

Kohinoor Foods Ltd.

ANNUAL REPORT

20¹⁹₂₀





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Kohinoor Foods Ltd.

ANNUAL REPORT 20¹⁹/₂₀

Registered Office and Share Department : Pinnacle Business Tower, 10th Floor,
Shooting Range Road, Surajkund,
Faridabad, (Haryana)-121001
CIN: L52110HR1989PLC070351
w.e.f. 16th August, 2017
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)-131027

: 42-43 Milestone, G.T. Karnal Road,
Village Sultanpur, Bahalgarh,
Sonapat (Haryana)-131021

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
Old No.- 25, New-33, G/F JMD
Koninoor Galleria Masjid Moth,
G.K-II, New Delhi - 110048

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.

Listing of Equity Shares : National Stock Exchange of India Ltd. (NSE)
BSE Ltd. (BSE)

Depositories : National Securities Depository Ltd. (NSDL)

: Central Depository Services (India) Ltd.
(CDSL)

Registrar & Transfer Agents : M/s. Skyline Financial Services Pvt. Ltd.
D-153A, 1st Floor, Okhla Industrial Area,
Phase-I, New Delhi-110020
Tel.: +91-011-4045 0193-197
Fax: +91-011-2681 2682
Web:www.skylinerta.com

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. Yash Pal Mahajan : Non-Executive Independent Director
(Appointed w.e.f. 13.02.2020)

Mr. Sunil Sharma : Non-Executive Independent Director
(Appointed w.e.f. 13.02.2020)

Ms. Mani Chandra Bhandari : Non-Executive Independent Director
(Appointed w.e.f. 13.02.2020)

Mr. S.C. Gupta : Non-Executive Independent Director
(Resigned w.e.f. 28.02.2019)

Ms. Madhu Vij : Non-Executive Independent Director
(Resigned w.e.f. 11.06.2019)

CFO : Mr. Kamal Deep Chawla

Company Secretary : Mr. Deepak Kaushal
(Appointed w.e.f. 14.08.2019)
Mr. Ankit Sharma
(Appointed w.e.f. 13.06.2019
& Resigned w.e.f. 10.07.2019)

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

Cost Auditors : M/s. Cheena and Associates
Cost Accountants

Bankers : Punjab National Bank
(erstwhile Oriental Bank of Commerce)

: State Bank of India

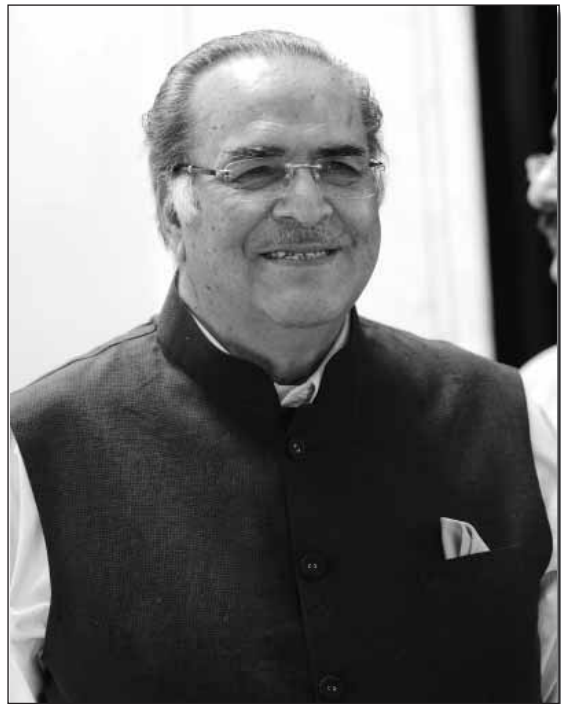
: Indian Bank
(erstwhile Allahabad Bank)

: ICICI Bank Ltd.

: IDBI Bank Ltd.

: Bank of India

Chairman Message



Dear Members,

It is my privilege to write to you and present the Annual Report of your Company for the financial year 2019–20.

I hope this letter finds you safe and in good health.

India is among the top five rice-producing nations which include China, Indonesia, Bangladesh and Vietnam in the list. India produces above 23% of overall global rice production. Indian rice market is primarily dominated by unorganized sector because of the presence of several local players and the easy availability of rice through small retail stores. The rice production is projected to register a CAGR of 2.7% during the forecast period, 2020-2025.

As you know, the paddy industry has grappled with multiple issues during the year. The mounting trade tensions, muted global growth and enhanced regulatory norms have fundamentally changed the contours of the business environment in which we operate. Next came the onset of the COVID-19 pandemic in the final quarter of the year, which has ushered in a new reality for industries across the world, where your company is struggling its own battle for revival of financial crises as the Banks have already declared your Company NPA.

The current scenario is expected to continue in the near term and exporters are likely to continue facing financial stress in the near term. Weak sales growth and decline in profitability, along with inventory losses, are expected to be the key trends in the financials of basmati rice players in 2019-20. This is expected to further weaken the leverage profile of industry players.

Any improvement in the situation is likely only from the next basmati paddy harvest season, that is, the second half of 2020-21. In the meantime, supply of basmati paddy is expected to witness some moderation as farmers are likely to shift away from basmati, given the non-remunerative prices in the last two crop cycles. Moreover, demand is also expected to witness some improvement, going forward.... Challenges were further exacerbated in the final quarter of the year by the country's strict lockdown measures in response to the pandemic.

Against this volatile macro backdrop, your Company is charting out a disciplined

path towards a robust and resilient future. I would like to first address the current year's performance, followed by various transformative initiatives being undertaken.

Your Company achieved a total consolidated turn-over of INR 2,158 Million (Mn.) as against INR 6,026Mn. of last year, the lower turnover is on account of erratic global rice market conditions, pandemic and cash crunch faced by the Company. The consolidated rice business value stood at INR 1,839 Mn. as against INR 5,420 Mn. of last year.

Basmati Rice Export is mainly driven by demand from some of the Middle East Countries like, Iran, Saudi Arabia, Yemen, Iraq, UAE etc. Iran, Yemen, Iraq are facing various problems making it difficult to export and realize sale proceeds from these countries.

Nevertheless, last year had been challenging one because of financial constraint, ongoing economic pressure and current pandemic. On the hindsight export market was low on sentiments & actual realization due to economic instability around countries beside our own constraint of business operation due to liquidity crunch. However Kohinoor is still striving to grow steadily and place its presence around world across renowned players.

KFL participates across nations and around world, under its few prestigious brands for sale of rice and processed & packed food business.

Our UK operations continue to focus on growth both in Rice and processed food range of products.

We further inform the members that with an objective to improve the financials of the company, your company is exploring the possibilities such as:

- Monetising some of the assets of the company.
- Looking for Investor to infuse funds in the company.
- Negotiating with the Banks for restructuring of borrowings or settlement of loans.

The company is working aggressively on the said lines to improve its financial/business to achieve the seamless working.

With the objective of bringing authentic Indian flavours to the people all over the world, we want your company Kohinoor Foods Ltd. to become a leading name in the food business globally as well. In pursuit of our vision to make Kohinoor the most trusted & preferred food brand in export markets, 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, employees and stakeholders who have shown their trust in us and have extended their constant support.

As we look ahead over the next two years, we anticipate a tremendous deal of transformation stemming from COVID-19. Consumer behavior will change in numerous ways, experiences to prioritising health and taste and its purchasing decisions. Greater scrutiny will be placed on building environmental sustainability and climate resilience into the very core of business models. The management believes that with resolution of the on going liquidity problems KFL will be well placed to meet the demand opportunities that will arise from these important and fundamental shifts.

I would like to take this opportunity to thank you for your continued trust, confidence, and support as we enter a brave new decade—one that is already rewriting the rules of the past

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, 2020 and the audited financial statements and notes for the year ended March 31, 2019. 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 flavor. 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, 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 31st Annual Report and the Audited Annual Accounts of the Company for the Financial Year ended 31st March, 2020.

Financial Overview

The financial highlights for the year ending 31st March, 2020 are as under:

Particulars	FY'20	FY'19
Total Turnover	322.74	4065.84
Profit/(Loss) Before Interest, Depreciation and Tax (PBITD)	(112.36)	(1716.58)
Profit/(Loss) Before Tax	(2188.57)	(2913.88)
Less: Tax Expense	69.15	941.86
Profit/(Loss) After Tax	(2257.73)	(3855.75)
Total Comprehensive income for the year	(2256.52)	(3854.58)

The Board's Report has been prepared based on the stand alone financial statements of the Company.

Operations

During the Year, your company focused on the restructuring of the company operations due to various constraint faced due to financial crisis, various measures have been taken for reduction of the cost of operation. Despite of the factors faced by the company during the year your company remain committed to providing world class quality product to its consumer, focused in improving operational efficiencies across its functions and enhancing its reach to the global consumers.

For the financial year under review 2019-20, the contribution made by Rice to the Company's business is INR 116.56 million as against INR 3802.80 million in previous year while the Food Business stood at INR 198.48 million as against INR 193.91 million in the last financial year.

The year saw an increase of 2.36% in food business in domestic sales in value terms in comparison to last year sales. Export market was down due to political instability in countries such as Iraq & Syria including the current pandemic Covid-19 and the financial constraint faced by the company.

Covid-19 Pandemic

The existence of Corona Virus was confirmed in the early 2020, and since then the virus has spread across the world necessitating the World Health Organization (WHO) to declare it a global pandemic. This pandemic has caused disruption to company businesses and its economic activity across the world.

The accounts of the Company have been declared NPA in 2018 by the banks and a petition was filed before the Hon'ble NCLT, Chandigarh by the lead Bankers. As per RBI guidelines, the option of moratorium and other benefits could not be availed by the Company being declared as NPA by Banks.

The Company is in process to have its OTS proposal considered with

the bank. However the same was not accepted on few grounds. Meanwhile, as per the Direction of the Government, Company's Lead Bank Oriental Bank of Commerce Merged with PNB and the Company has already placed its request to reconsider its improved OTS Proposal with consortium Bank. Your company is placing its extreme effort in having its proposal accepted and implemented in order to restart its business and will soon improve its operations.

The pandemic and nationwide lockdown, has impacted the industries across the country and the world. This had impact on the operating performance of Q4FY20 of the Company due to the following factors:

1. The Company and its factories is located at the hot spot city.
2. The Company offshore subsidiaries (in U.S. and U.K.) were under lockdown due to Global pandemic Covid 19.
3. The movement of staff was restricted due to intrastate movement.

With the Covid-19 pandemic and Government announcing lockdown measures, all our places of business including manufacturing plants, corporate office, Overseas Subsidiaries and warehouses were shutdown. Sales have impacted in the march and the Q1FY2020-21. However our factory could start its operation in the June 2020. With the lockdown in the later part of March 2020 and loss of production, sales for the month of March to May was significantly impacted. This had an overall impact on the Q4FY20 and Q1FY21 performance of the company. Though there was no production and sales during the period of lockdown, the Company had to bear the fixed overheads, additional cost towards precaution and prevention related to health and safety of the employees attending plant/offices. The company is trying to get some relief/discounts for some payments outstanding and is in process of negotiation with its customers. The company is facing difficulties in receipt of payment from its customers in the current scenario which has impacted the liquidity position of the Company. However, During the year, the company through its constant effort has managed to reach its global consumers through its wholly owned subsidiary Indo European Foods Limited.

The company is strictly following guidelines provided by Government for operating the manufacturing facilities. A SOP was prepared for start of operations and precautions related to Health and safety of employees attending plants / office. Work from home has been generally encouraged wherever feasible. The company's manufacturing facilities were restored during the June 2020 with limited manpower as per approvals received for the respective locations.

Basis the Ministry of Home Affairs Order (40-3/2020- DM-I(A)) dated April 15, 2020 & April 16, 2020 and various State Government orders and after carefully studying the provisions thereof in this regard, offices were opened in a graded manner with effect from June 1, 2020 in Green and Orange zones with minimum staff.

On opening of the offices in the Green and Orange zones it has been ensured that adequate safety measures as prescribed by various government circulars / advisories (which include social distancing, wearing of face cover / masks and regular sanitization) were put in place.

Further, offices have been opened ensuring minimum attendance as specified by respective state authorities. Appropriate guidelines have been issued to the employees in this context.

Following measures are taken at all the plants since re-opening and smooth functioning:

- Enhanced IT security and increased capacity of IT systems. Preparations were made to ensure that IT systems were in place much before the start of lockdown.
- Postponed all meetings/events of large gatherings and issued advisory for travel (both personal and business)
- Circulated precautionary Dos & Don'ts on personal hygiene
- All the employees were given training on the safe practices such as social distancing, usage of masks, personal hygiene, etc.
- All employees are temperature screened and provided masks while entering the premises. Provided hand wash stations at entrance. Disinfection of all the vehicles entering the premises.
- Disinfection of all touch points frequently and the premises between the shifts.
- Seating at workstations re-organized to ensure social distancing.
- Social distancing maintained in production lines, office areas and canteen.
- Mandated all staff to install Arogya Setu App.
- Self-declaration Obtained from all employees

Subsidiaries / Joint Venture

U.K. 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.

IEFL Sales show marginal decreases from last year i.e GBP 20.28 Million in comparison of last year GBP 21.80 Million. Due to improved margins and effective cost control. IEFL earned a total profit of GBP 0.65 Million in comparison of last year loss of GBP 1.06 Million. This operation continues to focus on profitable growth both

in Rice and processed food range of products.

IEFL, has created a wide network of distribution for our Rice & Processed food items in UK market.

IEFL, in recent times has focused more on Kohinoor processed food products. Kohinoor cooking sauces and ready meals are currently listed and placed with prestigious multiple retail chains like -Tesco, Asda, Sainsburys, Aldi& Bookers etc.

IEFL marketing team is also focused in improved sales the 'Kohinoor' processed foods, having re-launched the sauces & RTE lines in fresh packaging & refurbished recipes.

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. The brand 'Kohinoor' is well known in USA for its quality rice and food items.

However during the current year this company did not carry any business as their was no export sales for KFL India to US & Canada.

Food Business

During the year 2019-20, in processed & packaged food products the company did the business of around INR 198 million as against INR 194 million in the previous year. The food factory has continued its operation effectively inspite of liquidity probleme which improved our production & revenues from Food Business.

UK, Australia, USA, Canada are major markets for our range processed & packaged food products

Overview - Ready to Eat Industry

The ready-to-eat market in India is expected to expand at a compound annual growth rate (CAGR) of ~16.24% (based on value) during the 2019-2024 period, to generate a revenue of INR ~68.47 billion by 2024. Revenue in the Ready-to-Eat Meals segment amounts to US\$ 38,886m in 2020. The market is expected to grow annually by 5.9% (CAGR 2020-2025). In global comparison, most revenue is generated in China (US\$142,264m in 2020). In relation to total population figures, per person revenues of US\$28.18 are generated in 2020. The average per capita consumption stands at 8.7 kg in 2020. Anticipated growth in the market can be attributed to rising urbanization, increasing disposable income of middle-class population and changing taste preferences of Indian consumers. Ready meals took off in India following the hectic lifestyle of the young working population. The even more convenient ready-to-eat products rose in popularity since they can be consumed without cooking, seemingly suited for

busy millennial. Moreover, growing demand for quick food and presence of freshness and high nutritional value in these foods is further aiding growth of India ready-to-eat food market. Demand for ready-to-eat food products is recording high growth in metros where a lot of working people don't get enough time to cook proper meals. Additionally, longer shelf life and easy availability of ready-to-eat food products is further pushing their demand across the country. The most popular ready-to-eat items include preparations of paneer, chana masala, rajma masala, pavbhaji, etc. Rise in demand for ready-to-eat food products has created the interest among many companies to enter this space which is likely to contribute to the growth of the market in the coming years. Furthermore, innovation in products offerings, sustainable packaging, and preference of single serving frozen products, aggressive marketing & promotional strategies would steer growth in the market during forecast period.

Convenience food is a concept that has been prevalent and popular in the western countries for a long time now. Globally, the demand for ready-to-eat (RTE) food products has been increasing over the last few years on account of busier lifestyle of consumers and their rising income levels. Similar factors are fuelling the growth in the packaged food sector in India.

The Indian cooking styles have undergone considerable changes over the past few years owing to the advent of modern technology and several other changes such as urbanization, increasing working population, increase in female work population and the rise of nuclear families. People have been increasingly shifting to ready-to-eat food items in order to save the time involved in preparing meals.

With the growing media awareness, literacy rates and standard of living, people have grown more responsive towards the health and hygiene standards associated with food products. There has been a shift witnessed in the customers focus from price to quality in the recent years, particularly in the urban and a few semi-urban areas. Consumers have been drifting from openly or loosely sold food products to the consumption of hygienically packaged fortified RTE foods.

A recent survey done by Assocham (Associated Chamber of Commerce and Industry of India) says about 79 percent of Indian households today prefer to have instant food due to time constraints. With two working parents and families becoming nuclear, people prefer authentic, nutritious store bought options rather than spending hours in the kitchen after work. In recent years, the focus of the ready-to-eat market has gradually shifted from just homemakers or students to young professionals and families.

It is found that 76 percent of parents in big cities, mostly both working with children under the age of five, are serving easy-to-

make meals in some form or the other, at least 10-12 times every month! No wonder that the RTE market continues to expand at a brisk pace. The market for spreads, sauces and dips is now close to US\$ 2 billion and growing at 22 percent CAGR. The RTE meals market is currently valued at INR 23 crore. It grew at a compounded annual growth rate of 3-5 percent in the last five years. According to data research company Nielsen, the breakfast mixes market is growing at 17 percent and is currently pegged at Rs 275 crore.

However, as fancy as the various breakfast cereals available in the market might be, we crave the satisfaction that only a traditional dish can give. And hence the traditional brands are coming up with options that are suitable for the Indian palate. The traditional brands have forayed into items such as bhel bar, pot upma, poha which can be had on the go, anytime, anywhere. To fulfil the demand of this large section of consumers, one will find a lot of new RTE brands in the market.

Unlike the giant brands though, the new entrants are trying to create a niche category for themselves, be it breakfast cereals, canned, frozen foods, spreads, chutneys, and so on. Companies are looking to attract consumers within areas like olive oil, spreads and ready meals by offering promotions, new product developments, health and nutritional benefits and attractive packaging.

The Indian consumer behavior has been influenced by exposure to other cultures primarily in the West through travels, and popular literature. The ready-to-eat market is somewhat saturated in the West, hence developing countries like India are attracting the majority of big players in the promise of a high growth opportunity. The booming food sector, multiple food outlets, the popularity of international brands and distinctive distribution channels adopted by players are expected to help the market grow at a continuous pace.

Consumers are increasingly realizing that major RTE foods are loaded with preservatives for a longer shelf life. Increasing health awareness, particularly in the young generation, is hindering the growth of this market. Still a large Indian population is price sensitive and therefore the price factor of RTE food makes them affordable only to select economic classes of the society. Hence it becomes all the more essential for new players in this field to marry convenience with health benefits to ensure convenience food does not mean compromising on quality. The key is to provide RTE food options focused on Indian taste for everyday consumption, which are not harmful in the long run.

This is the challenge taken up specifically by food tech start-ups who want to be considered as serious players and are getting into the game after years of R&D. With state of the art technology in packaging and processing to ensure the end product is not just a

world class product that can eventually be on the shelves in countries across the globe but a product that is a strong contender in being a game changer.

The Indian food and grocery market is the world's sixth largest, with retail contributing 70 percent of the sales. The Indian food processing industry accounts for 32 percent of the country's total food market, one of the largest industries in India and is ranked fifth in terms of production, consumption, export and expected growth. It is believed that the Food Processing industry will be a US\$ 25 billion market in India by 2020. Out of which, the serviceable metro market is expected to be close to almost US\$ 20 billion. The past couple of years have seen a tremendous growth of this segment due to high consumer acceptance for convenience food nationwide.

Convenience food is a concept that has been prevalent and popular in the western countries for a long time now. Globally, the demand for ready-to-eat (RTE) food products has been increasing over the last few years on account of busier lifestyle of consumers and their rising income levels. Similar factors are fuelling the growth in the packaged food sector in India.

Increased employment opportunities have increased migration of people from tier 1 and tier 2 cities to metropolitans, which is an important driver for RTE food products in the country. Nuclear families and bachelors residing in metros for study or employment purpose are among the major consumers of RTE food products in India. The number of working women is particularly on the rise, which is again driving the demand. All these factors are creating significant awareness about ready meals among consumers. Growth in retail chains and outlets is also adding to the product awareness among consumers in the country's, supermarkets, convenience stores and hypermarkets, which are emerging as the key points-of-sale for offering a wide range RTE food products.

Basmati Rice

Basmati rice, considered the finest variety of rice, is grown only once a year in the Indo-Gangetic plain. It is a kharif crop sowed in May-June and harvested in October-November. Basmati rice can only be cultivated in India and Pakistan, which makes them the sole supplier of basmati in the world. India accounts for over 70% of the world's basmati rice production. Rice is one of the most crucial food crops in the world and a staple diet for nearly half the global population. Over 90% of the global rice output and consumption is centered in Asia, wherein the world's largest rice producers, China and India, are also the world's largest rice consumers. High domestic consumption and restrictive trade policies of several countries for rice have restricted international trade of rice to only 6-7% of the production. Food security objectives and the need to provide income support to domestic producers are the main

reasons cited by countries to restrict rice imports. Among the several varieties of rice, basmati rice is considered the most superior in terms of product characteristics and therefore the most premium. The Indian rice industry consists of both basmati rice and non-basmati rice; however this note covers only the basmati rice industry in India.

India is among the top five rice-producing nations which include China, Indonesia, Bangladesh and Vietnam in the list. India produces above 23% of overall global rice production. Indian rice market is primarily dominated by unorganized sector because of the presence of several local players and the easy availability of rice through small retail stores which are also called as Kirana stores. The rice production is projected to register a CAGR of 2.7% during the forecast period, 2020-2025.

The organized industry has started making a mark in the last couple of years as the targeting Tier 1 and 2 cities where the urbanization have increased. The report consists of a various segment of the rice market in India like basmati, packed and further segmented into its types. There is a complete trade analysis with current market trends. This will help with a market share of top-performing companies present in the competition.

India's rice production, as well as the consumption, has increased over the years and also there is an involvement of many top companies which have evolved the organized rice industry. Along with the production, India is also the top rice exporting nation that nearly exports 25% of global rice export. Overall India's rice export is dominated by basmati rice as India being the highest producer of basmati rice globally. Iran and Saudi Arabia are the largest importer of basmati rice from India and contribute the highest value share in India's overall basmati rice export.

Indian domestic rice market has grown at the CAGR of above 4% from in the last five years. Domestically in India's rice market non-basmati rice holds the more significant portion as compare to basmati rice as the production of basmati rice is limited to only several states but is considered in the premium segment of rice. The unorganized dominated market is now shifting towards an organized market which is growing nearly at a CAGR of 12% consumer awareness, and increasing urbanization are playing an essential role in developing the packed rice market in India. Packed rice market in India is highly dominated by basmati rice and with the new health rice segments like brown rice and organic rice whose demand have increased in recent years.

During the last two decades, evolved varieties of basmati rice have been adopted by the industry, especially PUSA 1121, which has led to a significant improvement in yield and hence the overall production of basmati rice in the country. Moreover, this variety has

significantly replaced the traditional varieties of basmati rice. Today PUSA 1121 accounts for most of basmati rice production and exports. Apart from PUSA 1121, a new variety PUSA 1509 has been approved, which has better yield, low input requirements and better disease resistance; however its acceptance by the industry is yet to be established.

The global basmati rice market is being aided by the rising export demand for rice, globally. Basmati rice accounts for 2.1% of the total rice production. In 2019, the global production of rice reached almost 497.76 million metric tons.

The Asia Pacific is the leading producer of rice, globally. The region accounts for almost 90% of the global production. China is the leading rice producer, followed by India. However, basmati rice, specifically, is primarily grown in India and Pakistan. India is the largest producer of basmati rice, accounting for over 70% of its output in the global basmati rice market. In 2018, its production attained almost 5.03 million tons. The country is also the leading exporter of basmati rice. The country's export of the basmati variety of the paddy crop to reach a peak at INR 30,000 crore in FY2019. The strengthening exports is a combined result of an increasing demand from Iran and the rise in prices that have been taking place over the last three years. Haryana, Punjab, Himachal Pradesh, Uttarakhand, Uttar Pradesh, Jammu and Kashmir, and Delhi are the major basmati rice producing states in India. In Pakistan, the Punjab province is the largest producer of the paddy crop.

The Middle East and Africa is a significant consumer of basmati rice, which accounts for 37.5% of their total consumption of the paddy crop. GCC countries are the major importers of the basmati variety of the paddy crop. The steady increase in imports from Saudi Arabia and Iran is driving the rise of Indian exports of basmati rice. Iran was followed by Saudi Arabia and the United Arab Emirates as the other significant importing countries of the basmati variety from India. Algeria, Somalia, and Kenya are the major importing countries in Africa. Europe and the US are also significant consumers of the basmati variety.

The global basmati rice market is being aided by the superior quality, taste, and aroma of the product, which are driving the consumer preference for the product. The basmati variety forms an integral part of the Middle Eastern cooking. It is used to cook lavish dishes which contain layers of rice, meats, and dried fruits. It also forms a part of the staple diet of many cultures, thus, further aiding the industry growth. The increasing export demand from the Middle Eastern countries is also propelling the global basmati rice market forward. The US and Europe, too, are significant importing countries.