



Independent Auditors' Report

TO THE MEMBERS OF KOHINOOR FOODS LIMITED

Qualified Opinion.

We have audited the accompanying Standalone financial statements of Kohinoor Foods Limited ("the Company"), which comprise the Standalone Balance Sheet as at March 31st, 2022, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Cash Flow Statement and the standalone Statement of Changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, **except for the effects/possible effects of the matters described in paragraph under 'Basis for Qualified Opinion'**, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at March 31st, 2022, and its standalone profit/loss including other comprehensive income, its standalone cash flows and the changes in equity for the year ended on that date.

Basis for Qualified opinion

1. In reference to Note No. 41 in the statement discloses the management's assessment of the company's ability to continue as going concern. The management's assessment of going concern is based on the OTS by the lead bank PNB and the interest shown by prospective investors in the company. However, in view of default in re-payment of borrowings, continuous losses, negative cash flows and negative net worth and due to financial constraints, material uncertainty exists about the company's ability to continue as going concern and the decision of the management of the company to prepare the accounts of the company on going concern basis. There may arise a need to adjust the realizable value of assets and liabilities in the event of failure of assumption as to going concern.
2. As stated in Note No.27 of Standalone Audited Financial Results, Loss of the company is understated by Rs.10,588 lakhs (approx.) due to non-provisioning of interest on bank loans for the period from 01/04/2021 to 31/03/2022 (Previous year Rs. 9742.10 lakhs (approx.)) and Rs.34,079 lakhs (approx.) from the date on which the account of the company was classified as NPA to the period covered under audit, due to non-provisioning of interest on bank loans after the accounts of the company were classified as NPA. Further no provision has been made towards penal interest, any other penalty etc. as may be charged by lenders. In the absence of complete statement of account from the bank, the above amount has been arrived as per calculation made by the company. With the limited information the aggregate amount un-provided in books of account of the company is not ascertainable with accuracy.

Emphasis of Matters

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

- (1) The company has not made Provision for the demand raised by various authorities (Such as Income Tax, Vat etc.) as the matters are pending before various appellate forums. We are unable to comment upon possible impact of non-provision in the standalone financial statement for the year ended 31st March-2022.
- (2) We draw attention to Note No. 16 of the statement of the company, that the lead consortium bank Punjab National Bank "erstwhile known as Oriental Bank of Commerce" has filed an application against company under section 7 of the Insolvency and Bankruptcy code, 2016 before National company Law Tribunal (NCLT) Chandigarh bench and the matter is adjourned to 05th July 2022.
- (3) With reference to Note no. 16 against amount payable to Bank, management has raised certain disputes towards overcharging of Interest. As on date company has paid INR 40.09 crores to banks in the no-lien account, the said amount has been netted off in the total outstanding of Loan repayable on Demand from Banks.
- (4) In reference to Note No.47, balances of some debtors and creditors are subject to their confirmations.
- (5) In reference to Note no. 30 during the period company has taken the Net impact of Creditors/Debtors balance written off amounting to INR 21.93 Lacs.
- (6) In reference to Note no. 38(viii), M/s. Regal Kitchen Foods Limited filed a petition towards alleged outstanding, against which company is in process of filing its counter clam towards the financial losses. Company has booked income towards the financial losses of Rs. 387 Lakhs, Which is to be recoverable from M/s. Regal Kitchen Foods Limited. Case is filed in District and session Court Faridabad and the Hon'ble Court has provided the next date of hearing on 01st July 2022.
- (7) Note no. 16 of the Balance Sheet stating that the company has received Ex-parte Interim Order dated 25-06-2020 from Debt Recovery Tribunal-III, Delhi in the matter of ICICI Bank Vs. Kohinoor Foods Limited 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 Company until further orders. In response, the company is contesting the matter and has filed its reply before DRT-III, Delhi, wherein DRT had fixed the next date of hearing on 31st August 2022.

- (8) In reference to Note no. 49 of the Balance Sheet which explains the management's assessment of impairment of assets due to COVID 19 pandemic situations. As per the assessment of the management, the recoverable amount of assets is higher than its carrying value and hence no impairment of assets needs to be recorded in the financial statements.
- (9) In reference to note no. 28 to the standalone Ind AS financial statement which explain management's assessment of impairment of assets due to Covid-19 pandemic situation. As per assessment of the management, the recoverable amount of assets is higher than its carrying value and hence no impairment of assets need to be recorded in the financial statement, except in previous year company recognize the Impairment loss due to sale of its U.K. based Subsidiary, but professional fees with Legal consultancy firm is adjusted out of the remittance due to company in the current year itself by Mills & Reeve (U.K. based Law Firm) amounted to Rs. 185 lacs (with foreign exchange impact on the amount held by the law firm as a security against possible claims in U.K.) is taken into Impairment loss in current year Profit and Loss Account.

Our opinion is not modified in respect of these matters.

Key Audit Matters.

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition, the matters described in the "basis for qualified opinion" and "emphasis of matter" paragraph are by their nature are key audit matters.

Responsibility of Management's and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as application, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Thus board of directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Report on other Legal and Regulatory Requirements

1. As required by the Companies(Auditor's Report) Order, 2020 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the Order.



2. As required by Section 143(3) of the Act; we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit; except as stated in para under the head "Basis for Qualified Opinion".
 - b) Except for the effects/possible effects of the matters described in the "Basis for Qualified Opinion" paragraph above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The standalone financial statement dealt within the report are in agreement with the books of account and return;
 - d) Except for the effects/possible effects of the matters described in the "Basis for Qualified Opinion" paragraph, in our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules;
 - e) The matters described in the "Basis for Qualified Opinion" paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
 - f) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31st, 2022, from being appointed as a director in terms of Section 164(2) of the Act;
 - g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements. Refer Note 38 to the financial statements;
 - ii. Except as matter described under "basis for qualified opinion" and "Emphasis of matter" paragraph, the company has made provision, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts- Refer Note 31 and 36 to the financial statements;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

Place: New Delhi
Date: 30/5/2022

FOR M/S N.C. RAJ & ASSOCIATES
 (CHARTERED ACCOUNTANTS)
 FRN NO.: 002249N
 Sd/-
 (CA. Sanjay Garg)
 Partner
 Membership No. 088636
 UDIN: 22088636AJWTHP1542

Annexure-A to the Auditor's report (Referred to in our report of even date)

The Annexure referred to in Independent Auditor's Report to the members of the company on the standalone financial statement for the year ended 31st March, 2022, we report that:

- i. In respect of the Company's Property, Plant and Equipment and Intangible Assets:
 - (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.
 - (B) (a) The Company has maintained proper records showing full particulars of intangible assets.
 - (b) The Company has a program of physical verification of Property, Plant and Equipment and right-of-use assets at regular intervals which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) According to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of immovable properties are held in the name of the company.
 - (d) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.



- ii. (a) The Company has a program of physical verification of inventory at regular intervals which, in our opinion, is reasonable having regard to the size of the Company and the nature of its inventory. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (b) The Company has not been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, at any points of time during the year, from banks or financial institutions on the basis of security of current assets and hence reporting under clause 3(ii)(b) of the Order is not applicable.
- iii. During the year the company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties and hence, clause (iii) and its sub clauses of the Order is not applicable.
- iv. The company has not given any loan, made any investment and provided any security to the parties covered under section 185 and 186 of the companies Act, 2013. Accordingly, the provisions of clause (iv) of the Order are not applicable to the Company.
- v. According to information and explanation given to us and on the basis of examination of records, we understand that the company has received advance from customer for supply of goods which has been outstanding for more than three hundred and sixty-five days and fall under the definition of deposit u/s 73 to 76 read with rule framed thereunder. However, the company has not complied with regulation u/s 73 to 76 and rule framed thereunder.
- vi. According to the information and explanations given to us, the cost records specified by the central Government under sub section (1) of section 148 of the companies Act have been made and maintained by the company. However, we have not made the detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii. In respect of statutory dues:
- (a) According to the information and explanations given to us and on the basis of our examination of the records of the company, the company is not regular in depositing undisputed statutory dues including provident fund, employees state insurance, income-tax, Wealth Tax, Service Tax, Goods and Service Tax (GST), State Insurance, VAT, PF, ESI, Customs Duty, Excise Duty, Cess and other statutory dues to the appropriate authority. However, the arrears of the outstanding statutory dues as on the last day of the financial year are due for a period of less than six months from the date, they become payable.
- (b) According to the information and explanations given to us, there are dues of Income Tax, Sales Tax, VAT, Customs, Excise which has not been deposited with the appropriate authorities on account of disputes refer to Note no. 38(C)(i) of financial statement.
- viii. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- (ix) (a) On the basis of Audit procedures and as per the information gathered and explanations received, we are of the opinion that the company has defaulted in the repayment of loans or borrowing to bank and financial institutions. As per the below details:

Sr. No.	Name of Bank	Total default amount*(Rs in Lakhs)	Maximum delay (in days)
1	Indian Bank (Allahabad Bank)	14,934.11	1458
2	Bank of India	7,216.66	1459
3	ICICI Bank Limited	6,264.52	1367
4	IDBI Bank Limited	4,502.50	1439
5	Oriental Bank of Commerce (PNB)	24,755.03	1463
6	Punjab National Bank	4,074.38	1463
7	State Bank of India	2,965.58	1460
8	Punjab National Bank -Hongkong	3,630.93	730
Grand Total		68,343.71	

* Amount of interest not provided in books of accounts

* Also the amount of Rs. 4009.10 lakhs deposited in No lien account of PNB against the OTS amount of Rs. 25000 lakhs is not adjusted with above respective balances.

- (b) As per the information and explanations given to us, Punjab National Bank (earlier Oriental Bank of Commerce) had declared the Company as wilful defaulter. However, the Company/directors had submitted the resolution plan for outstanding dues of the bank which the consortium led by Punjab National Bank has sanctioned.
- (c) Term loans are applied for the purpose for which the loans are obtained and hence reporting on clause 3(ix)(c) is not applicable.



- (d) The company has not raised fund on short term basis and hence, reporting under clause 3(ix)(d) of the Order is not applicable.
- (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
- (f) The Company has not raised any loans during the year on the pledge of any securities held in its subsidiaries, joint ventures or associate companies and hence reporting on clause 3(ix)(f) of the Order is not applicable.
- x. (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.
- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.
- xi. (a) No fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.
- (c) No whistle-blower complaints were received by the auditor during the year and hence, reporting under clause 3(xi)(c) of the Order is not applicable.
- xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- xiii. In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- xiv. (a) The company has an internal audit system commensurate the size and nature of its business.
- (b) The reports of the internal auditor for the period under audit were considered wherever necessary.
- xv. In our opinion during the year the Company has not entered into any non-cash transactions with its Directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. (a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi) (a), (b) and (c) of the Order is not applicable.
- (b) The company is not part of any group. Hence, reporting under clause 3(xvi) (d) of the Order is not applicable.
- xvii. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year and hence clause (xvii) is not applicable.
- xviii. There is a resignation of the statutory auditor during the year, but we have taken this into consideration as such there are no issues, objections or concerns raised by the outgoing auditor.
- xix. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. The company has incurred losses during the three immediately preceding financial years and hence, it is not required to spend any money under sub-section (5) of section 135 of the Act. Accordingly, reporting under clause (xx) of the order is not applicable to the company for the year.
- xxi. In standalone financial statements reporting under clause (xxi) of the order is not applicable.

Place: New Delhi
Date: 30/5/2022

FOR M/S N.C. RAJ & ASSOCIATES
 (CHARTERED ACCOUNTANTS)
 FRN NO.: 002249N
 Sd/-
 (CA. Sanjay Garg)
 Partner
 Membership No. 088636
 UDIN: 22088636AJWTHP1542



Annexure – B to the Auditors' Report
Report on the Internal Financial Controls under Clause (i)
of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

In conjunction with our audit of the standalone financial statements of the Company as of and for the year ended 31st March, 2022, we have audited the internal financial controls over financial reporting of Kohinoor Food Limited (hereinafter referred to as “the Holding Company”).

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit.

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also,



projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Basis of Qualified Opinion

We draw our attention to paragraph of “Basis for qualified opinion” of our main report and the same to be read with our comments as stated below:

According to information and explanations given to us and based on our audit, the following material weakness has been identified as at 31st March, 2022.

1. The Company did not have an appropriate internal control system for
 - (a) Customer acceptance;
 - (b) Customer credit evaluation;
 - (c) Establishing customer credit limit for sales;
 - (d) Acceptance of goods by customers and transfer of risk & reward at the time of sales.

This could potentially result in the company recognising revenue without establishing reasonable certainty of ultimate collection.

2. The Company did not have any internal control system for follow-up/recovery/adjustment of old outstanding receivables and payables including balance confirmation and reconciliation.

A 'Material weakness' is a deficiency, or a combination of deficiency, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual financial statement will not be prevented or detected on timely basis.

Qualified Opinion

In our opinion, except for the effects/possible effects of basis of qualified opinion, the holding Company has maintained, in all material respects, adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weaknesses identified and reported above in determining the nature, timing and extent of audit tests applied in our audit of the March 31, 2022 standalone financial statements of the group and these material weaknesses does not affect our opinion on the standalone financial statements of the company.

Place: New Delhi

Date: 30/5/2022

FOR M/S N.C. RAJ & ASSOCIATES

(CHARTERED ACCOUNTANTS)

FRN NO.: 002249N

Sd/-

(CA. Sanjay Garg)

Partner

Membership No. 088636

UDIN: 22088636AJWTHP1542



Independent Auditors' Report

TO THE MEMBERS OF KOHINOOR FOODS LIMITED

Qualified Opinion.

We have audited the accompanying Consolidated financial statements of Kohinoor Foods Limited ("the Holding Company"), and its subsidiaries ("the holding company and its subsidiaries together referred to as "the group") which comprise the Consolidated Balance Sheet as at March 31st, 2022, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, **except for the effects/possible effects of the matters described in paragraph under 'Basis for Qualified Opinion'**, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at March 31st, 2022, and its consolidated profit/loss including other comprehensive income, its consolidated cash flows and the changes in equity for the year ended on that date.

This Statement, which is the responsibility of the Holding Company's Management and approved by the Holding Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 110 "Consolidated Financial Statements" ("Ind AS 110"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our audit.

We conducted our audit of the Statement in accordance with the Standard on The Auditor's Report on Financial Statements (SA) 700 "The Auditor's Report on Financial Statements Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. An audit of financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other audit procedures. An audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit.

- The Statement includes the results of the following entities:

Name of subsidiaries	Country
(i) Kohinoor Food USA Inc.	(USA)
(ii) Sachdeva Brothers Private Limited	(India)

We did not receive the Audited Financial statements of above subsidiaries for the period ended 31st March-2022. Although there is no significant impact of the financial statements of the subsidiary companies on the Consolidated Balance Sheet as at 31st March-2022.

Basis for Qualified opinion

- In reference to Note No. 41, the Balance Sheet discloses the management's assessment of the company's ability to continue as going concern. The management's assessment of going concern is based on the OTS by the lead bank PNB and the interest shown by prospective investors in the company. However, in view of default in re-payment of borrowings, continuous losses, negative cash flows and negative net worth and due to financial constraints, material uncertainty exists about the company's ability to continue as going concern and the decision of the management of the company to prepare the accounts of the company on going concern basis. There may arise a need to adjust the realizable value of assets and liabilities in the event of failure of assumption as to going concern.
- As stated in Note No.27 of Standalone Audited Financial Results, Loss of the company is understated by Rs.10,588 lakhs (approx.) due to non-provisioning of interest on bank loans for the period from 01/04/2021 to 31/03/2022 (Previous year Rs. 9742.10 lakhs (approx.)) and Rs.34,079 lakhs (approx.) from the date on which the account of the company was classified as NPA to the period covered under audit, due to non-provisioning of interest on bank loans after the accounts of the company were classified as NPA. Further no provision has been made towards penal interest, any other penalty etc. as may be charged by lenders. In the absence of complete statement of account from the bank, the above amount has been arrived as per calculation made by the company. With the limited information the aggregate amount un-provided in books of account of the company is not ascertainable with accuracy.

Emphasis of Matters

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

- The company has not made Provision for the demand raised by various authorities (Such as Income Tax, Vat etc.) as the matters are pending before various appellate forums. We are unable to comment upon possible impact of non-provision in the consolidated financial statement for the year ended 31st March 2022.
- We draw attention to Note No. 16 of the Consolidated Balance Sheet of the company, that the lead consortium bank Punjab National Bank "erstwhile known as Oriental Bank of Commerce" has filed an application against company under section 7 of the Insolvency and Bankruptcy code, 2016 before National company Law Tribunal (NCLT) Chandigarh bench and the matter is adjourned to 05th July 2022.
- With reference to Note no. 16 against amount payable to Bank, management has raised certain disputes towards overcharging of Interest. As on date company has paid INR 40.09 crores to banks in the no-lien account, the said amount has been netted off in the total outstanding of Loan repayable on Demand from Banks.



- (4) In reference to Note No.47, balances of some debtors and creditors are subject to their confirmations.
- (5) In reference to Note no. 30 during the period company has taken the Net impact of Creditors /Debtors balance written off amounting to INR 21.93 Lacs.
- (6) In reference to Note no. 38(viii), M/s. Regal Kitchen Foods Limited filed a petition towards alleged outstanding, against which company is in process of filing its counter clam towards the financial losses. Company has booked income towards the financial losses of Rs. 387 Lakhs, Which is to be recoverable from M/s. Regal Kitchen Foods Limited. Case is filed in District and session Court Faridabad and the Hon'ble Court has provided the next date of hearing on 01st of July 2022.
- (7) Note no. 16 of the Balance Sheet stating that the company has received Ex-parte Interim Order dated 25-06-2020 from Debt Recovery Tribunal-III, Delhi in the matter of ICICI Bank Vs. Kohinoor Foods Limited 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 Company until further orders. In response, the company is contesting the matter and has filed its reply before DRT-III, Delhi, wherein DRT had fixed the next date of hearing on 31st August 2022.
- (8) In reference to Note no. 49 of the Balance Sheet which explains the management's assessment of impairment of assets due to COVID 19 pandemic situations. As per the assessment of the management, the recoverable amount of assets is higher than it carrying value and hence no impairment of assets needs to be recorded in the financial statements.
- (9) In reference to note no. 28 to the consolidated Ind AS financial statement which explain management's assessment of impairment of assets due to Covid-19 pandemic situation. As per assessment of the management, the recoverable amount of assets is higher than its carrying value and hence no impairment of assets need to be recorded in the financial statement, except in previous year company recognize the Impairment loss due to sale of its U.K. based Subsidiary, but professional fees with Legal consultancy firm is adjusted out of the remittance due to company in the current year itself by Mills & Reeve (U.K. based Law Firm) amounted to Rs. 185 lacs (with foreign exchange impact on the amount held by the law firm as a security against possible claims in U.K.) is taken into Impairment loss in current year Profit and Loss Account.

Our opinion is not modified in respect of these matters.

Key Audit Matters.

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition, the matters described in the "basis for qualified opinion" and "emphasis of matter" paragraph are by their nature are key audit matters.

Responsibility of Management's and Those Charged with Governance for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as application, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Thus board of directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the Order.
2. As required by Section 143(3) of the Act; we report that:



- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit; except as stated in para under the head "Basis for Qualified Opinion".
- b) Except for the effects/possible effects of the matters described in the "Basis for Qualified Opinion" paragraph above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) The consolidated financial statement dealt within the report are in agreement with the books of account and return;
- d) Except for the effects/possible effects of the matters described in the "Basis for Qualified Opinion" paragraph, in our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules;
- e) The matters described in the "Basis for Qualified Opinion" paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
- f) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31st, 2022, from being appointed as a director in terms of Section 164(2) of the Act;
- g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements. Refer Note 38 to the financial statements;
- ii. Except as matter described under "basis for qualified opinion" and "Emphasis of matter" paragraph, the company has made provision, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts- Refer Note 31 and 36 to the financial statements;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

Place: New Delhi

Date: 30/5/2022

FOR M/S N.C. RAJ & ASSOCIATES

(CHARTERED ACCOUNTANTS)

FRN NO.: 002249N

Sd/-

(CA. Sanjay Garg)

Partner

Membership No. 088636

UDIN: 22088636AJWSFO7033

Annexure-A to the Auditor's report (Referred to in our report of even date)

The Annexure referred to in Independent Auditor's Report to the members of the company on the standalone financial statement for the year ended 31st March-2022, we report that:

- i. In respect of the Company's Property, Plant and Equipment and Intangible Assets:
 - (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.
 - (B) The Company has maintained proper records showing full particulars of intangible assets.
 - (b) The Company has a program of physical verification of Property, Plant and Equipment and right-of-use assets at regular intervals which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) According to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of immovable properties are held in the name of the company.
 - (d) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.
 - (e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- ii. (a) The Company has a program of physical verification of inventory at regular intervals which, in our opinion, is reasonable having regard to the size of the Company and the nature of its inventory. According to the information and explanations given to us, no material discrepancies were noticed on such verification.



- (b) The Company has not been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, at any points of time during the year, from banks or financial institutions on the basis of security of current assets and hence reporting under clause 3(ii)(b) of the Order is not applicable.
- iii. During the year the company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties and hence, clause (iii) of the Order is not applicable.
- iv. The company has not given any loan, made any investment and provided any security to the parties covered under section 185 and 186 of the companies Act, 2013. Accordingly, the provisions of clause 3 (iv) of the Order are not applicable to the Company.
- v. According to information and explanation given to us and on the basis of examination of records, we understand that the company has received advance from customer for supply of goods which has been outstanding for more than three hundred and sixty-five days and fall under the definition of deposit u/s 73 to 76 read with rule framed thereunder. However, the company has not complied with regulation u/s 73 to 76 and rule framed thereunder.
- vi. According to the information and explanations given to us, the cost records specified by the central Government under sub section (1) of section 148 of the companies Act have been made and maintained by the company. However, we have not made the detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii. In respect of statutory dues:
- (a) According to the information and explanations given to us and on the basis of our examination of the records of the company, the company is not regular in depositing undisputed statutory dues including provident fund, employees state insurance, income-tax, Wealth Tax, Service Tax, Goods and Service Tax (GST), State Insurance, VAT, PF, ESI, Customs Duty, Excise Duty, Cess and other statutory dues to the appropriate authority. However, the arrears of the outstanding statutory dues as on the last day of the financial year are due for a period of less than six months from the date, they become payable.
- (b) According to the information and explanations given to us, there are dues of Income Tax, Sales Tax, VAT, Customs, Excise which has not been deposited with the appropriate authorities on account of disputes refer to Note no. 38(C)(I) of financial statement.
- viii. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- ix. a) On the basis of Audit procedures and as per the information gathered and explanations received, we are of the opinion that the company has defaulted in the repayment of loans or borrowing to bank and financial institutions. As per the below details:

Sr. No.	Name of Bank	Total default amount*(Rs in Lakhs)	Maximum delay (in days)
1	Indian Bank (Allahabad Bank)	14,934.11	1458
2	Bank of India	7,216.66	1459
3	ICICI Bank Limited	6,264.52	1367
4	IDBI Bank Limited	4,502.50	1439
5	Oriental Bank of Commerce (PNB)	24,755.03	1463
6	Punjab National Bank	4,074.38	1463
7	State Bank of India	2,965.58	1460
8	Punjab National Bank -Hongkong	3,630.93	730
	Grand Total	68,343.71	

*Amount of interest not provided in books of accounts

* Also the amount of Rs. 4009.10 lakhs deposited in No lien account of PNB against the OTS amount of Rs. 25000 lakhs is not adjusted with above respective balances.

- b) As per the information and explanations given to us, Punjab National Bank (earlier Oriental Bank of Commerce) had declared the Company as wilful defaulter. However, the Company/directors had submitted the resolution plan for outstanding dues of the bank which the consortium led by Punjab National Bank has sanctioned.
- c) Term loans are applied for the purpose for which the loans are obtained and hence reporting on clause 3(ix)(c) is not applicable.
- d) The company has not raised fund on short term basis and hence, reporting under clause 3(ix)(d) of the Order is not applicable.
- e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
- f) The Company has not raised any loans during the year on the pledge of any securities held in its subsidiaries, joint ventures or associate companies and hence reporting on clause 3(ix)(f) of the Order is not applicable.



- x. (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.
(b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.
- xi. (a) No fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
(b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.
(c) No whistle-blower complaints were received by the auditor during the year and hence, reporting under clause 3(xi)(c) of the Order is not applicable.
- xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- xiii. In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- xiv. (a) The company has an internal audit system commensurate the size and nature of its business.
(b) The reports of the internal auditor for the period under audit were considered wherever necessary.
- vi. In our opinion during the year the Company has not entered into any non-cash transactions with its Directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. (a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi) (a), (b) and (c) of the Order is not applicable.
(b) The company is not part of any group. Hence, reporting under clause 3(xvi) (d) of the Order is not applicable.
- xvii. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year and hence clause (xvii) is not applicable.
- xviii. There is a resignation of the statutory auditor during the year, but we have taken this into consideration as such there are no issues, objections or concerns raised by the outgoing auditor.
- xix. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. The company has incurred losses during the three immediately preceding financial years and hence, it is not required to spend any money under sub-section (5) of section 135 of the Act. Accordingly, reporting under clause (xx) of the order is not applicable to the company for the year.
- xii. We did not received the Audit Reports for the subsidiaries companies, Although the impact of financials of subsidiaries are not significant in the consolidated financial statements, Thus reporting under clause (xxi) cannot be done due to non-availability of Audit Reports.

Place: New Delhi

Date: 30/5/2022

FOR M/S N.C. RAJ & ASSOCIATES

(CHARTERED ACCOUNTANTS)

FRN NO.: 002249N

Sd/-

(CA. Sanjay Garg)

Partner

Membership No. 088636

UDIN: 22088636AJWSFO7033



Annexure – B to the Auditors' Report
Report on the Internal Financial Controls under Clause (i)
of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March, 2022, we have audited the internal financial controls over financial reporting of Kohinoor Food Limited (hereinafter referred to as “the Holding Company”).

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit.

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also,



projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Basis of Qualified Opinion

We draw our attention to paragraph of “Basis for qualified opinion” of our main report and the same to be read with our comments as stated below:

According to information and explanations given to us and based on our audit, the following material weakness has been identified as at 31st March, 2022.

1. The Company did not have an appropriate internal control system for
 - (a) Customer acceptance;
 - (b) Customer credit evaluation;
 - (c) Establishing customer credit limit for sales;
 - (d) Acceptance of goods by customers and transfer of risk & reward at the time of sales.

This could potentially result in the company recognising revenue without establishing reasonable certainty of ultimate collection.

2. The Company did not have any internal control system for follow-up/recovery/adjustment of old outstanding receivables and payables including balance confirmation and reconciliation.

A 'Material weakness' is a deficiency, or a combination of deficiency, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual financial statement will not be prevented or detected on timely basis.

Qualified Opinion

In our opinion, except for the effects/possible effects of basis of qualified opinion, the holding Company has maintained, in all material respects, adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weaknesses identified and reported above in determining the nature, timing and extent of audit tests applied in our audit of the March 31, 2022 consolidated financial statements of the group and these material weaknesses does not affect our opinion on the consolidated financial statements of the company.

Place: New Delhi

Date: 30/5/2022

FOR M/S N.C. RAJ & ASSOCIATES

(CHARTERED ACCOUNTANTS)

FRN NO.: 002249N

Sd/-

(CA. Sanjay Garg)

Partner

Membership No. 088636

UDIN: 22088636AJWSFO7033