

# Annual Report 2015-16



**Kohinoor Foods Ltd.**



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# Kohinoor Foods Ltd.

ANNUAL REPORT - 2015 - 16



**Registered Office** : 201, Vipps Centre, Masjid Moth  
Greater Kailash II, New Delhi-110 048  
Tel: +91-11-29220330

**Corporate Office and Share Department** : 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

**Works** : 50-51 Milestone, G.T. Karnal Road  
Murthal, Sonapat (Haryana)  
: 42-43 Milestone, G.T. Karnal Road,  
Village Sultanpur, Bahalgarh,  
Sonapat (Haryana) (Production not yet  
commence)

**Wholly Owned Subsidiary Companies** : Indo European Foods Limited  
Kohinoor Congress House, 6th Floor,  
Suite 2, 14 Lyon Road, Harrow, Middlesex,  
Post Code: HA2 2 EN, United Kingdom

: Kohinoor Foods USA INC.  
285, Durham Ave Ste # 01  
South Plainfield, NJ 07080

: Sachdeva Brothers Private Limited  
201, Vipps Centre, Masjid Moth, Greater  
Kailash II, New Delhi-110 048, India

**Joint Venture Company** : Rich Rice Raisers Factory L.L.C.  
Post Box No. 15542  
Al Quoz Industrial Area  
3rd Interchange, Sh Zayed Road  
Dubai, U.A.E.

**Associates Company** : Al Dahra Kohinoor LLC  
Abu Dhabi, U.A.E.

: Al Dahra Kohinoor Industries LLC  
Abu Dhabi, U.A.E.

**Listing of Equity Shares** : 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

Mr. Khedaim Abdulla Saeed  
Faris Alderei

Non-Executive Investor Director

Ms. Madhu Vij

Non-Executive Independent  
Director

## Company Secretary & GM (Legal)

Mr. Rama Kant

## CFO

Mr. Prabhat Kumar

## 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.  
UCO Bank  
Central Bank of India

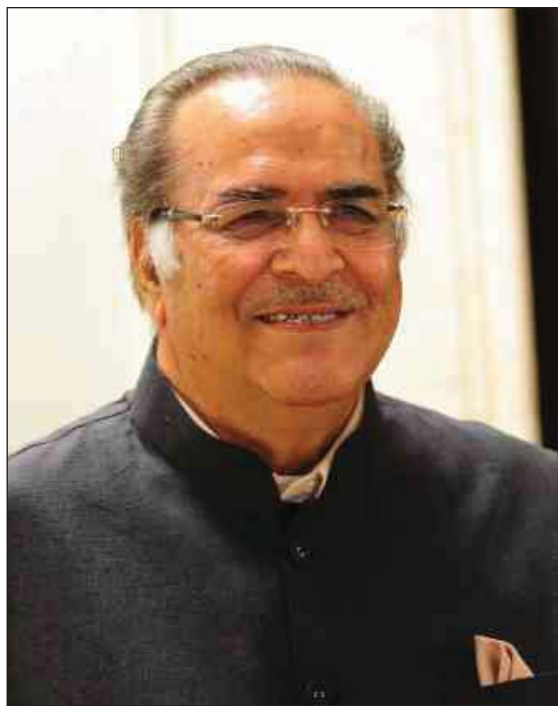
## Depositories:

National Securities Depository Ltd. (NSDL)  
Central Depository Services (India) Ltd. (CDSL)

## 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

## Chairman Message



Dear Shareholders,

Greetings

It gives me immense pleasure to place before you the Annual Report of your Company for the financial year 2015-16. The export of Basmati Rice grew by healthy 11% in volume terms as compared to last financial year, a satisfying performance in the backdrop of current market. Your Company achieved total revenues of INR 11,302 Mn as against INR 11,571 Mn in the same period last year. The last year was very challenging one because it saw lowest basmati prices in last 8 years that resulted into lower top-line for the Company.

The growth of volume terms has been possible due to focused sales and marketing efforts in all the major basmati rice importing countries of the world viz., UK, Saudi Arabia, Iran and to the US. IRAN basmati rice market is again giving immense opportunities; KFL have reinforced its marketing efforts by infusing additional resources, thereby ensuring that we get good share in the world's largest basmati rice market of 1 million metric tons.

In our processed & packaged food business, we acquired a new Food Processing Unit near Sonipat, Haryana, which will add to our existing out-sourced production capacity and enable us to meet the increasing demand of our clients for Ready to Eat & Ready to Cook products. The acquisition of new food facility would not only reduce the dependence on our existing out-

sourced facilities but also help us to focus on business by acquiring new customers. We will continue to Invest & Innovate and expand our product offering to add value to our Food business operations.

Our wholly owned subsidiary in UK, Indo European Foods Limited (IEFL) had a very good year with business growth of more than 14% in volume. Led by the flagship Kohinoor Brand, the IEFL has become the leading supplier of rice in big bags in UK grocery market.

Our JV Company, Al Dahra Kohinoor LLC, in its second year of operation is progressing well. Through this JV we'll be able to gain enhanced marketing & trading access for our rice products across the Arabian Gulf & Middle East Region. The rice facility is expected to be operational in Abu Dhabi by the year end.

Keeping in line with our business philosophy, we have developed 100% Certified Organic range of Products under 'Green Grown' brand such as Pulses, Spices, Cereals, Healthy Grains and much more. We plan to introduce this new range in next financial year in the markets of US, Canada, Saudi Arabia, Iran, Oman & Qatar.

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 & preferred food brand globally, we would continue to develop quality 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, employees and stakeholders who have shown their trust in us and have extended their constant support.

With best wishes,

Sincerely

Sd/-

**Jugal Kishore Arora**

**Chairman**

### 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, 2016 and the audited financial statements and notes for the year ended March 31, 2015. 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. The Company offers an extensive range that caters to consumers' need in all parts of the world – a wide variety of Basmati Rice, Ready to Eat Curries & Meals, Readymade Gravies, Cooking Pastes, Chutney's, Spices and Seasonings to Frozen Breads, Ghee, Snacks & Paneer (Indian Cottage Cheese), healthy grains, edible oils. Today, the most powerful brand of the Company "Kohinoor" is a household name in the countries like UK, USA, UAE, Canada, Australia, Middle East, Singapore, Japan, Mauritius & other European countries. As of now, the brand 'Kohinoor' is known worldwide.

Your Directors have pleasure in presenting the 27th Annual Report and the Audited Annual Accounts of the Company for the Financial Year ended 31st March, 2016.

#### Financial Overview

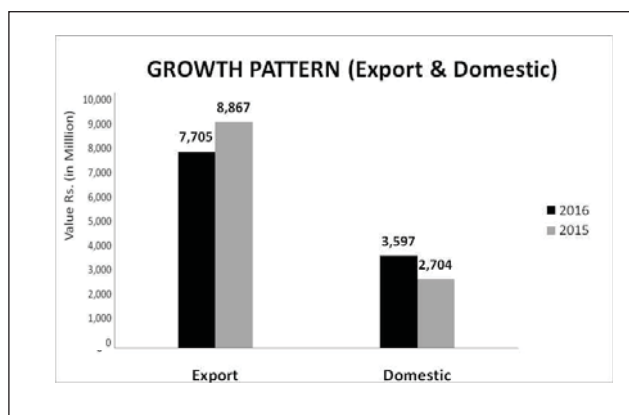
The financial highlights for the year ending 31st March, 2016 are as under:

Particulars	FY'16	FY'15
<b>Total Turnover</b>	<b>11338.27</b>	<b>11611.29</b>
Profit Before Interest, Depreciation and Tax (PBIDT)	1397.88	177.56
Profit/(Loss) Before Exceptional and Extra-Ordinary Items	295.30	(974.03)
Exceptional and Extra Ordinary Items	250.00	—
<b>Profit Before Tax</b>	<b>45.30</b>	<b>(974.03)</b>
Less: Tax Expense	7.17	248.51
<b>Profit After Tax</b>	<b>38.13</b>	<b>(725.52)</b>

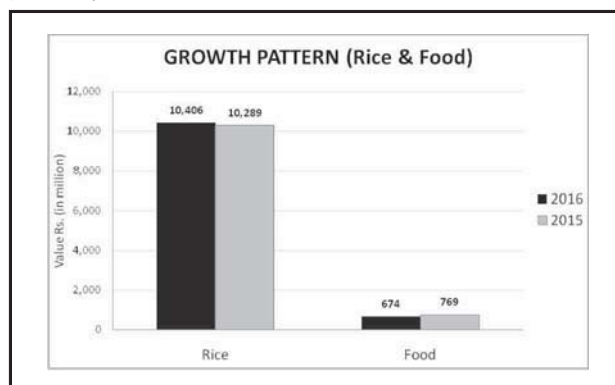
The Board's Report is based on the stand alone financial statements of the Company.

#### Operations:

For the financial year under review 2015-16, the company's Export Sales stood at INR 7,705 millions as against INR 8,867 millions in previous year and the Domestic Sales stood at INR 3,597 millions as against INR 2,704 millions in the last financial year.



During 2015-2016, the contribution of Rice to the Company's total business is INR 10,406 millions as against Rs.10,289 millions during the last financial year. The Food Business has contributed INR 674 millions in the total turnover as against INR 769 millions in the previous year.



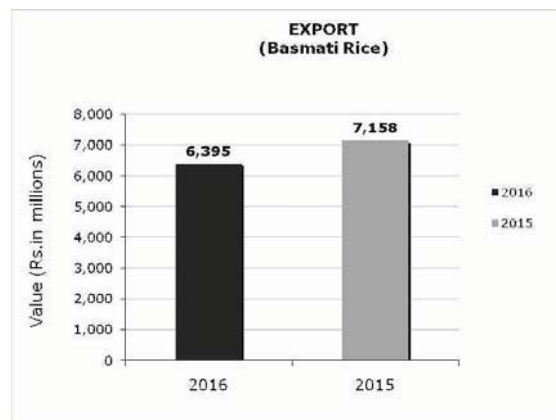
The year saw an increase in Basmati rice exports from India in volume terms; however there was decrease in total value of goods exported. The major reason was low average price of Basmati Rice Paddy due to all time high domestic production of 4.5 Mn Metric Tonnes. Also political instability in countries such as Iraq, Syria & Yemen contributed to the decline of Indian export of basmati rice. In addition, many importing countries of Basmati rice held back as they had enough stock of Indian Rice imported earlier and were now disposing that inventory instead of ordering fresh quantities. Major highlights of performance during the financial year being:

- -Focused sales and marketing efforts in all the major basmati rice importing countries of the world viz. UK, Saudi Arabia, Iran and to the US.
- -Our over-all Basmati Rice exports grew by 11% in volume terms.
- -Impressive growth in the export volume of Basmati Rice in the markets of United Kingdom, USA, Canada, UAE, Kuwait, Qatar, Oman, Egypt, Morocco, New Zealand & Singapore.
- -The UK subsidiary has not only added volumes but have also increased 'Kohinoor' brand listings and its presence in many new multiple stores. TESCO has recently awarded it with an honour of the "Most Preferred Suppliers"
- -The private label business of Basmati Rice grew on the back of acquiring new clients & more buying from existing customer. New clients include from countries such as Iran, USA, Saudi Arabia, Qatar, Kuwait & Sweden. The company focussed on spreading its foot prints across the globe and reaching out to new customers.
- Our Private Label business of Basmati Rice in Saudi Arabia, USA, and Canada has recorded a robust growth.
- Kohinoor Basmati Rice (Brand) exports saw significant increase over last year in Qatar, Oman, Kuwait, UK, New Zealand & Morocco
- We have recorded phenomenal growth in both value and volume terms in export of Basmati Rice to our JV Company M/s Al Dahra Kohinoor LLC (Abu Dhabi)
- Acquired business from new countries such as – Brunei, Cyprus, Djibouti, Mauritania, Guinea, Somalia, Sweden & Taiwan.
- Also a robust increase of 30% in volume in our business of export of Non Basmati Rice.

### EXPORT MARKETS

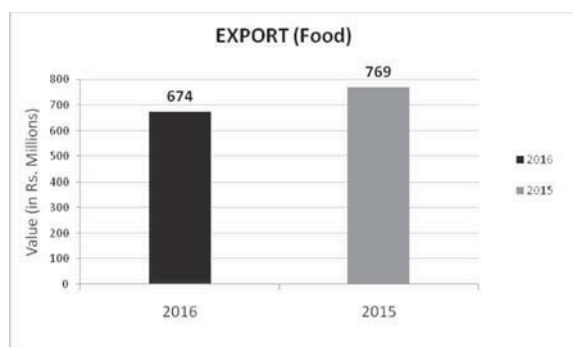
#### Export- Basmati Rice

This year, in the Export of Basmati Rice, the company did a business of INR 6,395 millions as against INR 7,158 millions in the previous financial year.



#### Export- Processed Food

This year the export of processed & packaged food products recorded a decline in revenues and stood at INR 674 millions as against INR 769 millions in the previous year. On account of restructuring of US operations, low business revenue from one of our major client of Private Label in South Africa and erratic supply from one of the Vendor the overall business \ momentum was hampered that resulted in slow-down.



#### Subsidiaries/Joint Venture

##### UK Operations

Indo European Foods Limited (IEFL) was incorporated in year 2000 in United Kingdom (UK), as a wholly owned subsidiary of Kohinoor Foods Limited (KFL), India, to cater the markets of UK and Europe.

##### Business performance and plans

IEFL had a very good year, with business growth of around 14% in volumes. Led by the flagship Kohinoor Brand, the IEFL has become the leading supplier of big bags rice to the UK grocery market. (Source: IRI, UK Grocery Major Multiples). The marketing and new product development efforts have focussed on revitalizing the portfolio packaging and on reformulating the food range. IEFL has also invested in road shows that have sampled the products and showcased the brands at major retail outlets.





### **Investment in People-**

The sales and marketing teams of IEFL has been strengthened, experienced marketing people have been hired and provided exposure to various training programmes.

### **BRC Audit –**

The IEFL have been awarded the highly sought after “Grade AA” by the British Retail Consortium (BRC). The Felixstowe factory meets the criteria of global standard for food safety and is equipped to supply all major international retailers.

### **Forward Thinking-**

IEFL while focusing on rice business is also strengthening the food side of its business. The Efforts of IEFL will continue to open new accounts in the UK and Continental Europe.

### **USA Operations**

Kohinoor Foods USA Inc. was incorporated in year 2000 in the state of New Jersey, USA, as a wholly owned subsidiary of Kohinoor Foods Limited (KFL), India, to cater to the markets of US & Canada. Through this subsidiary the Company has demonstrated its presence in both the Ethnic & the Mainstream segment of the business for both Rice & Processed & Packaged food products. The brand 'Kohinoor' is well known in US and under our new strategy we plan to increase the width and the depth of distribution across US & Canada markets to further improve the visibility & strengthen the brand.

During the financial year 2015-16, the company operated under a new restructured business plan; wherein the company appointed a national distributor to sell & promote its brands in US market. It would helped the company (Kohinoor Foods USA Inc.) to considerably reduce the cost of operation & improve financial position. Under this new business model the role of US subsidiary is to support & supervise the Distributor to generate business & sales volume. The re-alignment of business operations of Kohinoor Foods USA Inc. has reduced cost of operations. We expect an improvement in our sales to US under the distribution system. This year we plan to focus on mainstream buyers of rice and food products.

### **UAE Operations**

In FY: 2013-14, Kohinoor Foods Limited entered into a Joint Venture Agreement with Al Dahra (Abu Dhabi) that seeks to establish a robust frame work for supply of Rice & other agro products from India UAE and provide long-term sustainable food security to the people of UAE. Kohinoor Foods also entered into the Shareholders Agreement to jointly develop and manage brown to white rice facility in Abu Dhabi with a capacity of approximately 60,000 MTs per annum scalable up to 1,00,000 MTs and also to build storage facility of approx 30,000 MT. The Joint venture Company M/s Al Dahra Kohinoor LLC and Al Dahra Kohinoor Industries LLC, have been incorporated in Abu Dhabi in which Kohinoor Foods Limited is a Share Holder and also having

a board seat in consideration for providing supervision/guidance to establish these JV Companies. This JV Company in its second year of operation has conducted satisfying & encouraging business so far.

The Rich Rice Raisers Factory LLC, (RRR) is a Joint Venture Company having 25% equity of KFL. The RRR is not doing any business activity since the inception of Al Dahra-Kohinoor Joint Venture. As per the terms of the JV agreement with Al-Dahra; Kohinoor Foods Ltd., have already initiated steps to exit from Rich Rice Raisers Factory LLC, Dubai.

### **FOOD BUSINESS:**

During the year (2015-16) our Food Vertical, executed a business of INR 674 Mn as against INR 769 Mn in the previous financial year, a decline of 12% over last year. UK & US are two major markets for our range of processed & packaged food products. The restructuring of our US subsidiary coupled with ban on import of Indian origin dairy products by UK & EU has resulted into a decline in turnover.

Food Business has few large buyers and we need to expand customer base to avoid over dependence on few buyers, efforts are being made in this direction.

### **Highlights (2015-16)**

- Acquired a new Food Processing Unit near Sonipat, Haryana to add to our existing production capacity and enable us to meet the increasing demand of our clients for Ready to Eat & Ready to Cook products. The acquisition of new food facility would not only reduce the dependence on our existing facilities but also help us to focus on business by acquisition of new customers.
- Developed 100% Certified Organic range of Products under 'Green Grown' brand such as Pulses, Spices, Cereals, Healthy Grains and much more. We are planning to launch this new category of products in Saudi Arabia, Oman & Qatar to name a few.
- Secured a long-term contract (4 years) from our major Private Label Client- COLES thus ensuring steady business over a long period of time.
- Revamped & gave new look to the entire packaging of Kohinoor Branded Products for UK Market for Ready to Cook- Sauces and Ready to Eat-Curries.
- Added new markets such as Oman, Sri Lanka, Uganda, Saudi Arabia & Nepal..

### **CHALLENGES:-**

- Erratic supply from a major vendor resulted in delayed shipment & business loss.
- Re-structuring of US office contributed to business slow-down.



- Export of products to UK containing 'Dairy' suffered due to EU regulations.

- Quality related issues with one of our major clients in South Africa (M/s Tiger Brands) hampered the business & momentum.

### FINANCIAL YEAR (2016-17)

- We'll consolidate the existing categories & products by increasing the Width & Depth of Distribution in focus markets.

- We will discontinue non core product categories such as cookies, pickles etc.

- Focus on mainstream market in US & Canada.

- "Green Grown" Organic range of products would be our focused category and look to launch in several countries.

### 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, Basmati Rice is a category which is little complex and widely unorganized. 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 in double digits as compared to single digit growth 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, Basmati consumption is also high in well recognized hotels & large institutions. The consumption of branded packaged Basmati Rice is also being driven by the modern retail that offers wide choice to customers

### 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 have become a common phenomena 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 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. However, 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 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.

### Dividend

Your Directors do not recommend any dividend for the financial year 2015-16.

### Re-Appointment / Appointment of Directors

In accordance with the provisions of the Companies Act, 2013, Mr. Khedaim Abdulla Saeed Faris Alderei (holding DIN – 06699678), Director of the Company shall retire by rotation at the ensuing Annual General Meeting and being eligible offer himself for reappointment. Your Directors recommend his re-appointment.

Mr. Vijay Burman, Mr. Sandeep Kohli, Mr. Maharaj Kishen Trisal and Mr. Satish Chander Gupta, were appointed as an Independent Director of the Company, under Section 149 of the Companies Act, 2013, for a period of two consecutive years from 1st April, 2014 to 31st March, 2016, at the Annual General Meeting of the Company held on 29th September, 2014.

The Board of Directors on the recommendation of the Nomination and Remuneration Committee, have approved at their Meeting held on 11th February, 2016 the re-appointment of Mr. Vijay Burman, Mr. Sandeep Kohli, Mr. Maharaj Kishen Trisal and Mr. Satish Chander Gupta, as an Independent Directors of the Company, from 1st April, 2016, to hold office upto 31st March, 2021, not liable to retire by rotation, subject to the approval of the shareholders.

### Subsidiary, Joint Ventures and Associate Companies

The company has no material subsidiary in accordance with the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

In accordance with section 129(3) of the Companies Act, 2013, we

have prepared consolidated financial statements of the Company and all its subsidiaries, which form part of the Annual Report. The statement provides the details of performance, financial positions of each of the subsidiaries.

During the year the Board of Directors of the Company had reviewed the affairs of the subsidiaries and a statement containing the salient features of the financial statement of our subsidiaries and Joint Venture in the prescribed format AOC-1 is enclosed as Part I and Part II of Annexure A to the Consolidated Financial Statement and hence not repeated here for the sake of brevity.

In accordance with Section 136 of the Companies Act, 2013, the audited financial statement, including the consolidated financial statements and related information of the Company and audited accounts of each of its subsidiaries, are available on our website [www.kohinoorfoods.in/investor](http://www.kohinoorfoods.in/investor). These documents will also be available for inspection during business hours at our corporate office.

Further the Policy for determining material subsidiaries as approved by the Board may be accessed on the Company's website at the link: [www.kohinoorfoods.in/investor](http://www.kohinoorfoods.in/investor)

### Internal Control System

The Company has in place adequate internal control systems that facilitates the accuracy and timely compilation of financial statements and management reports, ensures regulatory and statutory compliance, and safeguards investor interest by ensuring the highest level of governance. The control system ensures that all assets are safeguarded and protected and that the transactions are authorised, recorded and reported correctly. A CEO and CFO Certificate provided by Jt. Managing Director and CFO, included in the Corporate Governance Report confirms the existence of effective internal control systems and procedures in the Company's Internal audit function evaluates the adequacy of, and compliance with policies, plans, regulatory and statutory requirements. The Internal Auditors directly report to the Board's Audit Committee, thus ensuring the independence of the process. It also evaluates and suggests improvement in effectiveness of risk management, controls and governance process. The Audit committee and Board provides necessary oversight and directions to the Internal audit function and periodically reviews the findings and ensures corrective measures are taken. In the opinion of the management and the internal auditors, there exists adequate safeguard against fraud and negligence within the Company.

Our Offices as well as the manufacturing facilities endorse the highest health, safety, security and environmental standards.



### Internal Financial Controls

The Company has in place well defined and adequate Internal Financial Controls which are tested from time to time for necessary improvement, if any required.

### 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 2016-17 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. Pursuant to SEBI (LODR), Regulation, 2015, a report on the Corporate Governance, Certificate regarding Compliance, Secretarial Audit Report and Jt. Managing Director (CEO) and CFO certification along with the Auditors Certificate has been made part of the Annual Report.

### Auditors

M/s Rajender Kumar Singal & Associates LLP, Chartered Accountants, New Delhi, Statutory Auditors of the Company, holds office till the ensuing Annual General Meeting and are eligible for re-appointment. They have confirmed their eligibility to the effect that their re-appointment, if made, would be within the prescribed limits and they are not disqualified 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 next Annual General Meeting.

### 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) and 24 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. As per advice receive 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. Further with regard to the managerial remuneration paid to Executive Director, Mr. Jugal Kishore Arora, Mr. Satnam Arora and Mr. Gurnam Arora, during the period from April 2015 to March 2016 in excess of the limit specified in the section 197 of the Companies Act, 2013, which is subject to approval of the central government. The Management

is in the view that the company is in the process of obtaining the requisite approval from the central government for such excess remuneration and is hopeful that it will received the approval without any modification, as the same approval was received earlier as well without any modification. 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 2015-16 and has completed the audit of the cost record of the Company. The Cost Audit Report does not contain any qualification, reservation or adverse remark.

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 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, 2017 and remuneration to be paid subject to rectification by shareholders.

### Secretarial Audit

The Board of Directors pursuant to the Provision of Section 204 of the Companies Act, 2013, has appointed M/s Vinod Aggarwal and Associates, Company Secretary Firm, (having FCS No. 8007 and CP No. 8816) to conduct Secretarial Audit of the Company for the Financial Year 2016-2017.

### Secretarial Audit Report

The Secretarial Auditor M/s Vinod Aggarwal and Associates, Company Secretaries, appointed for the year 2015-16 and has completed the secretarial audit of the Company. 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 and does not contain any qualification, reservation or adverse remark.

### Internal Auditor

The terms of M/s SPMG & Co., Chartered Accountants, New Delhi, who was reappointed as Internal Auditor of the Company for the Financial Year 2015-16 expired on 31st March, 2016.

Your Directors have approved their reappointment in the Board Meeting dated 30th May, 2016, for the financial year 2016-17.



### Deposits

During the year under review, the Company has not accepted any deposit under Chapter V of the Companies Act, 2013

### Share Capital of the Company

During the year under review, the Company did not issue equity shares. The paid up Share Capital of the Company is amounting to Rs. 35,24,15,300/- comprising of 3,52,41,530 equity shares of Rs. 10/- each.

### Board Meetings

The Board is headed by an executive Chairman. As on 31st March 2016, the Board of Directors consisted of Nine Directors, including Chairman, Joint Managing Directors, Woman Director, Independent Director and others.

Four (4) Board Meetings were held during the year 2015-16 i.e. on 28th May, 2015, 13th August, 2015, 9th November, 2015 and 11th February, 2016 and the gap between two meetings did not exceed 120 days.

### Audit Committee Meetings

During the year under review, the Audit Committee met Four (4) times i.e. on 28th May, 2015, 13th August, 2015, 9th November, 2015 and 11th February, 2016 and the maximum time gap between any two consecutive meetings did not exceed 120 days. The minutes of the meetings of the Audit Committee are noted by the Board.

### Nomination and Remuneration Committee

During the year under review, the Nomination and Remuneration Committee met two (2) times i.e. on 13th August, 2015 and 11th February, 2016. The Board of Directors of the Company at their meeting held on 11th February, 2016, have reconstituted the Nomination and Remuneration Committee by deleting/removing the name of Mr. Satnam Arora, Jt. Managing Director from membership of the Committee as required under SEBI (LODR), Regulation, 2015.

### Remuneration Policy

On the recommendation of the Nomination and Remuneration Committee, the Board has formulated Remuneration Policy for appointment of Directors, Key Managerial Personnel, Senior Management and their remuneration.

The Remuneration Policy of the Company forms part of this Report and may be accessed on the Company's website on the link [www.kohinoorfoods.in/investor](http://www.kohinoorfoods.in/investor).

### Whistle Blower Policy/Vigil mechanism

The Company has established a vigil mechanism for Directors and Employees to report their concerns about unethical behavior, actual or suspected, fraud or violation of the company's code of conduct or ethics policy or any other grievances, the details of which are given in the Corporate Governance Report. The Whistle

Blower Policy may be accessed on the Company's website on the link [www.kohinoorfoods.in/investor](http://www.kohinoorfoods.in/investor)

### Risk Management

The Company has constituted a Risk Management Committee comprising executives headed by the Managing Director.

The Company has a Risk Management Policy to identify, evaluate business risks and opportunities. The Company has adopted several strategies for Risk Management to mitigate risks and uncertainties. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage.

The Company has adopted a Risk Management Policy which establishes various levels of accountability and overview within the Company. In addition, all the key risks get continuously deliberated and discussed at the Group Executive Committee level as well as the Business Unit level. The said Policy is placed on the Company's website [www.kohinoorfoods.in/investor](http://www.kohinoorfoods.in/investor).

### Particulars of Loan Given, Investment made, Guarantees given and Securities Provided

Particulars of loans given, investments made, guarantees and securities provided under section 186 of the Companies Act, 2013 are provided in the notes of standalone Financials statement.

### Acquisitions of Food Factory

During the year your Company has purchased a Food Factory of Ready to eat Packaged Food, situated at Village Sultanpur, Sonapat, Haryana, through auction from Bank of India. The production of this factory will commence in the current financial year.

The acquisition of new food facility would not only reduce the dependence on our existing out-sourced facilities but also help us to focus on business by acquiring new customers.

### Status of Joint Venture Agreement executed in the year 2011.

Kohinoor Foods Ltd. (KFL) and Kohinoor Speciality Foods India Pvt. Ltd. (KSF), had entered into Joint Venture Agreement in the year 2011. Consequent upon the formation of JV, Kohinoor Specialty Foods India Pvt. Ltd. (KSF) on 9th September, 2011 and execution of various agreements, Kohinoor Foods Ltd. (KFL), Stopped sale of food items and rice in domestic market and commenced exclusive supply of rice and broken rice to KSF.

During the year the Kohinoor Speciality Foods India Pvt. Ltd. (KSF) had issued a Legal Notice dated 07th August, 2015, for





Termination of Rice Supply Agreement (RSA) and to restrain Kohinoor Foods Ltd. (KFL) from entering into domestic market for rice and food business. KFL had given a detail reply to the notice and denied all the allegation/averments made in the said Notice.

However, KSF filed a petition before the Hon'ble Delhi High Court under section 9 of the Arbitration and Conciliation Act, 1996, to restrain Kohinoor Foods Ltd. (KFL) and its Promoters from selling rice in India in term of Non-Compete clause provided under Business Transfer Agreement (BTA) and Non Compete and Non Solicitation Agreement. However, the Honbl'e Delhi High Court vide its order dated 1st March, 2016 has given its order that the respondents (KFL) would be entitled to sell the rice/processed rice in loose condition/form to the other traders who may sell the rice received from the respondents under their respective brand names and trading styles.

KFL being a minority shareholders holding 15% equity shareholding in Kohinoor Speciality Foods India Pvt. Ltd. (KSF), filed a Petition with Company Law Board, Delhi (CLB), [now National Company Law Tribunal (NCLT)] under section 397 and 398 of the Companies Act, 1956 relating to oppression and mismanagement.

During the year McCormick Switzerland GmbH, invoked the Arbitration clause under License Mark and Corporate Name License Agreement dated 1st June, 2011 against KFL and its Promoters before London Court of International Arbitration (LCIA) restraining KFL and its Promoters from using the Licensed Marks including the mark Kohinoor, whether as a part of corporate name or otherwise. KSF invoked the Arbitration clause under Business Transfer Agreement (BTA) dated 1st June, 2011 against KFL and its Promoters LCIA restraining KFL and its Promoters for breach of its obligations under BTA and to pay to KSF an amount of Rs. 35.00 crores by way of Liquidated damages. KSF also invoked the Arbitration clause under Non Compete and Non Solicitation Agreement dated 1st June, 2011, before LCIA against Promoters.

### **The detailed Status of Pending Litigations before Various Court/Tribunal/Authorities has been given as under:**

1. During the financial year 2015-16, the Assessing officer has passed fresh assessment orders dated 29.01.2016 in respect of AY 2002-03 to AY 2008-09 in respect of the issues set aside as per the Order of Hon'ble ITAT, New Delhi. As a result, the company has received substantial relief of Rs. 46,81,37,484/- towards outstanding tax & interest demand on the additions made by the AO in his earlier orders. Finally, the tax and interest demand stand reduced to Rs.5,90,39,692/- and Rs.2,34,38,268/- respectively for AY 2002-03 to AY 2008-09 and the same has been adjusted against the amount of Rs.13,50,00,000/- deposited with the Department under protest. However, the Company has still

preferred an appeal before the Commissioner of Income Tax (Appeals), New Delhi, & Delhi High Court, which is yet to be heard.

2. Following appeals are also lying pending for hearing before the Income Tax Appellate Tribunal, New Delhi against the tax demand raised in impugned Income Tax Assessment Orders as per details given below :-

Assessment Year	Tax	Interest	Total
2009-10	17,89,66,465	10,54,26,352	28,43,92,817
2010-11	23,31,25,126	13,47,86,187	36,79,11,313
2011-12*	9,02,62,717	5,18,35,593	14,20,98,310

\* The company has also filed a rectification application before DRP to reconsider its findings.

3. In respect of Assessment Year 2012-13, the company has received Final order dtd. 09.05.2016, making an addition of Rs.58,55,68,586/- on which the tax effect is Rs.22,94,96,840/-. The company has filed an appeal against the above order before the Commissioner of Income Tax (Appeals), New Delhi.
4. 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.4,50,41,414/- 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. 5,41,073/- after completing the Sales Tax assessment for AY 2011-12 against which appeal has been filed.
5. 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 of Rs. 42,90,580/- 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.
6. 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. 2,59,25,414/- in respect of certain services provided in earlier years. Subsequently, the company has deposited Rs.20,00,000/- "Under Protest" as per the directions given in the stay order granted by Appellate Tribunal.



As per the advice received from legal experts in respect of above cases 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 set aside. Accordingly, management is of the view that no provision in respect of the above demands is required to be made in the books of accounts.

7. During the year, the Company entered into settlement agreement with Punjab National Bank (PNB) in respect of liability on account of Derivative transactions. The liability is settled for Rs. 25.00 Crores against the total amount which has been shown in the previous year balance sheet under contingent liabilities of Rs. 27.49 as calculated in last year. After this settlement, now there is no contingent liability on account of derivative transactions with any bank.
8. The Board of Trustee of the port of Mumbai has filed a money suit for recovery of Rs. 9.64 Cr. Before Mumbai High Court, towards alleged outstanding demurrage charges against which the company has filed its counter claim of Rs. 10.88 Cr. towards the financial losses, interest on the investment, refund of the license fees, refund of the demurrage charges, compensation and damages etc. The matter is still pending to be heard.
9. During the year the Kohinoor Speciality Foods India Pvt. Ltd. (KSF) has filed a Petition under Section 9 of the Indian Arbitration Act, in High Court of Delhi, to restrain Kohinoor Foods Ltd. (KFL) and its Promoters from selling rice in India in term of Non-Compete clause provided under Business Transfer Agreement (BTA) and Non Compete and Non Solicitation Agreement. However, the Honbl'e Delhi High Court vide its order dated 1st March, 2016 has given its order that the respondents (KFL) would be entitled to sell the rice/processed rice in loose condition/form to the other traders who may sell the rice received from the respondents under their respective brand names and trading styles.
10. During the year the Company (KFL) being a minority shareholders holding 15% equity shareholding in Kohinoor Speciality Foods India Pvt. Ltd. (KSF), filed a Petition with Company Law Board Delhi (CLB), under section 397 and 398 of the Companies Act, 1956 relating to oppression and mismanagement. The matter is still pending.
11. McCormick Switzerland GmbH, invoked the Arbitration clause under License Mark and Corporate Name License Agreement dated 1st June, 2011 against KFL and its Promoters before London Court of International Arbitration (LCIA) restraining KFL and its Promoters from using the Licensed Marks including the mark Kohinoor, whether as a part of corporate name or otherwise. The company has in its reply written to the LCIA that the company has not breached

any of the provisions of this agreement.

12. KSF invoked the Arbitration clause under Business Transfer Agreement (BTA) dated 1st June, 2011 against KFL and its Promoters before London Court of International Arbitration (LCIA) restraining KFL and its Promoters for breach of its obligations under BTA and to pay to KSF an amount of Rs. 35.00 crores by way of Liquidated damages. KSF also invoked the Arbitration clause under Non Compete and Non Solicitation Agreement dated 1st June, 2011, before London Court of International Arbitration (LCIA) against Promoters.

The Company is in the process of filing Statement of Defence in the aforesaid cases along with cross-claim/counter claim under Rice Supply Agreement (RSA) to claim a substantial amount of losses from KSF on account of wrong termination of RSA. Further the company appointed Norton Rose Fulbright, one of the best Arbitration firm in London to file/represent the case so as to protect its interest. The Tribunal has been constituted. The date of final hearing schedule in these matters is April, 2017.

13. There are few more cases which are pending before the various authorities and the same has been duly disclosed under Notes to the Account.

### **Conservation of Energy, Research and Development, Technology Absorption, Foreign Exchange Earning and Outgo**

The particulars as prescribed in sub-section (3) of Section 134 of the Companies Act, 2013, read with Companies (Accounts) Rules, 2014 are enclosed as Annexure B to this Report.

### **Particulars of Employees and Related Disclosure**

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are given as under:

- i) There are no Employee, employed throughout the year and in receipt of remuneration of Rs. 1,02,00,000/- or more per annum.
- ii) There are no Employee, employed part of the year and in receipt of remuneration of Rs. 8,50,000/- or more per month during any part of the year.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of



Managerial Personnel) Rules, 2014, are set out in the Annexure D to this report.

Having regard to the provisions of Section 136(1) read with its relevant proviso of the Companies Act, 2013, the Board's Report is being sent to the members without above mentioned annexures. The said annexures are available for inspection at the Corporate/Registered Office of the Company during working hours and any member interested in obtaining such annexures may write to the Company Secretary and the same will be furnished free of cost.

### Extract of Annual Return

In accordance with Section 134(3)(a) of the Companies Act, 2013, the extract of the annual return in Form No. MGT – 9 is enclosed as Annexure C to this Report.

### Management's Discussion and Analysis Report

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), a Management Discussion and Analysis Report and a Report on Corporate Governance is attached in a separate section forming part of the Annual Report.

A Certificate from the Statutory Auditors of the Company regarding the Compliance by the Company of the conditions stipulated in Regulations Part C of Schedule V of the Listing Regulations is also attached with this report.

A declaration by the Managing Director pursuant to Regulations Part C of Schedule V of the Listing Regulations stating that all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct, during the financial year ended 31st March, 2016, is also attached with this report.

### 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 for the year ended 31 March 2016, the applicable accounting standards read with requirements set out under Schedule III to the Act, had been followed and there are no material departures from the same;
- b) the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March 2016 and of the profit of the Company for the year ended on that date;
- c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in

accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- d) the Directors 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; and
- f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are 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.

### Corporate Social Responsibility

As per provisions under Section 135 of the Companies Act, 2013, all companies having net worth of Rs. 500 crores or more, or turnover of Rs. 1,000 crores or more or a net profit of Rs. 5 crores or more during any financial year are required to constitute a Corporate Social Responsibility (CSR) Committee of Board of Directors comprising three or more directors, at least one of whom should be an Independent Director and such Company shall spend 2% of the average net profits of the Company made during the three immediately preceding financial years.

Accordingly a detailed CSR Policy was framed by the Company with the approvals of the CSR Committee and Board. The Policy, inter alia, covers the following:

- Philosophy
- Scope
- List of CSR activities
- Modalities of execution of projects/programmes
- Implementation through CSR Cell
- Monitoring assessment of projects/programmes

CSR Policy gives an overview of the projects or programmes which are proposed to be undertaken by the Company in the coming years.





### 2. The composition of the CSR Committee

A Committee of the directors, titled 'Corporate Social Responsibility Committee', was constituted by the Board with the following members:

Mr. Sandeep Kohli  
Mr. Maharaj Kishan Trisal  
Mr. Satnam Arora  
Mr. Gurnam Arora

As the Average net Profit/(Loss) of the Company for last three financial years prior to 2015-16 comes to average net loss and therefore the company is not statutorily required to spent amount as prescribed for CSR expenditure.

Although the company is not statutory require to expend 2% of the average net profit (INR) of the last three financial years, being average net loss. However the company voluntarily expends an amount of Rs. 14.26 lakhs in the last financial year on this account by doing various CSR activities.

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 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.

Being environmentally conscious company and as part of Go Green campaign, have put up water treatment plant in our rice factory (Murthal), where treated water is used for watering the lawn, garden and irrigate 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 take utmost care about.

The CSR Policy may be accessed on the Company's website at the link: [www.kohinoorfoods.in/investor](http://www.kohinoorfoods.in/investor)

### **Disclosure under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Company has zero tolerance towards sexual harassment at the workplace. The Company has in place a Sexual Harassment Policy in compliance with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company always endeavors to create and provide an environment that is free from discrimination and harassment including sexual harassment. The Sexual Harassment Committee has been set up to redress complaints received regarding sexual harassment.

The Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

### **Declaration by Independent Directors**

The Company has received necessary declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements), Regulation, 2015.

### **Board Evaluation**

In accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, it is mandatory that the Board shall monitor and review the Board Evaluation Framework. The Companies Act, 2013 states that a formal annual evaluation needs to be made by the Board of its own performance and that of its committees and individual Directors. Schedule IV of the Companies Act, 2013 and Regulation 17 (10) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 states that the performance evaluation of Independent Directors shall be done by the entire Board of Directors, excluding the director being evaluated.

The Board and the Nomination and Remuneration Committee reviewed the performance of the individual

Directors on the basis of the criteria and framework adopted by the Board. In addition, the performance of Board as a whole and committees were evaluated by the Board after seeking inputs from all the Directors on the basis of various criteria.

In a separate meeting of Independent Directors, performance of Non-Independent Directors, performance of Board as a whole and performance of the Chairman was evaluated, taking into account the views of the Executive Directors and Non-Executive Directors. The evaluation process has been explained in the Corporate Governance Report section of the Annual Report.

### Training of Independent Directors

The Company Secretary of the company conducted a detail training programme to provide/update the changes in the SEBI (LODR), Regulation, 2015/Companies Act, 2013 and other relevant act to the Independent Directors.

Further, the Company issues a formal letter of appointment to Independent Directors outlining their roles, responsibilities, functions and duties as an Independent Director. The format of the letter of appointment is available on the Company's website at the link: [www.kohinoorfoods.in/investor](http://www.kohinoorfoods.in/investor).

### General

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Details relating to deposits covered under Chapter V of the Act.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise
3. Issue of shares (including sweat equity shares) to employee of the Company under any scheme.
4. Issue of Employees Stock Option to employee of the company under any scheme. .
5. Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries.
6. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
7. Business Responsibility Report as per Regulation 34 (2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, describing the initiatives taken by them from an environmental, social and governance perspective is not

applicable to the Company, for the financial year 2015-2016 as per the SEBI Circular SEBI/LAD-NRO/GN/2015-16/27 dated 22nd December 2015 and Frequently Asked Questions issued by SEBI on SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 dated 29 January 2016.

### Acknowledgment

Your Directors would like to express their appreciation for the assistance and co-operation received from the Banks, Government Authorities, Customers, Vendors, JV Partners and Members during the year under review. 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.

For and on Behalf of the Board

Sd/-

**Jugal Kishore Arora**  
Chairman

Faridabad  
August 12th, 2016



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

#### 1. Corporate Governance Philosophy

The Company has always maintained an integrated way of thinking, which is reflected in the functioning of the Board and corporate governance framework. A Company's relationship with its investors is an important component of corporate governance. The Board of Directors believes in upholding the highest standards of accountability and actively participates in overseeing risks and strategic management. The board fully supports and endorses corporate governance practices in accordance with the provisions of Regulation 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The primary objective of corporate governance is to create and adhere to a corporate culture of conscience and consciousness, transparency and openness, to develop capabilities and identify opportunities that best serve the goal of value creation. Our corporate governance framework ensures that we make timely disclosures and share accurate information regarding our financials and performance, as well as the leadership and governance of the Company. Over the years, we have strengthened governance practices. These practices define the way business is conducted and value is generated.

The Securities and Exchange Board of India (SEBI) has issued a circular dated 13th October, 2015, pursuant to which, the Company has signed a new Listing Agreement with Stock Exchanges within six months from the date of notification of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 i.e. 2nd September, 2015, to bring in additional corporate governance norms for listed entities. The norms provide for stricter disclosures and protection of investor rights, including equitable treatment for minority and foreign shareholders.

Our corporate governance framework has helped us to be aligned with the new guidelines of the Companies Act, 2013. We believe that an active, well informed and independent board is necessary to ensure the highest standards of corporate governance.

#### 2. Board of Directors

The Company is managed and controlled by Board of Directors which has an optimal combination of Executive, Non-Executive and Independent Directors. The Board is headed by an executive Chairman as on 31st March 2016, the Board of Directors consisted of Nine Directors, including Chairman, Joint Managing Directors, Woman Director, Independent Director and others.

As on 31 March 2016, none of the Directors on the Company's Board was a Director in more than 20 Companies, neither a Chairman of more than five Committees nor a member of more than 10 Committees in accordance with Companies Act, 2013. Further, all the Directors have made necessary disclosures regarding their Directorship and Chairmanship/Committee Membership in other Companies as per the requirement of Companies Act, 2013. The Board members possess the requisite skills, experience and expertise to guide the Company.

No Director is related to any other Director on the Board, except Mr. Jugal Kishore Arora, Mr. Satnam Arora and Mr. Gurnam Arora, being related to each other as brothers.

The appointment of the Chairman and Joint Managing Directors including the tenure and terms of remuneration, are approved by the members at their general meetings and also made necessary application to obtained approvals of Central Government wherever it's applicable.

Four (4) Board meetings were held during 2015-16 and the gap between two meetings did not exceed 120 days. The dates, on which the Board meetings were held, are 28th May 2015, 13th August 2015, 9th November, 2015, 11th February, 2016.

Dates for the Board Meetings are decided well in advance and the Agenda, along with the supporting documents, explanatory notes and information, as enumerated under SEBI (Listing Obligations and Disclosure Requirements), Regulation, 2015, are made available to the Board along with the notice of respective meetings. The Board periodically reviews compliance reports of all laws applicable to the Company. The Company undertakes steps to rectify instances of non-compliance, if any.

The names and categories of the Directors on the Board, along with their attendance at the Board Meetings held during the year ended 31st March 2016, and at the last Annual General Meeting, and the number of other Directorship and Chairmanship/Membership of Committees held by them, are given below:





Name of the Director	No. of Board meetings attended during tenure	Whether attended the last AGM	No. of other Directorships*	Committee position of other Companies**		No. of Equity Shares held
				Chairman	Member	
<b>Executive (Promoter)</b>						
Mr. Jugal Kishore Arora (Whole time Director designated as Chairman)	3	No	1	Nil	Nil	60,43,484
Mr. Satnam Arora (Joint Managing Director)	3	No	3	Nil	2	53,78,923
Mr. Gurnam Arora (Joint Managing Director)	3	Yes	1	Nil	Nil	60,98,889
<b>Non -executive and Non - Independent</b>						
Mr. Khedaim Abdulla Saeed Faris Alderei (Investor Director)	1	No	Nil	Nil	Nil	Nil
<b>Non -executive and Independent</b>						
Mr. Vijay Burman	4	Yes	Nil	Nil	Nil	Nil
Mr. Sandeep Kohli	3	No	Nil	Nil	Nil	Nil
Mr. Maharaj Kishan Trisal	4	No	6	Nil	Nil	Nil
Mr. Satish Chandra Gupta	4	No	5	2	8	Nil
Ms. Madhu Vij	4	No	4	Nil	2	Nil

\*This includes Directorship in public limited companies (including subsidiaries of public limited companies) and excludes Directorship in associations, private, foreign and Section 8 companies.

\*\* Represents Chairmanship/Membership of Audit Committee, Remuneration and Nomination Committee and Stakeholder Relationship (Shareholders'/ Investors' Grievance) Committee, This includes Chairmanship/Membership in public limited companies (including subsidiaries of public limited companies) and excludes Chairmanship/Membership in private, foreign and Section 8 companies.

**INFORMATION REQUIRED AS SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENT), REGULATION, 2015 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 Haegens Ltd., Sachdeva Brothers Pvt. Ltd., Indo European Foods Ltd. UK, Kohinoor Foods USA Inc. and some of the Pvt. Ltd. company.

He holds 60,43,484 (17.15%) Equity Shares of the Company in his own name as on 31st March, 2016.

**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 Haegens Ltd., Sachdeva Brothers Pvt. Ltd., Sara Textiles Ltd., Kohinoor Foods USA, Inc. and some of the Pvt. Ltd. company.

He is a member of Audit Committee and Stakeholder Relationship Committee of the Kohinoor Foods Ltd.

He holds 53,78,923 (15.26%) Equity Shares of the Company in his own name as on 31st March, 2016.

**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 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 Haegens Ltd., Sachdeva Brothers Pvt. Ltd. and Indo European Foods Ltd. UK.

He holds 60,98,889 (17.31%) Equity Shares of the Company in his own name as on 31st March, 2016.



**Mr. Vijay Burman** (DIN – 00013710) Independent Director of the Company.

He is a Science Graduate with over 41 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 wide 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 31st, 2016.

**Mr. Sandeep Kohli** (DIN – 00300767) Independent Director of the Company.

He is a Post Graduate. He is having 26 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 some prestigious Pvt. Ltd. company.

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

He does not hold any share of the Company in his name as on March 31st, 2016.

**Mr. Maharaj Kishan Trisal** (DIN – 00059545) 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 Power Projects Ltd, Sudhir Transformers Ltd., Sudhir Sales & Services Limited, Ansal Housing and Construction Ltd. and RBC Motors India 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 31st, 2016.

**Mr. Satish Chandra Gupta** (DIN – 00025780) 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. 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., Gujarat Foils Ltd., SMC Investments And Advisors Ltd., Brahmaputra Infrastructure Ltd., Brahmaputra Infraproject Ltd. SMC Global Securities Ltd., Kamanwala Housing Construction Ltd. and some of the Pvt. Ltd. Company.

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 31st, 2016.

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

He is the Vice Chairman of the Al Dahra Agriculture. He has over 21 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 form 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 various other company situated outside India.

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 31st, 2016.

**Ms. Madhu Vij** (DIN – 00025006) has been appointed as an Independent Director of the Company.

Ms. Madhu Vij is a Professor of Finance at the Faculty of Management Studies, University of Delhi where she has been teaching for over three decades. Her professional and teaching interests include the areas of International Finance, Risk Management, Banking and Financial Services, Corporate Finance and Accounting. She has received the Alumni Excellence award from Shri Ram College of Commerce, University of Delhi. Dr Vij has participated and attended the Global Colloquium on 'Participant Centered Learning' at Harvard Business School, Boston, USA. Prof Vij was on the Panel of Judges for award of PM's trophy for selecting the best steel plant for 2 years (2011-2013) and has also been a member of Ad-Hoc TaskForce, Results Framework Document (2011-2013).

Prof Vij's research interests include asset liability management, country risk analysis, derivatives, foreign exchange risk management, treasury management, corporate valuation, credit ratings and financial crisis, currency correlation and corporate governance. She has completed a number of projects sanctioned by National bodies like UGC, RBI, ICSSR, SAIL and Delhi University. She serves on the editorial board and is also a reviewer for several academic journals, national and international conferences.



She has published several research papers in International and national Journals of repute and has presented papers globally in the field of banking and finance. She has authored four books namely Multinational Financial Management, Management Accounting, Management of Financial Institutions and a book on Corporate Finance for NIIT for MBA participants for ITT, USA. She has also co-authored two books – one on 'Merchant Banking and Financial Services' and the second one on 'Women's Studies in India: A Journey of 25 Years.

She is actively involved in research, consultancy and training for several leading public and private organizations in the areas of Project Management, Strategic Financial Management, Case based method of learning and teaching, Finance for Non finance managers.

She is a Director of SMC Global Securities Ltd., Singer India Ltd., Amtek Auto Ltd., Solar Industries India Ltd. and Risk Educators Private Ltd.

She is a member of Audit Committee of the Company.

She does not hold any share of the Company in her name as on March 31st, 2016.

### 3. **BOARD COMMITTEES**

The Board of Directors has constituted the following Committees of Directors with adequate delegation of powers to discharge the Company's requisite business:

#### **Audit Committee**

#### **Stakeholder Relationship (Shareholders'/Investors' Grievance) Committee**

#### **Nomination and Remuneration Committee**

#### **Corporate Social Responsibility Committee**

The minutes of the meetings of all such committees are placed before the Board for discussion/noting.

Detail of the composition, number of meetings held during the year, attendance of members and scope of the committees are as below:

#### **1) **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 29th September, 2015 to answer member queries.

The Committee's existing composition meets with requirements of Section 177 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Members of the Audit Committee possess financial / accounting expertise / exposure.

During the year under review, the Audit Committee met Four (4) times i.e. on 28th May, 2015, 13th August, 2015, 9th November, 2015 and 11th February, 2016 and the maximum time gap between any two consecutive meetings did not exceed 120 Days. 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	4
Mr. Maharaj Kishan Trisal	Member	4
Mr. Sandeep Kholi	Member	3
Mr. Satnam Arora	Member	3
Mr. Satish Chandra Gupta	Member	4
Mr. Khedaim Abdulla Saeed Faris Alderei	Member	1
Ms. Madhu Vij	Member	4

### Scope of the Audit Committee

The Audit Committee, inter alia, supports the Board to ensure an effective internal control environment. The Committee discharges such duties and functions with powers generally indicated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges.

The scope of the Audit Committee is as follows:

### Powers of Audit Committee

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

### Terms of Reference

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, adequate and credible;
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditors and the fixation of audit fee;
- Approving payment to Statutory Auditors for any other services rendered by them;
- Reviewing, with the management, the Annual Financial Statements and auditor's report thereon before submission to the Board for approval, with particular reference to, (a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013 (b) Changes, if any, in accounting policies and practices and reasons for the same (c) Major accounting entries involving estimates based on the exercise of judgment by management (d) Significant adjustments made in the financial statements arising out of audit findings (e) Compliance with listing and other legal requirements relating to financial statements (f) Disclosure of any related party transactions (g) Qualifications in the draft audit report, if any.
- Reviewing, with the management, the Quarterly Financial Statements before submission to the Board for approval;
- Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the agency monitoring the utilisation of proceeds of a public or rights issue, if any, and making appropriate recommendations to the Board to take up steps in this matter;
- Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;



- Approval or any subsequent modification of transactions of the company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the company, wherever it is necessary;
- Reviewing, with the management, the performance of Statutory and Internal Auditors and adequacy of the internal control system;
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- Reviewing reports of internal audit and discussing with Internal Auditors on any significant findings of any internal investigations by the Internal Auditors and the executive management's response on matters and follow-up thereon;
- Reviewing reports of Cost audit, if any, and discussion with Cost Auditors on any significant findings by them;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- To review the functioning of the Vigil (Whistle Blower) mechanism;
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- Recommending to the Board, the appointment and fixation of remuneration of Cost Auditors, if applicable;
- Evaluating Internal Financial Controls and Risk Management Systems and reviewing the Company's financial and risk management policies;
- Looking into the reasons for substantial defaults, if any, in payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- Reviewing the Management Discussion and Analysis of financial condition and results of operation;
- Reviewing the statement of significant related-party transactions;
- Reviewing the Management letters/letters of internal control weaknesses issued by the Statutory Auditors.
- To review the appointment, removal and terms of remuneration of the Chief internal auditor.
- To review the internal audit report relating to internal control weaknesses.

### **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 (Regulation 20(4) of SEBI (LODR), 2015) (which is effective from October 1, 2014), the Board of Directors of the Company, have approved the change in nomenclature of the Shareholders Grievances Committee to Stakeholders Relationship Committee and enhanced their role. The Board of Directors of the Company currently has a Stakeholders Relationship Committee to specifically look into and resolve grievances of security-holders on various matters. Routine queries/complaints received from shareholders are promptly attended to and replied by way of resolution by circulation. Queries/complaints received during the period under review related to non-receipt of annual report, change of company name, non-receipt of transferred shares and change of address and/or bank particulars. There were no pending issues to be addressed or resolved.

The Company received a total of 13 complaints from investors during the year 01.04.2015 to 31.03.2016, 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.

### **Constitution of Stakeholders Relationship Committee is as under:**

<b>Name</b>	<b>Position</b>
Mr. Sandeep Kohli	Chairman
Mr. Vijay Burman	Member
Mr. Satnam Arora	Member

### **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 (LODR) Regulation 2015, the Board of Directors of the Company has constituted the member of Nomination and Remuneration Committee.

During the year under review, the Nomination and Remuneration Committee met two (2) times i.e. on 13th August, 2015 and 11th February, 2016. The Board of Directors of the Company at their meeting held on 11th February, 2016, have reconstituted the Nomination and Remuneration Committee by deleting/removing the name of Mr. Satnam Arora, Jt. Managing Director from membership of the Committee as required under SEBI (LODR), Regulation, 2015.

Presently the Committee comprises of five members, four of them being Non-executive Independent Directors and one is Non-executive Non-Independent Director. The Company Secretary acts as Secretary to the Committee.

### **Constitution of Remuneration and Nomination Committee**

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

### **Term of reference**



The Nomination and Remuneration Committee is empowered to review and recommend to the Board of Directors, remuneration and Sitting Fees of the Company's Independent Directors with the guidelines laid down under the statute. The scope of the Nomination and Remuneration Committee is as follows

- formulating criteria for determining qualifications, positive attributes and independence of Directors and recommending to the Board a policy relating to the remuneration of the directors, Key managerial personnel and other employees;
- formulating criteria for evaluation of performance of independent Directors and the Board;
- devising a policy on diversity of the Board;
- identifying and recommending individuals who are qualified to become Directors, and who may be appointed as Senior Management in accordance with the criteria laid down;
- recommending appropriate training program for new Directors, Key Managerial Personnel and Senior Management and periodically reviewing the same;
- evaluating the performance of the Directors based on the evaluation criteria and furnishing the Board with the necessary report for further evaluation;
- recommending to the Board a Policy, relating to the remuneration of the Directors, Key Managerial Personnel and Senior Management, and while formulating such Policy ensuring that:
  - (i) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors, of the quality required to run the Company successfully;
  - (ii) the relationship of remuneration to performance is clear and meets the appropriate performance benchmarks; and
  - (iii) remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between the fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals;
- assisting the Board, as and when required, in relation to matters relating to remuneration and incentives payable to Directors, Key Managerial Personnel and Senior Management, including increments to the compensation structure;
- preparing a policy on diversity of the Board;
- recommending to the Board the re-appointment and removal of any individuals holding the office of a Director, Key Managerial Personnel or Senior Management, subject to the provision of the law and their service contract;
- reviewing remuneration of the Directors, Key Managerial Personnel and Senior Management based on performance criteria and recommending any changes thereto to the Board;
- determining whether the relevant Director has the requisite qualifications for practice of a profession in terms of section 197 of the Companies Act in relation to payment of remuneration for services rendered by such Director;
- undertaking such other functions as may be determined by the Board or required under the provisions of the Companies Act or the Listing Agreement; and
- undertaking such other actions as may be necessary or appropriate for performance of the aforementioned functions.

The Board on the recommendation of the Nomination and Remuneration Committee has framed a Remuneration Policy, providing (a) criteria for determining qualifications, positive attributes and independence of directors and (b) a policy on remuneration for directors, key managerial personnel and other employees. The detailed Remuneration Policy is placed on Company's website [www.kohinoorfoods.in/investor](http://www.kohinoorfoods.in/investor)





### Detail of Remuneration of Directors

The table below provides the details of the remuneration paid to the Directors during the financial year 2015-16 (In Rs.):

Name of Directors	Basic	Perquisites	Sitting Fee	Total
<b>Executive Director-Promoters</b>				
Mr. Jugal Kishore Arora (Whole time Director designated as Chairman )	96,00,000	Nil	—	96,00,000
Mr. Satnam Arora (Joint Managing Director)	90,00,000	Nil	—	90,00,000
Mr. Gurnam Arora (Joint Managing Director)	90,00,000	Nil	—	90,00,000
<b>Non-executive and Non- Independent</b>				
Mr. Khedaim Abdulla Saeed Faris Alderei (Investor Director)				
<b>Non-executive and Independent</b>				
Mr. Vijay Burman			2,75,000	2,75,000
Mr. Sandeep Kohli			2,00,000	2,00,000
Mr. Maharaj Kishan Trisal			2,75,000	2,75,000
Mr. Satish Chandra Gupta			2,75,000	2,75,000
Ms. Madhu Vij			2,25,000	2,25,000
<b>TOTAL</b>	<b>2,76,00,000</b>	<b>Nil</b>	<b>12,50,000</b>	<b>2,88,50,000</b>

### Remuneration to Executive Directors for 2015-2016

The Appointment and Remunerations of Mr. Jugal Kishor Arora, Mr. Satnam Arora and Mr. Gurnam Arora had been approved by the Shareholders in the Annual General Meeting of the Company held on 27th September, 2012 for the period of Five years.

The Company has obtained the approval of the Central Government for payment of remuneration subject to the limit as specified in the letter dated 23rd September, 2013 for the period of Three Years from 1st October, 2012 to 30th September, 2015 and accordingly the Company has given the remunerations to its directors within the limit as approved by the Central Government. Now the Company has applied to the Central Government to renew the remuneration payable to the Managerial Personnel on the same term and condition as approved by the shareholder in their Annual General Meeting held on 27th September, 2012 for the period of further two years starting from 1st October, 2015, subject to the overall limit as approved by the Central Government.

### Non-Executive Directors' Compensation

The Board of Directors at its meeting held on 13th November, 2014, revised sitting fee to Rs. 25,000/- per meeting to Non-Executive Independent Directors, for every meeting of the Board or Committees of the Board attended by them as member effective from this meeting. The Company currently does not have a stock option programme for any of its directors.

### Maximum tenure of Independent Directors

The maximum tenure of independent directors is in accordance with the Companies Act, 2013 and Regulation 25(2) of SEBI (LODR), 2015.

### Formal letter of appointment to Independent Directors

The Company issues a formal letter of appointment to independent directors in the manner as provided in the Companies Act, 2013 and Regulation 25 of SEBI (LODR), 2015. The terms and conditions of appointment of independent directors are placed on the Company's website [www.kohinoorfoods.in/investor](http://www.kohinoorfoods.in/investor)



### **Pecuniary transactions with Non-Executive Directors**

During the year under review, there were no pecuniary transactions with any non-executive director of the Company.

### **Criteria of making payments to Non-Executive Directors**

Non-executive directors of the Company play a crucial role in the independent functioning of the Board. They bring in an external perspective to decision-making and provide leadership and strategic guidance while maintaining objective judgment. They also oversee corporate governance framework of the Company. As stated earlier, the Remuneration Policy, inter alia, disclosing criteria of making payments to directors, key managerial personnel and employees is placed on the Company's website [www.kohinoorfoods.in/investor](http://www.kohinoorfoods.in/investor)

### **iv) Corporate Social Responsibility Committee**

As per provisions under Section 135 of the Companies Act, 2013, all companies having net worth of Rs. 500 crores or more, or turnover of Rs. 1,000 crores or more or a net profit of Rs. 5 crores or more during any financial year are required to constitute a Corporate Social Responsibility (CSR) Committee of Board of Directors comprising three or more directors, at least one of whom should be an Independent Director and such Company shall spend 2% of the average net profits of the Company made during the three immediately preceding financial years.

Accordingly a detailed CSR Policy was framed by the Company with the approvals of the CSR Committee and Board. The Policy, inter alia, covers the following:

- Philosophy
- Scope
- List of CSR activities
- Modalities of execution of projects/programmes
- Implementation through CSR Cell
- Monitoring assessment of projects/programmes

### **The composition of the CSR Committee**

A Committee of the directors, titled 'Corporate Social Responsibility Committee', was constituted by the Board with the following members:

1. Mr. Sandeep Kohli
2. Mr. M K Trisal
3. Mr. Satnam Arora
4. Mr. Gurnam Arora

As the Average net Profit/(Loss) of the Company for last three financial years prior to 2015-16 comes to average net loss and therefore the company is not statutorily required to spend amount as prescribed for CSR expenditure.

Although the Company is not statutory require to expend 2% of the average net profit (INR) of the last three financial years, being average net loss. However the company voluntarily expends an amount of Rs. 14.26 lakhs in the last financial year on this account by doing various CSR activities. The CSR Policy may be accessed on the Company's website at the link: [www.kohinoorfoods.in/investor](http://www.kohinoorfoods.in/investor)

### **Independent Directors' Meeting**

In compliance with Schedule IV to the Companies Act, 2013 and Regulation 25(3) of SEBI (LODR), 2015, a separate meeting of Independent Directors was held on 29th March 2016, without the attendance of non-independent directors and members of management, inter alia, to discuss the following:

- i) review the performance of non-independent directors and the Board as a whole;
- ii) review the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors; and
- iii) assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties. All independent directors were present at the meeting, deliberated on the above and expressed their satisfaction.



All the Independent Directors were present at the meeting.

### **Board Diversity Policy**

In compliance with provisions of SEBI (LODR) Regulations, 2015, the Board through its Nomination and Remuneration Committee has devised a Policy on Board Diversity. The objective of the Policy is to ensure that the Board is comprised of adequate number of members with diverse experience and skills, such that it best serves the governance and strategic needs of the Company. It may be noted that, the Board composition as at present broadly meets with the above objective.

### **Orderly succession to Board and Senior Management**

The Board of the Company has satisfied itself that plans are in place for orderly succession for appointments to the Board and to Senior Management.

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

The Company's Board of Directors laid down and adopted a Code of Conduct under Corporate Governance for all the Directors and the Senior Management Personnel of your Company. The said Code of Conduct has also been posted on the Company's website. The Board members and Senior Management Personnel have affirmed their compliance with the Code of Conduct for 2015-16.

A declaration signed by the Company's Chairman and Managing Director to this effect is enclosed at the end of this report.

### **Compliances regarding Insider Trading**

The Company implemented a Code of Conduct for the Prevention of Insider Trading, in accordance with the guidelines specified under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended till date.

The Code of Conduct for Prevention of Insider Trading, inter alia, prohibits purchase/sale of Company's shares, while in possession of Company's unpublished and price-sensitive information and accordingly necessary procedures have been laid down for the Promoters, Directors, designated employees, Key Managerial Personnel, connected persons and others as prescribed under the said code for trading in the Company's securities.

The code of practices and procedures for fair disclosures is available on the Company's website "www.kohinoorfoods.in"

### **Compliance Report as per SEBI (Lodr) Regulation of Listing Agreement**

Compliance Report of Kohinoor Foods Limited as on 31.03.2016 with the applicable mandatory requirements is as under:

### **Review of Legal Compliance Reports**

During the year, the Board periodically reviewed compliance reports with respect to the various laws applicable to the Company, as prepared and placed before it by the Management

### **Whistle Blower Policy/Vigil Mechanism**

The Company has established a vigil mechanism for Directors and Employees to report their concerns about unethical behavior, actual or suspected, fraud or violation of the company's code of conduct or ethics policy or any other grievances, the details of which are given in the Corporate Governance Report.

The directors in all cases and employees in appropriate or exceptional cases will have direct access to the Chairman of the Audit Committee. The Whistle Blower Policy may be accessed on the Company's website on the link [www.kohinoorfoods.in/investor](http://www.kohinoorfoods.in/investor)

**Subsidiary, Joint Ventures and Associate Companies** The Company has two Wholly Owned Subsidiary, namely M/s Kohinoor Foods USA, Inc. (USA) and Indo European Foods Limited (UK), situated outside India and one Indian Wholly Owned Subsidiary in the name of Sachdeva Brothers Pvt. Ltd.

The company has no material subsidiary in accordance with the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

In accordance with section 129(3) of the Companies Act, 2013, we have prepared consolidated financial statements of the Company and all its subsidiaries, which form part of the Annual Report. The statement provides the details of performance, financial positions of each of the subsidiaries.

During the year the Board of Directors of the Company had reviewed the affairs of the subsidiaries and a statement containing the salient features of the financial statement of our subsidiaries and Joint Venture in the prescribed format AOC-1 is enclosed as Part I and Part II of Annexure A to the Consolidated Financial Statement and hence not repeated here for the sake of brevity.



In accordance with Section 136 of the Companies Act, 2013, the audited financial statement, including the consolidated financial statements and related information of the Company and audited accounts of each of its subsidiaries, are available on our website [www.kohinoorfoods.in/investor](http://www.kohinoorfoods.in/investor). These documents will also be available for inspection during business hours at our corporate office.

Further the Policy for determining material subsidiaries as approved by the Board may be accessed on the Company's website at the link: [www.kohinoorfoods.in/investor](http://www.kohinoorfoods.in/investor)

### Related Party Transactions

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company has not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions and did not attract provisions of Section 188 of Companies Act, 2013 and were also not material Related Party Transactions (RPTs) under Regulation 23 of SEBI (LODR), 2015. A Policy on materiality of RPTs and also on dealing with RPTs has been formulated by the Board during the year under review and the same is placed on the Company's website [www.kohinoorfoods.in](http://www.kohinoorfoods.in)

### Disclosure of Material Transactions

Under SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, the Senior Management has made periodical disclosures to the Board relating to all material financial and commercial transactions where they had (or were deemed to have had) personal interest that might have been in potential conflict with the interest of the Company. The same was nil.

### Disclosures

Suitable disclosures have been made in the financial statements, together with the Management's explanation in the event of any treatment being different from that prescribed in Accounting Standards.

### Investors' complaints Attended/resolved during 2015-16

Pending at the beginning of the year	Nil
Received during the year	13
Disposed of during the year	13
Remaining unresolved at the end of the year	Nil

### Financial calendar

Audited annual results for year ending 31st March by May

Mailing of annual reports August/September

Annual General Meeting by September

Unaudited first quarter financial results by August

Unaudited second quarter financial results by November

Unaudited third quarter financial results by February

### Share Transfer Agent

The Company has appointed M/s Skyline Financial Services Pvt. Ltd. as its share transfer agent and processing of share transfer/dematerialisation/ rematerialisation. All physical transfers, transmission, transposition, issue of duplicate share certificate(s), issue of demand drafts in lieu of dividend warrants etc. as well as requests for dematerialization / rematerialisation are being processed in periodical cycles at Skyline. The work related to dematerialisation/ rematerialisation is handled by Skyline through connectivity with NSDL and CDSL.

### Share transfer system

Share transfers received by the share transfer agent/Company are registered within 15 days from the date of receipt, provided the documents are complete in all respects. Total number of shares transferred in physical category during 2015-16 was 4361 shares versus 7,556 shares during 2014-15.

### Voting through electronic means

Pursuant to section 108 of the Companies Act, 2013 and the Rules made thereunder, every listed Company is required to provide its members facility to exercise their right to vote at general meetings by electronic means. The Company has entered into an arrangement with M/s Skyline Financial Services Pvt. Ltd., the authorised agency for this purpose, to facilitate such e-voting for its





members. The shareholders would therefore be able to exercise their voting rights on the items put up in the Notice of annual general meeting, through such e-voting method. Further, in accordance with the Companies (Management and Administration) Rules, 2014 as amended, the Company shall also be making arrangements to provide for e-voting facility at the venue of the annual general meeting. Shareholders who are attending the meeting and who have not already cast their votes by remote e-voting shall only be able to exercise their right of voting at the meeting. Cut-off date, as per the amended Rules for e-voting shall be from 26th September, 2016 (9.00 a.m.) till 28th September, 2016 (5.00 p.m.). The Board has appointed Mr. Vinod Aggarwal, Practising Company Secretary as scrutiniser for the e-voting process. Detailed procedure is given in the Notice of the Twenty-Seventh Annual General Meeting and is also placed on the website of the Company. Shareholders may get in touch with the Company Secretary for further assistance.

#### 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
2013	30-09-2013	05.00 P.M.	Pearey Lal Bhawan Association, 2 Bahadur Shah Zafar Marg, New Delhi 110002	1
2014	29-09-2014	11:00 AM	Pearey Lal Bhawan Association, 2 Bahadur Shah Zafar Marg, New Delhi 110002	4
2015	29-09-2015	04:00 PM	Pearey Lal Bhawan Association, 2 Bahadur Shah Zafar Marg, New Delhi 110002	3

#### 5. Disclosures

##### a) Related Party Transactions

There was no related party transactions (RPTs) entered into by the Company during the financial year, which attracted the provisions of section 188 of Companies Act, 2013. There being no 'material' related party transactions as defined under Regulation 23 of SEBI (LODR), 2015, there are no details to be disclosed in Form AOC-2 in that regard. The Policy on RPTs as approved by Board is uploaded on the Company's website [www.kohinoorfoods.in](http://www.kohinoorfoods.in)

##### 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 SEBI (LODR) Regulation, 2015. 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 are submitted to the Stock Exchange(s) in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, the quarterly, half-yearly and annual results in the prescribed format 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. The Company's Annual Report and all other relevant information are also available in a user-friendly and downloadable form.

**c) Annual Report**

The Annual Report containing, inter alia, Audited Financial Statement, Consolidated Financial Statements, Directors' Report with relevant annexure, Auditors' Report and other important information is circulated to members and others entitled thereto. The Annual Report and is displayed on the Company's website ([www.kohinoorfoods.in](http://www.kohinoorfoods.in)).

**d) NSE Electronic Application Processing System ( NEAPS):**

The NEAPS is a web-based application designed by NSE for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, results and other requirement of Listing Agreement, media releases, among others are filed electronically on NEAPS, by the Company.

**e) BSE Corporate Compliance & Listing Centre (the 'Listing Centre')**

BSE's Listing Centre is a web-based application designed for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, result media releases, among others are also filed electronically on the Listing Centre by the Company.

**f) 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.

**g) Designated Exclusive email-id**

The Company has designated the email-id "Investors@kohinoorfoods.in" exclusively for investor servicing.

**7. Shareholders Information**

**Annual General Meeting**

Date	:	29th September, 2016
Time	:	11:00 A.M.
Venue	:	Pearey Lal Bhawan Association, 2, Bahadur Shah Zafar Marg, New Delhi - 110 002
Financial Calendar	:	1st April to 31st March
Date of Book Closure	:	15.09.2016 to 29.09.2016 (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 2016-2017 has been paid by the Company to BSE and NSE, both the Stock Exchanges.

**10. Payment of Depository Fees**

There is no outstanding invoice of Annual Custody / Issuer fees to be 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 BSE Ltd. (BSE)

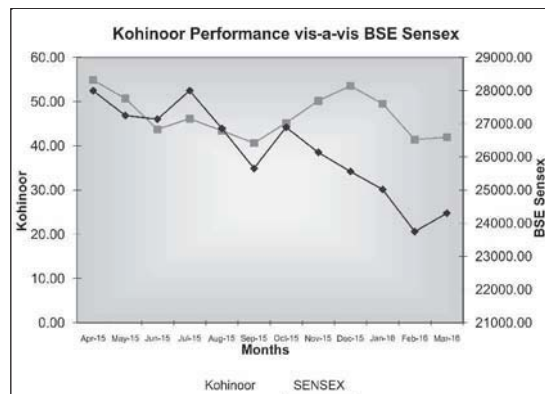
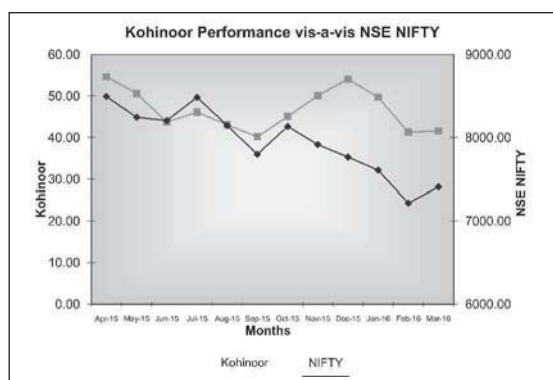
Month/Year	N.S.E		B.S.E	
	High(Rs.)	Low(Rs.)	High(Rs.)	Low(Rs.)
April 2015	63.80	45.50	63.85	45.90
May	56.80	44.40	56.80	44.60
June	47.35	40.10	47.00	40.50
July	49.95	42.20	50.15	42.10
August	49.60	36.50	49.35	37.50
September	45.40	35.00	45.25	36.00
October	50.85	39.25	50.75	39.60
November	56.95	43.15	56.85	43.50
December	59.00	49.10	58.45	48.65
January 2016	57.00	42.40	56.90	42.15
February	47.20	35.40	47.25	35.55
March	46.80	36.30	46.80	37.15

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

Relative Price Movements

April 2015 – March 2016

(Base price as on 1st April 2015)



### 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 sent 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 Regulation 40(9) of SEBI (LODR) Regulation, 2015 and files the same with Stock Exchanges.

### 13. Distribution of Shareholding and Shareholding Pattern as on 31<sup>st</sup> March, 2016.

#### Distribution of Shareholding As on 31<sup>st</sup> March, 2016

NO. OF SHARES		SHARE HOLDERS		TOTAL SHARES	
		No.	% age	Total	% of Total
01	500	26942	93.36	21820940	6.19
501	1,000	1013	3.51	8485510	2.41
1,001	2,000	457	1.58	7004910	1.99
2,001	3,000	138	0.48	3532030	1.00
3,001	4,000	80	0.28	2886430	0.82
4,001	5,000	68	0.24	3188910	0.90
5,001	10,000	64	0.22	4704820	1.34
10,001	Above	96	0.33	300791750	85.35
<b>Total</b>		<b>28858</b>	<b>100.00</b>	<b>352415300</b>	<b>100.00</b>

#### Shareholding Pattern as on 31<sup>st</sup> March, 2016

Category	No. of Shares of Rs. 10 each	Percentage (%) of Total
Promoter, Directors and Relatives	18395240	52.20
Mutual Funds & UTI	0	0.00
Alternative Investment Funds	0	0.00
Foreign Portfolio Investors	10000	0.02
Financial Institutions/Banks	133621	0.39
Insurance Companies	0	0.00
Foreign Institutional Investors	0	0.00
Foreign Companies	7048306	20.00
Domestic Companies/Bodies Corporate	2784171	7.90



Category	No. of Shares of Rs. 10 each	Percentage (%) of Total
Non-resident Individual	114753	0.33
Others	0	0.00
Individual Shareholders	6436057	18.26
HUF	266596	0.76
Clearing Member/House	52786	0.15
<b>Total</b>	<b>35241530</b>	<b>100.00</b>

### Status of Dematerialisation/Physical form of Shares

The detail of shares dematerialised and those held in physical form, as on 31 March 2016. (As per Shareholding basis)				
Particulars of Shares	Shares of Rs. 10 each		Shareholders	
	Number	% of Total	Number	% of Total
Dematerialised Form				
National Securities Depository Ltd. (NSDL)	3,19,67,559	90.71	11081	36.51
Central Depository Services (India) Ltd. (CDSL)	27,98,855	7.94	5450	17.95
Physical Form	4,75,116	1.35	13824	45.54
<b>Total</b>	<b>3,52,41,530</b>	<b>100.00</b>	<b>30,355</b>	<b>100.00</b>

The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments.

#### 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 SEBI (LODR) Regulation, 2015. The Joint Managing Director and CFO of the Company have also given certificate on CEO and CFO Certification for the year ended 31st March, 2016 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, 2016, the total dematerialized equity shares of the Company is 3,47,66,414 Equity Shares forming 98.65% of the total share capital of the Company.

#### 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, transferred to Investor Education and Protection Fund (the IEPF) established by the Central Government and is available on MCA Portal as well as on the Company's website [www.kohinoorfoods.in/investor](http://www.kohinoorfoods.in/investor).

**19. Green Initiatives**

The Company had 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)

- 42-43 Milestone, G. T. Karnal Road, Village Sultanpur, Bahalgarh, Sonapat, Haryana. (Production will commence in the current year)

**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 –Compliance with the Code of Conduct**

In accordance with Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I, Jugal Kishore Arora, Chairman of the Company, hereby declare that the Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct of the Company for the year ended 31 March 2016.

FOR AND ON BEHALF OF THE BOARD

Sd/-

Jugal Kishore Arora

Chairman

12<sup>th</sup> August, 2016

Faridabad



### AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Member,  
Kohinoor Foods Limited,  
New Delhi

We have reviewed the implementation of the Corporate Governance procedures by Kohinoor Foods Ltd. (the Company), for the year ended on 31st March, 2016, as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, with the relevant records and documents maintained by the Company, furnished to us for our review and report on Corporate Governance, as approved by the Board of Directors.

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 the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We state that no investor grievance is pending for a period exceeding one month against the Company from the date of receipt of the grievance by the Company as per the records and other documents maintained by the Shareholders/Investor Grievance Committee.

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

On the basis of our review and according to the best of our information and according to the explanations given to us, the Company has been complying with the conditions of Corporate Governance, as stipulated in the Listing Agreements with the Stock Exchange(s), as in force.

**For Rajender Kumar Singal & Associates LLP**

CHARTERED ACCOUNTANTS

FRN : 016379N

Sd/-

Pankaj Gupta

Partner

Membership No. 094909

Place: New Delhi

Date: 12.08.2016

### CEO AND CFO CERTIFICATION

As stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, We, Satnam Arora, Jt. Managing Director and Prabhat Kumar, Chief Financial Officer, of the Company to the best of our knowledge and belief, certify that:

- A) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  2. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year that are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) There have been no significant changes in the internal control over financial reporting during this year.
- There have been no significant changes in the accounting policies this year and that the same have been disclosed in the notes to the financial statements.

There have been no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control systems over financial reporting.

Faridabad  
12.08.2016

Sd/-  
Satnam Arora  
Jt. Managing Director

Sd/-  
Parbhat Kumar  
(CFO)



FORM NO. MR-3

### SECRETARIAL AUDIT REPORT

#### FOR THE FINANCIAL YEAR ENDED ON 31ST March, 2016

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

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

We were appointed by the Board the Directors of M/s Kohinoor Foods Limited to conduct the Secretarial Audit of the Company for the financial year ended on 31st March, 2016.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s Kohinoor Foods Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of Kohinoor Foods Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance-mechanism in place, to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s Kohinoor Foods Limited for the financial year ended on 31st March, 2016 according to the provisions of:

- The Companies Act, 2013 (the Act) and the rules made thereunder;
- The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- 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 – Not Applicable as the Company did not issue any security during the financial year under review.
  - ❖ The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 - Not Applicable as the Company has not granted any options to its employees during the financial year under review.
  - ❖ The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - Not Applicable as the Company has not issued any debt security during the financial year under review.
  - ❖ The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - Not Applicable as the Company is not registered as Registrar to an Issue and Share Transfer Agent during the financial year under review.
  - ❖ The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not Applicable as the Company has not delisted its equity shares from any stock exchange during the financial year under review.
  - ❖ The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998- Not Applicable as the Company has not bought back any of its securities during the financial year under review.



a) Other laws as specifically applicable to the Company based on its sector/industry,

(a) Prevention of Food Adulteration Act, 1954.

(b) Legal Metrology Act, 2009 and rules and regulations made thereunder.

**We have also examined compliance with the applicable clauses of the following:**

(a) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Board and General Meetings effective from 01.07.2015.

(a) The Listing Agreements entered into by the Company with Bombay Stock Exchange Limited and National Stock Exchange of India Limited and with effect from 01.12.2015 the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

(a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

(b) Adequate notice of at least seven days is given to all directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent at least three days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

(c) Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period no specific events/actions took place having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

We further report that during the audit period the Company has obtained approval of the members under section 196, 197 and 203 of the Companies Act, 2013 by way of special resolution for payment of remuneration to Mr. Jugal Kishore Arora, Mr. Satnam Arora and Mr. Gurnam Arora subject however to the approval of the Central Government in this regard. The Company has made the application to the Central Government which is pending.

Place: New Delhi

Date: 12.08.2016

**For Vinod Aggarwal & Associates**

Company Secretaries

Sd/-

**Vinod Aggarwal, Prop.**

FCS No: 8007

CP No: 8816

This report is to be read along with our letter of even date which is annexed as Annexure A and forms an integral part of this report

**Annexure A**

To,  
The Members  
Kohinoor Foods Limited  
Regd Off: 201, Vipps Centre, Masjid Moth,  
Greater Kailash-II  
New Delhi- 110048

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the

correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: New Delhi  
Date: 12.08.2016

**For Vinod Aggarwal & Associates**

Company Secretaries

Sd/-

Vinod Aggarwal, Prop.

FCS No: 8007

CP No: 8816

### ANNEXURE – 'B' TO THE DIRECTORS' REPORT

Information as per Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 and forming Part of the Directors' Report for the year ended 31st March, 2016.

#### **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 Ltd.. 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 in the Kohinoor 'Ghee' and introduction of new range product variants e.g. Rice Bran Oil, Dry Fruits, Healthy grain, 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 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. 3,066,074/-
- c) Total : Rs. 3,066,074/-

Total R&D expenditure as a percentage of 0.02% Turnover.

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

Technology Absorption, Adaptation and Innovation had 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**

##### **i.) Total Foreign Exchange earned and used.**

Foreign Exchange Earnings of the Company amounted to Rs. 76989.12 Lacs as against Foreign Exchange Outgo of Rs. 1561.58 Lacs during the year under review.



- ii) 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
- Ghee
- Spices
- Indian Sweets
- Paneer
- Rice Bran Oil
- Dry Fruits
- Healthy grain
- 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 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  
August 12, 2016

**Form No. MGT-9  
EXTRACT OF ANNUAL RETURN**

**as on the financial year ended on 31st March, 2016**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the  
Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

i) CIN	L52110DL1989PLC037097
ii) Registration Date	26th July, 1989
iii) Name of the Company	<b>Kohinoor Foods Limited</b>
iv) Category / Sub - Category of the Company	<b>Public (Listed) Company</b>
v) Address of the Registered office and contact details:	<p>Regd.Off.: 201, Vipps Centre, Masjid Moth, Greater Kailash - II, New Delhi-110048 Phone: +91-11-29220330</p> <p>Corp.Off.: Pinnacle Business Tower, 10th Floor, Surajkund, Faridabad, Haryana- 121001 Phone: +91-129-424-2222 Fax:+91-129-424-2233 Email: info@kohinoorfoods.in Website: www.kohinoorfoods.in</p>
vi) Whether listed company Yes / No	YES
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	<p>M/s Skyline Financial Services Pvt. Ltd., Off: D-153A, First Floor, Okhla Industrial Area, Phase-I, New Delhi-110020 Ph No. 26812682,83,83</p>

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

S.NO	Name and Description of	NIC Code of the Product/ service	% to total turnover of the company main products / services
1.	Rice	2042	89%
2.	Food	2180	11%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –**



S.NO	Name and Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY / ASSOCIATE	% of shares held	Applicable Section
1.	Indo European Foods Limited, Kohinoor Congress House 6th floor, Suite 2, 14 Lyon Road, Narrow, Middlesx, Post Code: HA2 2EN, United Kingdom	NA	SUBSIDIARY	100%	
2.	Kohinoor Foods USA INC, 40, Northfield Avenue Edison, Nj 08837	NA	SUBSIDIARY	100%	
3.	Sachdeva Brothers Pvt. Ltd. 201, Vipps Centre, Masjid Moth, Greater Kailash-II, New Delhi-110 048	U15311DL1986PTC222606	SUBSIDIARY	100%	
4.	Rich Rice Raisers Factory LLC Post Box No. 15542, Al Quoz Industrial Area, 3rd Interchange, Sh Zayed Road, Dubai, U.A.E.	NA	ASSOCIATE	25%	
5.	Al Dahra Kohinoor LLC, Abu Dhabi, U.A.E.	NA	ASSOCIATE	20%	
6.	Al Dahra Kohinoor Industries LLC, Abu Dhabi, U.A.E.	NA	ASSOCIATE	20%	

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### i) Category-wise Share Holding

Category of Shareholders		No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Changing During Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Share		
A. Promoter										
(1) Indian										
a) Individual/ HUF	18291140	0	18291140	51.90	18291140	0	18291140	51.90	0	
b) Central Govt	0	0	0	0	0	0	0	0	0	
c) State Govt(s)	0	0	0	0	0	0	0	0	0	
d) Bodies Corp.	0	0	0	0	0	0	0	0	0	
e) Banks / FI	0	0	0	0	0	0	0	0	0	
f) Any Other....	0	0	0	0	104100	0	104100	0.30	0.30	
<b>Sub-total (A) (1):-</b>	<b>18291140</b>	<b>0</b>	<b>18291140</b>	<b>51.90</b>	<b>18395240</b>	<b>0</b>	<b>18395240</b>	<b>52.20</b>	<b>0.30</b>	

Category of Shareholders		No. of Shares held at the beginning of the year			No. of Shares held at the end of the year				% Changing During Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Share	
<b>(2) Foreign</b>									
a) NRIs – Individuals	0	0	0	0	0	0	0	0	
b) Other – Individuals	0	0	0	0	0	0	0	0	
c) Bodies Corp.	0	0	0	0	0	0	0	0	
d) Banks / FI	0	0	0	0	0	0	0	0	
e) Any Other....	0	0	0	0	0	0	0	0	
Sub-Total (A) (2):-									
<b>Total shareholding of Promoter (A) = (A)(1)+(A)( 2)</b>	<b>18291140</b>	<b>0</b>	<b>18291140</b>	<b>51.90</b>	<b>18395240</b>	<b>0</b>	<b>18395240</b>	<b>52.20</b>	<b>0.30</b>
<b>B. Public Share holding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	171578	0	171578	0.49	133621	0	133621	0.38	(0.11)
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Investors	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
<b>Sub-total (B)(1):-</b>	<b>171578</b>	<b>0</b>	<b>171578</b>	<b>0.49</b>	<b>133621</b>	<b>0</b>	<b>133621</b>	<b>0.38</b>	<b>(0.11)</b>
<b>2.Non Institutions</b>									
<b>a) Bodies Corp.</b>									
i) Indian	2920315	334476	2954791	8.38	2790233	34476	2824709	8.02	(0.36)
ii) Overseas	0	0	0	0	0	0	0	0	0
<b>b) Individuals</b>									
(I) Individual shareholders holding nominal share capital upto Rs. 1 lakh	3935884	435349	4371233	12.40	4119236	424440	4543676	12.89	0.49

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Changing During Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Share	
(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	2920315	34476	2954791	8.38	2790233	34476	2824709	8.02	(0.36)
c) Other specify									
N.R.I.(Rept & Non-Rept)	200739	0	200739	0.67	200739	0	200739	0.57	-0.10
Public Trusts	0	0	0	0	0	0	0	0	0
Corporate Bodies-OCB	7048306	0	7048306	20	7048306	0	7048306	20	0
Intermediary/Other Depository A/c	0	0	0	0	0	0	0	0	0
Hindu Undivided Family	288542	0	288542	0.82	266596	0	266596	0.76	(0.06)
Clearing Members/ House	245243	0	245243	0.70	12248	0	12248	0.03	(0.67)
Qualified Foreign Investor- Individual	0	0	0	0	0	0	0	0	0
Qualified Foreign Investor- Corporate	0	0	0	0	0	0	0	0	0
<b>Sub-total (B)(2):-</b>	17774045	808410	18272165	51.85	16237553	475116	16712669	47.42	(4.43)
Total Public Shareholding (B)=(B)(1)+ (B)(2)	17956099	808410	18454219	52.36	16371174	475116	16846290	47.80	(4.56)
Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
<b>Grand Total (A+B+C)</b>	34743410	808410	35241530	100	34766414	475116	35241530	100	0

(ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Gurnam Arora	6098889	17.31	-	6098889	17.31	-	-
2.	Jugal Kishore Arora	6043484	17.15	-	6043484	17.15	-	-
3.	Satnam Arora	537823	15.26	-	537823	15.26	-	-
4.	Rani Arora	746009	2.12	-	746009	2.12	-	-
5.	Nitin Arora	21000	0.06	-	21000	0.06	-	-
6.	Madhu Arora	1869	0.01	-	1869	0.01	-	-
7.	Meena Rani Arora	966	0.00	-	966	0.0	-	-
8.	Satnam Haegens Ltd.	0	0.00	-	104100	0.3	-	0.3%
	Total	18291140	51.90	-	18395240	52.20	-	0.3%

(i) **Change in Promoters' Shareholding ( please specify, if there is no change)**

Sl. No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares the company
	At the beginning of the year	18291140	51.90		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	15.11.15-10,000	0.03	18301140	51.93
		15.02.16-40,800	0.12	18341940	52.05
		17.02.16-53,300	0.15	18395240	52.20
	At the End of the year	18395240	52.20	18395240	52.20

\*The increase in percentage of Share is due to purchase of shares from open market.

(ii) **Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**



S.no.	Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative	
		No. of Shares at the begin- ning (01-04-15) /end of the year (31-03-2016)	% of total shares of the Comp- any				No. of Shares	% of total shares of the company
1.	Al Dahra International Investments LLC	7048306	20.00	31.03.2016	0			
2.	Transworld Finvest Pvt. Ltd.	1079437	3.06	31.03.2015	10000	28.02.2015	1089437	3.09
3.	Kosani Finance & Investments Pvt. Ltd.	756790	2.15	31.03.2015	-100000	Sale	656790	1.86
				30.10.2015	75,000	Purchase	731790	2.08
4.	Nitin Kapil Tondon	0	0	20.11.2015	201000	Purchase	201000	0.57
5.	Naminder Singh Dhir	197090	0.56	01.05.2015	-50000	Sale	147090	0.42
6.	Sri Gopal Chandak	89707	0.25	29.05.2015	25927	Purchase	115634	0.33
				17.07.2015	21915	Purchase	137549	0.39
				25.12.2015	6086	Purchase	143635	0.41
7.	Syed Arshad Ali	139749	0.4	25.12.2015	4001	Purchase	143750	0.41
				08.01.2016	-4001	Sale	139749	0.4
8.	United India Insurance Company Limited	117081	0.33	31.03.2015	0	-	-	-
9.	Dilip Kumar Khandelwal	89779	0.25	31.03.2015	0	-	-	-
10.	Minesh Chunilal Mehta	63004	0.18	01.05.2015	5000	Purchase	68004	0.19
				31.03.2016	5800	Purchase	73804	0.21

**(iii) Shareholding of Directors and Key Managerial Personnel:**

S.no.	Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative	
		No. of Shares at the begin- ning (01-04-15) /end of the year (31-03-2016)	% of total shares of the Comp- any				No. of Shares	% of total shares of the company
<b>Directors</b>								
1.	Jugal Kishore Arora (Chairman)	6043484	17.15	31.03.2016	-	-	-	-
2.	Satnam Arora (Jt.M.D)	5378923	15.26	31.03.2016	-	-	-	-
3.	Gurnam Arora (Jt.M.D)	6098889	17.31	31.03.2016	-	-	-	-
4.	Vijay Burman (Non-Executive & Independent Director)	-	-	31.03.2016	-	-	-	-
5.	M.K.Trisal (Non-Executive & Independen Director)	-	-	31.03.2016	-	-	-	-
6.	Satish Chandra Gupta (Non-Executive & Independent Director)	-	-	31.03.2016	-	-	-	-
7.	Sandeep Kohli (Non-Executive & Independent Director)	-	-	31/03/2016	-	-	-	-
8.	Khedaim Abdulla Saed Faris Alderei (Non-Executive & Independent Director)	-	-	31/03/2016	-	-	-	-
9.	Khedaim Abdulla Saed Faris Alderei (Non- Executive & Independent Director)	-	-	31/03/2016	-	-	-	-
<b>Key Managerial Personnel</b>								
Prabhat Kumar (CFO)		-	-	31.03.2016	-	-	-	-
Rama Kant, GM ( CS & Compliance Officer)		-	-	31.03.2016	-	-	-	-

### V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
(I) Principal Amount	8,108,190,317	10,572,702	-	8,118,763,019
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not	17,074,040	-	-	17,074,040
<b>Total (i+ii+iii)</b>	8,125,264,357	10,572,702	-	8,135,837,059
<b>Change in Indebtedness during the financial year</b>				
· Addition	-	802,442,783	-	802,442,783
· Reduction	271,224,319	-	-	271,224,319
<b>Net Change</b>	271,224,319	802,442,783	-	531,218,464
<b>Indebtedness at the end of the financial year</b>				
(I) Principal Amount	7,851,389,383	813,015,485	-	8,664,404,868
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2,650,655	-	-	2,650,655
<b>Total (i+ii+iii)</b>	7,854,040,038	813,015,485	-	8,667,055,523

### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	Mr. Jugal Kishore Arora	Mr. Satnam Arora	Mr. Gurnam Arora	27,600,000
		9,600,000	9,000,000	9,000,000	
		-	-	-	-
		-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-	-
5.	Others, please specify	-	-	-	-
	<b>Total (A)</b>	9,600,000	9,000,000	9,000,000	27,600,000
	<b>Ceiling as per the Act</b>				

### B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Mr. Vijay Burman	Mr. Sandeep Kohli	Mr. MK Trishal	Mr. SC Gupta	Ms. Madhu Vij	
3. Independent Directors							
· Fee for attending board / committee meetings	2,75,000	200,000	2,75,000	2,75,000	2,25,000		12,50,000
· Commission	-	-	-	-	-		-
· Others, please specify	-	-	-	-	-		-
Total (1)	2,75,000	200,000	2,75,000	2,75,000	2,25,000		12,50,000
4. Other Non-Executive Directors							
· Fee for attending board / committee meetings	-	-	-	-	-		-
· Commission	-	-	-	-	-		-
· Others, please specify	-	-	-	-	-		-
Total (2)	-	-	-	-	-		-
Total (B)=(1+2)	2,75,000	200,000	2,75,000	2,75,000	2,25,000		12,50,00
Total Managerial Remuneration							
Overall Ceiling as per the Act							

### C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WT

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	2,002,064	2,754,836	4,756,900
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-			
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission	-	-	-	-
	- as % of profit				
	- others, specify...				
5.	Others, please specify	-	-	-	-
	Total	-	2,002,064	2,754,836	4,756,900

### VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There are no penalties/punishment/compounding of offences against Tech Mahindra Limited and its Directors and Officers for the year ended on 31st March, 2016.



### ANNEXURE-D

Disclosers as required under section 197(12) of the Companies Act 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of management Personnel) Rules, 2014.

Ratio of remuneration of each director to the median remuneration of employees of the Company and the Percentage increase in remuneration of Directors & KMPs in the Financial Year:

S. No.	Name of Director/KMP	Designation	Ratio of remuneration of each director to median remuneration of Employees	Percentage increase in remuneration during FY 2015-16
1	Mr. Jugal Kishore Arora	Chairman	40.84	0.00%
2	Mr. Satnam Arora	Jt. Managing Director	38.29	0.00%
3	Mr. Gurnam Arora	Jt. Managing Director	38.29	0.00%
4	Mr. Prabhat Kumar	Chief Financial Officer	11.72	0.00%
5	Mr. Rama Kant	Company Secretary	8.52	0.00%

3)	Percentage increase in the median remuneration of employees in the financial year	0%
4)	Number of permanent employee on the roll of Company as at March 31, 2016	423
5)	Explanation on the relation ship between average increase in remuneration and company Performance.	There was no increase in employees remuneration during the year.

(Rs. in Million)

6)	Comparison of remuneration of Key managerial Remuneration against the performance of the company	Total Turnover	11,309.00
		Total Remuneration to KMPs	32.36
		Total Remuneration of KMP as % to total revenue	0.29%
7) i	Variation in market capitalization of the company	Market capitalization decreased from Rs. 1899.52 million as on 31st March 2015 to Rs. 1525.96 million as on 31st March 2016	
ii	Price earning ratio of the Company	-	
iii	Percentage increase over/decrease in the market quotation of the shares of the company as compared to the rate at which the company come out with the last Public offer in the year	N/A	
8)	Average percentile increase already made in the salaries of the employee other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in managerial remuneration	There was no increase in the remunerations during the year.	



### 9) Comparison of each remuneration of Key Managerial Remuneration against the performance of the Company

S. No.	Name of KMPs	Remuneration in FY 2015-16 ( Rs. in Million)	Remuneration as% of revenue median remuneration of Employees
1	Mr. Jugal Kishore Arora	9.60	0.08
2	Mr. Satnam Arora	9.00	0.08
3	Mr. Gurnam Arora	9.00	0.08
4	Mr. Prabhat Kumar	2.75	0.02
5	Mr. Rama Kant	2.00	0.02

10)	The Key parameter of any variable component of remuneration availed by the Directors	Not applicable
11)	Ratio of remuneration of highest paid director to that of the employee who are not director but receive remuneration in excess of the highest paid director during the year.	Not applicable
12)	Affirmation that the remuneration is as per the remuneration	It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Director, KMP and other employees.



### **Independent Auditors' Report**

#### **TO THE MEMBERS OF KOHINOOR FOODS LIMITED**

#### **Report on the Standalone Financial Statements**

We have audited the accompanying Standalone financial statements of Kohinoor Foods Limited ("the company"), which comprises the Balance Sheet as at 31st March 2016, 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 Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. 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 the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the standalone financial statements.

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at 31st March 2016 and its profit and its cash flows for the year ended on that date.

#### **Emphasis of Matter**

We draw attention to the following matters in the Notes to the financial statements:

- a) Note – 11(c) to the financial statements, the company has not made provision for the Diminution in the value of Investments as the Investment is strategic investment.
- b) Note - 38(a)(i) to the financial statements, the company has not made Provision for the demand raised by Income Tax Authorities as the matter is pending before ITAT and DRP.

- c) Note- 24 to the financial statements regarding the managerial remuneration paid to certain Directors of the company during the period from April 2015 to March 2016 in excess of the limit specified in the section 197 of the companies act, 2013, which is subject to approval of the central government. The company is in the process of obtaining the requisite approval from the central government for such excess remuneration.

Our opinion is not modified in respect of these matters.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2106 ("the Order") issued by the Central Government of India in terms of sub - section (11) of section 143 of the Act, we give in the Annexure A, a statement on the Matters specified in the paragraph 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
  - c) The Balance Sheet, the 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 aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014..
  - e) The basis of the written representations received from the directors as on 31 March, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2016, from being appointed as a director in terms of Section 164(2) of the Act.
  - f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 38 to the financial statements ;
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long - term contracts including derivative contracts – Refer Note 5 and 9 to the financial statements;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For RAJENDER KUMAR SINGAL & ASSOCIATES LLP**

(CHARTERED ACCOUNTANTS)

FRN : 016379N

**Sd/-**

**(Pankaj Gupta)**

**PARTNER**

Place: Delhi

Date: 30th May, 2016

Membership No. 94909



## Annexure - A to the Auditors' Report

***The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2016, we report that:***

- (I) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets
- b) According to explanation given to us, fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
- c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company, except the one property which was in the name of Sachdeva Brothers Pvt. Limited, which is wholly owned subsidiary of Kohinoor Foods Limited. However the title deed of said property has been recorded in the name of Kohinoor foods limited on 12/04/2016.
- ii. According to information and explanation given to us physical verification of inventory has been conducted at reasonable intervals by the management and according to information given to us no material discrepancies were noticed in such verification.
- (iii) According to information and explanation given to us The Company has granted unsecured loans to company covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').
  - (a) according to information given to us the terms and conditions of grant of such loan is not prejudicial to the interest of the Company
  - (b) according to information given to us the schedule of repayment of loan is not specified and is repayable on demand.
  - (c) according to information given to us, There is no overdue amounts in respect of the loan granted to a body corporate listed in the register maintained under section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- (v) The company has not accepted any deposited from the public
- (vi) To the best of our knowledge and explanation given to us, the cost records specified by the Central Government under sub-section (1) of section 148 of the Companies Act have been made and maintained by the company. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) (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 regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues to the appropriate authority.
- (b) According to information and explanations given to us, the following dues of income tax, sales tax, service tax, duty of excise, and value added tax have not been deposited by the Company on account of disputes:

(INR. In Lacs)

Nature of Dues	Amount	Period to which the Amount relates	Forum where dispute is pending
Income Tax	495.74	2002-03 to 2008-09	High Court of Delhi
Income Tax	329.04	2002-03 to 2008-09	CIT (A), New Delhi
Income Tax	2843.93	2009-10	Income Tax Appelatte Tribunal- (New Delhi)
Income Tax	3679.11	2010-11	Income Tax Appelatte Tribunal- (New Delhi)
Income Tax	1420.98	2011-12	DRP, New Delhi
Income Tax	2294.96	2012-13	CIT (A)
Sales Tax - Delhi	122.00	1991-92 to 2000-01	Commissioner of Sales Tax (Delhi)
Sales Tax - Amritsar	455.82	2009-10 to 2010-11	Deputy Excise & Taxation Commission (Appeal)
Sales Tax - Haryana	732.35	2008-09	VAT Tribunal, Haryana
Sales Tax - Haryana	52.64	2014-15	Jt. Excise and Taxation Commissioner (Appeals), Rohtak
Sales Tax - Haryana	98.60	2010-11	Jt. Excise and Taxation Commissioner (Appeals), Rohtak
Sales Tax - Haryana	132.21	2011-12	Jt. Excise and Taxation Commissioner (Appeals), Rohtak
Sales Tax - Haryana	28.51	2009-10	VAT Tribunal, Haryana
Sales Tax - Haryana	46.39	2012-13	Jt. Excise and Taxation Commissioner (Appeals), Rohtak
Excise Duty	42.90	April 2005 to February 2006	CCE (Appeals)
Service Tax	259.25	2004-05 to 2008-09	Service Tax Appelatte Tribunal (New Delhi)

- (viii) Based on our audit procedure and as per the information and explanation given to us, we are of the opinion that the company has not defaulted in repayment of loan or borrowing to a financial institution, bank or government.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments). However company raise money by way of term loan, which were applied for the purposes for which those are raised.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us managerial remuneration amounting to Rs. 202.67 lakh has been paid in excess of requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act. However company already filed an application with the central government for further approval of aforesaid remuneration. The Company has received a declaration from directors that if the approval from the central government is not received, they shall refund such sum to the company and until such sum is refunded or approval from central government is received, they will hold it in the trust for the company.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934

Place: Delhi

Date: 30th May, 2016

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

**Sd/-**  
**(Pankaj Gupta)**  
Partner  
Membership No. 94909

### **Annexure – B to the Auditors' Report**

#### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Kohinoor Foods Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered

Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal

financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Delhi

Date: 30th May, 2016

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

**Sd/-**  
**(Pankaj Gupta)**  
Partner  
Membership No. 94909

# Kohinoor Foods Ltd.

ANNUAL REPORT - 2015 - 16



## BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2016

(Rs. In Lacs)

PARTICULARS	NOTE	AS AT 31-March-2016	AS AT 31-March-2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's Fund</b>			
Share Capital	2	3,524.15	3,524.15
Reserve and Surplus	3	38,013.43	37,632.10
		41,537.58	41,156.25
<b>Non-Current Liabilities</b>			
Long Term Borrowings	4	1,976.72	622.83
Long Term Provisions	5	278.30	239.09
		2,255.02	861.92
<b>Current Liabilities</b>			
Short Term Borrowings	6	83,862.44	79,444.22
Trade Payables	7	7,206.46	5,038.69
Other Current Liabilities	8	5,816.75	28,038.93
Short Term Provisions	9	123.88	19.18
		97,009.52	112,541.02
<b>TOTAL</b>		<b>140,802.12</b>	<b>154,559.20</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets	10		
Tangible Assets		7,492.22	7,384.88
Capital Work-in-Progress		23.91	68.92
		7,516.13	7,453.81
Non-Current Investments	11	13,250.82	13,240.11
Deferred tax assets (net)	12	2,573.40	2,633.35
Long Term Loans and Advances	13	2,198.36	2,088.04
		18,022.58	17,961.51
<b>Current Assets</b>			
Inventories	14	97,383.67	105,690.89
Trade Receivables	15	13,483.63	18,605.26
Cash and Bank Balances	16	726.11	876.33
Short Term Loans and Advances	17	3,594.33	3,931.35
Other Current Assets	18	75.66	40.06
		115,263.41	129,143.88
<b>TOTAL</b>		<b>140,802.12</b>	<b>154,559.20</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

**(PANKAJ GUPTA)**  
**PARTNER**

Membership No: 094909

Faridabad  
30-May-2016

**SATNAM ARORA**  
**JT. MG. DIRECTOR**

DIN NO. 00010667

**PRABHAT KUMAR**  
**C.F.O**

**GURNAM ARORA**  
**JT. MG. DIRECTOR**

DIN NO. 00010731

**RAMA KANT**  
**COMPANY SECRETARY**



### STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2016

(Rs. In Lacs)

PARTICULARS	Note	FOR THE YEAR ENDED 31-March-2016	FOR THE YEAR ENDED 31-March-2015
<b>INCOME</b>			
Revenue from Operations	19	113,089.96	115,897.39
Other Income	20	<u>292.75</u>	<u>215.51</u>
Total Revenue		113,382.71	116,112.89
<b>EXPENDITURE</b>			
Cost of Material Consumed	21	72,189.76	83,993.40
Purchases of Stock-in-Trade	22	11,711.29	15,321.19
Changes of Inventories of Traded Goods	23	30.44	(354.50)
Employee Benefits Expenses	24	2,231.61	2,191.41
Finance Costs	25	9,754.63	9,719.89
Depreciation and Amortisation Expenses	10	1,271.22	1,796.08
Other Expenses	26	<u>13,240.78</u>	<u>13,185.77</u>
Total Expenses		110,429.74	125,853.23
<b>Profit Before Extra Ordinary Items</b>		<b>2,952.97</b>	<b>(9,740.34)</b>
Extra Ordinary Items	27	2,500.00	—
<b>Profit Before Tax</b>		<b>452.97</b>	<b>(9,740.34)</b>
Tax Expenses			
Current Tax		104.04	—
Less : - MAT credit entitlement		92.36	11.68
Income Tax for Prior Years		—	9.48
Deferred Tax		59.96	(2,494.62)
<b>Profit for the year</b>		<b>381.33</b>	<b>(7,255.20)</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]		8.18	(20.59)
Earnings per equity share after extra ordinary items of face value of Rs. 10 each			
Basic and Diluted (in Rs.) [Refer note no. 33]		1.08	(20.59)

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

(PANKAJ GUPTA)  
PARTNER

Membership No: 094909

Faridabad  
30-May-2016

SATNAM ARORA  
JT. MG. DIRECTOR

DIN NO. 00010667

PRABHAT KUMAR  
C.F.O

GURNAM ARORA  
JT. MG. DIRECTOR

DIN NO. 00010731

RAMA KANT  
COMPANY SECRETARY

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2016

(Rs. In Lacs)

PARTICULARS	FOR THE YEAR ENDED 31- March-2016	FOR THE YEAR ENDED 31-March-2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax & extra ordinary items	2,952.97	(9,740.34)
Adjustments for :		
Depreciation	1,271.22	1,796.08
Interest Paid	9,754.63	9,719.89
Interest Received	(62.42)	(57.69)
Income From Key Man Insurance Policy	(70.98)	(10.74)
Diminution in the Value of the Investment	9.42	—
<b>Operating profit before working capital changes</b>	<b>13,854.84</b>	<b>1,707.19</b>
Adjustments for :		
Debtors	5,121.62	9,890.76
Inventories	8,307.22	3,196.47
Current Liabilities & Provision	(19,910.51)	(4,245.08)
Direct taxes	(11.68)	(9.48)
<b>Cash flow before exceptional and extra ordinary items</b>	<b>7,361.48</b>	<b>10,539.86</b>
Exceptional Items	-	—
Extra ordinary items	(2,500.00)	—
<b>Net cash from operating activities</b>	<b>4,861.48</b>	<b>10,539.86</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets and change in Capital work in progress	(1,333.55)	(212.40)
Investments in Associates Companies	(20.13)	—
Loans & advances and other current assets	191.10	(312.17)
Interest Received	62.42	57.69
Dividend Received From Key Man Insurance Policy	70.98	10.74
<b>Net cash from Investment activities</b>	<b>(1,029.17)</b>	<b>(456.13)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from short term borrowings	4,418.22	2,263.37
Proceeds from (Repayment of) long term borrowing	1,353.89	(2,570.52)
Interest paid	(9,754.63)	(9,719.89)
<b>Net cash flow from financing activities</b>	<b>(3,982.53)</b>	<b>(10,027.03)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(150.21)</b>	<b>56.70</b>
- Cash & Cash equivalent at beginning of the year	876.33	819.64
- Cash & Cash equivalent at end of the year *	726.11	876.33
- Effect of change in Exchange Rate on Cash and Cash Equivalent	(11.77)	80.55
	(0.00)	0.00
<u>* Cash &amp; Cash equivalent include :</u>		
FDR/Margin money with Bank	573.04	702.20

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  
30-May-2016

Sd/-  
SATNAM ARORA  
JT. MG. DIRECTOR  
DIN NO. 00010667

Sd/-  
PRABHAT KUMAR  
C.F.O

Sd/-  
GURNAM ARORA  
JT. MG. DIRECTOR  
DIN NO. 00010731

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 generally accepted Accounting Principles in India including Accounting Standards notified under the relevant provisions of the Companies Act, 2013 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

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 II to the Companies Act, 2013. The depreciation rates which are different from the principal rates specified in Schedule-II 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 the company 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 includes:

- 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 are 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 2016

(Rs. In Lacs)

PARTICULARS	AS AT 31-March-2016	AS AT 31-March-2015
<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 35,241,530)	3,524.15	3,524.15
Equity Shares of Rs. 10/- each fully paid-up		
	<u>3,524.15</u>	<u>3,524.15</u>

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

Number of Equity Shares at the beginning of the year	35,241,530	35,241,530
Number of Equity Shares issued during the year	-	-
Number of Equity Shares at the end of the year	35,241,530	35,241,530

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

	As At 31-March-2016		As At 31-March-2015	
	No. of Shares	holding	No. of Shares	holding
(1) Jugal Kishore Arora	6,043,484	17.15%	6,043,484	17.15%
(2) Satnam Arora	5,378,923	15.26%	5,378,923	15.26%
(3) Gurnam Arora	6,098,889	17.31%	6,098,889	17.31%
(4) M/s Al Dahra International Investments LLC	7,048,306	20.00%	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 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.

### 3. Reserve And Surplus

(Rs. In Lacs)

	ASAT 31-March-2016	ASAT 31-March-2015
<b>Capital Reserve</b>		
As per last Balance Sheet	742.76	742.76
<b>Securities Premium Account</b>		
As per last Balance Sheet	14,549.43	14,549.43
<b>General Reserve</b>		
As per last Balance Sheet	11,171.17	11,266.94
Less: Adjustment related to fixed assets	—	95.77
(refer to note 10)	11,171.17	11,171.17
<b>Surplus from Statement of Profit &amp; Loss</b>		
As per last Balance sheet	11,168.74	18,423.94
Add: Profit during the year	381.33	(7,255.20)
	<u>38,013.43</u>	<u>37,632.10</u>

(Rs. In Lacs)

	AS AT 31-March-2016	AS AT 31-March-2015
<b>4. LONG TERM BORROWINGS</b>		
<b>Secured Loans</b>		
Term Loans from Banks	—	600.00
Term Loans from Other Parties	354.36	—
Long Term maturity of Finance Lease obligations	122.36	22.83
	476.72	622.83
<b>Unsecured Loans</b>		
Loan from Promoters	1,500.00	—
	1,976.72	622.83
a) Term loans are repayable in monthly/quarterly installments. Maturity profile of non-current term loans are as set out below		
Term Loan Installments Repayable within:-		
1-2 Years	165.74	600.00
2-3 Years	188.62	—
	354.36	600.00
b) Term Loans carry interest rate of 13% P.A. (Previous year different interest rates ranging from 12.75% to 13.5% per annum.)		
c) Term loan from banks (including current maturities) are secured by:-		
i) Secured by charge on Fixed Assets Financed against the loan.	600.00	1,200.00
ii) Secured by Charge on third party property.	500.00	250.00
iii) Secured by Charge on head office premises at Surajkund	—	254.35
<b>5. LONG TERM PROVISIONS</b>		
Provision for Employee Benefit		
Provision for Gratuity	278.30	239.09
	278.30	239.09
<b>6. SHORT TERM BORROWINGS</b>		
<b>Secured</b>		
Loan repayable on Demand from Banks	77,232.28	79,338.49
<b>Unsecured</b>		
Overdraft in Current Account	1,549.48	105.73
Loan from Promoters	5,080.67	—
	83,862.44	79,444.22



a) Loan repayable on Demand from Banks include the followings		
Pre-Shipment	52,533.04	49,524.43
Post-Shipment	2,032.32	6,855.91
Working Capital Demand Loan	—	1,200.00
Cash Credit	19,983.43	18,768.78
Suppliers Bill Discounting	2,683.50	2,989.37
	<u>77,232.28</u>	<u>79,338.49</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).		

### 7. TRADE PAYABLE

-Due to Micro, Small and Medium Enterprises	—	—
-Due to Others	7,206.46	5,038.69
	<u>7,206.46</u>	<u>5,038.69</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)	745.64	1,104.35
Current maturities of finance lease obligations	59.26	16.23
Interest Accrued and due on borrowings	26.51	170.74
Advance received from customers	2,715.31	25,323.09
Statutory Liabilities	88.69	124.99
Employees Benefit Expenses	180.00	84.74
Other Liabilities	2,001.35	1,214.79
	<u>5,816.75</u>	<u>28,038.93</u>

### 9. SHORT TERM PROVISIONS

Provision for employee benefits		
Provision for gratuity	19.84	17.67
Other Provisions		
Income Tax [Refer note no. 38]	104.04	—
Wealth Tax	—	1.51
	<u>123.88</u>	<u>19.18</u>



### 10. FIXED ASSETS

(Rs. In Lacs)

Particulars	Gross Block			Total as on 31.03.2016	Depreciation					WDV	WDV
	As at 31-03-2015	Additions	Deletions		As at 31.03.2016	For the Year	# Adjusted from General Reserve	Deletions/ Adjustments	As at 31-03-2016	As at 31-03-2016	As at 31-03-2015
<b>TANGIBLE ASSETS</b>											
LAND	325.65	—	—	325.65	—	—	—	—	325.65	325.65	
FACTORY BUILDING	3,045.85	746.80	—	3,792.65	1,708.17	161.33	—	1,869.50	1,923.16	1,337.69	
OFFICE BUILDING	2,278.86	—	—	2,278.86	352.00	97.52	—	449.52	1,829.34	1,926.86	
OFFICE EQUIPMENTS	1,199.19	21.81	464.67	756.33	1,118.89	53.50	—	464.66	707.73	80.30	
PLANT & MACHINERY	10,044.07	300.29	0.21	10,344.15	6,802.95	736.25	—	0.21	7,538.99	3,241.12	
FURNITURE & FIXTURES	427.45	17.13	113.79	330.79	284.95	48.20	—	106.29	226.86	142.50	
WOODEN, PLASTIC CRATES & TARPAULINS	100.62	59.73	—	160.35	88.66	32.96	—	—	121.62	11.96	
COMPUTERS	220.02	10.26	28.43	201.85	202.90	14.17	—	28.43	188.64	17.12	
VEHICLES*	1,067.09	236.24	50.85	1,252.48	765.40	127.31	—	44.67	848.04	301.69	
<b>TOTAL</b>	<b>18,708.80</b>	<b>1,392.26</b>	<b>657.95</b>	<b>19,443.10</b>	<b>11,323.91</b>	<b>1,271.22</b>	—	<b>644.25</b>	<b>11,950.89</b>	<b>7,384.88</b>	
<b>PREVIOUS YEAR</b>	18,502.15	251.74	45.09	18,708.80	9,470.15	1,796.08	95.77	38.09	11,323.91	9,031.99	

(Rs. In Lacs)

### CAPITAL WORK IN PROGRESS

Particulars	Gross Block		
	As at 31-03-2015	Addition during the year	Capitalisation during the year
Machinery WIP	41.04	51.40	92.45
Electric Installation WIP	24.88	7.22	32.10
Building WIP	3.00	28.72	7.80
<b>TOTAL</b>	<b>68.92</b>	<b>87.34</b>	<b>132.35</b>
<b>PREVIOUS YEAR</b>	101.27	61.39	93.74

Note:

\* Vehicles include the financial leased vehicles.

# Pursuant to the enactment of Companies Act 2013, the company has wef 01-04-2014, applied the estimated useful lives as specified in Schedule-II. Accordingly the unamortised carrying value is being depreciated over the revised/remaining useful lives. The written down value of fixed assets amounting to Rs. 95.77 Lacs whose lives had expired as at 01st April-2014 were adjusted from General Reserve in FY2014-15.



(Rs. In Lacs)

	AS AT 31-March-2016	AS AT 31-March-2015
<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 AED 1000 each fully paid up	9.42	
Less :- Diminution in the Value of the Investment	<u>9.42</u>	9.42
<b>Associates Companies</b>		
AL Dahra Kohinoor Industries LLC 60 (Previous year - Nil) shares of AED 1000 each fully paid up	10.06	—
Al Dahra Kohinoor LLC 60 (Previous year - Nil) shares of AED 1000 each fully paid up	10.06	
<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>		
Anu Laboratories Ltd. 5,940 (Previous year - 5,940) shares of Rs. 1 each. Fully paid up	0.62	0.62
	<u>13,250.82</u>	<u>13,240.11</u>
a) Aggregate amount of Quoted investments	0.62	0.62
Aggregate amount of Market value of Quoted Investments	0.01	0.01
Aggregate amount of Un-quoted Investments	13,250.20	13,239.49
Aggregate Provision for Diminution of Value of Investments	9.42	—
b) All the Non-current investments are carried at cost.		
c) The Company's Investment in Subsidiary 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 TAX ASSETS (NET)</b>		
Disallowance under Income tax act, 1961	101.33	87.27
Related to fixed assets	(48.49)	(141.61)
Related to business loss	<u>2,520.55</u>	<u>2,687.69</u>
	<u>2,573.40</u>	<u>2,633.35</u>

(Rs. In Lacs)

	AS AT 31-March-2016	AS AT 31-March-2015
<b>13. LONG TERM LOAN AND ADVANCES</b>		
(Unsecured, Considered Good)		
Capital Advances	—	33.36
Security Deposit	154.57	129.48
Loan and advances to related parties	2,043.79	1,925.20
	<u>2,198.36</u>	<u>2,088.04</u>
<b>a) Loans and advances to related parties*</b>		
<b>To Subsidiary Companies</b>		
Sachdeva Brothers Private Limited	3.93	3.53
<b>To Joint Venture</b>		
Rich Rice Raisers Factory LLC.**	2,039.86	1,921.67
	<u>2,043.79</u>	<u>1,925.20</u>
*The loan and advances are provided for general business purpose.		
** The loan to the Joint Venture Company, Rich Rice Raisers Factory LLC of Rs. 2039.86 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	3.93	3.53
Maximum amount outstanding during the years	3.93	3.53
<b>14. INVENTORIES*</b>		
(As taken, valued and certified by the Management)		
Raw Material	936.89	11,959.29
Finished Goods	88,623.62	87,838.75
Stock in Transit-in-Trade	554.61	585.05
Stock in Transit-Finished Goods	6,102.97	3,996.81
Stores and Spares	213.36	234.93
Packing Materials	952.21	1,076.06
	<u>97,383.67</u>	<u>105,690.89</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	4,164.77	2,900.50
Others	6,500.84	15,704.75
	<u>10,665.61</u>	<u>18,605.26</u>
(Unsecured, Considered Doubtful)		
Outstanding for a period exceeding six months	799.76	---
Others	2018.76	---
	<u>2,818.52</u>	<u>---</u>
	<u>13,484.13</u>	<u>18,605.26</u>
<b>a) Trade receivables include the following amount due from related parties</b>		
<b>Subsidiary Company</b>		
Kohinoor Foods USA Inc	3,600.92	5,410.82
Indo European Foods Ltd.	590.59	3,354.78
	<u>4,191.51</u>	<u>8,765.60</u>

	AS AT 31-March-2016	(Rs. In Lacs) AS AT 31-March-2015
<b>16. CASH &amp; BANK BALANCES</b>		
<b>Cash &amp; Cash Equivalents</b>		
Balances with Banks in Current Accounts	115.66	138.74
Cash in Hand	37.42	35.39
	<u>153.07</u>	<u>174.13</u>
<b>Other Bank Balances</b>		
Fixed Deposits as Margin Money with Banks	573.04	702.20
	<u>573.04</u>	<u>702.20</u>
	<u>726.11</u>	<u>876.33</u>
<b>17. SHORT TERM LOAN AND ADVANCES</b>		
(Unsecured considered good)		
Staff Advance	20.18	21.04
Pre-paid Expenses	140.36	187.12
Advance against Purchases	139.12	688.28
Advance Tax	2,237.94	2,228.67
MAT Credit Entitlement	546.33	453.97
Others	510.39	352.27
	<u>3,594.33</u>	<u>3,931.35</u>
<b>18. OTHER CURRENT ASSETS</b>		
(Unsecured, Considered good)		
Interest accrued but not due on bank deposits	75.66	40.06
	<u>75.66</u>	<u>40.06</u>
<b>19. REVENUES FROM OPERATIONS</b>		
Sales of Products	113,018.09	115,715.26
Other Operating Revenues	71.87	182.13
	<u>113,089.96</u>	<u>115,897.39</u>
<b>a) Sales of Products</b>		
Rice	103,998.84	102,890.13
Foods	6,835.72	7,803.26
Other Foods Products	2,183.53	5,021.87
	<u>113,018.09</u>	<u>115,715.26</u>
<b>b) Other Operating Revenues</b>		
Sale of Scrap	17.30	90.58
Duty Drawback/ Sale of License	54.57	91.55
	<u>71.87</u>	<u>182.13</u>

	For the Year Ended 31-March-2016	(Rs. In Lacs) For the Year Ended 31-March-2015
<b>20. OTHER INCOME</b>		
Income from Key man Insurance Policy	70.98	10.74
Interest Income	62.42	57.69
Miscellaneous Income	156.92	143.84
Profit on Sale of Assets	2.43	3.23
	<u>292.75</u>	<u>215.51</u>
<b>21. COST OF MATERIAL CONSUMED</b>		
Opening Stock	103,794.85	107,476.18
Add: Purchases	64,058.40	80,312.07
Less Closing Stock	95,663.48	103,794.85
	<u>72,189.76</u>	<u>83,993.40</u>
<b>Cost of Material Consumed Under Broad Heads</b>		
Paddy	31,189.09	32,409.07
Rice	41,000.67	51,584.33
	<u>72,189.76</u>	<u>83,993.40</u>
<b>22. PURCHASE OF STOCK IN TRADE UNDER BROAD HEADS</b>		
Non-Basmati Rice	4,123.87	3,355.51
Foods	5,380.37	6,963.99
Other Foods Products	2,207.05	5,001.69
	<u>11,711.29</u>	<u>15,321.19</u>
<b>23. CHANGES OF INVENTORIES OF TRADED GOODS</b>		
Opening Stock	585.05	230.56
Closing Stock	554.61	585.05
	<u>30.44</u>	<u>(354.50)</u>
<b>24. EMPLOYEE BENEFIT EXPENSES</b>		
Staff Salaries	1,655.09	1,580.37
Director's Remuneration	276.00	326.34
Gratuity	56.50	51.67
Bonus	42.61	44.66
Staff Welfare	113.02	105.66
Employer's Contribution to P.F. & ESI	88.39	82.71
	<u>2,231.61</u>	<u>2,191.41</u>
<b>25. FINANCE COST</b>		
Interest Expense*	9,040.63	8,920.46
Other Bank Charges	70.21	34.07
Other Borrowing Cost	643.80	765.36
	<u>9,754.63</u>	<u>9,719.89</u>

\*\*Interest cost for the year includes exchange difference of Rs. 945.11 Lacs (270.50 Lacs) arising from foreign currency borrowing to the extent they are regarded as an adjustment to the interest expense in accordance with AS-16

		(Rs. In Lacs)
	For the Year Ended 31-March-2016	For the Year Ended 31-March-2015
<b>26. OTHER EXPENSES</b>		
<b>a) Manufacturing Expenses</b>		
Loading and Unloading Charges	363.46	278.56
Packing Materials Consumed	3,494.48	3,480.11
Wages	101.26	103.92
Processing Charges	—	20.09
Repair to Machinery	198.18	153.24
Consumables & Stores Consumed	149.95	153.05
Power & Fuel	1,062.25	999.65
Brokerage & Commission	10.36	7.41
	<u>5,379.94</u>	<u>5,196.03</u>
<b>b) Administrative Expenses</b>		
Payment to Auditors		
-Statutory Audit Fee	20.98	16.50
-Tax Audit Fee	5.15	4.00
-Other Matters	5.77	4.99
Postage, Telegram and Telephone	74.97	85.50
General Expenses^	166.95	143.67
Legal and Professional Charges	285.17	209.34
Electricity Expenses	11.73	10.96
Rates and Taxes	22.79	18.27
Other Taxes Paid	23.84	69.67
Charity and Donation	14.26	22.96
Vehicle Maintenance	102.01	117.72
Printing and Stationery	17.59	27.33
Fumigation Expenses	103.79	90.92
Insurance Charges	106.04	158.92
Conveyance	45.37	47.25
Membership & Subscription	23.46	25.72
Traveling Expenses (Directors)	113.06	129.38
Traveling Expenses (Others)	140.95	124.20
Research & Development	30.66	39.63
Rent	99.84	97.80
Staff Recruitment Expenses	—	11.83
Dimunition in the Value of Investment	9.42	—
Bad Debts	0.44	246.73
Repairs to Building	145.92	123.09
Repairs to Others	112.62	98.11
Foreign Exchange Gain Loss	154.24	(459.74)
	<u>1,837.03</u>	<u>1,464.75</u>

^^ Expenses incurred during the year on registration of trade mark amounting to Rs.0.19 Lacs (Previous year: Rs 4.11 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)

	For the Year Ended 31-March-2016	For the Year Ended 31-March-2015
<b>c) Selling &amp; Distribution Expenses</b>		
Advertisement and Publicity	143.75	32.32
Business Promotion	357.27	514.29
Rebate & Discount	17.88	----
Ocean Freight	1,500.05	2,128.93
Expenses Against Export	161.47	182.62
Brokerage & Commission on Sales	42.22	118.24
Clearing and Forwarding	3,801.17	3,548.60
	<u>6,023.81</u>	<u>6,524.99</u>
	<u>13,240.78</u>	<u>13,185.77</u>

### 27. Extra Ordinary Items

During the year, the Company entered into settlement agreement with Punjab National Bank (PNB) in respect of liability on account of Derivative transactions. The liability is settled for Rs. 25.00 Crores against the total amount which has been shown in the previous year balance sheet under contingent liabilities at Rs. 27.49 Crore. After this settlement, now there is no contingent liability on account of derivative transactions with any bank.

### 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)

Particulars	Currency	In Foreign Currency as at 31st March 2016	In Rupees Lacs	In Foreign Currency as at 31st March 2015	In Rupees Lacs
Export	USD	93.58	6208.03	143.26	8966.68
Receivable	GBP	0.50	47.51	0.29	26.78
Advances	USD	38.19	2533.41	192.68	12060.02
Received from customers for	EURO	—	—	0.05	3.29
Loans and advance	AED	113.22	2039.86	113.22	1921.67
Borrowings	USD	22.94	1521.76	295.52	18497.12
	GBP	—	—	10.35	957.01

b) As required under AS-11, the company has no outstanding Forward contracts as on 31st March 2016. The company had outstanding Forward contracts as on 31st March 2015 and there was Marked to Market (MTM) unrealized gain on forward contracts of Rs.22.06 Lacs, which had 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)

Currency	Cross Currency	In Foreign Currency as at 31 March 2016	Fair value as on 31 March 2016	In Foreign Currency as at 31 March 2015	Fair Value as on 31 March 2015
USD	Indian Rupees	—	—	40	2561.15
GBP	Indian Rupees	—	—	5	473.90

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

#### a) Defined Contribution Plans:

Amount of Rs.88.39 Lacs (previous year Rs.82.71 Lacs) pertaining to employers' 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 vest after five years of continuous service. The Company has set a limit of Rs. 10 Lacs (previous year Rs.10 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 March, 2016	For the year ended 31 March, 2015
1	Present value of obligation at the beginning of the year	256.76	217.86
2	Interest cost	21.18	17.97
3	Past service cost	—	—
4	Currents service cost	32.56	30.79
5	Liability transferred out	—	—
6	Benefits paid	(15.31)	(13.00)
7	Actuarial (gain)/loss on obligation	2.94	3.14
8	Present value of obligation at the end of the year	298.13	256.76

- (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 March, 2016	For the year ended 31 March, 2015
1	Fair value of plan assets at the beginning of the year	1.63	1.41
2	Expected return on plan assets	0.14	0.12
3	Contributions	16.00	13.00
4	Liability transferred out	—	—
5	Benefits paid	(15.31)	(13.00)
6	Actuarial gain/(loss) on plan assets	0.04	0.10
7	Fair value of plan assets at the end of the year	2.51	1.63

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

	Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
1	Actuarial gain/(loss) for the year - obligation	(2.94)	(3.14)
2	Actuarial gain/(loss) for the year - plan assets	0.04	0.10
3	Total gain/(loss) for the year	(2.90)	(3.03)
4	Actuarial gain/(loss) recognized in the year	(2.90)	(3.03)
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 March, 2016	For the year ended 31 March, 2015
1	Present value of obligation as at the end of the year	298.13	256.76
2	Fair value of plan assets as at the end of the year	2.51	1.63
3	Funded/(unfunded) status	(295.62)	(255.12)
4	Excess of actual over estimated	0.04	0.10
5	Net assets/(liability) recognized in balance sheet	(295.62)	(255.12)

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

	Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
1	Current service cost	32.56	30.79
2	Past service cost	—	—
3	Interest cost	21.18	17.97
4	Expected return on plan assets	(0.14)	(0.12)
5	Net actuarial (gain)/loss recognized in the year	2.90	3.03
6	Expenses recognized in the statement of profit and losses*	56.50	51.67

\* 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 March, 2016	Year ended 31 March, 2015
1	Discount rate	8.00%	8.25%
2	Expected rate of return on plan assets	8.70%	8.70%
3	Salary growth rate	7.00%	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
  - Rich Rice Raisers Factory LLC.- Dubai

- iii) Associates of the Company
  - Al Dahra Kohinoor Industries LLC
  - Al Dahra Kohinoor LLC
- iv) 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
- v) 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	8,385.16 (13,719.53)	19,920.88 —		
- Remuneration			448.83 (491.49)	
- Advance received		2,147.15 (206.83)		
- Expenses	—	—		0.56
- Expenses Reimbursement to the related party	— (35.53)	— (0.16)		
- Loan from Promoter			6,580.67 (500.00)	
- Balance Written Back		206.83		
- Repayment of Promoters Loan			— (1,989.00)	
- Expenses incurred on behalf of the related party	0.40 (0.39)			
<b>Balances outstanding at the year end:-</b>				
- Loans/Advances	3.93 (3.53)	2,039.86 (1,921.67)		
- Loan from Promoter			6,580.67 —	
- Debtors	4,191.51 (8,765.60)	— —		
- Advance form customers		2,147.15 (206.83)		
- Corporate guarantee given by the company	13,577.02 (13,029.91)			

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

(Rs. In Lacs)

AS AT  
31-March-2016

AS AT  
31-March-2015

### 32. Disclosures under Accounting Standard 19 on "Leases":

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	90.20	95.58
Amount payable later than one year but not later than five years	309.54	336.32
Amount payable later than five years	252.34	Nil
	<u>652.08</u>	<u>431.90</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 :-

#### a) Obligations towards minimum lease payments:-

Amount payable not later than one year	74.28	19.57
Amount payable later than one year but not later than five years	137.11	24.47
Amount payable later than five years	Nil	Nil
	<u>211.39</u>	<u>44.04</u>

#### b) Present value of (a) above :-

Amount payable not later than one year	59.26	16.23
Amount payable later than one year but not later than five years	122.36	22.83
Amount payable later than five years	Nil	Nil
	<u>181.61</u>	<u>39.06</u>

#### c) Finance Charges

29.77	4.97
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### 33. Disclosures under Accounting Standard 20 on "Earning Per Share" :

#### a) Calculation of Weighted Average number of equity shares

##### For Basic/Diluted EPS

No. of Shares at the beginning of the year	35241530	35241530
Equity Shares issued during the year	—	—
Total number of equity shares outstanding at the end of the year	35241530	35241530
Weighted Average number of equity shares outstanding during the year	35241530	35241530

#### b) Net Profit after tax available for equity shareholders

Before Extra Ordinary item (Rs. in Lacs)	2,881.33	(7,255.20)
After Extra Ordinary Item (Rs. in Lacs)	381.33	(7,255.20)
Earnings per share (face value per share Rs. 10 each)		
Basic and Diluted: before extra ordinary item	8.18	(20.59)
Basic and Diluted: after extra ordinary item	1.08	(20.59)





	AS AT 31 <sup>st</sup> March, 2016	(Rs. In Lacs) AS AT 31 <sup>st</sup> March, 2015
<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 2016</b>		
<b>Assets</b>		
Non-current Assets	19.33	27.88
Non-current Investment	42.47	134.21
Current Assets	0.91	1099.68
	<u>62.71</u>	<u>1,261.76</u>
<b>Liabilities</b>		
Non-current Liabilities	207.13	1,278.40
Current Liabilities	2.00	101.38
	<u>209.13</u>	<u>1,379.78</u>
Contingnt Liabilities		
<b>Income</b>	—	15.68
<b>Expenses</b>	526.54	369.47
		(Rs. In Lacs)
	<b>For the year ended 31<sup>st</sup> March, 2016</b>	<b>For the year ended 31<sup>st</sup> March, 2015</b>

**35. Other disclosures as per Revised Schedule III of the Companies Act, 2013**

**CIF Value of Imports**

- Capital Goods	33.83	15.55
- Material Purchase	1,183.22	4,980.65
- Packaging Material	—	95.99
	<u>1,217.05</u>	<u>5,092.18</u>

**Expenditure in Foreign Currency (On accrual basis)**

- Traveling	89.07	89.87
- Business Promotion	210.89	403.94
- Legal & Professional Charges	2.66	2.36
- Membership & Subscription	2.38	7.94
- Entertainment	0.68	2.47
- Clearing & Forwarding	5.60	0.64
- Advertisement & Publicity	14.85	24.41
- Telephone Expenses	0.67	1.21
- Commission on Export Sales	17.57	51.03
- Printing & Stationery	—	0.02
- Repair and Maintainance	—	4.10
- Miscellaneous Expences	0.16	—
	<u>344.53</u>	<u>587.99</u>

Earning in Foreign Exchange

- FOB Value of Export of Goods	75,489.07	86,542.98
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**36. Consumption of Raw Material, Components and Spares etc.**

(Rs. In Lacs)

	For the year ended 31 March, 2016		For the year ended 31 March, 2015	
Consumption of	Amount	%	Amount	%
Indigenous	74,617.14	98.40%	82,534.38	94.19%
Imported	1,217.05	1.60%	5,092.18	5.81%
	<u>75,834.19</u>	<u>100.00%</u>	<u>87,626.56</u>	<u>100.00%</u>



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

Provision relating to	Opening Balance as at 1 April, 2015	Created during the year	Withdrawals/ Deposited	Closing Balance as at 31 March, 2016
Gratuity	256.76	56.50	15.13	298.13
Income Tax	—	104.04	—	104.04
Wealth Tax	1.51	—	1.51	—
	258.27	160.54	16.64	402.17

(Rs. In Lacs)

As at  
31 March, 2016

As at  
31 March, 2015

### 38. Contingent Liabilities

#### a) Claims against the company, not acknowledged as debt

i	Income Tax	11,063.77	14,717.77
ii	Sales Tax - Delhi	122.00	122.00
iii	VAT -Haryana	1,090.72	856.51
iv	Excise & Taxation Dept., Punjab	455.82	477.25
v	Excise Duty	42.91	42.91
vi	Service Tax	259.25	259.25
vii	Liability on account of Derivatives Transactions-PNB	—	2,749.00
viii	Legal Cases against the Company	4,463.94	963.94
b)	Corporate Guarantee given by the Company.	13,577.02	13,029.91
c)	Surety Bonds issued to Govt. Agencies under EPCG scheme	1,872.19	1,886.65

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

- i) During the financial year 2015-16, the Assessing officer has passed fresh assessment orders dated 29.01.2016 in respect of AY 2002-03 to AY 2008-09 in respect of the issues set aside as per the directions of Hon.'ble ITAT, New Delhi. As a result, the company has received substantial relief of Rs. 4681.37 Lacs towards outstanding tax & interest demand on the additions made by the AO in his earlier orders. Finally, the tax and interest demand stand reduced to Rs.590.40 Lacs and Rs.234.38 Lacs for AY2002-03 to AY2008-09 and the same has been adjusted against the amount of Rs.1350.00 Lacs deposited with the Department under protest. However, the Company has still preferred an appeal before the Commissioner of Income Tax (Appeals), New Delhi, which is yet to be heard.

Following appeals are also lying pending for hearing before the Income Tax Appellate Tribunal, New Delhi against the tax demand raised in impugned Income Tax Assessment Orders as per details given below :-

AY	Tax	Interest	Total
2009-10	1,789.66	1,054.26	2,843.93
2010-11	2,331.25	1,347.86	3,679.11
2011-12*	902.63	518.36	1,420.98

\* The company has also filed a rectification application before DRP to reconsider its findings.

In respect of Assessment Year 2012-13, the company has received Final order dtd. 09.05.2016, making an addition of Rs.5855.69 Lacs on which the tax effect is Rs.2294.97 Lacs. The company is in the process of filing the appeal against the above order before the Commissioner of Income Tax (Appeals), New Delhi.

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 demands 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 of Rs. 122.00 Lacs on sale of REP Licences made in earlier years.
- iii Following appeals are also lying pending before the Appellate Authorities/Tribunal, Haryana as mentioned in column.4 against the impugned VAT Assessment Orders/Revision Order passed by the assessing authorities as mentioned in column. 3 of the table given below :-



Particulars	Demand raised (Rs)	Assessing Authority	Appellate Authority
(Col.1)	(Col.2)	(Col.3)	(Col.4)
Sales Tax Murthal -AY 2008-09	732.35	Revision-Faridabad	Tribunal-Chandigarh
Sales Tax Murthal - Inspection 17.1.2014	25.56	ETO-Sonipat	JETC-Rohtak
Sales Tax Murthal - AY 2010-11	98.61	ETO-Sonipat	JETC-Rohtak
Sales Tax-Murthal - AY 2011-12	132.21	ETO-Sonipat	JETC-Rohtak
Sales Tax-Murthal-Inspection 13.11.2014	27.09	ETO-Sonipat	JETC-Rohtak
Sales Tax-Murthal - AY 2009-10	28.51	Revision-Faridabad	Tribunal-Chandigarh
Sales Tax-Murthal - AY 2012-13	46.39	ETO-Sonipat	JETC-Rohtak
Total	1,090.72		

- iv 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.450.41 Lacs 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. 5.41 Lacs after completing the Sales Tax assessment for AY 2011-12 against which appeal has been filed.
- v II. 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 of Rs. 42.91 Lacs 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
- vi III. 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. 259.25 Lacs 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.20.00 Lacs "Under Protest" as per the directions given in the stay order granted by Appellate Tribunal
- vii During the year, the Company entered into settlement agreement with Punjab National Bank (PNB) in respect of liability on account of Derivative transactions. The liability is settled for Rs. 2500.00 Lacs against the total amount which has been shown in the previous year balance sheet under contingent liabilities at Rs. 2749.00 Lacs. The settlement amount of Rs. 2500.00 Lacs has been paid and now there is no contingent liability on account of derivative transactions with any bank.
- viii The Board of Trustee of the port of Mumbai has filed a money suit for recovery of Rs. 964.00 Lacs towards alleged outstanding demurrage charges against which the company has filed its counter claim of Rs. 1088.00 Lacs. towards the financial losses, interest on the investment, refund of the license fees, refund of the demurrage charges, compensation and damages etc. The matter is still pending.
- ix) McCormick Switzerland GmbH and Kohinoor Speciality Foods India Pvt. Ltd. (KSF) invoked the Arbitration clause under License Mark and Corporate Name License Agreement and Business Transfer Agreement (BTA), respectively against KFL and its Promoters before London Court of International Arbitration (LCIA) for breach of its obligations under Agreements and to pay to KSF an amount of Rs. 3500.00 Lacs by way of Liquidated damages as provided under BTA. The Company is contesting the same and appointed a leading legal firm in London to represent our case and to protect our interest. KSF also invoked the Arbitration clause under Non Compete and Non Solicitation Agreement, before LCIA against Promoters.

### 39. Details of loans given, investment made gurantee given covered u/s 186 (4) of the Companies Act-2013.

- i Loans given and investment made are given under the respective heads.
- ii Corporate guarantees are given by the company for subsidiaries as follows:-

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	7,607
ii Kohinoor Foods USA INC	Punjab National Bank, Hong Kong	9,000,000 USD	5,970



	As at 31 March, 2016	As at 31 March, 2015
<b>40. Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account (Net of advances)	----	---
<b>41. Bank Guarantee given by Bankers on behalf of the Company.</b>	2103	4607
<b>42. During the year no amount of Dividend has been remitted in foreign currency to Non Resident out side India.</b>		
<b>43. Some of the balances of Debtors and Creditors are subject to confirmation.</b>		
<b>44. Prior Period Items</b>		
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.		
<b>45. Corresponding figures for the previous year have been regrouped/rearranged, wherever necessary to confirm to current year classification.</b>		
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

**Sd/-**

**(PANKAJ GUPTA)**

**PARTNER**

Membership No: 094909

Faridabad

30-May-2016

**Sd/-**

**SATNAM ARORA**

**JT.MG.DIRECTOR**

DIN NO. 00010667

**Sd/-**

**PRABHAT KUMAR**

**C.F.O**

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

**Sd/-**

**GURNAM ARORA**

**JT. MG. DIRECTOR**

DIN NO. 00010731

**Sd/-**

**RAMA KANT**

**COMPANY SECRETARY**

### ANNEXURE TO THE BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2016

#### Form AOC - 1

( Pursuant to first provisio to sub section (3) of section 129 read with rule 5 of Companies (Account) Rules, 2014)Statement containing sailent features of the financial statement of subsidiaries/associate companies/joint ventures

#### Part "A" : Subsidiaries

01 Name of subsidiaries Company	Sachdeva Brothers Pvt. Ltd.	Kohinoor Foods USA. Inc.	Indo European Foods Limited, UK
02 Reporting period for the subsidiary concerned	31-03-2016	31-03-2016	31-03-2016
03 Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries			
I) Reporting Currency	INR	USD	GBP
ii) Exchange Rate	N.A	66.333	95.088
04 Share Capital	15.84	5,638.30	5,879.81
05 Reserves & Surplus	(19.71)	(9,200.24)	471.24
06 Total Assets	0.21	3,797.22	15,991.19
07 Total Liabilities	0.21	3,797.22	15,991.19
08 Investments	—	—	—
09 Turnover	—	1,414.09	24,068.45
10 Profit / Loss Before Tax	(0.36)	(2,747.19)	594.51
11 Provision for Tax	—	—	85.07
12 Profit / Loss after Tax	(0.36)	(2,747.19)	509.44
13 Proposed Dividend including Dividend declared during the year.	—	—	—
14 % of shareholding	100%	100%	100%



### Part "B": Associates and Joint Venture

(Rs. in Lacs)

01	Names of Associates and Joint Venture	Rich Rice Raiser Factory LLC	AL Dahra Khinoor LLC.	AL Dahra Kohinoor Industries LLC
02	Latest Audited balance sheet date	31-03-2015	31-12-2015	Refer Note A
03	Shares of Associates/ joint ventures the company on the year end:			
	Number of shares	75	60	60
	Amount of Investment in Associates/ joint Venture	9.42	10.06	10.06
	Extent of Holding	25%	20%	20%
04	Discription of how there is significant influence	Due to percentage of Share Holding	Due to percentage of Share Holding	Due to percentage of Share Holding
05	Reson why the associates/ Joint venture is not consolidated	N/A.	N/A.	Refer Note A
06	Net worth attributable to Shareholding as per latest audited balance sheet	(656.39)	24.65	Refer Note A
07	Profit/Loss for the year			
	(i) Considered in consolidation	(526.54)	(171.20)	
	(ii) Not Considered in consolidation	(1,579.61)	(684.81)	

Note A- As per explanation received from the management of Associate, Al Dahra Kohinoor Industries LLC does not have any books of accounts and that entity was created to get Industrial license only and no business activity is carried in that.

Sd/-

**SATNAM ARORA**  
JT. MG. DIRECTOR  
DIN NO. 00010667

Faridabad  
30-May-2016

Sd/-

**GURNAM ARORA**  
JT. MG. DIRECTOR  
DIN NO. 00010731

Sd/-  
**RAMA KANT**  
COMPANY SECRETARY

Sd/-

**PRABHAT KUMAR**  
C.F.O

### INDEPENDENT AUDITOR'S REPORT

To

The Members of Kohinoor Foods Limited

#### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Kohinoor Foods Limited (hereinafter referred to as "the Holding Company") and its subsidiaries, its associates and jointly controlled entities (collectively referred to as "the company" or "the Group"), comprising of the Consolidated Balance Sheet as at 31st March, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

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

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associates and Jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the 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 financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.



### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the consolidated state of affairs of the Group, its associates and jointly controlled entities as at 31st March, 2016, and their consolidated profit/loss and their consolidated cash flows for the year ended on that date.

### Emphasis of Matter

We draw attention to the following matters.

1. The auditor of Rich Rice Raisers Factory LLC has given Qualified opinion on Note-13 to the financial statement of Rich Rice Raisers Factory LLC that Admin expense amounting to Dhs.11,095,678/- are as certified by the management without any supporting documents. Consequently, the auditor was unable to determine whether any adjustments to these amounts were necessary.
2. Note-38(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.
3. Note- 24 to the financial statements regarding the managerial remuneration paid to certain Directors of the company during the period from April 2015 to March 2016 in excess of the limit specified in the section 197 of the companies act, 2013, which is subject to approval of the central government. The company is in the process of obtaining the requisite approval from the central government for such excess remuneration.
4. As per information and explanation provide by the management Aldhara Kohinoor Industrial LLC is an extended arm of Aldhara Kohinoor LLC which is incorporated only for industrial licence purpose. It has been further informed by the management that no books of accounts have been maintained by Aldhara Kohinoor industrial LLC and therefore the company has not considered it while consolidating its financial statement. Consequently we are unable to determine whether any adjustment in this account was necessary.

### Other Matters

- a) We did not audit the financial statements / financial information of three subsidiaries and one jointly controlled entity, whose financial statements / financial information reflect total assets of Rs.20819.21 Lakh as at 31st March, 2016, total revenues of Rs.25482.54 Lakh and net cash flows decrease amounting to Rs 869.32 Lakh for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements includes the Group's share of net Loss of Rs 2764.64 Lakh for the year ended 2016, as considered in the consolidated financial statements, in respect of subsidiaries and jointly controlled entity. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and our report in terms of sub-sections (3) and(11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, jointly controlled entities and associates, is based solely on the reports of the other auditors.
- b) The consolidated financial statements also includes the Group's share of net Loss of Rs 10.06 Lakh for the year ended 2016, as considered in the consolidated financial statements, in respect of one associates, based on their audited financial statements as at end for the period ended 31st December, 2015.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

### Report on Other Legal and Regulatory Requirements

1. As required by Section143(3) of the Act, we report, to the extent applicable, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of



the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate companies and jointly controlled companies incorporated in India, none of the directors of the Group companies, its associate companies and jointly controlled companies incorporate in India is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and jointly controlled entities— Refer Note 38(a)(i) to the consolidated financial statements.

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts — Refer Note 5 and 9 to the consolidated financial statements in respect of such items as it relates to the Group, its associates and jointly controlled entities.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, associate companies and jointly controlled companies incorporated in India.

Delhi  
30-May-2016

**For RAJENDER KUMAR SINGAL & ASSOCIATES LLP**  
(CHARTERED ACCOUNTANTS)  
FRN : 016379N  
Sd/-  
**(PANKAJ GUPTA)**  
PARTNER  
Membership No. 094909

### Annexure - A to the Auditors' Report

#### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting of Kohinoor Foods Limited ("the Holding Company") and its subsidiary companies which are companies incorporated in India, as of that date.

#### Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies



Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Delhi  
30-May-2016

**For RAJENDER KUMAR SINGAL & ASSOCIATES LLP**  
(CHARTERED ACCOUNTANTS)  
FRN : 016379N  
Sd/-  
**(PANKAJ GUPTA)**  
PARTNER  
Membership No. 094909





### CONSOLIDATED BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2016

(Rs. In Lacs)

PARTICULARS	NOTE	AS AT 31-March-2016	AS AT 31-March-2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's Fund</b>			
Share Capital	2	3,524.15	3,524.15
Reserve and Surplus	3	31,178.50	33,805.84
		34,702.65	37,330.00
<b>Non-Current Liabilities</b>			
Long Term Borrowings	4	2,183.85	1,882.82
Long Term Provisions	5	278.30	239.09
		2,462.15	2,121.91
<b>Current Liabilities</b>			
Short Term Borrowings	6	94,611.82	88,801.86
Trade Payables	7	9,451.67	5,750.96
Other Current Liabilities	8	6,222.70	28,376.82
Short Term Provisions	9	123.88	19.18
		110,410.07	122,948.82
<b>TOTAL</b>		<b>147,574.87</b>	<b>162,400.72</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets	10		
Tangible Assets		12,508.59	12,306.96
Intangible Assets		55.51	55.51
Capital Work-in-Progress		23.91	68.92
		12,588.01	12,431.39
Non-Current Investments	11	4,274.02	4,355.69
Deferred tax assets (net)	12	3,649.04	3,675.12
Long Term Loans and Advances	13	2,078.57	2,171.28
		10,001.63	10,202.10
<b>Current Assets</b>			
Inventories	14	104,708.12	115,503.33
Trade Receivables	15	15,043.02	16,946.90
Cash and Bank Balances	16	1,284.79	2,304.32
Short Term Loans and Advances	17	3,873.64	4,972.62
Other Current Assets	18	75.66	40.06
		124,985.23	139,767.23
<b>TOTAL</b>		<b>147,574.87</b>	<b>162,400.72</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

Sd/-  
**SATNAM ARORA**  
**JT. MG. DIRECTOR**  
DIN NO. 00010667

Sd/-  
**GURNAM ARORA**  
**JT. MG. DIRECTOR**  
DIN NO. 00010731

Faridabad  
30-May-2016

Sd/-  
**PRABHAT KUMAR**  
**C.F.O**

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



### CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2016 (Rs. In Lacs)

PARTICULARS	NOTE	FOR THE YEAR ENDED 31-March-2016	FOR THE YEAR ENDED 31-March-2015
<b>INCOME</b>			
Revenue from Operations	19	130,045.31	133,471.45
Other Income	20	434.78	360.78
Total Revenue		130,480.09	133,832.24
<b>EXPENDITURE</b>			
Cost of Material Consumed	21	83,080.82	93,721.66
Purchases of Stock-in-Trade	22	11,821.87	16,729.55
Changes of Inventories of Traded Goods	23	2,893.31	1,695.59
Employee Benefits Expenses	24	3,567.59	2,962.81
Finance Costs	25	10,410.16	10,523.83
Depreciation and Amortisation Expenses	10	1,533.76	2,045.62
Other Expenses	26	16,909.24	18,058.13
Total Expenses		130,216.76	145,737.19
<b>Profit Before Extra Ordinary items</b>		<b>263.33</b>	<b>(11,904.95)</b>
Extra Ordinary Items	27	2,500.00	—
<b>Profit Before Tax</b>		<b>(2,236.67)</b>	<b>(11,904.95)</b>
Tax Expenses			
Current Tax		189.11	—
Less :- MAT credit entitlement		92.36	—
Income Tax for Prior Years			9.48
Deferred Tax		59.96	(2,472.19)
<b>Profit for the year</b>		<b>(2,393.37)</b>	<b>(9,442.24)</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]		0.30	(26.79)
Earnings per equity share after extra ordinary items of face value of Rs. 10 each Basic and Diluted (in Rs.) [Refer note no. 32]		(6.79)	(26.79)

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 Rajender Kumar Singal & Associates LLP.**

**Chartered Accountants**

FRN : 016379N

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

**Sd/-**  
**(PANKAJ GUPTA)**  
**PARTNER**  
Membership No: 094909

**Sd/-**  
**SATNAM ARORA**  
**JT. MG. DIRECTOR**  
DIN NO. 00010667

**Sd/-**  
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Faridabad  
30-May-2016

**Sd/-**  
**PRABHAT KUMAR**  
**C.F.O**

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



Consolidated Cash Flow Statement for the year ended 31th March 2016		(Rs. In Lacs)
PARTICULARS	FOR THE YEAR ENDED 31-March-2016	FOR THE YEAR ENDED 31-March-2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax & extra ordinary items	263.33	(11,904.95)
Adjustments for :		
Depreciation	1,533.76	2,045.62
Interest paid	10,410.16	10,523.83
Interest received	(63.71)	(60.63)
Dividend Received form key Man Insurance Policy	(70.98)	(10.74)
Net gain/loss on sale of Investment	19.48	—
Dimunition in the Value of Investment	—	—
<b>Operating profit before working capital changes</b>	<b>12,092.04</b>	<b>593.13</b>
Adjustments for :		
Debtors	1,903.88	10,638.36
Inventories	10,795.21	7,831.53
Current Liabilities & Provision	(18,309.50)	(4,926.37)
Direct taxes	(96.75)	(9.48)
Un realized Foreign exchange Gain/Loss	(277.25)	245.44
<b>Cash flow before exceptional and extra ordinary items</b>	<b>6,107.63</b>	<b>14,372.61</b>
Extra ordinary items	—	—
Extra ordinary items	(2,500.00)	—
<b>Net cash from operating activities</b>	<b>3,607.63</b>	<b>14,372.61</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets and change in Capital work in progress	(1,690.38)	(374.00)
Sale of Investments	71.61	69.89
Loans & advances and other current assets	1,156.09	16.96
Interest Received	63.71	60.63
Dividend Received from Key Man Insurance Policy	70.98	10.74
<b>Net cash from Investing activities</b>	<b>(328.00)</b>	<b>(215.78)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of Share Capital	—	—
Proceeds from short term borrowings	5,809.96	(670.02)
Repayment of long term borrowing	301.03	(2,970.16)
Interest paid	(10,410.16)	(10,523.83)
<b>Net cash flow from financing activities</b>	<b>(4,299.16)</b>	<b>(14,164.00)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(1,019.53)</b>	<b>(7.18)</b>
- Cash & Cash equivalent at beginning of the year	2,304.32	2,311.50
- Cash & Cash equivalent at end of the year *	1,284.79	2,304.32
* Cash & Cash equivalent include :		
Restricted Bank Balance ( In dividend accounts)	—	—
FDR/Margin money with Bank	573.04	702.20

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**

Membership No: 094909

**Sd/-**  
**SATNAM ARORA**  
**JT. MG. DIRECTOR**  
DIN NO. 00010667

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Faridabad  
30-May-2016

**Sd/-**  
**PRABHAT KUMAR**  
**C.F.O**

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



### 1. SIGNIFICANT ACCOUNTING POLICIES

#### a) Basis of Preparation of Consolidated Financial Statements :

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 generally accepted Accounting Principles in India including Accounting Standards notified under the relevant provisions of the Companies Act, 2013 to the extent applicable, as adopted consistently by the company.

The financial statements of Kohinoor Foods Ltd ("Holding Company or KFL") together with its subsidiaries, Joint Venture and Associates (herein after collectively referred to as "Group") are consolidated to form Consolidated Financial Statements (CFS).

Consolidated Financial Statements consolidate the financial statements of KFL, its subsidiaries and its Joint Venture and Associates listed below.

A. Subsidiaries	Country of Incorporation	% of Ownership
<b>Wholly Owned Subsidiary (WOS)</b>		
Sachdeva Brothers Pvt. Ltd.	India	100%
Indo European Food Ltd	United Kingdom	100%
Kohinoor Foods USA Inc.	USA	100%
<b>B. Joint Venture</b>		
Rich Rice Raisers Factory LLC.	UAE	25%
<b>C. Associates</b>		
AL Dahra Kohinoor LLC.	UAE	20%
AL Dahara Kohinoor Industries LLC.	UAE	20%

#### b) Principles of Consolidation :

The Financial Statements of foreign subsidiaries and the joint venture and Associates, 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.

The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, Liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS) 21- "Consolidated Financial Statements".

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.

Investment in associates has been accounted under the equity method of consolidation in accordance with Accounting Standard-23. "Accounting for Investments in Associates in Consolidated Financial Statements"

The reporting date of all the subsidiaries and joint venture is same as that of holding company i.e 31st March 2016. However the reporting date for Associate company Al Dahra Kohinoor LLC is 31st December 2015, the audited accounts for the year ended on that date have been considered for the purpose of consolidation.

#### 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 II to the Companies Act, 2013. The depreciation rates which are different from the principal rates specified in Schedule-II 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.

#### ii) Indo European Foods Limited :

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%
---------	-------

#### 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.

**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:**

l) 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.

### **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.



### NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2016

(Rs. In Lacs)

PARTICULARS	AS AT 31-March-2016	AS AT 31-March-2015
<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 35,241,530)	3,524.15	3,524.15
Equity Shares of Rs. 10/- each fully paid-up		
	<u>3,524.15</u>	<u>3,524.15</u>
a) The reconciliation of the number of shares outstanding is set out below:		
Number of Equity Shares at the beginning of the year	35,241,530	35,241,530
Number of Equity Shares issued during the year		—
Number of Equity Shares at the end of the year	35,241,530	35,241,530
b) Shareholders holding more than 5 percent shares in the Company :		
	<b>As At 31-March-2016</b>	<b>As At 31-March-2015</b>
	<b>No. of Shares</b>	<b>No. of Shares</b>
	<b>% holding</b>	<b>% holding</b>
(1) Jugal Kishore Arora	6,043,484	6,043,484
(2) Satnam Arora	5,378,923	5,378,923
(3) Gurnam Arora	6,098,889	6,098,889
(4) M/s Al Dahra International Investments LLC	7,048,306	7,048,306
c) <b>Terms/Rights attached to equity shares</b>		
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.		
<b>3. RESERVE AND SURPLUS</b>		
	<b>AS AT 31-March-2016</b>	<b>AS AT 31-March-2015</b>
<b>Capital Reserve</b>		
As per last Balance Sheet	767.01	
Add:- Adjustment in the value of Investment in Rich Rice Raisers LLC.	9.42	
	<u>776.42</u>	767.01
<b>Securities Premium Account</b>		
As per last Balance Sheet	14,549.43	14,549.43
<b>General Reserve</b>		
As per last Balance Sheet	11,171.17	11,266.94
Less: Adjustment relating to fixed assets (Refer Note 10)	<u>---</u>	<u>95.77</u>
	11,171.17	11,171.17
<b>Revaluation Reserve</b>	375.77	375.77
<b>Surplus from Statement of Profit &amp; Loss</b>		
As per last Balance Sheet	11,413.07	20,855.31
Add: Profit during the year	(2,393.37)	(9,442.24)
	<u>9,019.70</u>	<u>11,413.07</u>
<b>Foreign Currency Translation Reserve</b>		
As per last Balance Sheet	(4,470.60)	(4,386.84)
Add: Exchange fluctuation during the year	(243.38)	(83.77)
	<u>(4,713.99)</u>	<u>(4,470.60)</u>
	<u>31,178.50</u>	<u>33,805.84</u>



	AS AT 31-March-2016	(Rs. In Lacs) AS AT 31-March-2015
<b>4. LONG TERM BORROWINGS</b>		
<b>Secured Loans</b>		
Term Loans from Banks	—	973.33
Term Loans from Other Parties	354.36	—
Long Term maturity of Finance Lease obligations	122.36	22.83
	<u>476.72</u>	<u>996.16</u>
<b>Unsecured Loans</b>		
Loan from Promoters	1,500.00	—
Loans from Related Party	207.13	886.65
	<u>1,707.13</u>	<u>886.65</u>
	<u>2,183.85</u>	<u>1,882.82</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	165.74	973.33
2-3 Years	188.62	—
	<u>354.36</u>	<u>973.33</u>
b) Term Loans carry interest rate of 13% P.A. (Previous year different interest rates ranging from 5.5% to 13.5% per annum.)		
c) Term loan from banks(including current maturities) are secured by :-		
(i) Secured by charge on Fixed Assets Financed against the loan.	600.00	1,200.00
(ii) Secured by Charge on third party property.	500.00	250.00
(iii) Secured by Charge on head office premises at Surajkund	—	254.35
<b>5. LONG TERM PROVISIONS</b>		
Provision for Employee Benefit		
Provision for Gratuity	278.30	239.09
	<u>278.30</u>	<u>239.09</u>
<b>6. SHORT TERM BORROWINGS</b>		
<b>Secured</b>		
Loan repayable on Demand from Banks	87,981.66	88,696.13
Buyers Credit	—	—
<b>Unsecured</b>		
Overdraft in Current Account	1,549.48	105.73
Loan from Promoters	5,080.67	—
	<u>94,611.82</u>	<u>88,801.86</u>
a) Loan repayable on Demand from Banks include the followings		
Pre-Shipment	52,533.04	49,524.43
Post - Shipment	2,032.32	6,855.91
Working Capital Demand Loan	—	7,020.02
Cash Credit	30,732.81	22,306.40
Suppliers Bill Discounting	2,683.50	2,989.37
	<u>87,981.66</u>	<u>88,696.13</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)		



	AS AT 31-March-2016	(Rs. In Lacs) AS AT 31-March-2015
<b>7. TRADE PAYABLE</b>		
-Due to Micro, Small and Medium Enterprises	—	—
-Due to Others	9,451.67	5,750.96
	<u>9,451.67</u>	<u>5,750.96</u>
<b>8. OTHER CURRENT LIABILITIES</b>		
Current maturities of long-term debt (Secured)	745.64	1,104.35
Current maturities of long-term debt (Unsecured)	—	—
Current maturities of finance lease obligations	59.26	16.23
Interest Accrued and due on borrowings	26.51	170.74
Advance received from customers	2,715.31	25,327.82
Statutory Liabilities	175.41	150.05
Employees Benefit Payable	180.00	84.74
Other Liabilities	2,320.58	1,522.88
	<u>6,222.70</u>	<u>28,376.82</u>
<b>9. SHORT TERM PROVISIONS</b>		
<u>Provision for employee benefits</u>		
Provision for gratuity	19.84	17.67
<u>Other provisions</u>		
Income Tax [Refer note no.38]	104.04	—
Wealth Tax	---	1.51
	<u>123.88</u>	<u>19.18</u>

### 10. FIXED ASSETS

(Rs. In Lacs)

Particulars	Gross Block				Depreciation						WDV		
	As At 31-03-2015	Additions	Dele- tions	Translation Reserve	Total As at 31-03-2016	31-03-2015	D/Y as per Sch II	Adjusted from General Reserve	Deletions/ Adjust- ments	Translation Reserve	As at 31-03-2016	As At 31-03-2016	As At 31-03-2015
TANGIBLE ASSETS													
LAND	940.95	—	—	36.78	977.24	—	—	—	—	—	—	977.74	940.95
FACTORY BUILDING	3,045.85	746.60	—	—	3,792.65	1,708.17	161.33	—	—	—	1,869.50	1,923.16	1,337.69
OFFICE BUILDING	5,559.72	—	125.26	97.63	5,532.09	509.09	138.34	—	125.25	8.73	530.90	5,001.19	5,050.63
PLANT & MACHINERY AND OFFICE EQUIPMENTS	13,750.11	521.31	736.97	81.58	13,616.03	9,355.97	989.96	—	734.34	50.31	9,661.90	3,954.13	4,394.14
FURNITURE & FIXTURE	814.25	17.13	184.16	14.42	661.64	567.68	64.84	—	176.65	11.44	467.30	194.34	246.57
WOODEN, PLASTIC CREATES & TARPAULINS	100.62	59.73	—	—	160.35	88.66	32.96	—	—	—	121.62	38.73	11.96
COMPUTERS	235.45	10.26	44.78	0.92	201.85	218.33	14.17	—	44.78	0.92	188.64	13.21	17.12
VEHICLES <sup>(i)</sup>	1,319.49	236.24	230.41	14.59	1,339.91	1,011.58	132.18	—	224.23	14.27	933.80	406.10	307.91
SUBTOTAL	25,766.45	1,591.46	1,321.59	245.93	26,282.25	13,459.48	1,533.76	—	1,305.27	85.67	13,773.65	12,508.59	12,306.96
INTANGIBLE ASSETS													
GOODWILL	55.51	—	—	—	55.51	—	—	—	—	—	—	55.51	55.51
DEFERRED MARKETING EXPENSES	853.73	—	853.73	—	—	853.73	—	—	853.73	—	—	—	—
SUBTOTAL	909.24	—	853.73	—	55.51	853.73	—	—	853.73	—	—	55.51	55.51
GRAND TOTAL	26,675.69	1,591.46	2,175.33	245.93	26,337.76	14,313.22	1,533.76	—	2,159.00	85.67	13,773.65	12,564.10	12,362.47
Previous Year	26,722.41	333.92	51.23	(329.41)	26,675.69	12,624.89	2,045.62	95.77	393.34	(59.72)	14,313.22	12,362.47	14,097.52

### CAPITAL WORK IN PROGRESS

(Rs. In Lacs)

Particulars	Gross Block		
	As at 01-03-2015	Addition Capitalisation during the year	As at 31-03-2016
Machinery WIP	41.04	51.40	92.45
Electric Installation WIP	24.88	7.22	32.10
Building WIP	3.00	28.72	7.80
<b>TOTAL</b>	<b>68.92</b>	<b>87.34</b>	<b>132.35</b>
<b>PREVIOUS YEAR</b>	101.27	61.39	93.74

Note:

\* Vehicles include the financial leased vehicles.



	AS AT 31-March-2016	(Rs. In Lacs) AS AT 31-March-2015
<b>11. NON-CURRENT INVESTMENTS</b>		
Trade Investment		
Investment in Unquoted Equity Instruments		
Associates Companies		
Al Dhara Kohinoor Industries LLC	10.06	—
Al Dhara Kohinoor LLC	10.06	
Less : Adjustment for Post acquisition Losses*	10.06	—
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		
Investment in Quoted Equity Instruments		
Anu Laboratories Ltd.	0.62	0.62
5,940 (Previous year - 5,940) shares of Rs. 1 each. Fully paid up		
Investment in Property	42.47	134.21
	4,274.02	4,355.69
a) Aggregate amount of Quoted investments	0.62	0.62
Aggregate amount of Market value of Quoted investments	0.01	0.01
Aggregate amount of un-quoted investments	4,273.39	4,355.07
b) All the Non-current investments are carried at cost		
* The Investment in Associates is adjusted with holding company's share in the post acquisition losses of the Associates.		
<b>12. DEFERRED TAXASSETS (NET)</b>		
Disallowance under Income tax act, 1961	101.34	87.27
Related to fixed assets	(124.35)	(186.38)
Related to business loss	3,672.05	3,774.23
	3,649.04	3,675.12
<b>13. LONG TERM LOAN AND ADVANCES</b>		
(Unsecured, Considered Good)		
Capital Advances	—	33.36
Security Deposit	157.72	189.80
Loan and advances to related parties	1,529.90	1,441.25
Deferred Marketing Expenditure	390.96	506.86
Total	2,078.57	2,171.28
a) Loans And Advances To Related Parties		
To Joint Venture		
Rich Rice Raisers Factory LLC.*	1,529.90	1,441.25
	1,529.90	1,441.25

\* The loan and advances are provided for general business purpose.

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



	AS AT 31-March-2016	(Rs. In Lacs) AS AT 31-March-2015
<b>14. INVENTORIES*</b>		
(As taken, valued and certified by the Management)		
Raw Material	5317.04	16,294.89
Finished Goods	90815.60	962,87.65
Stock in Transit	7,409.90	1,306.22
Stores and Spares	213.36	234.93
Packing Materials	9,52.21	1,379.64
	104,708.12	115,503.33
*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	2,457.19	5,804.57
Others	9,767.81	11,142.33
	12,225.00	16,946.90
(Unsecured, Considered Doubtful)		
Outstanding for a period exceeding six months	799.76	—
Others	2,018.27	—
	1,5043.02	16,946.90
<b>16. CASH &amp; BANK BALANCES</b>		
<b>Cash &amp; Cash Equivalents</b>		
Balances with Banks in Current Accounts	667.35	1,548.95
Cash in Hand	44.40	53.18
	711.75	1,602.13
<b>Other Bank Balances</b>		
Fixed deposits as Margin Money With Banks	573.04	702.20
	573.04	702.20
	1,284.79	2,304.32
<b>17. SHORT TERM LOAN AND ADVANCES</b>		
(Unsecured considered good)		
Staff Advance	20.18	21.04
Loan and Advances to Related Parties*	—	623.48
Pre-paid Expenses	159.03	333.16
Advance against Purchases	139.12	688.28
Advance Tax	2,238.16	2,228.88
MAT Credit Entitlement	546.33	453.97
Others	770.82	623.80
	3,873.64	4,972.62
<b>* Loans and advances to related parties include the following:</b>		
- Sunny General Trading	—	623.48

		(Rs. In Lacs)
	As At 31-March-2016	As At 31-March-2015
<b>18. OTHER CURRENT ASSETS</b>		
(Unsecured, Considered Good)		
Interest accrued but not due on bank deposits	75.66	40.06
	<u>75.66</u>	<u>40.06</u>
<b>19. REVENUES FROM OPERATIONS</b>		
Sales of Products	129,973.44	133,289.32
Other Operating Revenues	71.87	182.13
	<u>130,045.31</u>	<u>133,471.45</u>
<b>a) Sales of Products</b>		
Rice	119,005.13	117,653.89
Foods	8,792.26	6,806.58
Others Products	2,176.04	8,277.20
	<u>129,973.44</u>	<u>133,289.32</u>
<b>b) Other Operating Revenues</b>		
Sale of Scrap	17.30	90.58
Duty Drawback/Sale of License	54.57	91.55
	<u>71.87</u>	<u>182.13</u>
<b>20. OTHER INCOME</b>		
Income from Key man Insurance Policy	70.98	10.74
Interest Income	63.71	60.63
Miscellaneous Income	297.67	289.42
Profit on Sale of Assets	2.43	—
	<u>434.78</u>	<u>360.78</u>
<b>21. COST OF MATERIAL CONSUMED</b>		
Opening Stock	110,744.42	117,010.72
Add: Purchases	75,324.33	87,455.36
Less Closing Stock	<u>102,987.93</u>	<u>110,744.42</u>
	<u>83,080.82</u>	<u>93,721.66</u>
<b>22. PURCHASE OF STOCK IN TRADE UNDER BROAD HEADS</b>		
Rice	4,123.87	3,822.09
Foods	5,490.96	6,498.91
Others Products	2,207.05	6,408.55
	<u>11,821.87</u>	<u>16,729.55</u>



	As at 31-March-2016	(Rs. In Lacs) As at 31-March-2015
<b>23. CHANGES OF INVENTORIES OF TRADED GOODS</b>		
Opening Stock	3,447.92	5,143.52
Closing Stock	554.61	3,447.92
	<u>2,893.31</u>	<u>1,695.59</u>
<b>24. EMPLOYEE BENEFIT EXPENSES</b>		
Staff Salaries	2,842.54	2,232.68
Director's Remuneration	378.64	406.93
Gratuity	56.50	51.67
Bonus	42.61	44.66
Staff Welfare	123.13	114.00
Employer's Contribution to P.F. & ESI	124.17	112.87
	<u>3,567.59</u>	<u>2,962.81</u>
<b>25. FINANCE COST</b>		
Interest Expense*	9,589.91	9,688.10
Other Bank Charges	176.45	70.37
Other Borrowing Cost	643.80	765.36
	<u>10,410.16</u>	<u>10,523.83</u>
*Interest cost for the year includes exchange difference of Rs. 945.51 Lacs (270.50 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	363.46	278.56
Packing Materials Consumed	3,494.48	3,480.11
Wages	538.12	608.03
Processing Charges	—	20.09
Repair to Machinery	198.18	153.24
Warehouse Expenses	109.53	327.67
Consumables & Stores Consumed	149.95	153.05
Power & Fuel	1,062.25	1,010.60
Brokerage & Commission	10.36	7.41
	<u>5,926.33</u>	<u>6,038.76</u>
<b>b) Administrative Expenses</b>		
Payment to Auditors		
-Statutory Audit Fee	38.37	33.00
-Tax Audit Fee	5.15	4.00
-Other Matters	5.77	4.99
Postage, Telegram and Telephone	114.44	137.10
General Expenses^	249.58	189.22
Legal and Professional Charges	594.06	444.45
Loss on sale of Asset	—	0.41
Utilities	148.95	161.23
Electricity Expenses	11.73	—
Rate and Taxes	67.17	59.22
Other Taxes Paid	23.84	69.67
Charity and Donation	14.26	22.96
Vehicle Maintenance	148.53	256.26
Printing and Stationery	57.23	55.79
Fumigation Expenses	103.79	90.92



		(Rs. In Lacs)
	For the Year Ended 31-March-2016	For the Year Ended 31-March-2015
Insurance Charges	191.63	304.17
Conveyance	45.37	47.25
Membership & Subscription	23.46	25.72
Traveling Expenses (Directors)	113.06	129.38
Traveling Expenses (Others)	250.94	195.32
Research & Development	30.66	48.64
Rent	362.49	605.11
Staff Recruitment Expenses	—	11.83
Dimunition in the Value of Investment	19.48	—
Bad Debts	1,196.47	618.88
Hire of Equipments	56.51	46.72
Repairs to Building	145.92	123.09
Repairs to Others	278.86	276.32
Vendor Charge Back	—	35.18
Foreign Exchange Loss	118.04	(303.82)
	<u>4,415.77</u>	<u>3,693.01</u>

^^ Expenses incurred during the year on registration of trade mark amounting to Rs. 0.19 Lacs (Previous year: Rs 4.11 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	660.91	938.28
Business Promotion	372.70	602.75
Rebate & Discount	17.88	0.88
Ocean Freight	1,505.31	2,128.93
Expenses Against Export	161.47	182.62
Brokerage & Commission on Sales	47.69	137.61
Clearing and Forwarding	3,801.18	4,335.29
	<u>6,567.13</u>	<u>8,326.36</u>
	<u>16,909.24</u>	<u>18,058.13</u>

### 27. Extra Ordinary Items

During the year, the Parent Company (KFL) entered into settlement agreement with Punjab National Bank (PNB) in respect of liability on account of Derivative transactions. The liability is settled for Rs. 25.00 Crores against the total amount which has been shown in the previous year balance sheet under contingent liabilities at Rs. 27.49 Crore. After this settlement, now there is no contingent liability on account of derivative transactions with any bank.

### 28. Outstanding forward exchange contracts entered by the company for the purpose of hedging its foreign currency exposures are as under:

- As required under AS-11 the company has no outstanding Forward contracts as on 31st March 2016. The company had outstanding Forward contracts as on 31st March 2015 and there was Marked to Market (MTM) unrealized gain on forward contracts of Rs.22.06 Lacs, which had 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, 2016	Fair value as at 31 <sup>st</sup> March, 2016	Fair value as on 31 March 2015	Fair value as on 31 March 2015
USD	INR	-	-	40.00	2,561.15
GBP	INR	-	-	5.00	473.90

### 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) Joint Venture
  - Rich Rice Raisers Factory LLC.- Dubai
- ii) Associates of the Company
  - Al Dhara Kohinoor Industries LLC
  - Al Dhara Kohinoor LLC
- ii) 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
- iii) 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
  - 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/ Asscoiates	Key management personnel and their relatives	Enterprises over which Key management Personnel exercise significant influence
<b>Transactions during the year</b>			
- Sale of products	19,920.88		
- Remuneration		564.53 (572.07)	
- Advance Received	2,147.15 (155.12)		— ---
- Expenses	—		0.56 —



- Expenses Reimbursement to the related party	— (0.12)		
- Payment of Royalty	—		59.21 (59.51)
- Loan from Related Party		6,580.67	
- Repayment of Loan/Advance given		—	— (39.93)
Repayment of Loan provided by related party		—	—
Balance Written Back	155.12	(1,471.80)	(692.89)
	—		
<b>Balances outstanding at the year end:-</b>			
- Loans/Advances	1,529.90 (1,441.25)		— (623.48)
- Loan from Related Party		6,580.67 (468.64)	207.13 (725.00)
- Advance form Customer	2,147.15 (155.12)		

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

	As at 31-March-2016	(Rs. In Lacs) As at 31-March-2015
<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	129.28	136.89
Amount payable later than one year but not later than five years	318.60	336.32
Amount payable later than five years	252.34	Nil
	<u>700.22</u>	<u>473.21</u>
The companies have entered into operating lease agreements that are renewable on a periodic basis and cancelable at company's option.		
The companies have not entered into sublease agreements in respect of these leases.		
<b>31.2</b> The companies have 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	74.28	19.57
Amount payable later than one year but not later than five years	137.11	24.47
Amount payable later than five years	Nil	Nil
	<u>211.39</u>	<u>44.04</u>
<b>b) Present value of (a) above :-</b>		
Amount payable not later than one year	59.26	16.23
Amount payable later than one year but not later than five years	122.36	22.83
Amount payable later than five years	Nil	Nil
	<u>181.61</u>	<u>39.06</u>
<b>c) Finance Charges</b>	29.77	4.97



	AS AT 31-March-2016	(Rs. In Lacs) AS AT 31-March-2015
<b>32. Disclosures under Accounting Standard 20 on "Earning Per Share":</b>		
<b>a) <i>a) Calculation of Weighted Average number of equity</i></b>		
<b>For Basic/Diluted EPS</b>		
No. of Shares at the beginning of the year	35,241,530	35,241,530
Equity Shares issued during the year	—	—
Total number of equity shares outstanding at the end of the year	35,241,530	35,241,530
Weighted Average number of equity shares outstanding during the year.	35,241,530	35,241,530
<b>b) <i>Net Profit after tax available for equity shareholders</i></b>		
Before Extra Ordinary item	106.63	(9,442.24)
After Extra Ordinary Item	(2,393.37)	(9,442.24)
Earnings per share (face value per share Rs. 10 each)		
Basic and Diluted: before extra ordinary item (Rs.)	0.30	(26.79)
Basic and Diluted: after extra ordinary item (Rs.)	(6.79)	(26.79)

### 33. Disclosures under Accounting Standard 29, "Provisions, Contingent Liabilities and Contingent Assets" :

	Opening Balance as at 1 <sup>st</sup> April, 2015	Created during the year	Withdrawals/ Deposited	Closing Balance as at 31 <sup>st</sup> March, 2016
Gratuity	256.76	56.50	15.13	298.13
Income Tax	—	104.04		104.04
Wealth Tax	1.51	—	1.51	—
	258.27	160.54	16.64	402.17

	AS AT 31-March-2016	(Rs. In Lacs) AS AT 31-March-2015
<b>34. Contingent Liabilities</b>		
<b>a) Claims against the company, not acknowledged as debt</b>		
i Income Tax	11,063.77	14,717.77
ii Sales Tax - Delhi	122.00	122.00
iii Excise & Taxation Dep't., Punjab	455.82	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
vii Legal Cases against the Company	4463.94	963.94
viii VAT-Haryana	1,090.72	856.51
<b>b) Surety Bonds issued to Govt. Agencies under EPCG Scheme</b>	1,872.19	1,886.65

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

- i) During the financial year 2015-16, the Assessing officer has passed fresh assessment orders dtd. 29.01.2016 in respect of AY 2002-03 to AY 2008-09 in respect of the issues set aside as per the directions of Hon.'ble ITAT, New Delhi. As a result, the company (KFL) has received substantial relief of Rs. 4681.37 Lacs towards outstanding tax & interest demand on the alleged additions made by the AO in his earlier orders. Finally, the tax and interest demand stand reduced to Rs.590.40 Lacs and Rs.234.38 Lacs for AY2002-03 to AY2008-09 and the same has been adjusted against the amount of Rs.1350.00 Lacs deposited with the Deptt. under protest. However, the Company has still preferred an appeal before the Commissioner of Income Tax (Appeals), New Delhi, which is yet to be heard.

Following appeals are also lying pending for hearing before the Income Tax Appellate Tribunal, New Delhi against the tax demand raised in impugned Income Tax Assessment Orders as per details given below :-

AY		Tax	Interest	Total
2009-10		1789.66	1054.26	2,843.93
2010-11		2331.25	1347.86	3,679.11
2011-12*		902.63	518.36	1,420.98

\*The company has also filed a rectification application before DRP to reconsider its findings.

In respect of Assessment Year 2012-13, the company has received Final order dtd. 09.05.2016, making an addition of Rs. 5855.69 Lacs on which the tax effect is Rs. 2294.97 Lacs. The company is in the process of filing the appeal against the above order before the Commissioner of Income Tax (Appeals), New Delhi.

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 demands 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 of Rs. 122.00 Lacs on sale of REP Licences made in earlier years. .
- iii) Following appeals are also lying pending before the Appellate Authorities/Tribunal, Haryana as mentioned in col.4 against the impugned VAT Assessment Orders/Revision Order passed by the assessing authorities as mentioned in col. 3 of the table given below :-

Particulars		Demand raised (R)	Assessing Authority	Appellate Authority
(Col.1)		(Col.2)	(Col.3)	(Col.4)
Sales Tax Murthal - AY 2008-09		732.35	Revision-Faridabad	Tribunal-Chandigarh
Sales Tax Murthal - Inspection 17.01.2014		25.56	ETO-Sonipat	JETC-Rohtak
Sales Tax - Murthal - AY 2010-11		98.61	ETO-Sonipat	JETC-Rohtak
Sales Tax - Murthal - AY 2011-12		132.21	ETO-Sonipat	JETC-Rohtak
Sales Tax - Murthal - Inspection 13.11.2014		27.09	ETO-Sonipat	JETC-Rohtak
Sales Tax - Murthal - AY 2009-10		28.51	Revision-Faridabad	Tribunal-Chandigarh
Sales Tax - Murthal - AY 2012-13		46.39	ETO-Sonipat	JETC-Rohtak
Total		1,090.72		

- iv) 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.450.41 Lacs towards the cess imposed by the State Govt. on exports. The company(KFL) 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. 5.41 Lacs after completing the Sales Tax assessment for AY 2011-12 against which appeal has been filed.
- v) 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 of Rs. 42.91 Lacs 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
- vi) 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. 259.25 Lacs 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(KFL) has deposited Rs.20.00 Lacs "Under Protest" as per the directions given in the stay order granted by Appellate Tribunal
- vii) During the year, the Company(KFL) entered into settlement agreement with Punjab National Bank (PNB) in respect of liability on account of Derivative transactions. The liability is settled for Rs. 25.00 Crores against the total amount which has been shown in the previous year balance sheet under contingent liabilities of Rs. 27.49 as calculated in last year. After this settlement, now there is no contingent liability on account of derivative transactions with any bank.
- viii) The Board of Trustee of the port of Mumbai has filed a money suit for recovery of Rs. 964.00 Lacs towards alleged outstanding demurrage charges against which the company has filed its counter claim of Rs. 1088.00 Lacs. towards the financial losses, interest on the investment, refund of the license fees, refund of the demurrage charges, compensation and damages etc. The matter is still pending.
- ix) McCormick Switzerland GmbH and Kohinoor Speciality Foods India Pvt. Ltd. (KSF) invoked the Arbitration clause under License Mark and Corporate Name License Agreement and Business Transfer Agreement (BTA), respectively against KFL and its Promoters before London Court of International Arbitration (LCIA) for breach of its obligations under Agreements and to pay to KSF an amount of Rs. 35.00 crores by way of Liquidated damages as provided under BTA. The Company is contesting the same and appointed a leading legal firm in London to represent our case and to protect our interest. KSF also invoked the Arbitration clause under Non Compete and Non Solicitation Agreement, before LCIA against Promoters.

	AS AT 31-March-2016	AS AT 31-March-2015
<b>35. Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account ( Net of advances)	—	—
<b>36. Bank Guarantee given by Bankers on behalf of the Company.</b>	2,103.31	4,607.39
<b>37. During the year no amount of Dividend has been remitted in foreign currency to Non Resident out side India.</b>		
<b>38. Some of the balances of Debtors and Creditors are subject to confirmation.</b>		



## 39. 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.

## 40. 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 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

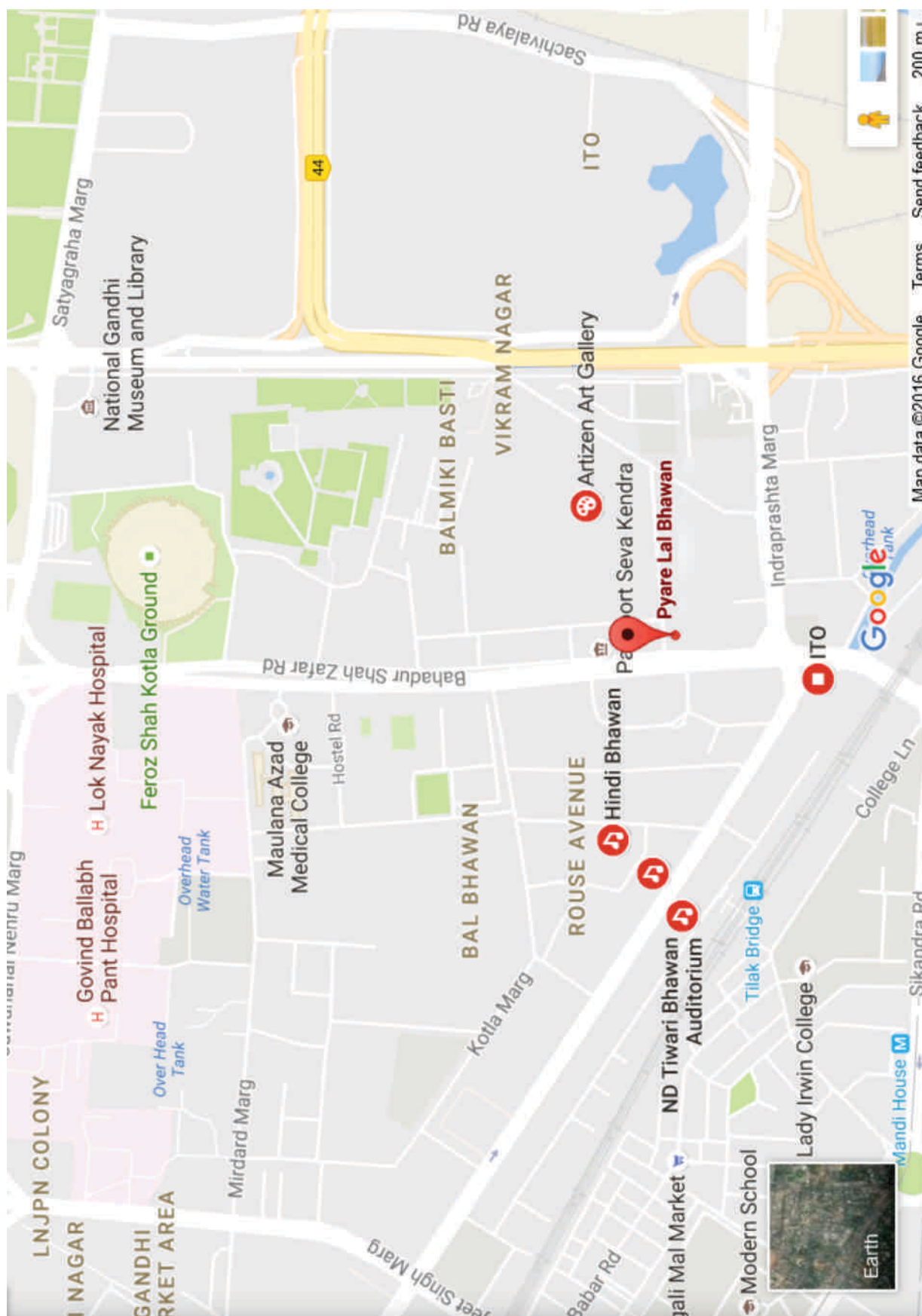
Faridabad  
30-May-2016

**Sd/-  
SATNAM ARORA  
JT. MG. DIRECTOR  
DIN NO. 00010667**

**Sd/-  
PRABHAT KUMAR  
C.F.O**

**Sd/-  
GURNAM ARORA  
JT. MG. DIRECTOR  
DIN NO. 00010731**

**Sd/-  
RAMA KANT  
COMPANY SECRETARY**



 Pyare Lal Bhawan - Bahadur Shah Zafar Marg, ITO, New Delhi-110002





## **Kohínoor Foods Ltd.**

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