

# ANNUAL REPORT

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## 2022-23



SINCE  1981

# KOHINOOR<sup>®</sup>

A LEGACY OF TRUST & TASTE





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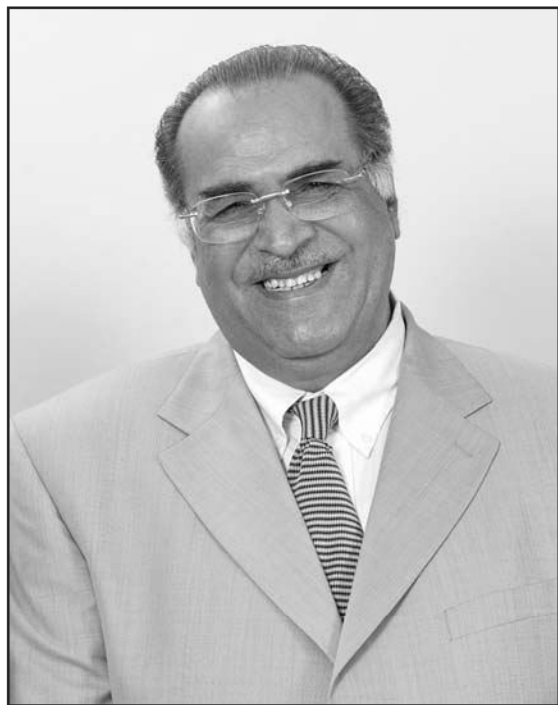
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Registered Office and Share Department	Pinnacle Business Tower, 10th Floor, Shooting Range Road, Surajkund, Faridabad, (Haryana) - 121 001	Board of Directors	
	CIN : L52110HR1989PLC070351	Mr. Jugal Kishore Arora	: Chairman
	w.e.f. 16th August, 2017	Mr. Satnam Arora	: Jt. Managing Director
	Tel: +91-129-424 2222 (30 Lines)	Mr. Gumam Arora	: Jt. Managing Director
	Fax : +91-129-424 2233	Mr. Yash Pal Mahajan	: Non-Executive Independent
	E-mail : <a href="mailto:info@kohinoorfoods.in">info@kohinoorfoods.in</a>	Mr. Sunil Sharma	: Non-Executive Independent
Works	Web : <a href="http://www.kohinoorfoods.in">www.kohinoorfoods.in</a>	Mrs. Mani Chandra Bhandari	: Non-Executive Independent
	50-51 Milestone, G.T.Kamal Road, Murthal, Sonapat (Haryana) - 131 027	CFO	: Mr. Chashu Arora
Wholly Owned Subsidiary Companies	42-42 Milestone, G.T. Kamal Road, Village Sultanpur, Bahalgarh, Sonapat (Haryana) - 131 021	Company Secretary	: Mr. Deepak Kaushal
	Kohinoor Foods USA INC.	Auditors	M/s. N C Raj & Associates, Chartered Accountants [appointed w.e.f., 12/08/2021]
	285, Durham AVE STE # 01 South Plainfield, NJ 07080	Cost Auditors	M/s. Cheena and Associates Cost Accountants
	Sachdeva Brothers Private Limited Old No.-25, New-33, G/F JMD Kohinoor Galleria Masjid Moth, G.K-II, New Delhi - 110 048	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: <a href="http://www.skylinertta.com">www.skylinertta.com</a> Punjab National Bank (erstwhile Oriental Bank of Commerce)
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.		: State Bank of India
Listing of Equity Shares	National Stock Exchange of India Ltd. (NSE)	Bankers	Indian Bank (erstwhile Allahabad Bank)
	BSE Ltd. (BSE)		ICICI Bank Ltd.
Depositories	National Securities Depository Ltd. (NSDL)		IDBI Bank Ltd.
	Central Depository Services (India) Ltd. (CDSL)		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 2022-23.

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

My letter of introduction to your Annual Report last year that demonstrate the difficulties faced by the business and performance delivered in difficult circumstances. The Rice industry has always been considered by its fluctuating nature, but the combination of various factors in recent times such as climate change and geopolitical fears have keen the level of volatility in the industry.

This year, despite of continuing challenging ahead, the Company has delivered optimum operational 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 2022-23, 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 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. The global basmati rice market stood at a value of around USD 6.09 billion in 2022 and expected to grow at a CAGR of 2.1% in the forecast period of 2023-2028 to attain a value of around USD 6.87 billion by 2028.

The rising population is also acting as a catalyst for the growth of the global basmati rice market. The increasing disposable income in the major consuming nations is driving the market growth. The rising disposable income is leading to increased consumption of premium products and, thus, is providing further impetus for the global basmati rice market growth as basmati rice is perceived as a premium variety. With the increasing health consciousness among the consumers, the basmati variety is being increasingly preferred due to being rich in nutritional value and having a lower fat content. 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.

Your Company achieved a total turn-over of INR 825.42 Million (Mn.) as against INR 985.65 Million (Mn.) of last year, the rice business turnover stood at INR 185.55 Mn. as against INR 720.87 Mn. of last year, the food business turnover stood at INR 575.18 Mn. as against INR 236.93 Mn. of last year.

Recently your company had added scaling up its operations. Exploring more potential in the food 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.

Nevertheless, 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:

- Monetising some of the assets of the company.
- Looking for Investor to infuse funds in the company.
- 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, 2023 and the audited financial statements and notes for the year ended March 31, 2022. 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 34th Annual Report and the Audited Annual Accounts of the Company for the Financial Year ended 31<sup>st</sup> March, 2023.

### Financial Overview

The financial highlights for the year ending 31<sup>st</sup> March, 2023 are as under:

Particulars	FY'23	FY'22
<b>Total Turnover</b>	<b>842.51</b>	<b>1034.83</b>
Profit/(Loss) Before Interest, Depreciation and Tax (PBITD)	131.24	31.12
Profit/(Loss) Before Tax	(48.43)	(55.06)
Less: Tax Expense	-7.26	7.98
Profit/(Loss) After Tax	(41.17)	(63.04)
Total Comprehensive income for the year	(40.60)	(61.90)

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 2022-23, the contribution made by Rice to the Company's business is INR 188.55 million as against INR 720.87 million in previous year while as the Food Business stood at INR 575.18 million as against INR 236.93 million in the last financial year.

The year saw an increase of 142.76% in food business in sales in value terms in comparison to last year sales. Sales market was down due to instability in country such as pandemic 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, at present the office is closed due to no business.



## Food Business

During the year 2022-23, in processed & packaged food products the company did the business of around INR 575.18 million as against INR 236.93 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.

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

### Overview - Ready to Eat Industry

The global ready-to-eat (RTE) food market has witnessed significant growth over the past decade. Ready-to-eat products are pre-packaged foods that require minimal or no cooking before consumption. These products offer convenience, time-saving benefits, and cater to the fast-paced lifestyles of consumers worldwide. The market's growth can be attributed to changing consumer preferences, urbanization, busier lifestyles, and advancements in food processing and packaging technologies.

The ready to eat food market in India report forecasts market growth by revenue at global, regional & country levels and provides an analysis of the latest trends and growth opportunities from 2017 to 2027.

### Product Outlook (USD Million, 2017 - 2027)

- Frozen food
- Ready-to-heat
- Ready-to-cook

**Convenience:** The primary driver of the RTE food market is the convenience factor. Busy lifestyles, increased dual-income households, and the rise of single-person households have led to a growing demand for quick and easy meal solutions.

**Diverse Product Range:** The RTE food market has evolved from basic canned foods to a wide variety of options, including frozen meals, curries, sauces, salads, snacks, and more. Ethnic cuisines and healthier alternatives have also gained popularity.

**Innovative Packaging:** Manufacturers have focused on developing packaging that maintains the freshness and quality of the food without the need for preservatives. This has extended the shelf life of RTE products and enhanced their appeal.

**Health and Wellness:** Consumers are becoming more health-conscious, leading to a demand for healthier RTE options. Manufacturers are responding with products that incorporate natural ingredients, fewer additives, and better nutritional profiles.

**Online Retailing:** The growth of e-commerce has allowed RTE food manufacturers to reach a wider audience. Online platforms provide a convenient way for consumers to access a variety of RTE products.

**Globalization of Palates:** Consumers are increasingly open to trying

diverse cuisines, driving demand for international RTE food options. This trend is also supported by a rise in travel and cultural exchanges.

### Regional Market Insights

**North America:** The North American RTE food market is mature and well-established. The United States and Canada are key contributors, with a focus on convenience, frozen foods, and healthy alternatives.

**Europe:** The European market is characterized by the presence of numerous traditional RTE options alongside innovative products. Countries like the United Kingdom, Germany, and France are prominent consumers of RTE foods.

**Asia-Pacific:** Rapid urbanization and changing dietary habits in countries like China, India, and Japan have propelled the RTE food market in the Asia-Pacific region. Ready-to-eat noodles, rice bowls, and snacks are popular choices.

**Latin America:** The Latin American market is witnessing steady growth due to rising disposable incomes and urbanization. The market is characterized by a blend of local and international RTE options.

**Middle East and Africa:** Urbanization and an increasing expatriate population have driven the RTE food market in this region. Convenience and a mix of traditional and modern options are driving factors.

**Quality and Taste:** Maintaining the quality and taste of RTE foods over extended shelf lives remains a challenge. Some products may suffer from texture and flavor degradation.

**Environmental Impact: Packaging waste and concerns about the environmental impact of disposable packaging materials have led to calls for more sustainable packaging solutions. Hypermarkets/Supermarkets segment is expected to expand at a significant pace**

In terms of distribution channels, the ready to eat food market is segregated into hypermarkets/supermarkets, convenience stores, online retailers, and others. The hypermarkets/supermarkets segment is expected to account for a key share of the market in the coming years owing to retail behemoths like Walmart, Tesco, 7Eleven, and Aldi extending their locations internationally and boosting their product choices to entice customers.

### North America is expected to dominate the market

On the basis of regions, the ready to eat food market is classified as Asia Pacific, North America, Latin America, Europe, and Middle East & Africa. The market of North America is anticipated to dominate the market CAGR during the forecast period. The regional market growth can be attributed to the rising demand for frozen pizza and portable breakfast.



**Convenience:** Busy lifestyles and the need for quick and easy meal solutions drove the demand for RTE foods. Consumers, especially those in urban areas, sought out convenient options that required minimal effort and time for preparation.

The frozen segment holds a major share and is anticipated to dominate the market over the forecast period. The demand for prepared foods is expanding due to increased urbanization, creative packing, and growth in the desire for convenient meals. Further, the segment benefits from customers' growing need for convenience and comfort as a result of their hectic schedules.

The shelf-stable segment is expected to hold a considerable share throughout the forecast period as these meals do not require freezing or refrigeration, making them easier to store. Further, shelf-stable food meals are more affordable than other alternatives, contributing to the increasing demand.

**Changing Demographics:** An increase in single-person households, dual-income families, and a rise in the number of people living in urban areas contributed to the growing demand for convenient food options that could be consumed on-the-go.

**Innovation and Diversification:** The RTE food industry had expanded beyond just basic microwavable meals to include a wide variety of cuisines, dietary options (such as vegetarian, vegan, and gluten-free), and healthier alternatives. This diversification helped attract a broader consumer base.

**Improved Quality:** As consumer preferences shifted towards healthier choices, RTE food manufacturers started focusing on using higher-quality ingredients, reducing additives, and incorporating more natural and organic options into their products.

**Technology and Packaging:** Advancements in food processing and packaging technology enabled the development of products with longer shelf lives while maintaining taste and quality. This contributed to the growth of RTE food sales, as consumers could stock up on these products without worrying about spoilage.

Owing to the rising working population worldwide, busy schedules, and time constraints, there is significant adoption of convenience foods like ready-to-eat (RTE) and ready-to-cook (RTC) that need minimal time and ingredients to cook. According to the reports, during the period of 2022-27, the global ready-to-eat food market is expected to grow at a CAGR of 4.8%. In India, the RTE food market share is projected to increase by USD 751.43 million from 2021 to 2026, and the market will grow at a CAGR of 18.63%.

**Globalization:** The availability of international cuisines in RTE formats allowed consumers to explore different flavors and dishes without having to cook from scratch.

**Retail and Online Presence:** The expansion of retail distribution channels, including convenience stores, supermarkets, and online

platforms, made it easier for consumers to access a wide range of RTE options.

**Food Safety and Regulations:** Stricter food safety regulations and labelling requirements in various countries led to an increase in consumer trust in RTE food products, further driving sales.

**The Ready-to-Eat Food Market size is expected to grow from USD 383.93 billion in 2023 to USD 488.60 billion by 2028, at a CAGR of 4.94% during the forecast period (2023-2028).**

The market is witnessing a shift in consumer preferences from home-cooked food to ready-to-eat products, owing to working individuals' busy lifestyles and hectic work schedules. This change in consumer behaviour will likely uplift the market studied significantly in the forecast period. Ready-to-eat products are considered the closest alternative to regular food, which can be consumed at any time (such as during breakfast, lunch, or dinner).

Consumer interest in new products and ingredients is rising and is expected to witness positive developments. Besides traditional cuisine, consumers are eager to try different meals from other ethnicities, such as Indian, Thai, and Italian. Therefore, preference for ethnic ready-to-eat food has driven the demand for these products.

Millennials and the young generation are the easiest targets for ready-to-eat food manufacturing giants as they spend most of their income on such food products. Thus, such products' convenience level is increasing the global market's total demand. Furthermore, the rising health consciousness among consumers, the predominance of lifestyle disorders, and the nutritional value associated with fresh food are restraining the ready-to-eat food products markets.

Reports suggest that the world is witnessing a wave of demand surge for convenient and instant healthy foods and the market is highly competitive.

- Ready-to-eat foods are considered the closest alternative to regular food, which can be consumed all day, from breakfast to dinner. This is causing a consumer shift from home-cooked food to RTE foods.
- After the pandemic struck, RTE/RTC foods have come to the rescue of work-from-home employees. On days when the schedule leaves no time for cooking, consumers turn to RTE/RTC foods for nourishment, creating opportunities for the market.
- The demand for convenience foods like snacks, meat products, instant pasta, rice, and more is growing at a fast pace. Higher expenditure on food and drinks, awareness about healthy foods, changes in meal patterns and eating habits, and evolving social and economic factors are all reasons why the desire for instant



foods is on the rise.

- The aware consumer of today is eager to try out new cuisines from other regions. Ethnic RTE foods are driving the demand for such foods.
- In India, the RTE market is dominated by domestic companies, but global players have also entered the space with vivid flavors and varieties. Organic food companies are also offering RTE foods to cater to health-conscious consumers.
- Unique packaging to further sales is also a step towards increasing the consumer base.
- Good taste, high nutritional content, and good-quality ingredients encourage consumers to try out RTE foods day in and day out, causing a sharp growth curve for the market.
- The target demographic for RTE manufacturers is the millennials and the young generation, who spend a considerable portion of their income on convenience foods. This trend is promoting the global demand for the market.
- The demand for RTE products is also rising due to the convenience of consumption followed by quick disposal of the packaging. Working professionals imbibe this concept into their lifestyle seamlessly.

**Growing popularity of private-label frozen food is the primary trend in the India RTE food market.**

Private-label frozen products are becoming an important area for retailers. Some retailers promote their own brands by offering more shelf space for their products compared to branded products. For instance, in 2019, the sales of private-label frozen foods increased by 3.8% compared to the previous year. Consumers are more inclined toward private brands to save money without any compromise on taste, selection, or quality. Retailers also offer in-store promotions for their own brand frozen products. Online retailers such as Amazon have also been rolling out private-label frozen food products, while consumer value stores (CVS) are expanding their frozen food section by adding private-label frozen food products to grow their grocery businesses. Some private-label brands are also launching their frozen food products in paper-based trays to reduce the use of plastic packaging and attract consumers by projecting their environmental awareness initiatives. Therefore, increased demand for frozen food will positively impact the RTE food market in India during the forecast period.

**India Frozen Food Market shall experience a CAGR of 17.46% in the coming years 2022 to 2028 Ready meals are estimated to grow fastest in India frozen food market**

Fruit & Vegetables (Peas, Mushroom, Carrots, Beans, Corn & Others), Potatoes (French Fries, Tikki, Potato Wedges, Potato Bites, Smileys, Others), Frozen Bakery Products (Biscuit & Cookies, Bread

& Pizza Dough, Rolls & Pastry, Others), Ready Meals, Soup, and Others are the product types prevalent in India frozen food market.

Improved quality and taste, driven by advancements in technology and packaging, contribute to their popularity. Increasing disposable income and current retail availability has further fueled the market. In addition, changing eating habits favor quick and portable meals. Ready meals also provide a reliable and safe food option due to growing awareness of food safety.

Additionally, staple foods appeal to a broad consumer base, form the foundation of daily meals, and offer convenience and time efficiency in meal preparation. Furthermore, the long shelf life of frozen staple foods, cost-effectiveness, and accessibility through various retail outlets make them a practical and attractive option for consumers. Finally, frozen staple foods can retain nutritional value when properly frozen, making them a preferred choice for health-conscious individuals seeking convenient and nutritious meal options.

**Basmati Rice**

Indian Basmati Rice is presently placed on a congenial platform from where it can only go one-way and i.e. northwards. Perhaps it is for the first time in its history since 1970s that there are 'nil' carryforward stocks. Couple of factors are helping basmati rice to maintain its premium stature & ever-increasing prices; high domestic demand due to constantly increasing purchasing power of the teeming millions, constant pressure on quality products from the foreign markets, even globally people are moving from coarse non-basmati rice varieties to Basmati rice, which has always been considered food of the elite in the past, it is no longer the case.

India in the last few years has emerged as the world's largest producer of the product 'rice per se', the Government of India closely monitor the domestic prices and have in the recent past used various measures to contain the rising prices, either by putting 20% duty or completely banning some non-basmati rice varieties. This has obviously stirred the world as India has disturbed the supplies to the African continent, which were anyway effected due to Ukraine conflict. This again is benefitting basmati rice as market prices are at all-time high and heavy rains due to changing weather patterns have ensured the prices shall not come down any time soon.

In the faceable future basmati rice shall remain in high demand and a profitable business one too.

**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 the notices received from the Bank within 60 days from the date of notices. The Company has also



received Notices from the Banks under section 13(4) of The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002. The Company has already approached Banks with suitable resolution plan for their consideration which the consortium has sanctioned. The Banks has also served letter for failure of resolution plan submitted by the Company. An extension to the resolution plan was also granted by the Lenders.

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 filed an appeal before Hon'ble High Court, Punjab & Haryana for stay. The Hon'ble High Court has granted Interim stay.

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 petition before DRT 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 contesting the matter.

The Company has received Legal Notice from the Punjab National Bank, Hong Kong in regard to outstanding indebtedness due amount (inclusive of interest up to date). The matter is now being taken up PNB Dubai and the Company had submitted its OTS proposal and has deposited the upfront amount and requested to process the Company OTS Proposal and forward the same to their Board/Head Office for approval, which is at present in consideration.

The Company's vendor has filed an execution petition before Faridabad District & Session Judge. The Company is contesting the matter. The Company has also approached Hon'ble High Court Shimla for stay on above matter. The Hon'ble High Court has admitted our application and granted interim stay.

The Municipal Corporation has issued notice to the Builder of Pinnacle Tower for vacating of premises Pinnacle Tower, at Surajkund Faridabad. The Builder had obtained interim stay on the order of Municipal Commissioner, Faridabad from Hon'ble High Court Punjab and Haryana. The Company also filed a petition against Municipal Corporation & other before the Civil Judge, Senior Division, Faridabad with regard to stay of proceeding against order of Municipal Corporation, Faridabad. The Hon'ble Faridabad Court has stated that already interim stay have been granted by the Hon'ble High Court, hence no ground to grant relief prayed for is made out at this stage.

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 2022-23.



### Re-Appointment/ Resignation of Directors

In accordance with the provisions of the Companies Act, 2013, Mr. Satnam Arora (holding DIN – 00010667), 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.

The Re-Appointment and Remunerations of Mr. Jugal Kishore Arora (DIN 00010704), Mr. Satnam Arora (DIN 00010667) and Mr. Gumam Arora (DIN - 00010731) had been approved by the Shareholders in the 31<sup>st</sup> Annual General Meeting of the Company held on 30th December, 2020 for the period of three years subject to the approval of the Central Government. Now the Company wants to renew the appointment and remuneration payable to these Managerial Personnel on the same term and condition as approved by the shareholder in their Annual General Meeting held on 30th December, 2020 for further period of three years starting from 1st October, 2023 in the forthcoming Annual General Meeting, subject to the overall limit as approved by the Central Government.

Your Directors recommend this resolution for approval of the members.

SEBI vide its notification dated 10 May, 2018 has amended the SEBI (LODR) and, inter-alia, has inserted new Regulation 17(1A) which mandates that no listed entity shall appoint a person or continue the directorship of any person as a Non-Executive Director who has attained the age of 75 (Seventy Five) years unless a Special Resolution is passed to that effect by the members of the Company. Mr. Yash Pal Mahajan will attain the age of 75 (Seventy Five) years, accordingly, in view of the above amendment in the SEBI Listing Regulations, it has become imperative for the Company to seek members approval by way of a special resolution, to continue his directorship as an Independent Director, in terms of provisions of the Act and the SEBI (LODR).

Your Directors recommend this resolution for approval of the members.

### 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.

In accordance with Section 136 of the Companies Act, 2013, the Audited Financial Statement, including the Consolidated Financial Statements and related information of the Company and audited accounts of each of its subsidiaries, are available on our website [www.kohinoorfoods.in/investor](http://www.kohinoorfoods.in/investor). These documents will also be available for inspection during business hours at our 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, 2023 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](http://www.kohinoorfoods.in/investor)

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

### Internal Control System

The Company has in place adequate internal control systems that facilitates the accurate and timely compilation of financial