



WORLD CUISINES ON YOUR PLATTER

ANNUAL REPORT 2013-2014


Kohinoor
FOODS LIMITED

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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. Road Murthal, Dist. Sonapat (Haryana)
Wholly Owned Subsidiary Companies	: Kohinoor Foods USA INC. 40, Northfield Avenue Edison, NJ 08837
	: Indo European Foods Limited Kohinoor Congress House, 6th Floor, Suite 2, 14 Lyon Road, Harrow, Middlesex, Post Code: HA2 2 EN United Kingdom
	: Sachdeva Brothers Private Limited Pinnacle Business Tower, 10th Floor, Surajkund, Faridabad, (Haryana)-121001
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.
	: Kohinoor Speciality Foods India Pvt. Ltd. 401, Vipps Centre, Masjid Moth Greater Kailash-II, New Delhi-110048
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 (Appointed w.e.f. 14/08/2013)
Mr. Khedaim Abdulla Saeed Faris Alderei	Non-Executive Director (Appointed w.e.f. 05/12/2013)

Company Secretary & GM (Legal) Mr. Rama Kant

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

Cost Auditors M/s. Cheena And Associates
Cost Accountants

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

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

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

Chairman Message



Dear Shareholders,

Greetings

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

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

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

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

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

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

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

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

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

With best wishes,

Sincerely
Sd/-
Jugal Kishore Arora
Chairman



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



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

Directors' Report and Management Discussion & Analysis

(Rs. In Million)

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

Company – In General

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

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

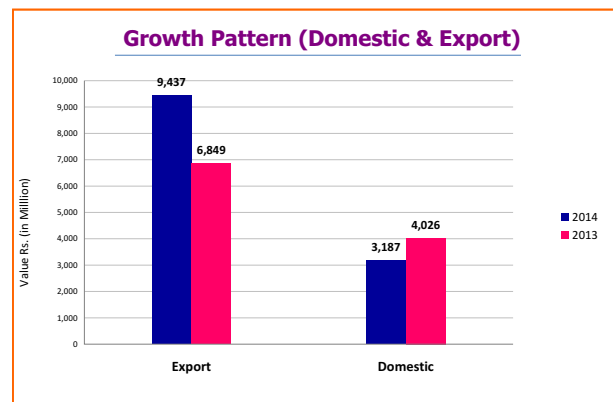
Financial Overview

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

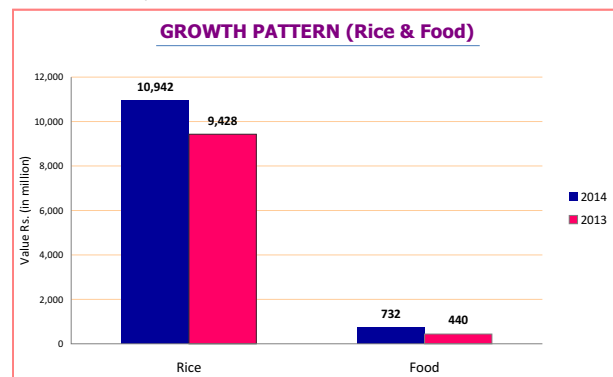
Particulars	FY'14	FY'13
Total Turnover	12649.32	10896.62
Profit Before Interest, Depreciation and Tax (PBITD)	1202.19	1164.632
Profit/(Loss) Before Exceptional and Extra-Ordinary Items	225.02	160.04
Exceptional and Extra Ordinary Items	152.71	0.00
Profit Before Tax	72.30	160.04
Less: Tax Expense	7.21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

Operations:

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



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



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

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



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

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



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

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

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



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

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



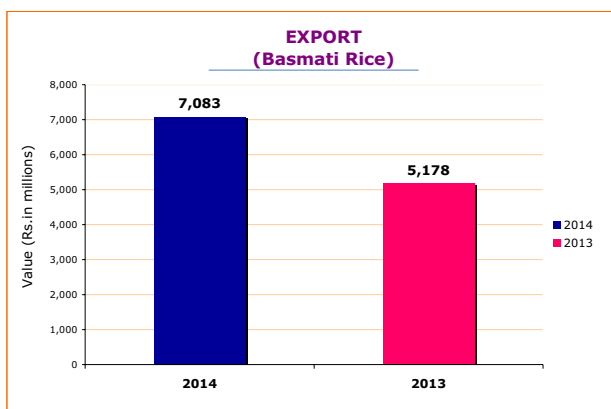
Participants from around the world attending Kohinoor Business Partner's meet in Thailand

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

EXPORT MARKETS

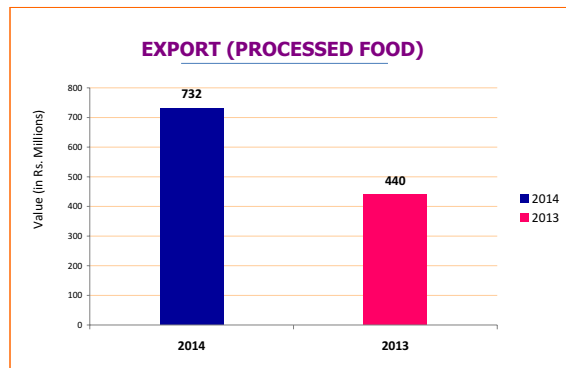
Export- Basmati Rice

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



Export- Processed Food

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



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

Subsidiaries/Joint Venture

UAE Operations

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



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



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

U.K Operations:

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

Induction of fully automatic Packaging Line –

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



Kohinoor range of products on display at Booker Outlet, UK

Jasmine rice added to portfolio –

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

Segregation of operational departments –

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

Efficiency is supply chain –

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

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

Investment in People –

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

Forward Thinking -

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

USA Operations

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

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

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

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

1400 retail outlets

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



Kohinoor range of products on display at Sams Club, USA

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



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

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

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

Processed Food Business

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

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

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

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

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



Kohinoor Food products being displayed at Mainstream Outlet in New Zealand

through innovation and operational excellence right through the value chain.

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