

KOHINOOR

A LEGACY OF TRUST & TASTE

**WORLD CUISINES
ON YOUR PLATTER**



**ANNUAL
REPORT**

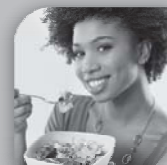
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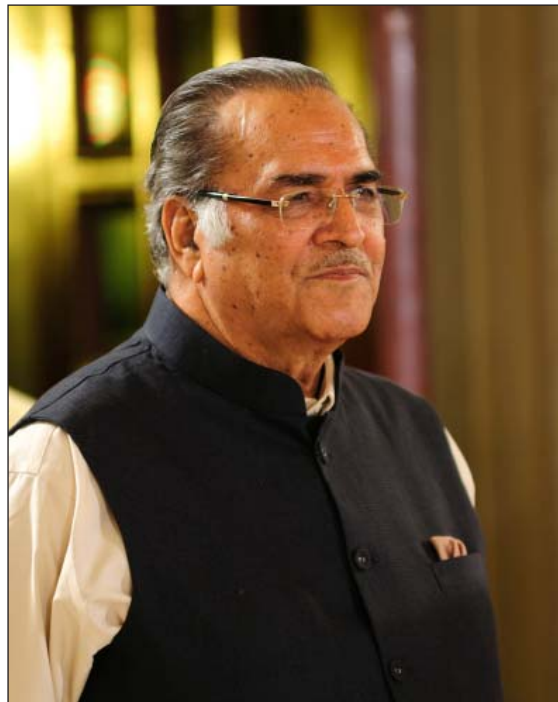
Contents

| | |
|--|----|
| • Chairman's Message | 02 |
| • Directors' Report and Management Discussion & Analysis | 03 |
| • Auditors' Report (Standalone) | 59 |
| • Financial Statements (Standalone) | 66 |
| • Auditors' Report (Consolidated) | 92 |
| • Financial Statements (Consolidated) | 99 |

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|---|---|--|--|
| 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 | 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 |
| 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 | 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 (Cessation due to sad demise on 10/06/2021) Mr. Yash Pal Mahajan : Non-Executive Independent Director Mr. Sunil Sharma : Non-Executive Independent Director Ms. Mani Chandra Bhandari : Non-Executive Independent Director |
| Wholly Owned Subsidiary Companies | : 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 | CFO | : Mr. Kamal Deep Chawla [resigned w.e.f. 29/03/2022] : Mr. Chashu Arora [appointed w.e.f., 30/03/2022] |
| 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. | Company Secretary | : Mr. Deepak Kaushal (Appointed w.e.f. 14.08.2019) |
| Listing of Equity Shares | : National Stock Exchange of India Ltd. (NSE) BSE Ltd. (BSE) | Auditors | : M/s. Rajender Kumar Singal & Associates LLP [resigned w.e.f. 12/08/2021] M/s. N C Raj & Associates, Chartered Accountants [appointed w.e.f., 12/08/2021] |
| Depositories | : National Securities Depository Ltd. (NSDL) : Central Depository Services (India) Ltd. (CDSL) | 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 2021-22.

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

My letter of introduction to your Annual Report last year had just completed the first full year of the pandemic, that demonstrate the difficulties faced by the business and performance delivered in difficult circumstances.

This year, in the face of continuing challenging ahead, the Company has delivered outstanding results while continuing to invest for the future.

We are committed to doing all this in a way that drives long-term shareholder value by creating shared value for all of our stakeholders, including customers, associates, suppliers, business partners, and communities.

In late 2017-18, we set a goal to overcome from the financial crises and work towards regaining the glory of your company, which requires time, courage and trust and encourages others to work towards the same goal. The Board reinforced this commitment in 2021-22, which sets forth our key goals and strategies towards overcoming the situation.

Your Board is committed to maintaining highest standards of corporate governance and will continue to review and strengthen these practices and your Board endless efforts towards strategic transformation during this time of rapid change. Where, it gives confidence that the Board experience to serve our company and to continue to guide us in the years to come to meet the Company purpose – Building a brighter future for all –our fundamental and the role in supporting economic growth, contributing to prosperity, and helping customers achieve their goals.

The present Indian Rice market both in terms of local consumption as well as in exports is very bullish. In the last 2 years, after the dipping of sales figures during the 'Covid Lockdown' era, the rice market has aggressively bounced back. In Basmati alone, India has produced near to 5 million tons of superior quality of rice

and the exports have surpassed 4 million tons in the last fiscal. It is a positive sign for the Indian rice industry more so for the basmati variant that consumption graph is on the up in almost all the quality rice eating countries; the consumption graph in some of the traditional markets such as Iran, Saudi Arabia & Iraq etc. may not be growing very fast but there is no slide down as well. The emerging markets for Indian basmati especially North America and Africa is ever consuming in larger numbers.

Your Company achieved a total turn-over of INR 985.65 Million (Mn.) as against INR 401.92 Mn. of last year, the rice business turnover stood at INR 720.87 Mn. as against INR 73.34 Mn. of last year.

Recently your company has scaled up its operations. It has hired new Marketing team for domestic rice business to make best use of its marketing network and strengthen it further to regain the market share. Now your company has started direct exports to different countries for both rice and food products. Your Company has also started tapping the Domestic Rice Market which carry good potential.

Nevertheless, the turnaround story of your Company have been started evolving with your trust and support, as in the last few years, your Company could not perform well because of financial constraint, ongoing economic pressure and 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.

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

- a. Monetising some of the assets of the company.
- b. Looking for Investor to infuse funds in the company.
- c. Executing 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.

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, 2022 and the audited financial statements and notes for the year ended March 31, 2021. 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 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 33rd Annual Report and the Audited Annual Accounts of the Company for the Financial Year ended 31st March, 2022.

Financial Overview

The financial highlights for the year ending 31st March, 2022 are as under:

| Particulars | FY'22 | FY'21 |
|---|----------------|---------------|
| Total Turnover | 1034.83 | 443.53 |
| Profit/(Loss) Before Interest, Depreciation and Tax (PBITD) | 31.12 | (16.39) |
| Profit/(Loss) Before Tax | (55.06) | (32.60) |
| Less: Tax Expense | 7.98 | 18.86 |
| Profit/(Loss) After Tax | (63.04) | (51.46) |
| Total Comprehensive income for the year | (61.90) | (50.99) |

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 you 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 2021-22, the contribution made by Rice to the Company's business is INR 720.87 million as against INR 73.34 million in previous year while as the Food Business stood at INR 236.93 million as against INR 304.84 million in the last financial year.

The year saw an increase of 882.91% in Rice business in sales in value terms in comparison to last year sales. Sales market was down due to instability in country such as current pandemic Covid-19 / lock down and the financial constraint faced by the Company.

Impact of Covid-19 Pandemic

Details of the impact of Covid-19, have been provided in the notes to financial statements forming part of this report.

Subsidiaries / Joint Venture

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 as no export sales for KFL India to US & Canada.



Food Business

During the year 2021-22, in processed & packaged food products the company did the business of around INR 236.93 million as against INR 304.84 million in the previous year. The food factory has continued its operation effectively in spite of the liquidity problem 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

Ready to eat food market size is expected to grow at a compound annual rate of 9.00% in the forecast period 2021 to 2028. The changing consumer preferences towards convenient food associated with various food delivery apps is the factor for the ready to eat food market in the forecast period of 2021 to 2028.

Ready to eat food is a kind of packaged cooked food which does not need further processing to make sure the quality. It can be frozen, is shelf-stable and involve minimal heating or are served hot. Some food requires being stored in the refrigerator until used but some need special handling to guarantee quality of food.

The major growing factor towards ready to eat food market is the changing food consumption behaviour amongst consumers. The prime factor driving the demand for ready to eat food is the increased willingness to spend on such food along with the lack of time to cook at home is a result of the rapid urbanization. Furthermore, the growing millennial and working women population is also heightening the overall demand for ready to eat food market over the forecast period of 2021 to 2028. Moreover, the consumers are demanding for on the go convenience food, which also serves as a foremost driver for increasing the demand for ready to eat food market at a global level. In addition, the improving consumer lifestyle, rapid urbanization and high disposable income are also lifting the growth of the ready to eat food market.

This type of food has been on the rise for several years now, and shows no signs of slowing down. Some of the reasons for this include busy lifestyles, the growing number of single-person households, and the increasing popularity of takeout and delivery services.

There are a number of different types of ready-to-eat food available, from pre-packaged meals to frozen pizzas to takeout containers. And while most people think of unhealthy options when they hear the term "ready-to-eat," there are actually many healthy choices available as well. In fact, some stores are now specializing in healthy pre-made meals that can be eaten on the go.

Product launches are important, but for a ready-to-eat (RTE) food company, it's all about the product.

"A successful product launch is paramount to the success of a ready-

to-eat food company," said Harry Balzer, vice president of The NPD Group, a market research company. "The challenge for these companies is to create products that will resonate with consumers and stand out in what is an increasingly competitive marketplace."

There are many factors that go into a successful product launch. The most important one, though, may be creating a product that consumers want. That's not always easy to do, but it's essential if a company wants to be successful.

Today's consumers want products that are healthier, customized, and natural, without sacrificing health goals, flavors, or ingredients. Above all, such items must help people to keep up with their demanding schedules. Manufacturers and retailers must reach out to consumers who are increasingly rushed for the time while also having high expectations for food quality, flavors, and forms.

More premium ready-to-eat food items are already on the market, ranging from world cuisine-inspired ready-meals to pre-made charcuterie boards and deli-style snacks. Given that consumers have an abundance of on-demand options in many aspects of their lives, a more diverse array of upgraded ready-to-eat food items is obvious.

The growing number of working women has encouraged households to move towards ready-to-eat food to replace regular lunch and dinner.

Previously, women were limited to their homes and had a certain responsibility as housewives, but as society changed, they began to seek employment. There has been an increase in the ready-to-eat food sector as a result of the rise in working couples who are busy with their careers and have little time to spend on domestic tasks. Women, in particular, were left with little time to manage home tasks and maintain a sense of balance

People eat at home and avoid eating out, but there have been many changes in everybody's lifestyle over the last two decades, including an unexpected increase in the number of working women, which has resulted in urbanization, an increase in per capita income, a shortage of time, a change in lifestyle, and a tremendous increase in the level of the middle-income group. All of these factors have influenced working women's purchasing habits, causing them to gravitate toward ready-to-eat foods. As a result, as the number of working women increases, this trend is likely to continue in the coming years, boosting the ready-to-eat food market.

Hindrance caused the growth of this market due to the rising awareness of health concerns related to the use of artificial preservatives in food products

To reduce the risk of deterioration due to microbial interactions and improve food quality, ready-to-eat foods use a variety of natural and chemical preservatives. However, not all preservatives are harmful.



Natural preservatives, which are used to keep food fresh are safe for our health. Artificial or chemical preservatives, which are meant to keep foods from being contaminated, are the ones that cause health issues. These preservatives are synthesized and manufactured artificially. On product labels, these are frequently referred to as 'additives.'

One of the probable side effects of preservatives is that they can cause breathing difficulties such as asthma and bronchitis. They can cause issues in young children, such as hyperactivity. Artificial preservatives, when consumed in large quantities, can weaken cardiac tissues, which is particularly dangerous for the elderly. They could include the cancer-causing food chemicals BHA and BHT. Because preservatives contain fatty acids, they may cause obesity in some people. As a result, taking into account the negative consequences of artificial preservatives found in ready-to-eat foods could stifle the market's growth.

The U.S.A. is a dominant market region in the global market for ready-to-eat food due to improved technology and preservatives practices

The U.S leads the ready-to-eat food market in the North American region as well as worldwide because of its large market share along with the various technological innovations, busy lifestyles, and high disposable incomes. It is anticipated to emerge as a major consumer of ready-to-eat meals due to its growing popularity among working-class consumers and students. North America holds 38% of the market share of which the United States enjoys a major 65% share in the market-dominating in the region with a market value of over USD 44460 Mn.

India's growing population and increase in working-class consumers have assisted the growth of the market segment

India ready to eat food market is estimated to generate high sales revenues in the market owing to the top-selling categories are smoked fish and precooked meat which is been mostly consumed in Kerala and goa underpinned by rising expatriate population and tourists visit is expected to proliferate the demand for ready to eat food and this driver acts as growth proliferating factor is estimated to secure the substantial growth of India ready to eat food market, as a result, is projected to spur the massive growth of the entire Asia Pacific ready to eat food market in the coming timeframe.

Rising urbanization increased middle-class disposable income, and changing food habits of Indian consumers all contribute to the market's expected growth. Furthermore, the increased desire for quick food, as well as the freshness and nutritional content of these items, is helping the Indian ready-to-eat food market to rise.

Basmati Rice

The present Indian Rice market both in terms of local consumption as well as in exports is very bullish. In the last 2 years, after the dipping of sales figures during the 'Covid Lockdown' era, the rice market has aggressively bounced back.

In Basmati alone, India has produced near to 5 million tons of superior quality of rice and the exports have surpassed 4 million tons in the last fiscal.

It is a positive sign for the Indian rice industry more so for the basmati variant that consumption graph is on the up in almost all the quality rice eating countries; the consumption graph in some of the traditional markets such as Iran, Saudi Arabia & Iraq etc. may not be growing very fast but there is no slide down as well. The emerging markets for Indian basmati especially North America and Africa is ever consuming in larger numbers.

Besides basmati rice, the non - basmati LG Rice too is adding good volumes; in the last harvest the traditional LG rice growing countries such as Vietnam, Indonesia, Philippines and Thailand either had drought like conditions or floods, with which the Indian LG Rice took the center stage and India became the major sourcing end for LG Rice too. More so in 100% Broken rice that China imports in large volumes due to failure of crops in far east countries had no other alternative but to approach Indian rice millers and exporters for it.

The Rice Industry in India in conclusion is yet to see its peak; the markets abroad are positively responding and this growth trajectory shall remain unhindered for couple of more years ahead if not decades ahead.

Risks & Concerns

The Company has received Notices from the Banks under section 13(2) of The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, in the month of July, 2018 to May, 2019 and in the month of February 2020 to September 2020. The Company has replied to said notices and negotiating with different workable options. The Oriental Bank of Commerce and Punjab National Bank have served notice of Wilful Defaulter. The Company/Directors have replied to the said notices. The Company has also approached Banks with suitable resolution plan for their consideration, which the consortium has sanctioned.

The Banks have filed petition against Company before Hon'ble NCLT Bench Chandigarh, the company is contesting the matter and the petition is yet to be admitted.

The Company has received an ex parte interim order from Debt Recovery Tribunal-III, Delhi dated 25/06/2020 restraining the company from transferring/ alienating or otherwise dealing with, or disposing off or encumbering or creating any third party interest with



respect of the hypothecated assets/immovable properties of the Company until further orders. The company is contesting the matter against the ex parte interim order.

The Company has received a Notice through speed post from DRT-II, New Delhi. The Lead Bank has filed an OA No. 300 of 2022 before DRT 2 Delhi against the Company under section 19(4) of the Act. The matter is listed before the registrar for completing of pleading on 03/08/2022. The Company is in process of filing suitable reply of the aforesaid notice with the respective Hon'ble courts/ Authorities/ offices in due course

The observations of the Auditor with regard to the management assessment of the company's ability to continue as going concern in view of the liquidity problems/decrease in business. The management of the company believes that it can continue as a going concern, based on the Resolution plan and after of one time settlement submitted to the Banks by company and the interest shown by prospective investors in the company.

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

In a country like India, where more than 60 per cent of the area under cultivation is not irrigated, farm production is highly vulnerable to fluctuations in rainfall. Beside production risk, Indian farmers also face high market risk. Farm harvest prices in the country show high inter and intra year volatility. Price variation is quite pronounced in the regions and commodities where price support mechanism is not operative. Further 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 a strong brand which helps in differentiating their product.

Dividend

Your Directors do not recommend any dividend for the financial year 2021-22.

Re-Appointment / Resignation of Directors

In accordance with the provisions of the Companies Act, 2013, Mr. Gurnam Arora (holding DIN – 00010731), Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment. Your Directors recommend this resolution for approval of the members.

Further the Mr. Vijay Burman, Independent Directors, ceased to be director of the company due to sudden demise on 10.06.2021 and the necessary intimation is submitted to the exchange and form has been filed in this regard.

Mr. Kamal Deep Chawla, CFO of the Company, resigned, due to some personal reason, from the Company w.e.f., the close of business hours on 29-03-2022. The Board in its meeting held on 24th March 2022 placed the invaluable contributions and achievements of Mr. Kamal Deep Chawla, as a CFO of the Company and a valued member of the Board.

The Board in its meeting held on 24th March 2022, appointed Mr. Chashu Arora, Member of ICAI, who possess the requisite qualification, as the CFO of the Company with effect from 30th March, 2022, to perform the duties of a CFO, of the Company.

Subsidiary, Joint Ventures and Associate Companies

Kohinoor Foods Limited enjoys its global presence and has well managed to build a premium brand name for its quality in Rice Branding and Ready to Eat Food and with a view of expansion and diversification; it has created subsidiary companies for facilitating these operations in various countries.

A statement containing the performance and highlights of Financial Statements of subsidiary, associate and joint venture companies is



provided in Form AOC-1 attached to the Financial Statements forms part of this Report and hence not repeated here for the sake of brevity.

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 Financial Statements have been prepared on the historical cost convention on going concern basis and on accruals basis unless otherwise stated. The name of companies which have become or ceased to be subsidiary or joint venture or associate companies, if any, have been mentioned in the notes to the accounts. The financial statements of Kohinoor Foods Limited ("Holding Company of KFL") together with its subsidiaries (hereinafter collectively referred to as "Group") are consolidated to form Consolidated Financial Statements (CFS). Consolidated Financial Statements consolidate the financial statements of KFL and its Wholly Owned Subsidiaries.

The parent company has not received audited financial statement from its Joint venture Company, Rich Rice Raisers LLC. The Management considers that the parent company is not in position to exercise control over this entity. Hence the results of Joint Venture Company have not been considered in the Consolidated Financial Statements. Rich Rice Raisers LLC, in which, KFL hold 25% shareholding, has closed its operation.

KFL was holding 20% share in Al Dhara Kohinoor LLC and Al Dhara Kohinoor Industries LLC. Al-Dahra Kohinoor LLC has exercised the call option, which KFL has accepted. Upon completion of the formalities the shareholding of the parent company in both of these associates has been reduced to NIL and they are not considered as Associates Companies.

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. These documents will also be available for inspection during business hours at our Registered Office.

Further these Financial Statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. These financial statements for the year ended March 31,

2022 are prepared under Ind AS. For all periods up to and including the year ended March 31, 2017, the financial statements were prepared in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (hereinafter referred to as 'Previous GAAP') used for its statutory reporting requirement in India immediately before adopting Ind AS.

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

The details of business operations / performance of major subsidiaries are as below:

Indo European Foods Limited

Indo European Foods Limited ("IEFL") a wholly owned foreign subsidiary company, (Last Year) which was incorporated and domiciled in the U.K. and is the manufacture and marketing of specialist rice products, cooking, sauces, ready meals and savoury snacks having its registered office at Kohinoor House, Langer Road, Felixstowe, Suffolk, IP11 2BW.

The Company had obtained approval from its members vide postal ballot meeting held on 10.01.2021 and the Board in its meeting held on 30.03.2021 approved a strategic disinvestment in its Wholly Owned foreign Subsidiary, M/s Indo European Foods Limited (UK), situated outside India to M/s. Herba Foods S.L.U.

Internal Control System

The Company has in place adequate internal control systems that facilitates the accurate 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 authorized, 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 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 (During the Year Status: Suspended – Due to penal reasons) your Company have applied for revocation of suspension of Trading of Securities of the Company and the Suspension of Trading has been revoked with effect from 06/04/2022 vide Circular ref. No. 0368/2022 Dated 29/03/2022. The annual listing fee for the Financial Year 2022-23 has been paid by the Company.

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 (Firm Registration No. 016379N), who were re-appointed as the Statutory Auditors of the Company for a period of five years from the conclusion of Twenty Ninth Annual General Meeting held on 28th September, 2018 until the conclusion of the fifth Annual General Meeting to be held in the year 2023, have resigned as the Statutory Auditors of the Company w.e.f. August 12, 2021 due to commercial reasons. The Board, at its meeting held on August 12, 2021, on the recommendation of the Audit Committee, accepted the resignation tendered by the Statutory Auditors.

Further, the Audit Committee and the Board, at their respective meetings held in August 12, 2021 placed on record their appreciation to M/s. Rajender Kumar Singal & Associates LLP, Chartered Accountants (Firm Registration No. 016379N) for their contribution to the Company with their audit processes and standards of auditing.

Appointment of M/s. N C Raj & Associates

Pursuant to the provision of Section 139 of the Companies Act, 2013, the Company was required to fill the casual vacancy caused by the resignation of M/s. Rajender Kumar Singal & Associates LLP, Chartered Accountants (Firm Registration No. 016379N) as Statutory Auditors of the Company. Accordingly, the Shareholders of the Company in its 1st Extra-Ordinary General Meeting for Financial Year 2021-22 held on November 10, 2021, on their commendation of the Board of Directors and Audit Committee, have approved the appointment of M/s. N C Raj & Associates, Chartered Accountant (FRN: 002249N) as Statutory Auditors of the Company to fill the casual vacancy caused due to the resignation M/s. Rajender Kumar Singal & Associates LLP, as Statutory Auditors of the Company, till the conclusion of ensuing 32nd Annual General Meeting of the Company to be held in the Year 2021 and that they shall be eligible for re-appointment in the upcoming 32nd Annual General Meeting of the Company to be held in the year 2021, and that they shall conduct the Statutory Audit for the period ended 31st March, 2022, on such remuneration as may be fixed by the Board of Directors in consultation with them.

This is to further note that to appoint M/s. N C Raj & Associates, Chartered Accountant (FRN: 002249N), Statutory Auditors of the Company, to holds office from the conclusion of ensuing Annual General Meeting to the conclusion of Fifth Annual General Meeting to be held till the year 2026. The Board of Directors has received their consent and 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. N C Raj & Associates, Chartered Accountant (FRN: 002249N), as Statutory Auditors of the Company to hold office from the conclusion of ensuing Annual General Meeting till the conclusion of Fifth Annual General Meeting to be held in the year 2026. The Members in its Extra-ordinary General meeting held on 10-11-2021 approved appointment as Statutory Auditors.

Auditors Report

The Company has received the Auditors Report duly signed by M/s N C Raj & Associates, Chartered Accountants, New Delhi, and took note on the same. Further as mentioned in the Auditors Report, attention is drawn (Emphasis of Matters) to notes to the Financial Statements, the same has not been reproduced for the sake of brevity as the remarks given by the Auditors are self-explanatory,