exceeding six months	7,854.63
Others	2,988.17
	19,730.63
	13,982.02
	27,585.26
a) Trade receivables include the following amount due from related parties	
<b>Joint Venture Company</b>	
Rich Rich Raisers Factory LLC.	828.73
	1,761.52
	828.73
	1,761.52
<b>16. CASH &amp; BANK BALANCES</b>	
<b>Cash &amp; Cash Equivalents</b>	
Balances with Banks in Current Accounts	775.84
Cash in Hand	463.30
	33.94
	289.66
	809.78
	752.96
<b>Other Bank Balances</b>	
Fixed deposits as Margin Money With Banks	1,498.09
Un-paid Dividend Accounts*	1,546.85
	3.63
	10.08
	1,501.72
	1,556.93
	2,311.50
	2,309.89
*Pursuant to Section 205C of the Companies Act, 1956, dividend of Rs. 6.43 Lacs which was unclaimed for a period of seven years, was transferred during the year to the Investor Education and Protection Fund administered by the Central Government.	
<b>17. SHORT TERM LOAN AND ADVANCES</b>	
(Unsecured considered good)	
Staff Advance	11.66
Loan and Advances to Related Parties*	6.47
Pre-paid Expenses	639.69
Advance against Purchases	350.47
Advance Tax	323.39
MAT Credit Entitlement	214.37
Others	65.22
	8,045.82
	471.76
	320.21
	965.78
	868.59
	4,803.28
	9,908.28
* Loans and advances to related parties include the following:	
- Sunny General Trading	639.69
	350.47

(Rs. In Lacs)

### 18. OTHER CURRENT ASSETS

(Unsecured, Considered Good)

Deposits	7.33	—
Prepayments	0.28	—
Interest accrued but not due on bank deposits	58.54	81.19
	<u>66.15</u>	<u>81.19</u>

### 19. REVENUES FROM OPERATIONS

Sales of Products	141,856.47	122,074.18
Sales of Services	—	0.49
Other Operating Revenues	100.40	36.98
	<u>141,956.87</u>	<u>122,111.65</u>

#### a) Sales of Products

Rice	123,366.09	103,923.05
Foods	6,007.58	4,810.75
Pulses	2,574.50	10,492.23
Others Products	9,908.30	2,848.16
	<u>141,856.47</u>	<u>122,074.18</u>

#### b) Sales of Services

Income from Milling	—	0.49
	<u>—</u>	<u>0.49</u>

#### c) Other Operating Revenues

Sale of Scrap	43.11	25.24
Duty Drawback/Sale of License	57.29	10.88
Other Income	—	0.86
	<u>100.40</u>	<u>36.98</u>

### 20. OTHER INCOME

Dividend from Key man Insurance Policy	9.30	5.28
Profit (Loss) on sale of Investment	61.30	25.71
Interest Income	47.50	94.94
Miscellaneous Income	138.21	137.14
	<u>256.31</u>	<u>263.06</u>

### 21. COST OF MATERIAL CONSUMED

Opening Stock	96,047.30	87,128.56
Add: Purchases	100,116.13	71,078.44
Less Closing Stock	117,010.72	96,047.30
	<u>79,152.71</u>	<u>62,159.70</u>

### 22. PURCHASE OF STOCK IN TRADE UNDER BROAD HEADS

Rice	6,852.76	13,652.66
Foods	6,087.53	3,285.45
Pulses	1,446.97	7,756.29
Others Products	8,499.07	1,154.08
	<u>22,886.33</u>	<u>25,848.48</u>



		(Rs. In Lacs)
	For the Year Ended 31-March-2014	For the Year Ended 31-March-2013
<b>23. CHANGES OF INVENTORIES OF TRADED GOODS</b>		
Opening Stock	7,046.83	8,003.69
Closing Stock	5,143.52	7,046.83
	1,903.32	956.86
<b>24. EMPLOYEE BENEFIT EXPENSES</b>		
Staff Salaries	2,118.91	1,932.72
Director's Remuneration	411.65	298.26
Gratuity	54.55	45.07
Bonus	49.86	41.20
Staff Welfare	150.85	102.06
Employer's Contribution to P.F. & ESI	67.24	89.34
	2,853.06	2,508.66
<b>25. FINANCE COST</b>		
Interest Expense*	8,678.93	9,080.56
Other Bank Charges	124.66	58.84
Other Borrowing Cost	712.99	667.77
	9,516.58	9,807.17
*Interest cost for the year includes exchange difference of Rs. 273.71 Lacs arising from foreign currency borrowing to the extent they are regarded as an adjustment to the interest expense.		
<b>26. OTHER EXPENSES</b>		
<b>a) Manufacturing Expenses</b>		
Loading and Unloading Charges	304.92	408.87
Packing Materials Consumed	4,133.51	3,490.61
Wages	461.53	484.38
Processing Charges	80.10	0.09
Repair to Machinery	164.50	124.94
Consumables & Stores Consumed	129.70	117.70
Power & Fuel	797.67	804.02
Warehouse Expenses	374.01	298.28
Brokerage & Commission	496.51	212.44
	6,942.46	5,941.32
<b>b) Administrative Expenses</b>		
Payment to Auditors		
-Statutory Audit Fee	29.69	28.31
-Tax Audit Fee	4.00	4.00
-Other Matters	5.67	8.72
Postage, Telegram and Telephone	136.83	107.43
General Expenses^	211.02	163.98
Storage & Warehousing	22.18	151.21
Legal and Professional Charges	893.13	426.09
Loss on sale of Asset	0.10	—
Rate and Taxes	80.11	70.78
Other Taxes Paid	135.13	150.47
Charity and Donation	7.21	22.82
Vehicle Maintenance	269.03	250.96
Printing and Stationery	48.59	37.64
Fumigation Expenses	90.29	98.61



	For the Year Ended 31-March-2014	(Rs. In Lacs) For the Year Ended 31-March-2013
Insurance Charges	328.65	282.36
Conveyance	43.30	41.64
Membership & Subscription	18.20	25.65
Traveling Expenses (Directors)	96.00	101.30
Traveling Expenses (Others)	180.60	195.26
Research & Development	68.22	72.16
Rent	634.89	552.23
Staff Recruitment Expenses	8.06	5.69
Bad Debts	374.81	173.08
Repairs to Building	113.34	125.46
Repairs to Others	268.45	183.17
Utilities	133.08	137.07
Vendor Chargeback	24.73	18.33
Sanitation	2.37	1.67
Hire of Equipment	39.31	32.59
Deferred Revenue Expenditure W/off	—	99.73
Foreign Exchange Loss	907.27	1,297.01
	5,174.24	4,865.44

<sup>^</sup> Expenses incurred during the year on registration of trade mark amounting to Rs. 1.38 Lacs (Previous year: Rs 5.42 Lacs) has been charged to profit/loss a/c and has not been recognized as an Intangible asset as per Accounting Standard-26.

### c) Selling & Distribution Expenses

Advertisement and Publicity	770.86	529.92
Business Promotion	755.08	809.66
Rebate & Discount	1.70	—
Ocean Freight	2,408.92	2,305.56
Expenses Against Export	118.09	134.00
Brokerage & Commission on Sales	106.06	163.96
Clearing and Forwarding	4,189.01	3,957.26
	8,349.72	7,900.37
	20,466.43	18,707.13

### 27. Extra Ordinary Items

The company has entered into agreements with banks in respect of disputed liability on account of derivative transaction, which was shown as contingent liability in the notes on financial statements for the year ended 31st March 2013. The net loss on account of these agreements has been shown as extraordinary items in the statement of profit and loss.

### 28. Disclosures under Accounting Standard 11 on "Effects of Change in Foreign Exchange Rates" :

- As required under AS-11 the company has outstanding Forward contracts as on 31st March 2014 and there is Marked to Market (MTM) unrealized loss on forward contracts of Rs.10.02 Lacs which has been accounted for accordingly in the books of accounts.
- Outstanding forward exchange contracts entered by the company for the purpose of hedging its foreign currency exposures are as under:

(Figures in Lacs)

Currency	Cross Currency	In Foreign Currency as at 31 <sup>st</sup> March, 2014	Fair value as at 31 <sup>st</sup> March, 2014
USD	Indian Rupees	5.00	302.55

### 29. Disclosures under Accounting Standard 17 on "Segment Reporting" :

The Company is primarily engaged in the business of manufacturing, trading & marketing of food products which is a single segment, as per Accounting Standard (AS) 17 issued by the Institute of Chartered Accountants of India.

### 30. Disclosures under Accounting Standard 18 on "Related Party Disclosures" :

#### 30.1 List of related parties

- i) Wholly Owned Subsidiaries of the Company
  - Sachdeva Brothers Pvt. Ltd. India
  - Kohinoor Foods USA Inc.
  - Indo European Foods Ltd, U.K
- ii) Joint Venture/Associates of the Company
  - Rich Rice Raisers Factory LLC.- Dubai
  - M/s Al Dahra International Investments LLC
  - M/s Al Dahra Kohinoor LLC
- iii) Key Managerial Personnel and their relatives
 

Mr. Jugal Kishore Arora	Chairman
Mr. Satnam Arora	Jt.Mg.Director
Mr. Gurnam Arora	Jt.Mg.Director
Mr. Nitin Arora	Son of Mr. Jugal Kishore Arora
Mr. Amit Arora	Son of Mr. Satnam Arora
Mr. Ankush Arora	Son of Mr.Gurnam Arora
Mr. Nishant Arora	Son of Mr.Gurnam Arora
Mr. Mukesh Kochar	Managing Director of Rich Rice Raisers Factory LLC
Mr. Sumit Arora	Director of Indo European Foods Ltd
Ms. Chandni Arora	Wife of Mr. Sumit Arora
- iv) Enterprise over which key managerial personnel exercise significant influence
  - Satnam Overseas (Exports) - Partnership Firm of Promoter directors
  - Adonis No.1 Beauty Clinic LLP
  - Incredible Foods Pvt. Ltd.
  - Satnam International Pvt. Ltd.
  - Satnam Haegens Ltd.
  - Adhiraj Buildcon Pvt. Ltd.
  - Booker Satnam Wholesale Pvt. Ltd.
  - Little Munchkins
  - Gourmet Foods and Beverages Limited
  - Sunny General Trading

#### 30.2 The following transactions were carried out with related parties in the ordinary course of Business during the year\*

(Rs. In Lacs)

	Joint Venture Company Associates	Key management personnel and their relatives	Enterprises over which Key management Personnel exercise
<b>Transactions during the year</b>			
- Sale of products	1,200.41		
	(2,104.39)		
- Loan provided by related party	6,772.08		
- Repayment of Loan provided by related party			328.39
			----

- Advance Provided to related party			271.42 (360.18)
- Expenses			12.59 —
- Remuneration		555.32 (444.34)	
- Payment of Royalty		48.65 (—)	
- Loan from Promoters		1,109.00 (380.00)	
<b>Balances outstanding at the year end:-</b>			
- Loans/Advances	1,388.44 (1,255.04)		639.69 (—)
- Loan from Promoter		1,940.44 (380.00)	
- Loan from Related Party			1,425.01 (1,739.20)
- Advance form Customer	6,540.97		
- Debtors	828.73 (1,761.52)		

\*Figures in ( ) are related to previous year.

	<b>(Rs. In Lacs)</b>	
	<b>As at 31-March-2014</b>	<b>As at 31-March-2013</b>
<b>31 Disclosures under Accounting Standard 19 on "Leases" :</b>		
<b>31.1</b> Total of minimum future lease payments under non-cancelable operating leases for various periods are as follows:-		
Amount payable not later than one year	295.20	141.05
Amount payable later than one year but not later than five years	189.44	111.41
Amount payable later than five years	Nil	Nil
	<u>484.65</u>	<u>252.46</u>
The company has entered into operating lease agreements that are renewable on a periodic basis and cancelable at company's option.		
The company has not entered into sublease agreements in respect of these leases.		
<b>31.2</b> The company has taken on lease certain vehicle and has the option to purchase the vehicles as per terms of the lease agreements, details of which are as under :-		
<b>a) Obligations towards minimum lease payments:-</b>		
Amount payable not later than one year	25.69	68.90
Amount payable later than one year but not later than five years	----	25.71
Amount payable later than five years	----	----
	<u>25.69</u>	<u>94.61</u>
<b>b) Present value of (a) above :-</b>		
Amount payable not later than one year	24.75	----
Amount payable later than one year but not later than five years	----	63.57
Amount payable later than five years	----	24.95
	<u>24.75</u>	<u>88.52</u>
<b>c) Finance Charges</b>	0.94	6.08

	(Rs. In Lacs)
AS AT 31-March-2014	AS AT 31-March-2013
<b>32. Disclosures under Accounting Standard 20 on "Earning Per Share":</b>	
<b>a) Calculation of Weighted Average number of equity shares</b>	
<b>For Basic/Diluted EPS</b>	
No. of Shares at the beginning of the year	28,193,224
Equity Shares issued during the year	7,048,306
Total number of equity shares outstanding at the end of the year	35,241,530
Equity shares outstanding for 248 days	28,193,224
Equity shares outstanding for 117 days	35,241,530
Weighted Average number of equity shares outstanding during the year.	30,452,544
<b>b) Net Profit after tax available for equity shareholders</b>	
Before Extra Ordinary item	3,839.74
After Extra Ordinary Item	2,312.61
Earnings per share (face value per share Rs. 10 each)	
Basic and Diluted: before extra ordinary item (Rs.)	12.61
Basic and Diluted: after extra ordinary item (Rs.)	7.59

**33. Disclosures under Accounting Standard 27, "Financial Reporting of Interest in Joint Venture" : (Rs. In Lacs)**

Provision relating to	Opening Balance as at 1 <sup>st</sup> April, 2013	Created during the year	Withdrawals/ Deposited	Closing Balance as at 31 <sup>st</sup> March, 2014
Gratuity	180.13	54.55	16.83	217.86
Income Tax	7,097.21	221.07	7,112.40	205.88
Wealth Tax	1.60	1.47	1.60	1.47
	7,278.94	277.09	7,130.83	425.21

	(Rs. In Lacs)
AS AT 31-March-2014	AS AT 31-March-2013
<b>34. Contingent Liabilities</b>	
<b>a) Claims against the company, not acknowledged as debt</b>	
i Income Tax	14,405.96
ii Sales Tax - Delhi	122.00
iii Excise & Taxation Dep't., Punjab	477.25
iv Excise Duty	42.91
v Service Tax	259.25
vi Liability on account of Derivatives Transactions-PNB	2,749.00
vii Liability on account of Derivatives Transactions-HDFC Bank	---
viii Legal Cases against the Company	963.94
ix TDS/TCS	0.74
x Letter of Gurantee *	1.10
xi Import Bill Collection sight/acceptance *	---
xii Export LC acceptance *	---
* Proportinate share in contingent liabilities of the Joint Venture Company	
<b>b) Corporate Guarantee given by the Company.</b>	1,886.65

**Nature of contingent liabilities and other particulars are as given below:-**

- i) The Company has preferred an appeal before the Income Tax Appellate Tribunal, New Delhi against the impugned Income Tax Assessment Order in respect of Assessment Years 2002-03 to 2008-09 in which additional income tax of Rs. 63.32 Cr. along with interest Rs. 31.55 Cr. has been demanded. Subsequently, company has deposited Rs. 13.00 Cr. "Under Protest" against this demand.

The Company has preferred another appeal before the Income Tax Appellate Tribunal, New Delhi against the impugned Income Tax Assessment Order in respect of Assessment Years 2009-10 in which income tax of Rs. 17.90 Cr. along with interest Rs. 10.54 Cr. has been demanded.

The Company has also filed objections before the Dispute Resolution Panel, New Delhi against the draft assessment order passed by the Income Tax Deptt. in respect of Assessment Years 2010-11. The tax effects of the additions made are estimated at Rs. 20.75 Cr.

As per the advice received from legal experts and on the basis of merit of the case, there is a high probability that the aforesaid impugned orders will be set aside and the demand will be deleted. Accordingly, management is of the view that no provision in respect of the above demand is required to be made in the books of accounts.

- ii) An appeal before the Sales Tax Commissioner - Appeals, New Delhi is lying pending in respect of Sales Tax demand on sale of REP Licenses made in earlier years.
- iii) An appeal is lying pending before the Dy. Excise & Taxation Commissioner-Appeal, Punjab against the Order received from Excise and Taxation Deptt., Punjab in respect of Year 2009-10 and 2010-11 demanding a sum of Rs. 4.50 Cr towards the cess imposed by the State Govt. on exports. The company has challenged the validity of imposition of cess on export in its appeal as the same is not permissible under article 286 of the Constitution of India. Further demand has been raised for Rs. 26.83L after completing the Sales Tax assessment for AY 2011-12 against which appeal has been filed.
- iv) An appeal before the Customs, Excise & Service Tax Appellate Tribunal, New Delhi is lying pending against the order of Commissioner of Central Excise (Appeals), Delhi -III in respect of additional excise duty demanded by the Excise department in connection of dispute over classification of goods - food product produced at Bahalgarh Factory- as per the Central Tariff Act. As the matter is still pending before the Tribunal, no provision in the books of accounts have been made
- v) An appeal before the Appellate Tribunal is lying pending against the order received from the office of Service Tax Commissionerate, New Delhi demanding the service tax & penalty Rs. 2.59 Cr in respect of certain services provided in earlier years. As per the advice received from the legal experts and on the basis of merit of the case, management is of the view that no provision in respect of the above demand is required to be made in the books of accounts. Subsequently, the company has deposited Rs.20 Lacs "Under Protest" as per the directions given in the stay order granted by Appellate Tribunal in this regard.
- vi) The company has filed a suit for declaration, and mandatory injunction against the Reserve Bank of India and Punjab National Bank before the Hon'ble High Court, New Delhi for loss of Rs. 27.49 crores arising out of forex derivative transactions.
- vii) In the financial statement of the financial year 2012-13, there was a contingent liability of Rs. 39.50 crores in respect of disputed liability on account of derivatives transactions with HDFC Bank. The bank and the company have entered into a



mutual agreement, under which the company will pay an agreed amount and the Kohinoor Foods Limited & the bank will jointly withdraw the cases. The net loss on account of these transactions are charged in the statement of profit and loss as extraordinary item and the corresponding contingent liability has ceased to exist.

- viii) The Board of Trustee of the port of Mumbai has filed a money suit for recovery of Rs. 9.63 crores towards alleged outstanding demurrage charges against which the company has filed its counter claim of Rs. 10.88 crores towards the financial losses, interest on the investment, refund of the license fees, refund of the demurrage charges, compensation and damages etc.

	AS AT 31-March-2014	(Rs. In Lacs) AS AT 31-March-2013
<b>35. Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account ( Net of advances)	192.92	194.85
Bank Guarantee given by Bankers on behalf of the Company.	4,503.00	3,462.04

- 36.** During the year no amount of Dividend has been remitted in foreign currency to Non Resident out side India.

- 37.** Some of the balances of Debtors and Creditors are subject to confirmation.

### **38. Prior Period Items**

There is no material prior period items included in profit & loss account required to be disclosed as per Accounting Standard - 5, prescribed by the Companies (Accounting Standard) Rules, 2006.

- 39.** Corresponding figures for the previous year have been regrouped/rearranged, wherever necessary to confirm to current year classification.

The Notes Referred To Above Form Part of The Balance Sheet  
In terms of our separate report of even date attached

**For Rajender Kumar Singal & Associates LLP.**  
**Chartered Accountants**  
FRN : 016379N

Sd/-  
**(PANKAJ GUPTA)**  
**PARTNER**

Membership No: 094909  
Faridabad  
29-May-2014

Sd/-  
**SATNAM ARORA**  
**JT. MG. DIRECTOR**

Sd/-  
**RAMA KANT**  
**COMPANY SECRETARY**

**for and on behalf of the Board of Directors**

Sd/-  
**GURNAM ARORA**  
**JT. MG. DIRECTOR**



# Our Manufacturing Facility

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Regd. Office: 201, Vipps Centre, Masjid Moth, Greater Kailash-II, New Delhi - 110048, Tel.: +91-11-29220330

Corp. Off. : Pinnacle Business Tower, 10th Floor, Surajkund, Faridabad, (Haryana)-121001

CIN : L52110DL1989PLC037097, Tel: +91-129-424 2222

e-Mail: [info@kohinoorfoods.in](mailto:info@kohinoorfoods.in), Website: [www.kohinoorfoods.in](http://www.kohinoorfoods.in)