



THE TASTE
OF AUTHENTICITY

SERVING AUTHENTICITY



2009-10
ANNUAL REPORT



Contents

Chairman's message	3
Directors' report and management discussion & analysis	5
Auditors' report	24
Balance sheet	27
Profit & loss account	28
Schedules	29
Auditors' report	48
Consolidated balance sheet,	49
Consolidated Profit & loss account and schedules	50
Financial Information of Subsidiary Companies	61



Registered Office : 201, Vipps Centre, Masjid Moth
Corporate Office and Greater Kailash II, New Delhi-110 048
Share Department Tel: +91-11-41635757 (10 Lines)
Fax: +91-11-41638586/87
E-mail: info@kohinoorfoods.in
Web: www.kohinoorfoods.in

Works : 50-51 Milestone, G.T. Karnal Road
Murthal, Dist. Sonapat (Haryana)
: 71, Libaspur, Bahalgarh
Dist. Sonapat, (Haryana)

Wholly Owned : Kohinoor Foods USA INC.

Subsidiary Companies 40, Northfield Avenue
Edison, NJ 08837
Tel.: 1(732) 8684400
Fax: 1(732) 8684404
Email: info@kohinoorfoods.com
Web: www.kohinoorfoods.com

: Indo European Foods Limited
Kohinoor House, 40 Langer Road
Felixstowe, Suffolk, IP 11 2BW
United Kingdom
Tel: 01394 276 700
Fax: 01394 276 771
E-mail: info@kohinoorfoods.co.uk

: Sachdeva Brothers Limited
50-51 Milestone, G.T. Karnal Road
Murthal, Dist. Sonapat (Haryana)

Joint Venture : Rich Rice Raisers Factory L.L.C.
Company Post Box No. 15542
Al Quoz Industrial Area
3rd Interchange, Sh Zayed Road
Dubai, U.A.E.
Tel: (9714) 3382800
Fax: (9714) 3382900
E-mail: richrice@emirates.net.ae

Board of Directors:

-Mr Jugal Kishore Arora	Chairman
-Mr Satnam Arora	Jt. Managing Director
-Mr Gurnam Arora	Jt. Managing Director
-Mr Vijay Burman	Non-Executive Director
-Mr Anil Bhatia	Non-Executive Director
-Mr Vijay Parkash Aggarwal	Non-Executive Director

Company Secretary: Mr. Rama Kant

Auditors: M/s Nath Ahuja
Chartered Accountants

Bankers:

- Oriental Bank of Commerce
- State Bank of India
- Punjab National Bank
- Allahabad Bank
- Standard Chartered Bank
- IndusInd Bank
- HDFC Bank Limited
- ICICI Bank Ltd.
- IDBI Bank Ltd.

Transfer Agents:

M/s Skyline Financial Services Pvt. Ltd.
246, First Floor, Sant Nagar, East Of Kailash,
New Delhi-110065
Tel: 26292680/82
Fax: 91-11-26292681

Listing of Equity Shares :

- National Stock Exchange of India Ltd.
- Bombay Stock Exchange Ltd.



Chairman's Message



Dear Fellow Shareowners,

In 2009-10, Kohinoor Foods Ltd. delivered fairly good results as compared to previous years. Your company recorded significant increase in turnover and net profit during the year.

The company achieved turnover of Rs.7727.98 millions with a growth of 26.46% in the Exports and 15.98% in the Domestic sales. The overall growth that the company achieved was 21.55% over the previous year.

Largely, our new range of True Basmati Rice - Kohinoor Platinum, Gold & Silver added a lot of impetus to the entire business. Collectively all three varieties gained tremendous acceptance in almost all the markets where Basmati as a category exists.

The other factors that added a lot to the company's books were the focused approach of treating each country individually, bringing in the new range of healthy Heat & Eat products, broader penetrations, both in the Domestic & the Export markets and some new avenues that the Food division explored.

With a vision of bringing authentic Indian flavors to people all over the world, we want your company Kohinoor Foods to become one of the leading name, not only in the Rice, but the entire Food category, that too worldwide. In this endeavor, we would keep developing food products that help us come closer to achieving our vision. We will continue to follow our successful strategies and try every step to make our future brighter & better. We would focus on improving our portfolio, increasing efficiency, product innovation and expanding our business in order to get close to our ultimate goal for the company.

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 stakeholders, who have shown their trust in us and have extended their constant support.

With best wishes,

Sincerely
Jugal Kishore Arora
Chairman



*“ The Visionaries of **KOHINOOR** ”*



(Sh. Gurnam Arora, Sh. Jugal Kishore Arora & Sh. Satnam Arora)

Director's Report and Management Discussion & Analysis

The following report should be read in conjunction with the audited financial statements and notes for the year ended March 31, 2010 and the audited financial statements and notes for the year ended March 31, 2009. 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. Just the reason why it offers an extensive range that caters to all kinds of consumers need in all different parts of the world - a wide variety of Basmati Rice, range of Healthy Ready to Eat Indian Curries, Meals & Desserts, Range of Frozen Indian Breads & Snacks, Different kinds of Spices & Seasonings, unique range of Readymade Gravies & variety of Cooking Pastes. Today, the most powerful brand of the company "Kohinoor", is a household name not only in India, but also in the countries like USA, UK, Middle East, Canada, Japan, Australia, Singapore & other European countries.

In this endeavor of serving the true Indian culinary experience, largely, your company has achieved another landmark this year.

Financial Overview

The year under review was a fairly good year for the company and it achieved an overall turnover growth of 21.55% in comparison to Previous Year.

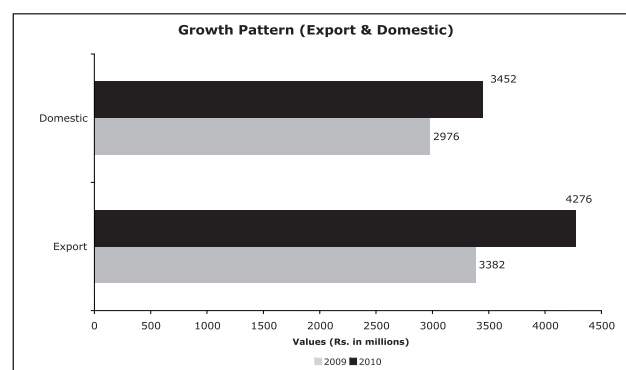
Particulars	FY'10	FY'09
Net Sales & Other Income	7,748.48	6,396.05
Profit before Depreciation	500.02	437.62
Depreciation	102.12	107.19
Profit before Tax and extraordinary items	397.89	330.43
Less:-		
Extra Ordinary Items	290.75	500.09
Profit before Tax	107.15	(169.66)
Provision for Taxation	24.91	(61.68)
Profit after Tax	82.24	(107.97)
Figures in Rs. Million		

The EBIDTA margin (Earnings before interest, depreciation, tax and amortization) of the company is 14.98% of turnover in FY'10 compared to 15.23% in the previous year. However net profit after tax in FY' is Rs. 82.24mn in comparison to in Net loss after tax of Rs 107.98mn in FY'09.

The major contributor for this was the all round growth in business generated in different regions, both in the Export & the Domestic markets coupled along with all the new initiatives that the company took in this financial year.

Operations

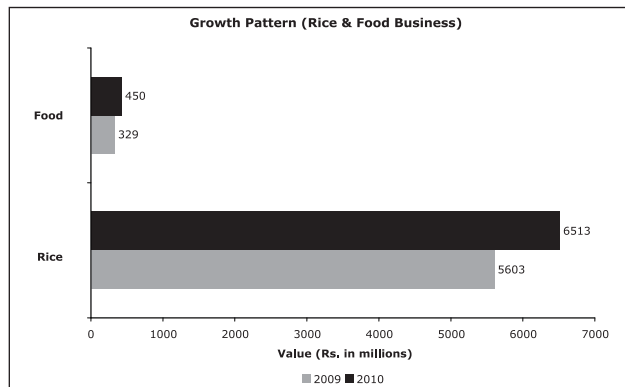
For the year under review, the company has shown positive growth patterns vis-à-vis in the previous year. As shown below, the Exports have grown by 26.46% while the Domestic Sales showed a growth of 15.98%. This year, the export sales was Rs. 4,276 millions as against Rs. 3,382 millions in the previous year, while the domestic sales was Rs. 3,452 millions as against Rs. 2,976 millions in the previous year.



The contribution that both the Basmati Rice & the Food business generated to the entire business of the



company was Rs.6,513 millions and Rs.450 millions respectively. Rice sales grew by around 16.22% while the Food sales grew by 36.78% over the previous year.



For this year's company growth, on a larger scale, the major contributors were:

1. Global acceptance of the new avatars of Kohinoor the Platinum, Gold & Silver (PGS) versions of Basmati Rice - The Company's move of introducing Kohinoor Platinum, Gold & Silver in the entire rice industry, globally, was a strategic and bold move that it took during the year. Not only did it gain acceptance in the Domestic market, but also in the Export markets. Platinum, Gold & Silver, together broadened the horizon of Kohinoor and made it more approachable to a larger base of consumers, that too worldwide. Making a product like Kohinoor Basmati Rice available to a larger bandwidth of consumers made the brand enter more number of houses, which in turn brought good results into the company's books.
2. Company's focus on Kohinoor Platinum, Gold & Silver - Not only did the PGS gain considerable acceptance, but this year the company focused all its efforts onto the availability of these three products in as many shelves, stores, cities & countries as possible.
3. The revamped version of Heat & Eat - the healthy India on Platter range (IOP) - this was another move that gave enough impetus to the business of Kohinoor Foods, especially to the Food Division. In the countries where it is consumed the most, it gained tremendous response - not only from the

Ethnic Consumers, but also from the Mainstream. In markets where there were all kinds of Heat & Eat products, this introduction of Kohinoor's healthy range of Heat & Eat dishes made its own way. What made a great impact among consumers was the factor that the entire range was "Cooked in Olive Oil" which brought in all the healthy benefits to the entire range of products.

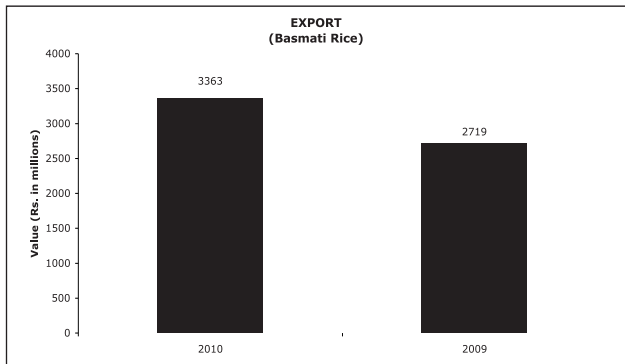
4. Broader Penetrations - This year, the company also worked towards broadening its penetration in as many countries, for both the Rice & the Food products. Today, there are many additional countries that get to savor the fine taste that Kohinoor brings through its different range of products. The company also broadened its penetrations in the Domestic markets, especially for the Rice products, by implementing FMCG Distribution model. It was another strong move towards doing a commodity business in a completely new way, within the same parameters.
5. Growth in focused countries - This was another move where the company tried doing business in a little different way. To have a deep focus in every country, this year the company looked at individual countries and approached each of them in their own way. A reason why some of the countries have shown tremendous growth patterns in this financial year.
6. New Avenues - This year, especially in the Food Division, the company also explored some of the new avenues. Supplying our range of products to Defence & CSD Canteens were the new moves that the company took. Exploring possibilities like this not only ensured extra business for the company, but also enhanced the reach of Kohinoor products to more number of consumers.

The Export Market

Exports - Basmati Rice

This year, in the Export of the Basmati Rice, the company did a business of around Rs. 3,363 millions as against Rs. 2,719 millions in the previous year. Kohinoor Foods exported to around 54 countries and gained a growth of 23.68% over the last year's business. Some of the countries that showed remarkable growth were UK,

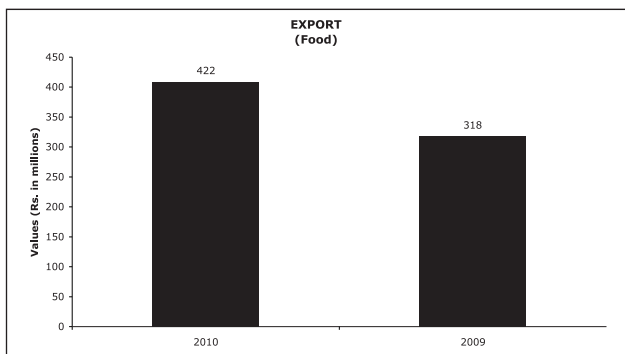
Botswana, Egypt, Kenya, Kuwait, New Zealand, Mauritius, Syria & Yemen. With its range of Basmati Rice, Kohinoor Foods made its mark in all of these countries.



The growth in the export of Basmati Rice was due to a combination of factors. Some of them being a deeper penetration in every country, exploration of new countries, Investment in the brand - especially in some of the focused markets and heavy consumer promotions during peak seasons.

Exports - Food

This year, Kohinoor Foods exported different Food products and recorded a business of around Rs. 422 millions as against Rs.318 millions in the previous year. The company exported its products Heat & Eat, Spices & Frozen Food product to around 18 countries and gained a growth of around 32.70% over the last year.



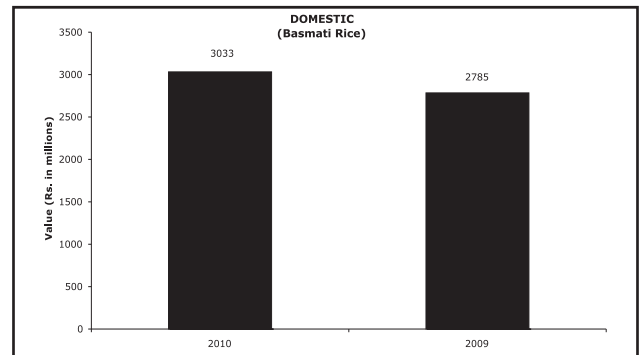
The growth in the Export Business (Food) was largely due to the new range of Healthy Heat & Eat products that the company conceptualized this year. It gained significant recognition in all the International markets and also helped the company open new markets, globally. What also helped was some of the new product developments that the company did in this year, coupled along with

some of the parallel Pvt. Labels business that the company generated in this year. The main focus in the next 5 years would be to increase our share in mainstream segment in Europe, USA and Australia by targeting mass retail chains in these respective territories.

The Domestic Market

Domestic Market- Basmati Rice

In the Domestic market, your company recorded a growth of 8.87% with a value of Rs.3,033 millions in this financial year versus Rs.2,785 millions in the previous year. In comparison to the Export result, though the percentage growth of the Domestic market seems marginal, but this year the company did fairly well in building the Consumer Pack segment of the Basmati Rice products, which showed a strong growth of around 34% as compared to the last year. Also, the company's initiative of implementing FMCG Distribution Model in as many cities is helping it gain enough of grounds in every market.

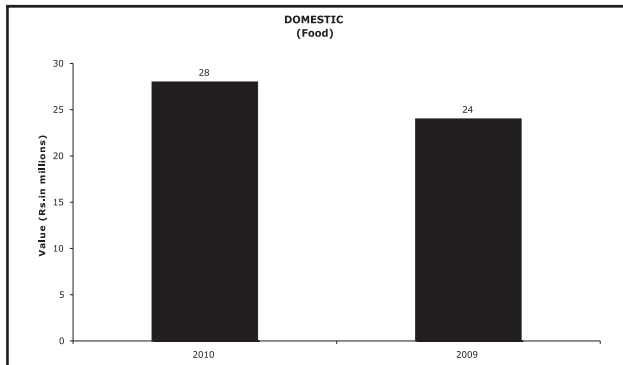


Domestic Market - Foods

In the Domestic market, your company achieved a turnover of around Rs.28 millions as against Rs.24 millions in the previous year showing a growth of around 17.8% over the previous year. Like in the export market, the highlighting feature of this year in the domestic market for Food was the introduction of healthy range of Heat & Eat products (India on Platter). This introduction helped the company in distinguishing its range of Heat & Eat products in the Indian market to a great extent.

Overview

The Indian market offers a huge potential for the food processing industry. According to the Confederation of



Indian Industry (CII), the Indian food industry is estimated to be worth over \$200 billion and is expected to grow to \$310 billion by 2015. Even though India is one of the world's largest food producers, it accounts for less than 1.5% of international trade and presents a huge opportunity. However we plan to change that.

Processed food market is the most important segment of the food industry accounting for over 32% of the total food market (Source: ibef). While India has an abundant supply of food, the food processing industry is still nascent: only 2% of fruit and vegetables; and 15% of milk produced are processed. Despite this, the processed food industry in India ranks 5th in size, representing 6.3% of GDP. It accounts for 13% of the country's exports and 6% of total industrial investment. The industry size is estimated at \$70 billion, including \$22 billion of value-added products.

Convenience food

The Food Service business in India is seeing explosive growth driven by increasing incomes, changing lifestyles, increasing urbanization and changing demographics where the average age in working population is decreasing. According to Euromonitor International a market research company, the amount of money Indians spend on meals outside the home has more than doubled in the past decade, to about \$5 billion a year and is expected to double again in about half that time. With the increase of women in the working population, convenience foods are also likely to become popular. The emerging large retail chains make these foods more easily accessible. According to the Ministry of Food Processing the industry size of the semi-processed and ready-to-eat packaged food industry is over \$1 billion and is growing at a CAGR of 20%.

Basmati rice

Among the rice growing countries, India has the largest area (40.2 million hectares) followed by China and Bangladesh. India and Pakistan grow and export aromatic rice and the main buyers are the Middle East and Europe. The global production of basmati rice is approximately 2.3 million tons, out of which India's share is a whopping 74%. Total basmati rice market in India is estimated at Rs 10 billion, out of which branded basmati rice market is approximately 50% in value and 33% in volume terms.

The domestic branded basmati market is growing rapidly driven by rising incomes and changing lifestyle. The major driver for branded basmati sales will be organized retail which is growing at 9% p.a. and is expected to grow by 30% in 5 years. As organized retail penetrates semi-urban and rural areas branded basmati penetration to rural areas is expected to increase.

Strengthening presence in key international markets

During the year under review, your company has strengthened its presence in leading international markets and also made successful inroads into new markets. It entered several new markets for the branded basmati segment including Saudi Arabia, the largest market of basmati rice in the world. It also entered new countries for the food business including Bahrain and Kuwait. Today, the company's products are available at over 3,50,000 retail outlets across the globe and its clientele includes leading retail chains world over.

The company has 2 wholly-owned subsidiaries in US and UK and a Joint Venture Company in Dubai to look after these markets, which jointly form the largest market for food.

USA operations

USA is a large potential market for Indian food products. According to the US-based Food Marketing Group, Indian food is growing rapidly and is expected to overtake Chinese and Kosher food and occupy the No. 3 position (below Italian and Mexican) in the next 3 years.

Realizing the strong demand in that country, we established our wholly-owned subsidiary in New Jersey, Kohinoor Foods USA, Inc. in the year 2000. KFUI is

presently supplying to leading mainstream stores such as Whole Foods, Krogers, select stores of Walmart, BJ's Club Stores and Costco apart from almost all leading ethnic Indian stores in the US.

UK operations

Indian food is hugely popular in UK and enjoys mainstream acceptance. There are more than 10,000 Indian restaurants in greater London alone. Kohinoor Foods had set up Indo European Foods Limited, a wholly-owned subsidiary in the year 2001 in UK. The subsidiary owns a rice processing facility at the port city of Felixstowe with a milling capacity of 8 MT per hour. It presently services mainstream stores like Tesco, Somerfield, ASDA Walmart, Bestway, Costco, Tesco, Ireland and almost all leading ethnic stores in UK.

Indo European Foods Ltd. has taken Kohinoor to a new high. The brand Kohinoor has grown by leaps and bounds and has become the No. 2 brand in dry basmati in UK in a very short span of time (Source: AC Nielsen). Kohinoor is one of the fastest growing brands in TESCO (50% YoY). Kohinoor today is recognized as the 4th most favored food brand in the UK (Source: Ethnic Focus Research, Jan 2007 UK).

Dubai Operations

Rich Rice Raisers Factory LLC (RRR) was established as a joint venture company in the financial year 2001 in Dubai to augment its marketing strengths in the middle-east region. RRR has a small rice processing facility in Dubai besides a full-fledged marketing office. RRR is presently supplying Kohinoor range of basmati rice and other food products in mainstream stores like Carrefour, Lulu's Chain and Geant Stores.

Strengthening domestic presence for food business

Kohinoor Foods has also taken measures to strengthen its presence in the domestic market for foods business. It has set up an independent distribution unit for marketing its range of food products in India and building relationships with modern retail stores. The Company has also tied up with international chains like Pizza Hut, Papa John's, Pulse Foods for supplies to the domestic market.

Business outlook

A rapidly growing domestic economy with changing

consumption patterns presents a huge opportunity for your company going forward. Your company is committed to building a global food brand and has drawn up a strategy to continue its focus on the branded foods business. It will continue to introduce new products and penetrate new markets, overseas.

Focus on branded business

We will continue our focus on branded product sales and capitalize on the high margin convenience foods segment. We believe that 90% of our turnover would come from the branded segment (Basmati rice and Food business) by FY 2012

We expect the food business to contribute 25% of our turnover by FY 2012.

After the successful launch of frozen foods, your company is eyeing the much larger chilled foods business in UK and India to further consolidate its position as a global player in this arena.

International market

The company plans to enter into more big retail formats across the world, in mainstream markets. Major focus would be on US and UK, the largest markets for food products in the world.

Your company intends to acquire major market share of US ethnic food market by leveraging distribution centers in five major cities of US.

We aim to add at least another 25 countries to our list of customer countries in the next 2 years in the food business.

Risks & concerns

Macro-economic factors like recession, subdued demand and political uncertainty may affect the business of the Company as also the industry at large. 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: 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 strong brands which helps differentiate their product.

DIVIDEND

Your Directors do not recommend any dividend for the financial year 2009-10.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956, Mr. Anil Bhatia and Mr. Satnam Arora, Directors of your company are retiring by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment. Your directors recommend their re-appointment.

SUBSIDIARIES AND JOINT VENTURES

Your Company had applied to the Central Government under Section 212(8) of the Companies Act 1956, seeking an exemption from attaching copies of the Balance Sheet, Profit and Loss Account, Directors' Report and Auditor's Report of its subsidiary companies.

In terms of the approval granted by the central government vide order No. 47/358/2010-CL-III dated

13th May, 2010 copies of the Board of Directors and Auditors of the subsidiary companies have not been attached to the Balance sheet of the Company. However, the statement required under Section 212 of the Companies Act, 1956 is attached. The Consolidated Financial Statements prepared by the Company pursuant to Accounting Standard AS-21 issued by the Institute of Chartered Accountants of India, include financial information of its subsidiaries.

The annual account of the subsidiary companies and the related information will be kept for inspection, by any member of the Company and of the subsidiary Companies, at the Registered Office of the Company and will be made available upon request by any member.

As per the terms of the exemption letter, a statement containing brief financial details of the Company subsidiaries for the year ended March 31, 2010 is included in the Annual Report.

INTERNAL CONTROL SYSTEM

Your Company has well established Internal Control Procedures across its various locations, Commensurate with its size and nature of operations to ensure that financial and Operating Reporting Systems are reliable and that all material risks are evaluated. The Internal audit function is adequately resourced and reports independently to the Audit Committee of the Board. In the opinion of the management and the internal auditors, there exists adequate safeguard against fraud and negligence within the company.

LISTING AT STOCK EXCHANGE

The Equity Shares of the Company are listed with Bombay Stock Exchanges Ltd. and National Stock Exchange of India Ltd. The annual listing fee for the year 2010-11 has been paid to the Exchanges.

CORPORATE GOVERNANCE

Your company has taken adequate steps to ensure compliance with the provisions of Corporate Governance as stipulated by the Stock Exchanges. A separate report on Corporate Governance along with Auditors's Certificate on its compliance by the company is attached as Annexure 'A' to this report.

AUDITORS

M/s Nath Ahuja & Co., Statutory Auditors of the

Company retire and offer themselves for reappointment. The Company has obtained a Certificate to the effect that their appointment, if made, would be in conformity with the limits specified under section 224 (1) (B) of the Companies Act, 1956.

FIXED DEPOSITS

Your company has not accepted any deposit from Public during the year under review.

STATUS OF PENDING LITIGATIONS BEFORE SEBI AND THE COMPANY LAW BOARD

- (I) **Petition being C.P No. 12/111A (N.D) of 2008 under Section 111A of the Companies Act, 1956 filed by the Company on 18th June, 2008 against Temptation Foods Limited and Others.**

The Temptation Foods Limited and others have been acting in concert and are acquiring shares of the Company in violation of SEBI Takeover Code, in view whereof, the aforesaid Company Petition was filed by the Company before the Hon'ble Company Law Board for seeking rectification of its Register of Members and is pending adjudication before the Hon'ble Company Law Board.

- (II) **Complaint filed to SEBI on 10th June, 2008 under SEBI Takeover Code read with SEBI Act, 1992**

The Company had also filed a Complaint to SEBI against Temptation Foods Limited (TFL) and its MD Shri Vinit Kumar and others, who all being Persons Acting in Concert have been attempting an hostile Takeover of the Company in gross violation of SEBI Takeover Code and Companies Act, 1956. Various developments in relation to such Takeover have been provided to SEBI from time to time. In the process of its enquiry, SEBI vide its interim order dated 16th February, 2009, had formed a prima-facie opinion that TFL has attempted to mislead the investors and created an artificial market to induce the investors in violation of Regulation 4(2) (f) and 4(2) (r) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003. SEBI had therefore, passed a cease and desist order u/s 11D of SEBI Act, 1992 directing TFL and its Managing Director, Mr. Vinit Kumar to cease and desist with immediate effect from publishing or causing to

publish or reporting or causing to report or circulate or cause to circulate in any manner any false or misleading information relating to dealing in securities until further orders. SEBI vide its order dated 11th September, 2009 disposed off the proceedings initiated u/s 11D of SEBI Act, 1992 and advised TFL and its MD not to report or publish information regarding their shareholding without strictly adhering to the provisions of law.

INFORMATION REGARDING CONSERVATION OF ENERGY ETC. AND EMPLOYEES

Information required under section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 and information as per Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975 as amended from time to time are given in Annexures 'B' & 'C' forming part of this report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of Companies Act, the Directors confirm that:

- a) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- b) appropriate accounting policies have been selected and applied consistently and judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the Company for that period;
- c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) The annual accounts have been prepared on a going concern basis.

AWARDS & RECOGNITIONS

Kohinoor Foods is no stranger to awards & recognitions. This year, the company was awarded with two coveted awards - SuperBrand & Reader's Digest Most Trusted Brand Award.



It was for the 2nd time in series that Kohinoor Foods was awarded the SuperBrand Awards for its range of True Basmati. This is an award which is consumer validated and only the top few brands, on a national level, gets picked from all the categories that are available in the market.

SuperBrand is the elitist of the titles given to brands when they attain a paramount status in the market and enjoy undisputed preference over the competition something that Kohinoor has been doing for years and has won loyal patrons and become a preferred choice of the consumers by delivering quality through its wide range of products.

This year, the company also received another award in series - Reader's Digest Trusted Brand Award. This award is the most reliable & credible barometer of consumer preferences in Asia. It didn't take much time for Kohinoor to be among the product winners of Reader's Digest Gold Trusted Brand award for two years, a survey of brand performances, being the undisputed king of rice and creating a niche with an unchallenging position in the consumers' heart in India & abroad.

CORPORATE SOCIAL RESPONSIBILITY

Kohinoor also envisions to improve lives in communities we live around, protect workplace rights, respect people, support missions that help people have a better life, provide good jobs, world class quality products and a healthy environment to all of us around.

At Workplace, Kohinoor Foods maintains high standards for fair and dignified treatment of all the people who work for our company. For all of its employees, it is not just a place to work, but like another home and everybody in it like a big family, closely bonded with each other.

Kohinoor Foods also believes that a company is as good as the people who work for it - their combined talents, skills, knowledge, experience and passion make a company what it is. Hence, company's continuous goal is to inspire and motivate its people to hone their talents, increase their knowledge & skills and achieve extraordinary results at their workplace.

The company also considers it as its responsibility to support the community that we live in. Kohinoor Foods supports 'Missions of Charity, Kolkata set up by Mother Teresa' with annual contribution of around 30 tonnes of rice to their missionaries. It also supports 'Khushi', the non-governmental organization working for the under-privileged. For the community who live around its factories and the re-settlement groups of Kashmir, the company also makes sure it helps them with food & basic necessities of life on a regular basis. Adherence to global human rights standards, No minor labour, Fair trade practices, complete Medical facilities for its people, Safe & sound working environment are the things that Kohinoor Foods take utmost care about.

ACKNOWLEDGMENT

Your Directors acknowledge with gratitude the commitment and dedication of the employees at all levels that has contributed to the growth and success of the company. Your Directors also put on record their appreciation and thanks to the Authorities and millions of consumers who have reposed faith in the product of their company.

for And On Behalf of the Board

sd/-

New Delhi
June, 26, 2010

Jugal Kishore Arora
Chairman

ANNEXURE 'A' TO THE DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE

1. CORPORATE GOVERNANCE PHILOSOPHY

The Company's philosophy on Corporate Governance envisages attainment of the highest levels of transparency, accountability and equity in all facets of its operations with its stakeholders including shareholders, employees, lenders, and the Government. Adopting Corporate Governance as a work ethos, the Company ensures best performance by staff at all levels to maximize the operational efficiency and enhancing the stakeholders value

2. BOARD OF DIRECTORS

The Board of Directors has an optimal combination of Executive, Non-Executive and independent Directors. The Board is headed by an executive Chairman. As on 31st March, 2010, the Board comprised six members. It consists of three Executive Directors and three Non-Executive Independent Directors. The Board members possess the requisite skills, experience and expertise to guide the company.

Information Available to the Board

All requisite information as per Clause 49 of the Listing Agreement is placed before the Board during meetings. From time to time the Board invites members of the senior management to present reports on the Company's operations and internal control system. During the financial year ended 31st March, 2010, Seven meetings of the Board of Directors of the Company were held and the gap between two Board Meetings did not exceed four months. The meeting were held on 30th May 2009, 8th July, 2009, 30th July, 2009, 29th August, 2009, 30th October, 2009, 29th January, 2010 and 31st March, 2010. The details of the Directors on the Board of your Company for the year 2009-10 are given below:

Composition of the Board

Name of Director	Category	No. of Board Meetings Attended	Whether Attended last AGM	Directorship in Companies (Incl. KFL*)	Number of membership (Including KFL*)	
					Member	Chairman
Mr.Jugal Kishore Arora	Chairman (WTD)	07	NA	5	NIL	NIL
Mr.Satnam Arora	Jt.Managing Director (WTD)	07	NA	7	1	NIL
Mr.Gurnam Arora	Jt.Managing Director (WTD)	06	NA	6	NIL	NIL
Mr.Anil Bhatia	Independent Director / Non-Executive	07	NA	2	2	NIL
Mr.Vijay Burman	Independent Director / Non-Executive	07	NA	1	3	1
Mr.Vijay Parkash Agarwal	Independent Director / Non-Executive	05	NA	1	3	1

* Kohinoor Foods Limited

Code of Conduct for Board Members & Senior Management Team:

In Compliance to the provisions of Clause 49 of the Listing Agreement, the Board has laid down a Code of Conduct for all Board Members and Senior Management Team. A copy of the said Code of Conduct is available on the website of the Company.

All Board Members and Senior Management Team have affirmed compliance of Code of Conduct as on 31st March 2010. A declaration signed by Chairman is enclosed herewith.



INFORMATION UNDER THE LISTING AGREEMENT OF THE DIRECTORS SEEKING RE-APPOINTMENT

Particulars	Mr. Jugal Kishore Arora	Mr. Satnam Arora	Mr. Gurnam Arora	Mr. Anil Bhatia	Mr. Vijay Burman	Mr. Vijay Parkash Agarwal
Date of Birth	11th October, 1943	23rd January, 1949	26th March, 1950	April 10, 1949	April 9, 1932	Feb.29, 1948
Qualifications	Graduate	Post Graduate	Graduate	Post Graduate	Graduate	Graduate
Experience	He is associated with the Organisation since its inception. He has been looking after and is in-charge of Production. His vast experience of more than three decades in the rice industry, together with a sharp eye for detail, have reaped rich dividends. In fact, they have been largely responsible for the wide acceptance that the company's Basmati Brands enjoy all over the World today.	He has vast experience in marketing the rice in overseas market. Mr. Satnam Arora has been looking after Export Marketing and Finance. The fact that the company has taken a Commanding Share of the Basmati Export Market is largely because of the sincere efforts and initiative taken by Mr. Satnam Arora.	He has over thirty three years of experience in rice industry. Mr. Gurnam Arora has been looking after Domestic Marketing, Purchase, Administration, Quality Control and Corporate Affairs of the Company. Mr. Gurnam Arora's broad vision helped the company increase in domestic share. The Sales in domestic market have increased manifolds.	He is a post graduate in English Literature with over 36 years experience in the Construction industry. He is an Independent Director of the company	Mr. Vijay Burman is a Science Graduate with over 40 years experience in Textile Industry. He is an Independent Director of the company	Mr. V. P. Agarwal is a Science Graduate with over 38 years experience in his field i.e. Textile Industry. He is an Independent Director of the Company. .
Directorships	- Satnam Int'l Pvt. Ltd. -Satnam Haegens Ltd. -Sachdeva Bros. Pvt. Ltd. -Indo European Foods Ltd. Uk	-Satnam Int'l Pvt. Ltd. -Satnam Haegens Ltd. -Sachdeva Bros. Pvt. Ltd. -Indraprastha Medical Corpn. Ltd. -Sara Textiles Ltd. -Kohinoor Foods USA, Inc.	-Satnam Int'l Pvt. Ltd. -Satnam Haegens Ltd. -Sachdeva Bros. Pvt.Ltd. -Indo European Foods Ltd. Uk -Kohinoor Foods USA, Inc.	Indian Delco Pvt. Ltd	Nil	Nil
Memberships/ Chairmanships of Board Committees	No Membership	He is a member of Investors' Grievances and Share Transfer Committee	No Membership	He is a member of Remu-neration and Audit Committee of the Company.	He is a member of Investor's Grievances and Share Transfer Committee and Chairman of Audit Committee and Remu-neration Committee of the Company.	He is a member of Remuneration Committee and Audit Committee and , Chairman of Investor Grievances and Share Transfer Committee of the Company
Number of Shares held in the Company as on 31.03.2010	3535015	2939455	3968034	NIL	NIL	NIL

3. BOARD COMMITTEES

Presently, the Board has three committees viz. the Audit Committee, the Shareholders'/Investors' Grievance Committees and Share Transfer Committee and Remuneration Committee

i) Audit Committee

The Company has an Audit Committee which deals in matters relating to financial reporting and internal controls. The role and powers of the company's Audit Committee as stipulated by the Board are in accordance with the Listing Agreement(s) and Section 292 A of the Companies Act, 1956. All the members are independent and non-executive Directors and are financially literate. Mr. Vijay Burman, who has the expertise in the accounting and financial management is the Chairman of the Audit Committee. The other members of the Committee are Mr. Vijay Parkash Agarwal and Mr. Anil Bhatia who are Non-Executive and Independent Directors.

Mr. Satnam Arora, Jt. Managing Director and the person responsible for Finance and Accounting, Banking, Taxation and other departmental heads were also present time to time apart from the Internal Auditors and Statutory Auditors, who were the permanent invitees. The Company Secretary acts as Secretary to the Committee.

During the year under review, the Audit Committee met Five (5) times i.e. on 10th April, 2009, 30th July, 2009, 30th October, 2009, 29th January, 2010 and 31st March, 2010 and attendance of the Members at the meetings was as follows:

Name	Position	Meetings Attended
Mr.Vijay Burman	Chairman	5
Mr.Vijay Parkash Agarwal	Member	5
Mr.Anil Bhatia	Member	5

ii) Investor's Grievance / Share Transfer Committee

The Investors Grievance/ Share Transfer Committee of the Company comprises of two Non-executive and Independent Directors. The Committee consists of three members, Mr. Vijay Parkash Agarwal, Mr. Vijay Burman and Mr. Satnam Arora and is chaired by Sh Vijay Parkash Agarwal, an independent director. The Company Secretary, being the Compliance Officer is entrusted with the responsibility to specifically look into the redressal of shareholders and investors complaints and report the same to Investors Grievance/ Share Transfer Committee

The Functioning and terms of reference of Investors Grievance/ Share Transfer Committee includes:

- To specifically look into the redressal of investors' grievance pertaining to transfer/ transmission of shares, dividends, dematerialization/ rematerialisation, replacement of lost/ stolen/ mutilated share certificates;
- To consider the matters relating to transfer, transmission and transposition of shares, sub-division and consolidation of shares, replacement of lost/ stolen and mutilated share certificates and review of requests for dematerialization/ rematerialisation of shares
- Other related issues and to strengthen investors' relations.

The company received a total of 144 Complaints from investors during the year 01.04.2009 to 31.03.2010, all of which were resolved within the stipulated period to the satisfaction of the Complainants. No requests for share transfers are pending except those that are disputed or sub-judice.

During the year, the Committee met 18 times and the attendance of the Members was as follows:

Name	Position	Meetings Attended
Mr.Vijay Parkash Agarwal	Chairman	18
Mr.Satnam Arora	Member	18
Mr.Vijay Burman	Member	18

iii) Remuneration Committee

The meeting of remuneration committee was held on 31st March, 2010 to review the remuneration paid to directors and also check that whether the remuneration paid during the year 2009-10 was in accordance with the limit prescribed under the Companies Act. 1956.

Name	Position	Meetings Attended
Mr.Vijay Burman	Chairman	1
Mr.Vijay Parkash Agarwal	Member	1
Mr. Anil Bhatia	Member	1



**REMUNERATION OF DIRECTORS FOR 2009-2010
EXECUTIVE DIRECTORS**

Name of Director	Salary (Rs.Lacs)	Other Perquisites	Service Contract Tenure
Mr.Jugal Kishore Arora	24	NIL	5 yrs.w.e.f 26.9.07
Mr.Satnam Arora	24	NIL	5 yrs. w.e.f 26.9.07
Mr.Gurnam Arora	24	NIL	5 yrs. w.e.f 26.9.07

4. GENERAL BODY MEETINGS

Details of location of the last three Annual General Meetings of the Company are given below :

Year Ended	Date of AGM	Time	Venue	Special Resolutions Passed
2007	27-09-2007	10:00 A.M.	Pearey Lal Bhawan Association, 2 Bahadur Shah Zafar marg, New Delhi-110002	NIL
2008	29-04-2010	10:00 A.M.	Littel Theatre Group Copnicus Marg, New Delhi-110001	NIL
2009	29-04-2010	11:00 A.M.	Littel Theatre Group Copnicus Marg, New Delhi - 110001	NIL

All the resolutions set out in the respective notices were passed by show of hands at the above AGMs.

5. DISCLOSURES

a) Related Party Transactions

The Related Party Transactions of the company are disclosed in the notes to Accounts Schedule R of the Balance Sheet as at 31st March 2010.

Pecuniary relationships or transactions with the Non-Executive Directors.

NONE

b) Compliances made by the Company

The Company was not subject to any non-compliance and no penalties or strictures have been imposed by Stock Exchanges, SEBI or any other Statutory Authority, on any matters relating to Capital Market during the last three years.

c) The Company has complied with the applicable mandatory requirements of Clause 49 of the Listing Agreement. Non-mandatory requirement relating to Remuneration Committee have been adopted by the Company.

6. MEANS OF COMMUNICATION

The Company interacts with its shareholders through multiple forms of corporate and financial communications such as annual reports, result announcement and media releases. The quarterly, Half Yearly and Yearly results are generally published in English and Hindi Newspapers viz Financial Express and Jansatta. The financial results and investor update are displayed on the website of the company www.kohinoorfoods.in.

The Management discussion and Analysis Report has been included elsewhere in the Report and Accounts.

7. SHAREHOLDER INFORMATION

Annual General Meeting

Date	:	22 nd July, 2010
Time	:	10:00 A.M
Venue	:	Pearey Lal Bhawan Association, 2, Bahadur Shah Zafar Marg, New Delhi -110 002
Financial Calender	:	1st April to 31st March
Date of Book Closure	:	15.07.2010 to 22.07.2010 (both days inclusive)

8. LISTING ON STOCK EXCHANGES

The Equity Shares of the Company are listed with Bombay Stock Exchanges Ltd. and National Stock Exchange of India Ltd. The annual listing fee for the year 2010-11 has been paid to the Exchanges.

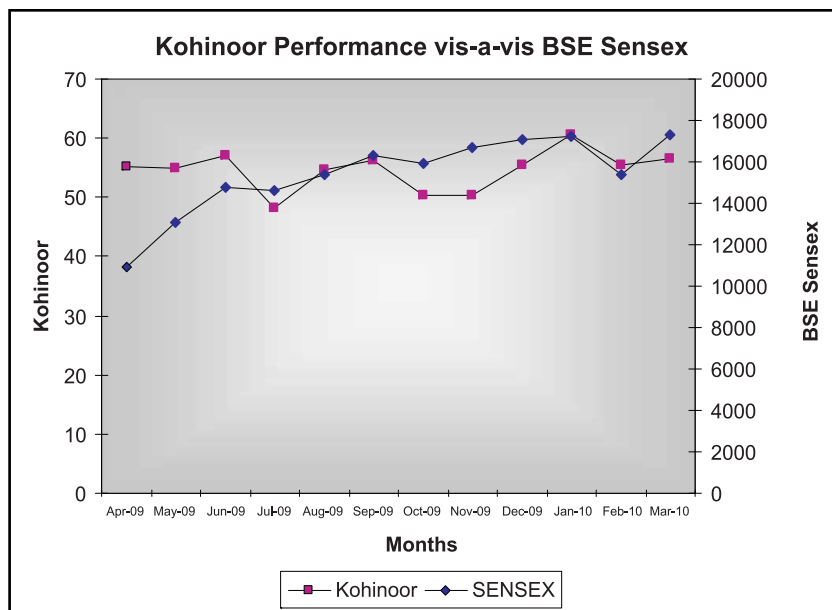
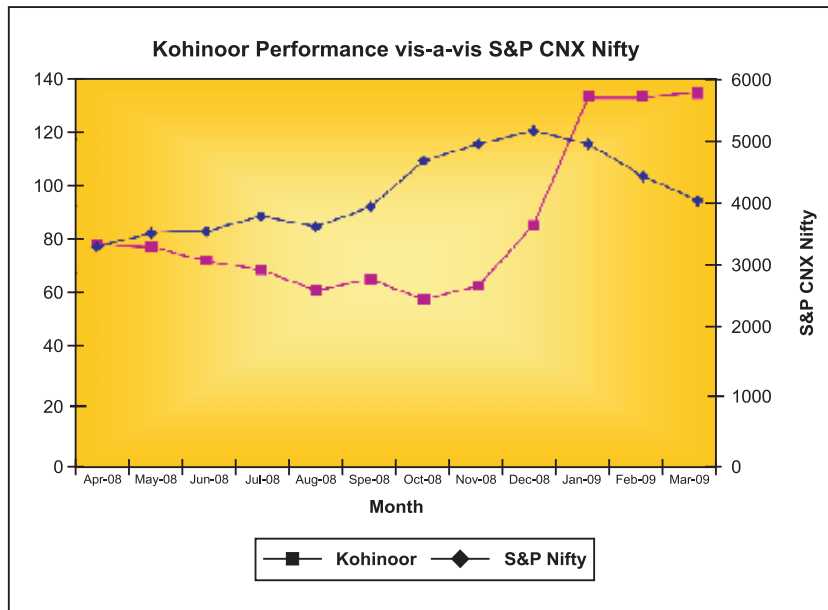
9. STOCK CODE

1. Trading symbol on National Stock Exchange of India Ltd. : Kohinoor
2. The Bombay Stock Exchange Ltd. Mumbai : 512559
3. ISIN Number for NSDL & CDSL : INE080B01012

Monthly High and Low quotations of Shares traded at National Stock Exchange of India Ltd. (NSE) and The Bombay Stock Exchange Ltd. (BSE)

Month/Year	N.S.E		B.S.E	
	High(Rs.)	Low(Rs.)	High(Rs.)	Low(Rs.)
April, 2009	63.00	49.00	63.00	49.00
May, 2009	65.00	49.00	65.80	48.70
June, 2009	69.80	48.00	69.90	47.80
July, 2009	52.35	42.00	52.50	43.50
August, 2009	64.80	45.80	64.50	45.55
September, 2009	61.50	52.10	63.00	52.10
October, 2009	57.60	45.20	57.75	45.10
November, 2009	55.70	43.10	55.90	43.50
December, 2009	61.40	50.00	61.95	49.50
January 2010	65.90	52.60	66.45	53.00
February, 2010	63.80	51.00	63.75	51.00
March, 2010	64.90	52.90	62.00	53.00

S&P CNX Nifty vis-à-vis Kohinoor Foods
Relative Price movements
April 2009 - March 2010
 (Base price as on 1st April 2009)



10. REGISTRAR AND TRANSFER AGENT

M/s. Skyline Financial Services Pvt.Ltd.
 246, Sant Nagar, 1st Floor,
 East of Kailash
 New Delhi 110 065
 Share Transfer System

: All the Transfers received are processed and approved by the share transfer committee and returned to the shareholders within a period of 30 days. The Company obtains from a practicing Company Secretary half yearly certificate of compliance as required under clause 47 © of the Listing Agreement and files the same with Stock Exchanges.

11. Distribution of Shareholding and shareholding pattern as on 31st March, 2010.

Distribution of Shareholding As on 31st March, 2010.

NO. OF SHARES		SHARE HOLDERS		SHARE AMMOUNT	
		No.	% age	Total	% of Total
1	5,00	19906	89.30	2639419	9.36
501	1,000	1291	5.79	1092522	3.88
1,001	2,000	515	2.31	820671	2.91
2,001	3,000	148	0.66	380084	1.35
3,001	4,000	72	0.32	256874	0.91
4,001	5,000	92	0.41	440936	1.56
5,001	10,000	118	0.53	896851	3.18
10,001	Above	150	0.67	21665867	76.85
Total		22292	100.00	28193224	100.00

Shareholding Pattern as on 31st March, 2010

Category	Number of Shares	Percentage (%)
Promoters	11214868	39.78
Mutual Funds & UTI	520394	1.85
Banks, Financial Institution	117121	0.42
F.I.Is	951761	3.38
Corporate Bodies Public	5912600	20.97
Public	8953374	31.74
NRIs/OCBs	523106	1.86
Any Other	-	-
Total	28193224	100.00

12. Dematerialisation of Shares : The Shares of the company are in Compulsory Demat segment and are available for trading in the depository systems of both the National Securities Depository Ltd. (NSDL) and the Central Depository Services (India) Ltd. (CDSL). As on 31st March, 2010, 2,69,42,489 Equity Shares of the Company forming 95.56% of the share capital of the Company, stand dematerialized.

13. Outstanding GDRs / ADRs/ Warrants or any Convertible Instrument, conversion date and likely impact on equity. : The Company has issued 20,000 FCCBs during the financial year 2005-06, equivalent to US\$ 20 millions. Out of which, 13253 (USD 1000 each) FCCBs have already been converted into Equity Shares during the year 2008-09. As on 31.03.2010 the outstanding FCCBs is 6747 (USD 1000 each) only.

As the holders of 94,80,000 warrant have not exercised their option to convert warrant during validity period of 18 months and therefore the balance amount of Rs.7,42,75,800 standing against allotment of warrants has been transferred to shares forfeiture account.

14. Plant Locations :

- 50-51 Milestone, G.T. Karnal Road, Murthal, Dist. Sonapat (Haryana)
- 71, Libaspur, Bahalgarh, Dist. Sonapat, (Haryana)



- 15. Address for Correspondence :** Shareholders Correspondence may be addressed to :
M/s.Skyline Financial Services Pvt.Ltd.
246, Sant Nagar, 1st Floor,
East of Kailash
New Delhi 110 065
Or
The Company Secretary
Kohinoor Foods Limited
201, Vipps Centre, Masjid Moth, Greater Kailash-II, New Delhi 110 048
However, shareholders holding shares in demat mode should address their correspondence relating to their holdings to the respective Depository participants.

Declaration as required under Clause 49 of the Listing Agreement

All Directors and senior management of the Company have affirmed compliance with The Code of Conduct for the financial year ended 31st March 2010

For and On behalf of the Board of Directors

June, 26, 2010
New Delhi

sd /-
Jugal Kishore Arora
Chairman

ANNEXURE - 'B' TO THE DIRECTORS' REPORT

Information as per Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 and forming Part of the Directors' Report for the year ended 31st March, 2010.

A) Conservation of Energy

Improvement of methods of Energy Conservation and optimal utilisation of Energy in all operations, continued to receive close attention. Company is always conscious to conserve energy through improved methods of operations and design. In this regard the Company has introduced energy saving features in the systems and monitors by which the user saves the power consumption to a considerable extent.

B) Research & Development (R & D)

i) Specific areas in which R&D carried out by the Company and benefits derived as a result of R&D

Research & Development has always been a focus area at Kohinoor Foods. In the last year the company has put special efforts in research and development. The R&D team of the company has worked on a number of areas, more specifically in the areas of frozen foods. This has resulted in the company being able to launch a range of products in the frozen foods category including frozen curries, frozen biryanis & pulses, frozen snacks and breads. The Company has also done a range of frozen desserts like kheer, phirni etc.

ii) Future plan of action

Steps are continuously being taken to promote the branded sales in domestic as well as overseas market. The company is continuously making efforts to provide best of quality products to its customers.

IV) Expenditure on R&D

a) Capital	:	Nil
b) Recurring	:	Rs. 16,57,006/-
c) Total	:	Rs. 16,57,006/-
d) Total R&D expenditure as a percentage of total turnover	:	0.02%

C) Technology Absorption, Adaptation and Innovation

Technology Absorption, Adaptation and Innovation has always been the key strength of the Company. Company plans to be a leading player in technology introduction through innovative products.

D) Foreign Exchange Earnings and Outgo

a) Total Foreign Exchange earned and used.

Foreign Exchange Earnings of the Company amounted to Rs. 41,841 lacs as against Foreign Exchange Outgo of Rs. 6,188 Lacs during the year under review.

b) Activities related to exports, initiative taken to increase exports, development of new export markets for products.

In the last year, Kohinoor Foods has put in a lot of emphasis to increase exports of value added food products, basmati rice, and spices & seasonings from the country. Namely, the following:

- Basmati Rice
- Pulses and Lentils
- Spices
- Processed Foods (value added culinary products using basmati rice, lentils and other vegetables)



With its traditional strength in the exports of basmati gathered over the years, Kohinoor Foods has yet again put special efforts to increase the exports of value added food products in the last year. The company having two subsidiaries in USA and UK and a joint venture operation in United Arab Emirates, has been able to provide renewed impetus to the growth of exports of various agro commodities, produced in India.

It has now made substantial inroads in the overseas markets, particularly in USA, Canada, England, France and other middle-eastern countries. Kohinoor Foods has concentrated in marketing of valued added food products and basmati rice in order to maximise selling under its own brand names even in the overseas markets.

FOR AND ON BEHALF OF THE BOARD

New Delhi
June, 26, 2010

sd /-
JUGAL KISHORE ARORA
CHAIRMAN

ANNEXURE - 'C' TO THE DIRECTOR'S REPORT - PARTICULARS OF EMPLOYEES

A. Employed throughout the year under review and were in receipt of remuneration for the year which, in the aggregate was not less than 24,00,000/- per annum.

S. No.	Name	Age (Years)	Designation/ Nature of Duties	Remuneration	Qualification/ experience (in years)	Date of Commencement of employment	Particulars of last employment held	Shareholding in The Company in Number & Percentage
1.	Jugal Kishore Arora	66	Chairman	24,00,000/-	Graduate 47 Years	01.04.1991	N.A.	3535015 12.54%
2.	Satnam Arora	61	Jt.Managing Director	24,00,000/-	M.A.(Eco) 37 Years	01.04.1991	N.A.	2939455 10.43%
3.	Gurnam Arora	60	Jt.Managing Director	24,00,000/-	Graduate 37 years	01.04.1991	N.A.	3968034 14.07%

* Jugal Kishore Arora, Satnam Arora and Gurnam Arora are related to each other.

B. Employed for the part of year and was in receipt of remuneration which in the aggregate was not less than Rs.2,00,000/- per month. - NIL

NOTES :

1. Remuneration comprises of Basic Salary only.
2. Nature of Employment — Contractual
3. Other Terms & Conditions — NIL

AUDITOR'S REPORT

To the members of
Kohinoor Foods Limited,

1. We have audited the attached Balance Sheet of M/s Kohinoor Foods Limited as at March 31, 2010, the Profit & Loss Account for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date, which are signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended), issued by the Central Government of India in terms of sub-Section (4A) of section 227 of the Companies Act, 1956, and according to the information and explanation given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable.
4. Further to our comments in the Annexure referred to above, we report that:-
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. 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 attached Balance Sheet and the Profit & Loss Account dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the attached Balance Sheet and the Profit & Loss Account dealt with by this report comply with the Accounting Standards prescribed by the Companies (Accounting Standard) Rules, 2006;
 - e. On the basis of written representations received from the directors, as on March 31, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on the March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of The Companies Act, 1956;
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said statements of account, read together with Significant Accounting Policies and the Notes to the Accounts, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. In the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2010;
 - ii. In the case of Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
 - iii. In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For NATH AHUJA & CO.
Chartered Accountants
Firm registration no: 001083N

Place: New Delhi,
Dated: 29-05-2010

(N.N. AHUJA)
PROPRIETOR
Membership No. 80178

**ANNEXURE REFERRED TO IN PARAGRAPH "3" OF THE AUDITORS' REPORT****TO THE MEMBERS OF KOHINOOR FOODS LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010**

- i) (a) On the basis of information and explanation given to us, the Company is maintaining Fixed Assets Register showing necessary details. However, the said register is not in accordance with the requirements of the Companies Act, 1956.
- (b) As explained to us, the physical verification of fixed assets was conducted by the management at reasonable intervals and no discrepancies were noticed on such verification. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and the nature of assets.
- (c) According to the information and explanation given to us, the Company has not disposed off any substantial part of its fixed assets during the year and accordingly paragraph 4 (i) (c) of the said Order relating to going concern is not affected.
- ii) (a) As informed and represented to us, inventory has been physically verified by the management at reasonable intervals during the year.
- (b) According to the information and explanation given to us, the procedures of physical verification of inventory followed by the Management was reasonable and adequate having regard to the size of the company and nature of its business.
- (c) According to the information and explanation given to us, the company is maintaining proper records of inventory and there was no material discrepancies noticed on physical verification.
- iii) According to the information and explanations given to us, the Company has neither taken nor granted any loans, secured or unsecured, from/to companies, firms, or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraphs 4 (iii) (a) to (iii) (g) of the Order are not applicable.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods & services. We have not come across any major weakness in the aforesaid internal control system during the course of the audit.
- v) In our opinion and according to the information and explanations given to us, there were no contracts or arrangements that need to be entered in the register maintained under section 301 in respect of any party during the period and hence provisions of paragraph (v) (b) of the said Order relating to reasonableness of price having regard to prevailing market price is not applicable to the Company.
- vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public within the meaning of section 58A, 58AA or any other relevant provision of the Act and rules framed there under and accordingly provisions of paragraph 4 (vi) of the said order relating to compliance of rules and compliance of Company law board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal Order are also not applicable to the Company.
- vii) In our opinion and according to the information and explanations given to us, the Company has Internal Audit System commensurate with the size and nature of its business.
- viii) The Central Government has not prescribed cost records under section 209 (1) (d) of the Companies Act, 1956 for any activity of the Company and accordingly paragraph 4 (viii) of the said Order is not applicable.
- ix) (a) According to the information and explanations given to us, the company is generally regular in depositing with undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income tax, Sales tax, Service Tax, Wealth Tax, Custom Duty, Excise duty, Cess and other statutory dues applicable to it with appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income tax, Sales tax, Service Tax, Wealth Tax, Custom Duty, Excise duty, Cess and other statutory dues were outstanding, as at 31st March, 2010 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are dues of sales tax and Excise Duty which have not been deposited on account of any dispute. The details of disputed dues as at March 31, 2010 in respect of Excise duty, Sales tax and Income tax that have not been deposited by the company are as follows :-

Nature of Dues	Amount (Rs.)	Forum where dispute is pending
Excise Duty	42,90,500.00	CCE (Appeals)
Sales Tax	1,22,00,000.00	Commissioner of Sales Tax
Service Tax	11,13,602.00	CCE (Appeals)

- x) The Company does not have an accumulated losses exceeding fifty per cent of its net worth at the end of the Financial Year March 31, 2010. Further, the Company has not incurred cash losses during the current and immediately preceding financial year.
- xi) On the basis of information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions or banks or bond holders.
- xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures or other securities, accordingly paragraph 4 (xii) of the Order is not applicable.
- xiii) In our opinion, the company is not a Chit fund/nidhi/ mutual benefit fund/society to which the provisions of special statute relating to chit fund are applicable, accordingly paragraph 4 (xiii) of the Order, is not applicable.
- xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, and debentures and other investments, accordingly paragraph 4 (xiv) of the Order, is not applicable.
- xv) The Company has given guarantee for loans taken by wholly owned subsidiaries from banks or financial institutions. In our opinion, the terms and conditions on which the Company has given guarantee for loans taken by wholly owned subsidiaries from banks or financial institutions are not prima facie prejudicial to the interest of the Company.
- xvi) In our opinion and according to the information and explanations given to us, the term loans have been applied for which they were raised.
- xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that, no funds raised for short-term basis have been used to finance long term investments.
- xviii) According to the information and explanations given to us, the company has not made preferential allotment of equity shares to parties & companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix) The company has not issued any debentures during the year and accordingly provisions of paragraph 4 (xix) of the said Order relating to creation of securities or charge in respect of debentures is not applicable.
- xx) The Company has not increased the share capital by public issue during the period and accordingly the provision of paragraph 4 (xx) of the said Order relating to end use of money raised is not applicable.
- xxi) According to the information and explanations given to us, and on the basis of audit procedure performed, we report that no fraud on or by the company has been noticed or reported during the year ended March 31, 2010.

For NATH AHUJA & CO.
Chartered Accountants
 Firm registration no: 001083N

Place: New Delhi
 Dated: 29-05-2010

(N.N. AHUJA)
PROPRIETOR
 Membership No. 80178



BALANCE SHEET AS AT MARCH 31, 2010

(Rs. In Lacs)

PARTICULARS	Schedule Number	AS AT 31.03.2010	AS AT 31.03.2009
SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS			
A) Share Capital	A	2,819.32	2,819.32
B) Share Warrants		-	742.76
C) Reserves and Surplus	B	18,109.27	16,544.12
2. LOAN FUNDS			
A) Secured Loans	C	67,028.54	52,160.46
B) Unsecured Loans	D	1,256.36	3,091.89
C) Foreign Currency Convertible Bonds		3,029.07	3,416.69
		<u>92,242.56</u>	<u>78,775.24</u>
APPLICATION OF FUNDS			
1. FIXED ASSETS			
A. Gross Block	E	12,636.30	12,228.48
Less : Accumulated Depreciation		7,745.73	6,982.81
Net Block		4,890.57	5,245.66
B. CAPITAL WORK-IN-PROGRESS		1,521.86	54.35
		6,412.43	5,300.02
2. INVESTMENTS			
	F	5,850.88	3,481.12
3. CURRENT ASSETS, LOANS AND ADVANCES			
A) Inventories	G	63,914.57	51,209.67
B) Sundry Debtors	H	15,180.12	11,185.61
C) Cash and Bank Balances	I	1,663.90	525.03
D) Other Current Assets	J	135.51	107.74
E) Loans and Advances	K	9,046.22	12,770.42
		89,940.32	75,798.47
LESS: CURRENT LIABILITIES & PROVISIONS			
A) Current Liabilities	L	7,145.56	3,473.11
B) Provisions		3,319.87	3,120.13
NET CURRENT ASSETS		79,474.90	69,205.23
4. DEFERRED TAX ASSETS			
		304.85	552.54
5. MISCELLANEOUS EXPENDITURE			
(To the extent not written off or adjusted)	M	199.50	236.33
		<u>92,242.56</u>	<u>78,775.24</u>
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS			
	R		

In terms of our separate report of even date attached

FOR AND ON BEHALF OF THE BOARD

For NATH AHUJA & CO.
CHARTERED ACCOUNTANTS

(N.N.AHUJA)
PROPRIETOR
Membership No: 80178

(SATNAM ARORA)
JT. MG. DIRECTOR

(GURNAM ARORA)
JT. MG. DIRECTOR

(RAMA KANT)
COMPANY SECRETARY

Place :- New Delhi
Dated :- 29.05.2010

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

(Rs. In Lacs)

PARTICULARS	FOR THE YEAR ENDED 31.03.2010	FOR THE YEAR ENDED 31.03.2009
EARNINGS		
Sales (Net of Returns)	77,302.77	63,599.36
Less :- Excise Duty	<u>22.93</u>	<u>22.91</u>
Net Sales	77,279.84	63,576.45
Closing Stock	<u>61,874.21</u>	<u>50,050.54</u>
	<u>139,154.06</u>	<u>113,626.99</u>
OUTGOINGS		
Opening Stock	50,050.54	43,325.43
Purchases	63,734.62	47,950.47
Loading and Unloading Charges	267.34	203.57
Clearing and Forwarding Import	327.45	23.57
Packing Materials Consumed	3,303.50	2,631.63
Wages & Salaries	271.58	170.69
Processing Charges	393.31	19.68
Repair to Machinery	496.03	273.71
Power & Fuel	996.76	792.88
Brokerage & Commission	243.68	184.82
Freight and Octroi	529.20	528.30
Depreciation	977.64	1,023.08
Gross Profit	<u>17,562.42</u>	<u>16,499.15</u>
	<u>139,154.06</u>	<u>113,626.99</u>
EARNINGS		
Gross Profit Brought Forward	17,562.42	16,499.15
Profit on sale of assets	6.01	3.81
Miscellaneous and other Income	<u>199.02</u>	<u>382.22</u>
	<u>17,767.45</u>	<u>16,885.18</u>
OUTGOINGS		
Employees Remuneration & Benefits	O 1,449.39	1,263.11
Administrative Expenses	P 1,345.45	2,733.63
Selling and Distribution Expenses	Q 4,375.46	4,226.16
Financial Expenses	N 6,574.69	5,309.15
Depreciation	43.52	48.79
	<u>13,788.51</u>	<u>13,580.83</u>
Net Profit/(Loss) before Extra Ordinary Items	3,978.94	3,304.35
Less :- Extra ordinary Items	<u>2,907.46</u>	<u>5,000.89</u>
Net Profit/(Loss) after Extra Ordinary Items and before Tax	1,071.49	(1,696.54) ⁿ
Less:- Provision for Current Tax	182.15	-
Less:- MAT credit entitlement	<u>182.15</u>	-
Deferred Tax	247.69	(668.00)
Fringe Benefit Tax	-	50.00
Wealth Tax	1.40	1.22
Net (Loss)/Profit after Tax	<u>822.40</u>	<u>(1,079.76)</u>
Prior Period Adjustment	-	-
AMOUNT AVAILABLE FOR APPROPRIATION	<u>822.40</u>	<u>(1,079.76)</u>
Less:- Amount Transferred to General Reserve	-	(1,079.76) ⁿ
Balance in Profit and Loss Account	822.40	-
EARNINGS PER SHARE (Rs.)		
(Equity Share of par value Rs. 10/- each)		
Basic	2.92	(4.08)
Diluted	2.92	(4.08)

In terms of our separate report of even date attached
 For NATH AHUJA & CO.
 CHARTERED ACCOUNTANTS

(N.N.AHUJA)
 PROPRIETOR
 Membership No: 80178

(SATNAM ARORA)
 JT. MG. DIRECTOR

(GURNAM ARORA)
 JT. MG. DIRECTOR

(RAMA KANT)
 COMPANY SECRETARY

Place :- New Delhi
 Dated :- 29.05.2010

FOR AND ON BEHALF OF THE BOARD



SCHEDULES TO THE BALANCE SHEET

(Rs. In Lacs)

PARTICULARS	AS AT 31.03.2010	AS AT 31.03.2009
-------------	---------------------	---------------------

SHARE CAPITAL

SCHEDULE - A

AUTHORISED CAPITAL

5,00,00,000 Equity shares of Rs. 10/- each.	5,000.00	5,000.00
---	----------	----------

ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2,81,93,224 (Previous year 2,81,93,224)	2,819.32	2,819.32
---	----------	----------

Equity Shares of Rs. 10/- each fully paid-up

(Of the above 78,73,224 equity shares have been issued to FCCB holders on conversion of FCCB into equity shares)

(Of the above 7,20,000 equity shares have been issued to promoter group on preferential basis on conversion of share warrants)

(Of the above shares 69,11,480 shares are allotted as fully paid up by way of bonus shares by way of capitalization of securities premium & General Reserve)

2,819.32	2,819.32
----------	----------

RESERVE AND SURPLUS

SCHEDULE - B

GENERAL RESERVE

Balance Brought Forward	11,466.44	12,735.06	
Add : Transferred from Profit and Loss Appropriation Account	-	(1,079.76)	
Less :- Short Provision for Tax of Earlier Years	-	188.86	
	11,466.44	11,466.44	

CAPITAL RESERVE

Forfeiture of Share Warrant Money	742.76	-
-----------------------------------	--------	---

PROFIT & LOSS ACCOUNT

822.40	-
--------	---

SECURITIES PREMIUM ACCOUNT

5,077.68	5,077.68
----------	----------

18,109.27	16,544.12
-----------	-----------

SECURED LOANS	SCHEDULE - C	
Working Capital Loans		
Pre-Shipment	40,634.03	40,043.50
Post-Shipment	7,324.59	3,424.42
Working Capital Demand Loan	5,865.00	2,599.00
Cash Credit	4,462.50	2,662.56
Term Loans		
Term loan from banks	8,742.41	3,397.72
Car Loan	-	33.25
	<u>67,028.54</u>	<u>52,160.46</u>

- a. Working Capital Loan from Banks are secured by hypothecation of Inventory, book debts and other current assets of the company, both present and future and the first charge on fixed assets of the company (exclusive of specific assets charged to Term lending Banks) and further, guaranteed by the promoter Directors restricted to the extent of their stake in immovable property at Amritsar.
- b. Term loans are secured against specific fixed assets and personal guarantee of promoter directors restricted to the extent of their stake in immovable property at Amritsar.

UNSECURED LOANS	SCHEDULE - D	
Overdraft in the current accounts in scheduled Banks	106.36	26.16
Unsecured Loans from Banks	<u>1,150.00</u>	<u>3,065.73</u>
	<u>1,256.36</u>	<u>3,091.89</u>



FIXED ASSETS SCHEDULE FOR THE YEAR ENDED 31ST MARCH 2010

SCHEDULE - E
(Rs. in lacs)

PARTICULARS	Gross Block			Depreciation			NET BLOCK			
	Cost as on 01.04.09	ADDITIONS	ADJUST- MENTS	TOTAL	31.03.09	FOR THE YEAR	ADJUST- MENTS	TOTAL	WDV 31.03.10	WDV 31.03.09
LAND	272.43	-	-	272.43	-	-	-	-	272.43	272.43
FACTORY BUILDING	2,703.23	29.08	-	2,732.31	1,083.68	162.80	-	1,246.48	1,485.83	1,619.55
OFFICE BUILDING	199.58	-	-	199.58	78.13	6.07	-	84.21	115.38	121.45
PLANT & MACHINERY	7,888.44	385.80	13.50	8,260.74	5,017.06	689.27	11.93	5,694.41	2,566.33	2,871.37
OFFICE EQUIPMENT	513.74	150.86	33.12	631.48	313.33	62.32	27.33	348.32	283.17	200.41
VEHICLES - SOLAR	4.13	-	-	4.13	2.74	0.28	-	3.02	1.11	1.39
WOODEN, PLASTIC CREATES & TARPAULINS	215.86	61.11	215.71	61.26	215.86	61.11	215.71	61.26	-	-
COMPUTERS	164.66	26.57	1.72	189.51	136.76	13.68	1.72	148.72	40.79	27.90
OTHER MACHINERY	5.87	-	1.27	4.59	3.97	0.38	1.27	3.08	1.52	1.90
FURNITUR & FIXTURE	260.54	19.99	0.27	280.26	131.27	25.24	0.27	156.24	124.02	129.27
GRAND TOTAL	12,228.48	673.42	265.59	12,636.30	6,982.81	1021.16	258.24	7,745.73	4,890.57	5,245.66
CAPITAL WORK IN PROGRESS										
Machinery WIP	-	1,364.59	-	1,364.59	-	-	-	-	1,364.59	-
Electric Installation WIP	-	-	-	-	-	-	-	-	-	-
Building WIP	-	99.48	-	99.48	-	-	-	-	99.48	-
Software Development WIP	54.35	3.44	-	57.80	-	-	-	-	57.80	54.35
TOTAL	54.35	1,467.50	-	1,521.86	-	-	-	-	1,521.86	54.35

INVESTMENTS				SCHEDULE - F			
INVESTMENTS (TRADE) Valued at Cost	NATURE OF INVESTMENT	Face value	% of Ownership Interest	NUMBER OF SHARES		AMOUNT (Rs. in lacs)	
				31-03-2010	31-03-2009	31-03-2010	31-03-2009
1. UNQUOTED							
A. Investment in Joint Venture Companies							
<i>Rich Rice Raisers Factory Dubai</i>	<i>Equity Share Fully Paid-up</i>	<i>DHS 1000</i>	<i>25%</i>	<i>75</i>	<i>75</i>	<i>9.42</i>	<i>9.42</i>
B. Subsidiary Companies							
(i) Domestic Wholly Owned							
<i>Sachdeva Brothers Pvt. Ltd.</i>	<i>Equity Share Fully Paid-up</i>	<i>Rs. 100</i>	<i>100%</i>	<i>15835</i>	<i>15835</i>	<i>71.34</i>	<i>71.34</i>
(ii) Overseas Wholly Owned							
<i>a) Kohinoor Foods USA INC.</i>	<i>Equity Share Fully Paid-up</i>	<i>\$62.50</i>	<i>100%</i>	<i>56000</i>	<i>56000</i>	<i>1,608.68</i>	<i>1,608.68</i>
	<i>Redeemable Preference Share Fully Paid-up</i>	<i>\$62.50</i>	<i>100%</i>	<i>80000</i>	<i>-</i>	<i>2,369.77</i>	<i>-</i>
<i>b) Indo European Foods Ltd, UK</i>	<i>Equity Share Fully Paid-up</i>	<i>£1</i>	<i>100%</i>	<i>1350000</i>	<i>1350000</i>	<i>1,016.98</i>	<i>1,016.98</i>
	<i>Preference Share Fully Paid-up</i>	<i>£1</i>	<i>100%</i>	<i>1000000</i>	<i>1000000</i>	<i>773.64</i>	<i>773.64</i>
2. Quoted							
<i>Punjab National Bank</i>	<i>Equity Share</i>	<i>Rs. 10/-</i>	<i>—</i>	<i>110</i>	<i>110</i>	<i>0.43</i>	<i>0.43</i>
<i>(Market value of quoted share is Rs. 1.11 lacs previous year Rs. 0.44 lacs)</i>							
<i>Anu Laboratories Ltd</i>	<i>Equity Share</i>	<i>Rs. 1/-</i>	<i>—</i>	<i>2970</i>	<i>2970</i>	<i>0.62</i>	<i>0.62</i>
<i>(Market value of quoted share is Rs. 0.20 lacs previous year Rs. 0.78 Lacs)</i>							
						<u><u>5,850.88</u></u>	<u><u>3,481.12</u></u>



SCHEDULES TO THE BALANCE SHEET

(Rs. In Lacs)

PARTICULARS	AS AT 31.03.2010	AS AT 31.03.2009
-------------	---------------------	---------------------

INVENTORIES **SCHEDULE - G**

(As Certified and valued by the Management at cost or market value whichever is lower)

Rice & Paddy	59,069.23	49,374.36
Pulses & Chickpeas	2,104.18	218.65
Food Products	646.00	456.82
Spices	52.97	-
Packing Materials	2,040.36	1,159.13
Work in Progress	1.83	0.72
	<u>63,914.57</u>	<u>51,209.67</u>

SUNDRY DEBTORS **SCHEDULE - H**

SUNDRY DEBTORS
(Debts considered good for which the company holds no security other than the debtor's personal security)

(A) Debts outstanding for a period exceeding six months	3,960.15	3,154.92
(B) Others	11,219.97	8,030.69
	<u>15,180.12</u>	<u>11,185.61</u>

CASH AND BANK BALANCES **SCHEDULE - I**

Cash in Hand	38.92	57.69
Balance with Scheduled Banks :		
Current Account	886.88	329.60
Deposit Account	738.11	137.74
	<u>1,663.90</u>	<u>525.03</u>

OTHER CURRENT ASSETS **SCHEDULE - J**

(A) Security Deposits	116.56	102.11
(B) Interest accrued but not due	18.95	5.64
	<u>135.51</u>	<u>107.74</u>

SCHEDULES TO THE BALANCE SHEET

(Rs. In Lacs)

PARTICULARS	AS AT 31.03.2010	AS AT 31.03.2009
-------------	---------------------	---------------------

LOANS AND ADVANCES**SCHEDULE - K**

(Considered good, unless otherwise provided)

A) Subsidiary Company (India)	1.57	1.28
B) Joint Venture Company (Dubai)	1,383.86	1,557.63
C) Wholly owned Subsidiary - U.K	2,607.13	2,767.11
D) Wholly owned Subsidiary - U.S.A	-	2,532.01

Advances recoverable in cash or in kind or for value to be received.

A) Prepaid Expenses	118.34	123.35
B) Staff Advance	4.74	3.19
C) Advance against Purchases	92.56	6.07
D) Advance Tax	3,860.73	3,771.04
E) MAT Credit Entitlement	182.15	-
F) Others	795.15	2,008.76
	<u>9,046.22</u>	<u>12,770.42</u>

CURRENT LIABILITIES AND PROVISIONS**SCHEDULE - L****CURRENT LIABILITIES****Sundry Creditors**

A) Trade - Micro, Small and Medium Enterprises	883.45	553.74
- Other than MSME	4,972.59	994.23
Total Trade Creditors	<u>5,856.04</u>	<u>1,547.96</u>
B) Others	1,289.52	1,925.15
	<u>7,145.56</u>	<u>3,473.11</u>

PROVISIONS

Gratuity	115.32	96.64
Taxation	3,109.15	2,928.27
Fringe Benefit Tax	94.00	94.00
Wealth Tax	1.40	1.22
	<u>3,319.87</u>	<u>3,120.13</u>

MISCELLANEOUS EXPENDITURE**SCHEDULE - M**

Deferred Revenue Expenditure (FCCB issue expenses to the extent not written off or adjusted) -	199.50	236.33
	<u>199.50</u>	<u>236.33</u>



SCHEDULES TO THE BALANCE SHEET

(Rs. In Lacs)

PARTICULARS	AS AT 31.03.2010	AS AT 31.03.2009
FINANCIAL EXPENSES		
		SCHEDULE - N
Interest Paid on Working Capital Loan	5,824.66	4,466.14
Interest Paid on Term Loan	262.66	509.72
Bank Charges	487.37	333.29
	<u>6,574.69</u>	<u>5,309.15</u>
EMPLOYEES REMUNERATION & BENEFITS		
		SCHEDULE - O
Staff Salaries	1,128.06	977.29
Director's Remuneration	72.00	72.00
Bonus	47.22	46.36
Staff Welfare	131.68	98.48
Employer's Contribution to P.F. & ESI	70.42	68.98
	<u>1,449.39</u>	<u>1,263.11</u>
ADMINISTRATIVE EXPENSES		
		SCHEDULE - P
Rates, Fees and Taxes	277.91	231.99
Auditor's Remuneration		
- Statutory Audit Fee	11.00	10.00
- Tax Audit Fee	3.00	2.50
Deferred Revenue Expenditure w/off	36.83	36.83
Postage, Telegram and Telephone	81.28	73.88
General Expenses	196.63	143.85
Legal and Professional Charges	140.57	300.52
Charity and Donation	11.83	19.83
Vehicle Maintenance	67.56	84.15
Printing and Stationery	24.02	24.70
Insurance Charges	57.73	54.18
Conveyance	86.32	90.84
Membership & Subscription	13.38	8.66
Research & Development	16.57	11.18
Rent	47.48	77.69
Staff Recruitment Expenses	6.71	6.60
Repairs to Building	72.46	74.70
Repairs to Others	73.03	62.10
Foreign Exchange Gain / (Loss)	121.13	1,419.41
	<u>1,345.45</u>	<u>2,733.63</u>
SELLING AND DISTRIBUTION EXPENSES		
		SCHEDULE - Q
Advertisement and Publicity	700.49	177.64
Business Promotion	713.06	397.73
Travelling Expenses (Directors)	110.40	30.46
Travelling Expenses (Others)	98.50	137.42
Rebate & Discount	85.98	55.09
Bad Debts	215.11	-
Ocean Freight	921.26	759.15
Expenses Against Export	42.74	1,678.23
Brokerage & Commission on Sales	187.38	131.06
Clearing and Forwarding	1,300.53	859.38
	<u>4,375.46</u>	<u>4,226.16</u>

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS
SCHEDULE - R
A) SIGNIFICANT ACCOUNTING POLICIES
1 Basis of Preparation of Financial Statements

The financial statements are prepared and presented under the historical cost convention, on the accrual basis of accounting and comply with the Accounting Standards prescribed by the Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956 to the extent applicable, as adopted consistently by the company.

2 Use of Estimates and Judgements

The preparation of financial statements are in conformity with the Accounting Standards which requires Management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures relating to the contingent liabilities as on the date of balance sheet and the reported amount of revenues and expenditures during the reporting period. The estimates and assumptions used in the Financial Statements are based upon Management's best evaluation of the relevant facts and circumstances as of the date of the Financial Statements. Examples of such estimates include useful life of fixed assets, creation of deferred tax asset, lease rentals and write off of deferred revenue expenditure. Actual results may differ from those estimates.

3 Revenue Recognition

The company follows the mercantile system of accounting and recognises the income and expenditures on accrual basis except in case of significant uncertainties. Certain items of income such as insurance claim, market fees refund, overdue interest from customers etc have been considered to the extent the amount is accepted by the parties. The principles of the revenue recognition are given below:

Sales are recognised as follows :

Domestic Sales - At the point of dispatches to customers.

Export Sales - At the time of issue of Bill of Lading.

Sales are recorded net of sales returns, price differences and sales tax.

Sale of license and duty draw back are recognised on realisation basis.

4 Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the assets to its working condition for its intended use.

Capital work in progress is stated at cost. Capital WIP includes the cost of fixed assets that are not yet ready for their intended use, as on the balance sheet date.

5 Depreciation

Depreciation is provided on written down value basis at rates provided in Schedule XIV to the Companies Act, 1956. The depreciation rates which are different from the principal rates specified in Schedule-XIV are as follows:

Tarpoline	100%
Wooden & Plastic Crates	100%

In case of items having value of Rs. 5,000/- or below, acquired during the year have been charged to profit & loss account at 100% in the year of purchase.

6 Leases

In respect of Operating lease, lease rentals are accounted on accrual basis in accordance with the respective lease agreements.

7 Government Grants

Grants in the nature of capital contribution towards setting up of projects in backward area is adjusted from the cost of the related fixed assets.



8 Taxes on Income

Current Tax

Provision of Income tax has been made in accordance with provision of section 115JB of Income Tax Act and the MAT credit entitlement has been recognised as an assets in accordance with guidance note issued by The Institute of Chartered Accountants of India.

Deferred Tax

Deferred tax assets and liabilities are computed on the timing differences at the balance sheet date between the carrying amount of assets and liabilities and their respective tax bases. Deferred Tax Assets (DTA) is recognised based on management estimates of virtual certainty that sufficient future taxable income will be available against which such DTA can be realised. The deferred tax charge or credit is recognized using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

9 Employees Benefits

9.1 Defined Contribution Plans

Defined contribution plans are benefit plans under which the company pays fixed contribution to state managed benefit schemes. The company contributions to defined contribution plans are recognized in the profit and loss account in the financial year to which they relate.

9.2 Defined Benefits Plans

The company has defined benefit plan in respect of its gratuity liability and contributes to a Gratuity Fund. Provision for gratuity has been made using the projected unit credit method on the basis of actuarial valuation. Acturial gains and losses in respect of gratuity are charged to profit and loss account.

10 Investments

Long Term Investmentst

Long term Investments are stated at cost.

Investments in Wholly Owned subsidiary companies /Joint Venture Company

Investment in the wholly owned subsidiary companies/ joint venture company have been stated at cost. No provisions for losses suffered by the subsidiaries / joint venture company have been made in the accounts. However consolidated financial statements have been prepared in accordance with AS-21 issued by The Institute of Chartered Accountants of India.

11 Inventories

Inventories are valued at cost or net realisable value whichever is lower, as taken, valued and certified by the management. The basis for determining cost for various categories of inventories are as under:"

Raw Material	- At cost on FIFO Basis
Finished Stock	- At material cost + appropriate share of production overhead. - (On weighted average cost basis).
Work in Progress	- At material cost + appropriate share of production overhead. (On weighted average cost basis).
Packing Material	- At Cost

Stores & Spares

Stores & spares are charged to profit & loss A/c in the year of purchase.

12 Foreign Exchange Transactions

Transactions in foreign currency are converted at the exchange rate prevailing at the date of the transaction. Foreign currency monetary assets and liabilities not covered by forward exchange contracts are restated at the year end rates and the resultant gains or losses are recognised in the Profit and Loss account. Non-monetary items are carried in terms of historical cost denominated in foreign currency using the exchange rates at the date of transaction.

Forward contracts other than those entered into to hedge foreign currency risk on unexecuted firm commitment or of highly probable forecast transactions are treated as foreign currency transactions and accounted accordingly. Premium on foreign exchange forward contracts are recognised in the Profit and Loss Account over the life of the contract. Any profit or loss arising on cancellation of a forward contract is recognised as income or expense in the period in which they arise.

Derivative transactions are considered as off balance sheet items and cash flows arising there from are recognized in the books of accounts as and when paid in accordance with the terms of the respective contracts over the tenor thereof. Mark to market exposure arising out of derivative contracts has not been reflected in the financial statements.

The Company follows the Accounting Standards which are made mandatory. It is in the process of formulating the requisite mechanism/systems to meet prescribed requirements under Accounting Standards 30, 31 & 32. It shall be following the accounting policy of recognition, presentation & disclosure of forward exchange transactions including Derivative/ Hedging/ Currency Swaps & Interest Swaps etc as prescribed under these Accounting Standards with effect from the date these are made mandatory by ICAI.

13 Research & Development

Revenue Expenditure on Research & Development is charged as an expense in the year in which it is incurred. Capital expenditure is included in respective heads under fixed assets.

14 Miscellaneous Expenditure

The issue expenditure of FCCB is treated as Deferred Revenue expenditure and is being written off over a period of ten years.

15 Earning per share

Basic and diluted earning per share is calculated by dividing net profit/loss for the year attributable to equity share holder by weighted average number of equity share outstanding during the year.

B) NOTES TO THE ACCOUNTS

(Rs. in Lacs)

1	Contingent Liabilities	Current Year	Previous Year
1.1	a) Corporate Guarantee given by the Company.	8,121.60	9,444.62
	b) Sales Tax	122.00	122.00
	c) Excise Duty	42.91	42.91
	d) Surety Bonds issued to Govt. Agencies	1,274.27	377.63
	e) Duty foregone against Capital Goods imported and procured from the domestic market for Export Oriented Unit.	444.13	434.25
	f) Service Tax	11.14	-
		<u>10,016.04</u>	<u>10,421.41</u>

1.2 Nature of contingent liability regarding Sales Tax & Excise Duty is as follows:

Particulars	Forum where matter is pending	(Rs. In Lacs)
Sales Tax	Commissioner of Sales Tax	122.00
Excise Duty	Commissioner of C.E (Appeals)	42.91
Service Tax	Commissioner of C.E (Appeals)	11.14

2 The unpaid Dividend as on 31.03.2010 is Rs. 18.40 Lacs (Previous Year: Rs. 18.49. Lacs).

(Rs. in Lacs)

3	Directors Remuneration	Current Year	Previous Year
3.1	Salary	72.00	72.00
	Sitting Fees	3.80	0.60
	Total	<u>75.80</u>	<u>72.60</u>



3.2 Computation of Net Profit in accordance with section 349 of the Companies Act 1956

	Current Year	Previous Year
a) Profit before Taxation as per P&L A/c	3,978.94	3,304.35
Add : i) Depreciation charged to P&L A/c	1,021.16	1,071.87
ii) Director's Fee & Salaries	75.80	72.60
iii) Remuneration to Managing Agents	-	-
iv) Profit/Loss on sale of Fixed Assets u/s 349 of Companies Act 1956.	6.01	3.81
Less : i) Depreciation u/s 350 of Companies Act 1956.	1,021.16	1,071.87
ii) Profit/loss on sale of Fixed Assets as per P&L A/c	6.01	3.81
	4,054.74	3,376.95

4 Raw materials consumed	Qty. in Qtls	(Rs. in Lacs) Value
Paddy	1,132,621.00 (862,434.42)	30,033.94 (19,442.32)
Ready to Eat	*	870.19 (954.66)

*Quantative detail of raw material consumed are not given as very large number of items are consumed in the process.

5 Earning from Exports	Current Year	Previous Year
FOB value of Direct Export of goods.	41,840.82	32,969.92

6 Expenditure in Foreign Currency	Current Year	Previous Year
- Traveling	60.75	22.22
- Brokerage & Commission	0.32	45.26
- Business Promotion	233.85	136.21
- Legal & Professional charges	8.64	8.43
- Membership & Subscription	5.21	0.14
- Entertainment	0.26	1.14
- Copyright & Trade Mark	-	2.22
- Clearing & Forwarding	34.19	29.13
- Expenses against Export	-	-
- Interest on FCCB	31.67	35.83
- Consultancy Charges	3.69	-
- Advertisement & Publicity	-	1.75
- Telephone Expenses	0.05	0.12
- Printing & Stationery	0.15	0.01
- Prepaid Expenses	12.20	7.60
- Rates, Fees & Taxes	-	6.74
	390.99	296.80

7 Securities Premium

The management has taken the view, based on expert opinion that the redemption premium on conversion of FCCB is to be charged against security premium account as permitted by Section 78 of the Companies Act, 1956. Therefore, premium payable on redemption of FCCB is provided for by charge to the Securities Premium Account. During the year Rs. Nil (Previous years Rs. 610.77 Lacs) has been utilised out of the securities premium account towards cost of issuance of shares against warrants, FCCB conversion expenses and premium on redemption of FCCB's.

- 8 Prior period expenditure of Rs. Nil (Previous Year: Rs. 3.86) pertaining to the following have been debited to Profit & Loss Account.

(Rs. in Lacs)

Particulars	Current Year	Previous Year
Printing & Stationery	-	0.003
Legal & Professional Charges	-	0.64
Freight Outwards	-	1.54
Fine Penalty	-	0.03
Expenses agst Export	-	1.19
Repair & Maintenance General	-	0.46
Total	<u>-</u>	<u>3.86</u>

- 9 Loan and Advances includes capital advances amounting to Rs. 469.93 Lacs (Previous Year: Rs. 1233.66 Lacs)

- 10 Sundry debtors include an amount of Rs. 114.27 Lacs (Previous Year: Rs. 125.92 Lacs) in respect of which cases are pending in the court for recovery, however no provision has been considered necessary by the management with respect to such amount. Sundry Debtors also include receivables of Rs. 4782.85 Lacs (Previous Year: Rs. 1694.32 Lacs) from wholly owned subsidiaries and Rs. 2346.27 Lacs (Previous Year: Rs. 4560.12 Lacs) from Joint venture company.

- 11 Expenses incurred during the year on registration of trade mark amounting to Rs. 34.69 Lacs (Previous year: Rs 6.11 Lacs) has been charged to profit/loss a/c and has not been recognised as an Intangible asset as per Accounting Standard 26.

12 Miscellaneous. & other income mainly consists of the following	(Rs. in Lacs)	
	Current Year	Previous Year
Profit from Investment in Shares	-	44.07
Sale of Licence	39.74	186.08
Duty Draw Back received	21.45	30.46
Insurance Claim Received	53.69	24.70
	<u>114.88</u>	<u>285.31</u>

- 13 Charity & Donation includes Rs. 2.00 Lacs (Previous Year Rs. 10.00 Lacs) paid to political party and this contribution is not exceeding 5% of company's average net profits of the three immediately preceding financial year computed in accordance with provision of the Company Act, 1956.

- 14 Quantitative Information's in respect of Capacity, Opening Stock, Production, Sales and Closing Stock (As certified by the management)



14.1 Class of Goods - Capacity	Current Year	Previous Year
(Rs. in Lacs)		
RICE		
Installed Capacity	60 M.T.P.H.	40 M.T.P.H.
Actual Production	72646 M.T	54049 M.T
Ready to Eat		
Installed Capacity	120000 Pouches/Day	120000 Pouches/Day
Actual Production	3165.06 (MT)*	2411.49 (MT)*
Frozen Foods		
Installed Capacity	20 M.T/Day	20 M.T/Day
Actual Production	491.26(MTS)	306.93(MTS)

14.2 Production, Stocks & Sales

(Qty. in MT)	Opening Stock	Production/ Purchase	Damage/ Shortage	Closing Stock	Sales/ Consumed	Sale Value (Rs. Lacs)
Rice	80,222.05 (94,962.97)	151,890.68 (114,124.88)	0.81 (18.30)	78,689.61 (80,222.05)	153,422.31 (128,847.50)	65,128.02 (56,037.94)
Pulses	540.84 -	39,264.77 (2,871.71)	2.87 (8.77)	10,997.29 (540.84)	28,805.45 (2,322.10)	4,939.80 (763.06)
Foods	331.71 (175.01)	3,656.32 (2,916.56)	132.45 (158.72)	487.00 (356.93)	3,368.58 (2,575.91)	4,175.55 (3,414.01)
Foodstuff	-	416.91	-	-	416.91	502.63
Soyabean	-	10,644.02 (20,821.53)	-	-	10,644.02 (20,821.53)	2,341.95 (3,361.43)
Spices	25.22	121.16	-	30.71	115.67	191.88

14.3 Consumption of Raw Materials

(Rs. in Lacs)

	Raw Material	Current Year Components and Spares	Packaging Material	Raw Material	Previous Year Components and Spares	Packaging Material
Indigenous	47,506.42 91.52%	496.03 100.00%	2,971.00 89.93%	41,101.61 99.70%	224.36 100.00%	2,317.77 88.07%
Imported	4,404.52 8.48%	- 0.00%	332.50 10.07%	123.75 0.30%	- 0.00%	313.87 11.93%
	51,911	496	3,303	41,225	224	2,632

15 CIF Value of Imports	Current Year	(Rs. in Lacs) Previous Year
- Capital goods	1,060.07	176.09
- Finished Products	4,335.88	-
- Packaging Material	332.50	313.87
- Raw Material	68.65	38.75
	<u>5,797.09</u>	<u>528.71</u>

16 Capital Expenditure Commitment (including advances) :- 2,578.42 2,381.06

17 Bank Guarantee given by Bankers on behalf of the Company 80.68 54.35

18 Customs Duty against advance Licenses. 143.13 143.13

19 Corporate guarantees are given by the company for subsidiaries as follows:-

Name of Beneficiary	Gurantee issued to	(Rs. in Lacs)
i) Indo Europan Foods Ltd	Punjab National Bank, U.K	4,080.60
ii) Kohinoor Foods USA INC	Punjab National Bank, Hongkong	4,041.00

20 During the year no amount of Dividend has been remitted in foreign currency to Non Resident out side India.

21 Earning Per Share Current Year Previous Year

a) Calculation of Weighted Average number of equity shares

For Basic/Diluted EPS

No. of Shares at the beginning of the year	28,193,224	19,600,000
Equity Shares issued on 23 April, 2008	-	6,806,768
Equity Shares issued on 11 July, 2008	-	140,361
Equity Shares issued on 08 October, 2008	-	430,959
Equity Shares issued on 10 Feb, 2009	-	1,215,136

Total number of equity shares outstanding at the end of the year 281,93,224 28,193,224

Equity shares outstanding for 365 days	28,193,224	19,600,000
Equity shares outstanding for 343 Days	-	63,96,497
Equity shares outstanding for 264 Days	-	101,521
Equity shares outstanding for 175 Days	-	206,624
Equity shares outstanding for 50 Days	-	166,457
Weighted Average number of equity shares outstanding during the year	28,193,224	26,471,099

b) Net Profit after tax available for equity shareholders (Rs. in Lacs) 822 (1,080)

Earnings per share (face value per share Rs. 10 each)

Basic and Diluted:

Basic	2.92	(4.08)
Diluted	2.92	(4.08)



22 Foreign Currency Convertible Bonds

During the financial year 2005-2006, the Company issued US\$ 20 million 1% FCCBs. The particulars of the issue are as under.

Issue	1% FCCB, Due 2010
Issue Date	August 30th 2005
Issue Amount	US\$ 20 Million
Face Value	US\$ 1000 per bond
Redeemable on	September 05, 2010*
% Premium on Redemption of principal amount	31.45%
Number of FCCBs outstanding at the beginning of the year	6747
Number of FCCBs converted during the year	NIL
Number of FCCBs at the end of the year.	*6747

* (These bonds are listed at Luxemburg Stock Exchange.)

The interest is payable semi annually on 31st Dec and 30th June of each year. The bonds are not rated by any rating agency. The bondholders have the right to convert their bonds into shares during the conversion period.

The bondholders will have no voting rights at a general meeting of the company or otherwise, unless and until the bondholders choose their option to convert the bonds into equity shares in accordance with the conditions specified in offering circular.

23 Share Warrants

The company had on 11th March 2008 allotted 1,02,00,000 warrants convertible into equity shares at a later date on preferential basis to the promoters/promoter group of the company, after payment of advance of 10% of the issue price. The whole amount received on allotment of warrants has been deployed towards expansion of Business activities.

During the previous year the Warrant Holders converted 7,20,000 warrants into Equity Shares at a conversion price of Rs. 78.35. The total Outstanding warrants as on 31st March 2009 were 94,80,000. The balance amount of Rs. 742.76 Lacs standing against allotment of warrants has been forfeited during the current year as the holders of 94,80,000 warrants did not exercise their option to convert the warrants during the validity period.

24 Extra Ordinary Items

The company has entered into forward exchange contracts to hedge the foreign exchange fluctuation risk. The losses amounting to Rs. 2907.46 Lacs (Previous Year: Rs. 5000.89 Lacs) suffered in foreign exchange transactions are shown as Extra ordinary items.

25 Segment Reporting

The management view is that there are no segments within the meaning of AS-17, on Segment Reporting. The products dealt in are classified in the category of Food Products only and therefore further classification would be redundant.

Geographically the production facilities are mainly located in one state and hence no breakup is warranted.

26 RELATED PARTIES DISCLOSURES UNDER ACCOUNTING STANDARD 18

26.1 List of related parties

- i) Wholly Owned Subsidiaries of the Company
 - Sachdeva Brothers Pvt Ltd. India
 - Kohinoor Foods USA Inc.
 - Indo European Foods Ltd, U.K

- ii) Joint Venture of the Company
- Rich Rice Raisers Factory LLC-Dubai
- iii) Directors
- | | |
|----------------------------|----------------|
| Mr. Jugal Kishore Arora | Chairman |
| Mr. Satnam Arora | Jt.MG.Director |
| Mr. Gurnam Arora | Jt.MG.Director |
| Mr. Anil Bhatia | Director |
| Mr. Vijay Burman | Director |
| Mr. Vijay Parkash Aggarwal | Director |

26.2 The following transactions were carried out with related parties in the ordinary course of Business during the year

	Subsidiary Companies	Joint Venture Company	(Rs. in Lacs) Key management personnel and their relatives
- Sale of Finished Goods	8,832.31 (3,879.44)	908.83 (9,848.88)	-
- Remuneration			126.85 (98.90)
- Sitting Fees			3.80 (0.60)
- Interest/Commission Received		(0.65)	
- Corporate guarantee given by the company	8,121.60 (9,444.62)	- (-)	- (-)
- Balances outstanding at the year end:-			
- Loans/Advances/Equity Contribution as on 31.03.2010	8,449.11 (8,771.05)	1,393.27 (1,567.04)	-
- Receivables	4,782.85 (1,694.32)	2,346.27 (4,560.12)	- (-)

27 Lease Obligations

Total of minimum future lease payments under non-cancellable operating leases for various periods are as follows:-

	Current Year	(Rs. in Lacs) Previous Year
Amount payable not later than one year	5.76	5.69
Amount payable not later than one year but not later than five years	14.13	3.82
Amount payable later than five years	Nil	Nil
	<u>19.90</u>	<u>9.51</u>

The company has entered into operating leases for vehicles that are renewable on a periodic basis and cancellable at company's option. The company has not entered into sublease agreements in respect of these leases.

- 28** During the year the loan given to the subsidiary company "Kohinoor Foods USA Inc Amounting to USD 50,00,000 (Rs. 2369.77 Lacs) was converted into 80000 redeemable preference shares of USD 62.50 each fully paid up.
- 29 Debtors and Creditors are subject to confirmation.**
- 30 Corresponding figures for the previous year have been regrouped/rearranged, wherever necessary to confirm to current year classification.**
- 31 Figures in () are related to previous year.**



CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010(Rs. in Lacs)

PARTICULARS	FOR THE YEAR ENDED 31-03-2010	FOR THE YEAR ENDED 31-03-2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before interest, tax & extra ordinary items	10,553.63	8,613.50
Adjustments for		
Depreciation	1,021.16	1,071.87
Deferred Revenue Expenditure	36.83	36.83
Operating profit before working capital changes	11,611.62	9,722.20
Adjustments for		
Trade & other receivables	(3,163.54)	3,425.02
Inventories	(12,704.91)	(6,813.59)
Trade payables	3,872.19	450.39
Deferred Taxes Assets/Liabilities	247.69	(668.00)
Cash generated from operations	(136.95)	6,116.02
Interest paid	6,574.69	5,309.15
Deferred Taxes	247.69	(668.00)
Fringe Benefit Tax	-	50.00
Wealth Tax	1.40	1.22
Income Tax of Earlier Years	-	188.86
Cash flow before extra ordinary items	(6,960.73)	1,234.79
Extra ordinary items	2,907.46	5000.89
Net cash from operating activities	(9,868.18)	(3766.10)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets and change in Capital work in progress	(2133.57)	(457.88)
Investments & Loans	495.70	(1,665.23)
Net cash flow from investing activities	(1637.87)	(2123.11)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital / share premium	-	1,303.68
Proceeds from borrowings	12,644.93	1969.85
Net cash flow from financing activities	12,644.93	3,273.53
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	1,138.87	2615.68
- Cash & Cash equivalent as at opening	525.03	3,140.71
- Cash & Cash equivalent as at closing	1,663.90	525.03

ADDITIONAL INFORMATION AS PER PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956
I. Registration details

Registration No.	37097
State code	55
sheet date	31-03-2010

II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue	Nil	Right Issue	Nil
Bonus issue	Nil	Private placement	Nil

III. Position of Mobilisation and Deployment of funds

Total Liabilities	10,270,799	Total Assets	10,270,799
-------------------	------------	--------------	------------

SOURCES OF FUNDS

Paid-up Capital	281,932	Reserve & Surplus	1,810,927
Secured loans	6702,854	Unsecured Loans	428,543
Share Warrants		Current Liabilities & Provisions	1,046,543

APPLICATION OF FUNDS

Net fixed assets & Capital Work in Progress	641,243	Investments	585,088
Current Assets, Loan and Advances	8,994,032	Misc. Expenditure	19,950
Deferred Tax Assets	30,485	Accumulated Losses	0

IV. Performance of the company (Amount in Rs. Thousand)

Turnover	7,730,277	Total Expenditure	7,623,128
Profit / loss (before tax)	107,199	Profit / loss (after tax)	82,240
Earning per share (Rs.)	2.92	Dividends	0

**V. Generic names of three principal products/services of company
(As per monetary terms)**

Item code no. (ITC Code)	N.A
Product description	Rice
Item code no. (ITC Code)	Pulses
Product description	Wheat Flour
Item code no. (ITC Code)	Spices
Product description	Frozen
Item code no. (ITC Code)	Ready to Eat
Product description	

In terms of our separate report of even date attached

 FOR NATH AHUJA & CO.
 CHARTERED ACCOUNTANTS

(N.N. AHUJA)

 PROPRIETOR
 Membership No.: 80178

(SATNAM ARORA)

JT. MG. DIRECTOR

(GURNAM ARORA)

JT. MG. DIRECTOR

(RAMA KANT)

COMPANY SECRETARY

FOR NATH AHUJA & CO.
CHARTERED ACCOUNTANTS

(N.N. AHUJA)

PROPRIETOR

Membership No.: 80178

(SATNAM ARORA)

JT. MG. DIRECTOR

(GURNAM ARORA)

JT. MG. DIRECTOR

(RAMA KANT)

COMPANY SECRETARY

Place :- New Delhi
Dated :- 29.05.2010

Dated :- 29.05.2010

FOR NATH AHUJA & CO.
CHARTERED ACCOUNTANT

(N.N. AHUJA)

PROPRIETOR

Membership No : 80178

AUDITOR'S REPORT

We have examined the attached cash flow statement of Kohinoor Foods Limited for the year ended March 31, 2010. The statement has been prepared in accordance with the requirements of clause 32 of the listing agreement with Stock Exchanges and based on the information and documents made available to us. We have also examined the Profit & Loss Account and Balance Sheet of the company covered by our report of 29th May, 2010 to the members of the company.



ANNEXURE TO THE BALANCE SHEET AS AT MARCH 31, 2010

Statement Pursuant to Section 212 of the Companies Act, 1956 relating to Company's Interest in the subsidiaries companies

01	Name of subsidiaries Company	Sachdeva Brothers Pvt Ltd.	Kohinoor Foods USA, INC	Indo European Foods Limited , U.K
02	Financial Year of the subsidiaries ended on	31-03-2010	31-03-2010	31-03-2010
03	Number of shares held by Kohinoor Foods Ltd. with its Nominees in the subsidiaries Companies at the end of the financial year of the subsidiaries companies.			
	i) Equity shares	15835 (Rs. 100 Each)	56000 (USD 62.50 Each)	1350000 (GBP 1 Each)
	ii) Extent of holding	100%	100%	100%
	iii) Share Application Money (Rs.) / (\$)	Nil	Nil	Nil
04	Date from which it became subsidiaries Company	17/10/1990	24/03/2000	29/03/2005
05	The net aggregate of Profit/(Loss) of the subsidiaries Companies as far as it concerns the members of the Holding Company			
	I) Not dealt with in the Holding Company's Account			
	(a) For the Period Ended 31.03.2010	(30,547)	(\$1,886,016)	£10,855
	(b) For the Previous Financial years since it became the Holding company's subsidiaries	(1,350,123)	(\$2,423,087)	-£550,253
	ii) Dealt with in the Holding Company's Accounts			
	(a) For the financial years of the subsidiaries	Nil	Nil	Nil
	(b) For the Previous Financial years since it became the Holding company's subsidiaries	Nil	Nil	Nil
06	Changes in the interest of Kohinoor Foods Ltd. between the end of the subsidiaries's Financial year and 31st March, 2010			
	- Number of Shares acquired	Nil	Nil	Nil
	- Material changes between the end of the subsidiaries's Financial year and 31st March, 2010			
	(I) Fixed Assets (Net Addition) (Capital Work-in-progress)	Nil	Nil	Nil
	(ii) Investments	Nil	Nil	Nil
	(iii) Money lent by the subsidiaries	Nil	Nil	Nil
	(iv) Moneys borrowed by the subsidiaries Company other than for meeting Current Liabilities			

In terms of our separate report of even date attached

FOR AND ON BEHALF OF THE BOARD

**For NATH AHUJA & CO.
CHARTERED ACCOUNTANTS**

**(N.N.AHUJA)
PROPRIETOR**
Membership No: 80178

**(SATNAM ARORA)
JT. MG. DIRECTOR**

**(GURNAM ARORA)
JT. MG. DIRECTOR**

**(RAMA KANT)
COMPANY SECRETARY**

**Place :- New Delhi
Dated :- 29.05.2010**

AUDITORS' REPORT

To the Board of Directors of
Kohinoor Foods Limited,

1. We have audited the attached Consolidated Balance Sheet of M/s Kohinoor Foods Limited as at March 31, 2010, the Profit & Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with as identified financial reporting framework and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiaries and joint ventures, abroad. The financial Statements of these subsidiaries and Joint ventures companies have been audited by the other auditors, whose financial reports have been furnished to us and our opinion is based solely on the report of the management.
4. We report that the consolidated financial statements have been prepared by the management of Kohinoor Foods Limited in accordance with the requirements of Accounting Standards (AS-21) Consolidated Financial Statements and Accounting Standards (AS-27) Financial Reporting of Interest in Joint Ventures, prescribed by the Companies (Accounting Standard) Rules, 2006.
5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the consolidated financial statements give a true and fair view (except as stated in the other auditors' report and notes to the account attached thereto) in conformity with the accounting principles generally accepted in India:
 - i. In the case of consolidated Balance Sheet, of the Consolidated state of affairs of the Group as at March 31, 2010;
 - ii. In the case of consolidated Profit and Loss Account, of the Consolidated Results of the Group for the year ended on that date; and
 - iii. In the case of consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For NATH AHUJA & CO.
Chartered Accountants

Place: New Delhi,
Dated: 29-05-2010

(N.N. AHUJA)
PROPRIETOR
Membership No. 80178



CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2010

P A R T I C U L A R S	Schedule	As at 2010		As at 2009	
		Rs. Lacs	Rs. Lacs	Rs. Lacs	Rs. Lacs
Sources of funds					
1. Shareholders' funds					
A) Share Capital	A		2,819.32		2,819.32
B) Share Warrants			-		742.76
C) Reserves and Surplus	B		15,734.56		15,281.57
2. Loan funds					
A) Secured Loans	C		73,591.62		59,329.87
B) Unsecured Loans	D		1,725.45		3,665.97
C) Foreign Currency Convertible Bond			3,029.07		3,416.69
			<u>96,900.02</u>		<u>85,256.59</u>
APPLICATION OF FUNDS					
1. FIXED ASSETS					
	E				
A. Gross Block		17,456.13		17,574.38	
Less : Accumulated Depreciation		<u>8,727.20</u>		<u>7,807.07</u>	
Net Block		8,728.94		9,740.30	
B. CAPITAL WORK-IN-PROGRESS		<u>1,521.86</u>	10,250.80	<u>54.35</u>	9,794.66
2. INVESTMENTS					
	F		707.33		616.83
3. CURRENT ASSETS, LOANS AND ADVANCES					
A) Inventories	G	71,406.80		57,953.58	
B) Trade Debtors	H	13,909.78		11,645.48	
C) Cash and Bank Balances	I	2,467.01		1,221.54	
D) Other Current Assets	J	141.55		196.52	
E) Loans and Advances	K	<u>7,282.14</u>		<u>8,808.94</u>	
		95,207.28		79,826.06	
LESS: CURRENT LIABILITIES & PROVISIONS					
	L				
A) Current Liabilities		7,588.41		3,822.79	
B) Provisions		<u>3,319.87</u>		<u>3,120.13</u>	
NET CURRENT ASSETS					
			84,299.00		72,883.14
4. DEFERRED TAX ASSETS					
			1,052.94		552.54
5. MISCELLANEOUS EXPENDITURE					
(To the extent not written off or adjusted)	M		<u>589.96</u>		<u>1,409.41</u>
			<u>96,900.02</u>		<u>85,256.59</u>
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS					
	R				

In terms of our separate report of even date attached

FOR AND ON BEHALF OF THE BOARD

**FOR NATH AHUJA & CO.
CHARTERED ACCOUNTANTS**

(N.N. AHUJA)
PROPRIETOR
Membership No : 80178

(SATNAM ARORA)
JT. MG. DIRECTOR

(GURNAM ARORA)
JT. MG. DIRECTOR

(RAMA KANT)
COMPANY SECRETARY

New Delhi
Dated :- 29.05.2010

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

(Rs. in Lacs)

PARTICULARS	Schedule Number	2010	2009
EARNINGS			
Sales / Income from Operations (Net of Returns)		85,246.11	74,604.01
Less :- Excise Duty		<u>22.93</u>	<u>22.91</u>
Net Sales		85,223.18	74,581.10
Closing Stock		<u>69,366.44</u>	<u>56,794.46</u>
		<u>154,589.62</u>	<u>131,375.56</u>
OUTGOINGS			
Opening Stock -		56,794.46	49,615.25
Purchases		69,411.06	55,107.69
Loading and Unloading Charges		273.83	210.77
Clearing Forwarding Import		327.45	-
Packing Materials Consumed		3,318.67	2,642.47
Wages & Salaries		322.14	224.46
Processing Charges		393.31	19.68
Warehouse Rent & Supplies		292.29	337.42
THC/DPA Charges		7.84	25.37
Repair to Machinery		496.03	224.36
Power & Fuel		1,108.27	874.08
Brokerage & Commission		382.72	318.75
Freight and Octroi		776.84	838.72
Depreciation		1,212.30	1,274.36
Gross Profit		<u>19,472.42</u>	<u>19,662.19</u>
		<u>154,589.62</u>	<u>131,375.56</u>
EARNINGS			
Gross Profit Brought Forward		19,472.42	19,662.19
Profit on sale of assets		2.34	3.19
Miscellaneous and other Income		<u>222.22</u>	<u>32.28</u>
		<u>19,696.99</u>	<u>19,697.65</u>
OUTGOINGS			
Employees Remuneration & Benefits	O	2,392.48	2,220.44
Administrative Expenses	P	2,620.84	4,121.65
Selling and Distribution Expenses	Q	5,374.15	5,039.59
Financial Expenses	N	7,042.16	5,592.60
Depreciation		<u>43.52</u>	<u>48.79</u>
		<u>17,473.14</u>	<u>17,023.07</u>
Net Profit/(Loss) before Extra Ordinary Items		2,223.85	2,674.58
Less :- Extra ordinary Items		<u>2,907.46</u>	<u>5,000.89</u>
Net Profit/(Loss) after Extra Ordinary Items and before Tax		(683.61)	(2,326.31)
Less:- Provision for Current Tax		182.15	-
Less:- MAT credit entitlement		<u>182.15</u>	-
Deferred Tax		17.30	(668.00)
Fringe Benefit Tax		-	50.00
Wealth Tax		<u>1.40</u>	<u>1.22</u>
Net (Loss)/Profit after Tax		<u>(702.31)</u>	<u>(1,709.53)</u>
Less:- Amount Transferred to General Reserve		<u>(702.31)</u>	<u>(1,709.53)</u>

In terms of our separate report of even date attached

For NATH AHUJA & CO.**CHARTERED ACCOUNTANTS****(N.N.AHUJA)****(SATNAM ARORA)****(GURNAM ARORA)****(RAMA KANT)****PROPRIETOR****JT. MG. DIRECTOR****JT. MG. DIRECTOR****COMPANY SECRETARY**

Membership No: 80178

Place :- New Delhi

Dated :- 29.05.2010

FOR AND ON BEHALF OF THE BOARD



SCHEDULES TO THE BALANCE SHEET

(Rs. in Lacs)

PARTICULARS	AS AT 31.03.2010	AS AT 31.03.2009
-------------	---------------------	---------------------

SHARE CAPITAL

SCHEDULE - A

AUTHORISED CAPITAL

5,00,00,000 Equity shares of Rs. 10 each	5,000.00	5,000.00
--	----------	----------

ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2,81,93,224 (Previous year 2,81,93,224) Equity Shares of Rs. 10/- each fully paid-up	2,819.32	2,819.32
---	----------	----------

(of the above 78,73,224 equity shares have been issued to FCCB holders on conversion of FCCB into equity shares)

(of the above 7,20,000 equity shares have been issued to promoter group on preferential basis on conversion of share warrants)

(of the above shares 69,11,480 shares are allotted as fully paid up by way of bonus shares by way of capitalization of securities premium & General Reserve)

	2,819.32	2,819.32
--	----------	----------

RESERVE AND SURPLUS

SCHEDULE - B

GENERAL RESERVE		
Balance Brought Forward	9,950.51	11,848.90
Add : Transferred from Profit and Loss Appropriation Account	(702.31)	(1,709.53)
Less :- Short Provision for Tax of Earlier Years		-188.86
	9,248.20	9,950.51

CAPITAL RESERVE

Forfeiture of Share Warrant Money	742.76	-
SECURITIES PREMIUM ACCOUNT	5,077.68	5,077.68
FOREIGN CURRENCY TRANSLATION RESERVE	665.93	253.78
	15,734.56	15,281.97

SECURED LOANS

SCHEDULE - C

Kohinoor Foods Limited - India	67,028.54	52,160.46
Indo European Foods Ltd - U.K	2,970.49	3,179.44
Kohinoor Foods Inc. - U.S.A	2,945.20	3,464.64
Rich Rice Raisers LLC- Dubai	647.39	525.34
	73,591.62	59,329.87

UNSECURED LOANS

SCHEDULE - D

Kohinoor Foods Limited - India	1,256.36	3,091.89
Kohinoor Foods U.S.A . Inc.	-	-
Rich Rice Raisers Factory LLC. Dubai	469.09	574.08
	1,725.45	3,665.97

(Rs. in Lacs)

PARTICULARS	AS AT 31.03.2010	AS AT 31.03.2009
CONSOLIDATED FIXED ASSETS SCHEDULE AS AT MARCH 31, 2010		
	SCHEDULE E	
LAND	713.77	770.25
BUILDING	5,237.48	5,489.49
PLANT & MACHINERY	9,629.18	9,350.74
VEHICLES	863.56	785.58
VEHICLES - SOLAR	4.13	4.13
WOODEN CRATES	61.26	215.86
COMPUTERS	241.47	220.90
FURNITURE & FIXTURES	607.98	606.88
OFFICE EQUIPMENTS	37.97	42.83
WEBSITE	3.81	5.21
GOODWILL	55.51	55.51
GROSS BLOCK	<u>17,456.13</u>	<u>17,547.38</u>
LESS:		
ACCUMULATED DEPRECIATION	<u>8,727.20</u>	<u>7,807.07</u>
NET BLOCK	<u>8,728.94</u>	<u>9,740.30</u>
CAPITAL WORK IN PROGRESS		
PLANT & MACHINERY	1,364.59	245.71
BUILDING	99.48	1,162.70
SOFTWARE DEVELOPMENT	<u>57.80</u>	<u>54.35</u>
TOTAL	<u><u>1,521.86</u></u>	<u><u>1,462.76</u></u>



SCHEDULES TO THE BALANCE SHEET

(Amount in Rs. Lacs)

INVESTMENTS	SCHEDULE - F							
	INVESTMENTS (TRADE) Valued at Cost	NATURE OF INVESTMENT	Face Value	% of Owner Ship Interest	31.03.2010	No. of Shares 31.03.2009	AMOUNT 31.03.2010	AMOUNT 31.03.2009
LONG TERM								
1. Unquoted								
A. Investment in Joint Venture Companies								
a) Rich Rice Raisers Factory LLC, Dubai	Equity Share Fully Paid-up	DHS 1000	25%	75	75	-	-	
B. Subsidiary Companies								
(i) Domestic Wholly Owned								
Sachdeva Brothers Pvt. Ltd.	Equity Share Fully Paid-up	Rs. 100	100%	15835	15835	-	-	
(ii) Overseas Wholly Owned								
a) Kohinoor Foods Limited USA INC	Equity Share Fully Paid-up	\$62.50	100%	56000	56000	-	-	
-	Redeemable Preference Share Fully Paid-up	\$62.50	100%	80000	80000	-	-	
b) Indo European Foods Ltd, UK	Equity Share Fully Paid-up	£1	100%	1350000	1350000	-	-	
Investment by Rich Rice Raisers Factory LLC								
-	Preference Share Fully Paid-up	£1	100%	1000000	1000000	-	-	
							706.27	615.78
2. Quoted								
In Fully Paid Equity Shares								
Punjab National Bank								
(Market value of quoted share is Rs. 1.11 Lacs previous year : Rs.0.44 Lacs)								
-	Equity Share	Rs. 10/-	-	110	110	0.43	0.43	
Anu Laboratories Ltd.								
(Market value of quoted share is Rs. 0.20 Lacs) previous year Rs. 0.78 Lacs)								
-	Equity Share	Rs. 1/-	29	70	-	0.62	0.62	
							707.33	616.83

		(Rs. in Lacs)	
INVENTORIES		SCHEDULE - G	
PARTICULARS	AS AT	AS AT	
	31.03.2010	31.03.2009	
(As Certified and valued by the Management at cost or market value whichever is lower)			
Kohinoor Foods Limited - India	61,874.21	50,050.54	
Indo European Foods Ltd - U.K	3,791.22	3,039.43	
Kohinoor Foods U.S.A. Inc.	2,187.56	2,922.32	
Rich Rice Raisers LLC. Dubai	449.90	540.30	
Stock in Transit	1,063.55	241.87	
Packing Material	2,040.36	1,159.13	
Total	<u>71,406.80</u>	<u>57,953.58</u>	

SUNDRY DEBTORS		SCHEDULE - H	
(Debts considered good for which the company holds no security other than the debtor's personal security)			
(A) Debts outstanding for a period exceeding six months	3,960.15	3,154.92	
(B) Others	9,949.64	8,490.56	
	<u>13,909.78</u>	<u>11,645.48</u>	

CASH AND BANK BALANCES		SCHEDULE - I	
Cash in Hand	703.17	59.52	
Balance with Scheduled Banks :			
Current Account	1,025.73	1,024.29	
Deposit Account	738.11	137.74	
Total	<u>2,467.01</u>	<u>1,221.54</u>	

OTHER CURRENT ASSETS		SCHEDULE - J	
(A) Security Deposits	122.60	190.89	
(B) Interest accrued but not due	18.95	5.64	
	<u>141.55</u>	<u>196.52</u>	



LOANS AND ADVANCES	(Rs. in Lacs)	
	SCHEDULE - K	
(Considered good, unless otherwise provided)		
A) Subsidiary Company (India)	-	-
B) Joint Venture Company (Dubai)	1,037.89	1,168.22
C) Wholly owned Subsidiary - U.K	-	-
D) Wholly owned Subsidiary - U.S.A	-	-
	1,037.89	1,168.22
Advances recoverable in cash or in kind or for value to be received.		
A) Prepaid Expenses	1,082.51	123.35
B) Staff Advance	37.89	41.64
C) Advance against Purchases	92.56	6.07
D) Advance Tax	3,860.94	3,771.25
E) MAT Credit Entitlement	182.15	-
F) Others	988.19	3,698.41
	<u>7,282.14</u>	<u>8,808.94</u>
CURRENT LIABILITIES AND PROVISIONS	SCHEDULE - L	
CURRENT LIABILITIES		
SUNDRY CREDITORS		
A) Trade - Micro, Small and Medium Enterprises	883.45	553.74
- Other than MSME	3,998.80	1,216.63
- Total Trade Creditors	<u>4,882.25</u>	<u>1,770.37</u>
B) Others	2,706.16	2,052.43
PROVISIONS	<u>7588.41</u>	<u>3822.79</u>
Gratuity	115.32	96.64
Taxation	3,109.15	2,928.27
Fringe Benefit Tax	94.00	94.00
Wealth Tax	1.40	1.22
	<u>3,319.87</u>	<u>3,120.13</u>
MISCELLANEOUS EXPENDITURE	SCHEDULE - M	
Deferred Revenue Expenditure	589.96	1,409.41
	<u>589.96</u>	<u>1,409.41</u>
FINANCIAL EXPENSES	SCHEDULE - N	
Interest Paid on Working Capital Loan	6,250.54	4,725.20
Interest Paid on Term Loan	262.66	509.72
Bank Charges	528.96	357.69
	<u>7,042.16</u>	<u>5,592.60</u>
EMPLOYEES REMUNERATION & BENEFITS	SCHEDULE - O	
Staff Salaries	2,020.55	1,886.40
Director's Remuneration	102.25	103.26
Bonus	49.45	49.10
Staff Welfare	146.49	109.25
Employer's Contribution to P.F. & ESI	73.74	72.44
	<u>2,392.48</u>	<u>2,220.44</u>

ADMINISTRATIVE EXPENSES	SCHEDULE - P	
Rates, Fees and Taxes	500.37	488.56
Auditor's Remuneration		
-Statutory Audit Fee	17.94	15.85
-Tax Audit Fee	3.00	2.50
Deferred Revenue Expenditure w/off	181.31	181.26
Postage, Telegram and Telephone	127.15	128.01
General Expenses	265.94	251.20
Legal and Professional Charges	238.85	391.42
Charity and Donation	11.83	19.92
Vehicle Maintenance	170.28	238.64
Printing and Stationery	36.97	40.41
Insurance Charges	127.38	121.98
Conveyance	86.32	90.84
Membership & Subscription	13.38	8.66
Research & Development	16.57	11.18
Rent	506.57	536.56
Staff Recruitment Expenses	6.71	6.60
Repairs to Building	80.84	74.70
Repairs to Others	102.65	109.25
Foreign Exchange Gain / (Loss)	126.78	1,404.08
	<u>2,620.84</u>	<u>4,121.65</u>

SELLING AND DISTRIBUTION EXPENSES	SCHEDULE - Q	
Advertisement and Publicity	907.86	320.18
Business Promotion	896.62	696.13
Travelling Expenses (Directors)	110.40	30.46
Travelling Expenses (Others)	161.13	216.75
Rebate & Discount	85.98	73.46
Bad Debts	454.34	-
Ocean Freight	921.26	759.15
Expenses Against Export	42.74	1,678.23
Brokerage & Commission on Sales	192.74	152.67
Clearing and Forwarding	1,321.78	894.72
Distribution Expenses	279.30	217.84
	<u>5,374.15</u>	<u>5,039.59</u>

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS****SCHEDULE - R****A) SIGNIFICANT ACCOUNTING POLICIES****1 Principles of Consolidation**

These Consolidated Financial Statements (CFS) relate to Kohinoor Foods Limited (i.e. Parent company), its subsidiary companies (i.e. Indo European Foods Ltd, Kohinoor Foods U.S.A. Inc. and Sachdeva Brothers Pvt Ltd.), and its Joint Venture company i.e. Rich Rice Raisers Factory- LLC. These Consolidated Financial Statements are prepared and presented in Indian Rupees under the historical cost convention, on the accrual basis of accounting and comply with the Accounting Standards prescribed by the Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956 to the extent applicable, as adopted consistently by the company. The Financial Statements of the subsidiaries and joint venture are in their respective local currencies.

2 Basis of Preparation of Consolidated Financial Statements

These CFS are prepared in accordance with Accounting Standard (AS-21) Consolidated Financial Statements issued by the Institute of Chartered Accountants of India (ICAI). The financial statements of the Parent and its subsidiaries are combined on a line by line basis by adding together sums of like nature, comprising assets, liabilities, income and expenses and after eliminating intra-group balances/ transactions.

The Financial Statements of foreign subsidiaries and the joint venture, are prepared by them on the basis of generally accepted accounting principles, local laws and regulations as prevalent in their respective countries and such financial statements are considered for consolidation. The effect of adjustments on account of variance in accounting policies of such associate and joint venture vis -à-vis those of the parent is not material, and accordingly, not considered.

Investment in Joint Venture undertaking over which the company exercises joint control is accounted for using proportionate consolidation method as prescribed under Accounting Standard (AS) 27 'Financial Reporting of Interests in Joint Ventures' issued by the Institute of Chartered Accountants of India.

For the purpose of consolidation, foreign currency assets, liabilities, income and expenditure are translated using the exchange rate as prescribed under Accounting Standard (AS-11) on 'Accounting for the Effects of Changes in Foreign Exchange Rates', issued by the Institute of Chartered Accountants of India. The exchange difference arising on consolidation is recognised in the Foreign Currency Translation Reserve classified under Reserves and Surplus.

3 Use of Estimates and Judgements

The preparation of financial statements are in conformity with the Accounting Standards which requires Management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures relating to the contingent liabilities as on the date of balance sheet and the reported amount of revenues and expenditures during the reporting period. The estimates and assumptions used in the Financial Statements are based upon Management's best evaluation of the relevant facts and circumstances as of the date of the Financial Statements. Examples of such estimates include useful life of fixed assets, creation of deferred tax asset, lease rentals and write off of deferred revenue expenditure. Actual results may differ from those estimates.

4 Revenue Recognition:

The company follows the mercantile system of accounting and recognises the income and expenditures on accrual basis except in case of significant uncertainties. Certain items of income such as insurance claim, market fees refund, overdue interest from customers etc have been considered to the extent the amount is accepted by the parties. The principles of the revenue recognition are given below:-

Sales are recognised as follows :

- Domestic Sales - At the point of dispatches to customers.
- Export Sales - At the time of issue of Bill of Lading.

Sales are recorded net of sales returns, price differences and sales tax.

Sale of license and duty draw back are recognised on realisation basis.

5 Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation.

Capital work in progress is stated at cost.

6 Inventories

Inventories are valued at cost or net realisable value whichever is lower, as taken, valued and certified by the management. The basis for determining cost for various categories of inventories are as under:

- Raw Material - At cost on FIFO Basis
- Finished Stock - At material cost + appropriate share of production overhead.
(On weighted average cost basis).
- Work in Progress - At material cost + appropriate share of production overhead.
(On weighted average cost basis).

Packing Material - At Cost

Stores & spares are charged to profit & loss A/c in the year of purchase.

7 Investments

Investment are stated at cost.

8 Taxes on Income

Current Tax

Provision of Income tax has been made in accordance with provision of section 115JB of Income Tax Act and the MAT credit entitlement has been recognised as an asset in accordance with guidance note issued by The Institute of Chartered Accountants of India.

Deferred Tax

Deferred tax assets and liabilities are computed on the timing differences at the balance sheet date between the carrying amount of assets and liabilities and their respective tax bases. Deferred Tax Assets (DTA) is recognised based on management estimates of virtual certainty that sufficient future taxable income will be available against which such DTA can be realised. The deferred tax charge or credit is recognized using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

9 Employees Benefits

Contributions to specific schemes are charged to profit and loss account for the year in which they are paid. Provisions for future liabilities in respect of gratuity benefits are made on the basis of actuarial valuation.

10 Research & Development

Revenue Expenditure on Research & Development is charged as an expense in the year in which it is incurred.

11 Miscellaneous Expenditure

Deferred Revenue expenditure is being written off over a period of ten years by the parent company and over a period of ten years by subsidiary company Indo European Foods Limited (UK) and five years by Kohinoor Foods U.S.A. Inc.

12 Consolidated Financial Statements comprise the financial statements of Kohinoor Foods Ltd, its subsidiaries and its joint venture company listed below.

A. Subsidiaries	Country of Incorporation	% of Ownership
Wholly Owned Subsidiary (WOS)		
Domestic		
Sachdeva Brothers Pvt. Ltd.	India	100
Overseas		
Indo European Foods Ltd	United Kingdom	100
Kohinoor Foods Inc.	USA	100
B. Joint Venture		
Rich Rice Raisers Factory LLC	U.A.E.	25



B)NOTES TO THE ACCOUNTS

(Rs. in Lacs)

1 Contingent Liabilities		Current Year	Previous Year
1.1	a) Corporate Guarantee given by the Co.	8,121.60	9,444.62
	b) Sales Tax (Commissioner of Sales Tax)	122.00	122.00
	c) Excise Duty	42.91	42.91
	d) Surety Bonds issued to Govt.Agencies	1,274.27	377.63
	e) Duty fore gone against Capital Goods imported and procured from the domestic market for Export Oriented Unit.	444.13	434.25
	f) Service Tax	11.14	-
	g) Letter of guarantees by Rich Rice Raisers Factory LLC	3.30	3.30
		<u>10,019.34</u>	<u>10,424.71</u>

1.2 Nature of contingent liability regarding Sales Tax & Excise Duty is as follows:

Particulars	Forum where matter is pending	(Rs. in Lacs)
Sales Tax	Commissioner of Sales Tax	122.00
Excise Duty	Commissioner of C.E (Appeals)	42.91
Service Tax	Commissioner of C.E (Appeals)	11.14

2 Securities Premium

The management has taken the view, based on expert opinion that the redemption premium on conversion of FCCB is to be charged against security premium account as premitted by Section 78 of the Companies Act, 1956. Therefore, premium payable on redemption of FCCB is provided for by charge to the Securities Premium Account During the year Rs.Nil (Previous years Rs. 610.72 Lacs) has been utilised out of the securities premium account towards cost of issuance of shares against warrants, FCCB conversion expenses and premium on redemption of FCCB's.

(Rs. in Lacs)

	Current Year	Previous Year
3 Capital Expenditure Commitment (including advances) :-	2,578.42	2,381.06
4 Bank Guarantee given by Bankers on behalf of the Company	80.68	54.35
5 Customs Duty against un exported quantities against advance Licenses.	143.13	143.13
6 Some Debtors and Creditors are subject to confirmation.		
7 Corresponding figures for the previous year have been regrouped/rearranged, wherever necessary to confirm to current year classification.		
8 The Consolidated Financial Statement have been prepared in compliance of Clause 32 of the listing agreement with stock exchanges.		

In terms of our separate report of even date attached
For NATH AHUJA & CO.
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD

(N.N.AHUJA)
PROPRIETOR
 Membership No: 80178

(SATNAM ARORA)
JT. MG. DIRECTOR

(GURNAM ARORA)
JT. MG. DIRECTOR

(RAMA KANT)
COMPANY SECRETARY

Place : New Delhi
Dated : 29.05.2010

CONSO LIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

(Rs. in Lacs)

PARTICULARS	AS AT 31.03.2010	AS AT 31.03.2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
- Net Profit before interest, tax & extra ordinary items	8,737.05	7,909.50
- Adjustments for :-		
- Depreciation	1255.82	1323.15
- Operating profit before working capital changes	9,992.87	9,232.65
- Adjustments for :-		
Trade & other receivables	(2,209.33)	301.83
Inventories	(13,453.21)	(7,267.69)
Loan and Advances	1,526.80	(1,015.58)
Current Liabilities & Provisions	3,965.36	174.17
Deferred Expenditure	819.45	274.91
Deferred Taxes Assets/Liabilities	(500.40)	(668.00)
- Cash generated from operations	141.53	1,032.29
Interest paid	6,513.20	5,234.92
Direct taxes	-	240.08
Foreign Currency Translation Reserve	(412.14)	(253.78)
Deferred Taxes	17.30	(668.00)
Wealth Tax	1.40	-
Cash flow before extra ordinary items	(5,978.23)	(3,520.92)
Extra ordinary items	2,907.46	5000.89
- Net cash from operating activities	(8,885.69)	(8521.81)
B. CASH FLOW FROM INVESTING ACTIVITIES		
- Purchase of fixed assets and change in Capital work in progress	(1,711.96)	(812.69)
- Investments & Loans	(90.49)	(208.49)
- Net cash flow from investing activities	(1,802.45)	(1,021.18)
C. CASH FLOW FROM FINANCING ACTIVITIES		
- Proceeds from issue of share capital / security premium		5,880.59
- Proceeds from borrowings	11,933.60	1,138.67
- Net cash flow from financing activities	11,933.60	7,019.26
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,245.46	(2,523.75)
- Cash & Cash equivalent as at opening	1,221.54	3,745.29
- Cash & Cash equivalent as at closing	2,467.01	1,221.54

In terms of our separate report of even date attached
For NATH AHUJA & CO.
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD

(N.N.AHUJA)
PROPRIETOR
 Membership No: 80178

(SATNAM ARORA)
JT. MG. DIRECTOR

(GURNAM ARORA)
JT. MG. DIRECTOR

(RAMA KANT)
COMPANY SECRETARY

Place :- New Delhi
Dated :- 29.05.2010



STATEMENT PURSUANT TO SECTION 212(8) OF THE COMPANIES ACT, 1956.

As per AS-21 issued by the Institute of Chartered Accountants of India, the financial statements of the Company reflecting the consolidation of the accounts of its subsidiary companies to the extent of equity holding of the company in these companies are included in this Annual Report.

In terms of approval granted by the Central Government, Dept of Company Affairs vide Approval letter no. 47/358/2010 dated May 13, 2010 u/s 212 (8) of the Companies Act, 1956, copy of the balance sheet, profit and loss account report of the board of directors and the report of the auditors of the subsidiary companies have not been attached to this annual report. The accounts of these companies have been separately audited as per Generally Accepted Accounting Principles/Practices as applicable in their respective jurisdiction of the country of incorporation. A statement pursuant to the above order giving details of subsidiaries is attached herewith:-

Name of subsidiaries Company	(Rs. in Lacs)		
	Sachdeva Brothers Pvt. Ltd.	Kohinoor Foods Ltd. USA. Inc.	Indo European Foods Limited
Capital	15.84	3,816.08	1,598.24
Reserves	(17.28)	(1934.57)	(366.84)
Total Assets	0.21	6,112.64	9,588.82
Total liabilities	0.21	6,112.64	9,588.82
Details of Investment (Excluding Investment in Subsidiaries)	-	-	-
Turnover	-	7,317.98	7,765.42
Profit / Loss Before Tax	(0.31)	(1,438.40)	(266.27)
Provision for Tax	-	(230.39)	-
Profit / Loss after Tax	(0.31)	(1,208.02)	(267.27)
Proposed Dividend including Dividend declared	-	-	-

during the year.

Foreign exchange rate as on March 31, 2010.

1 USD=Rs. 44.90, 1 GBP=Rs. 68.01

The amount given in the table above are from the Annual Account made for the respective financial year end for each of the companies.

Undertaking:

We undertake that the annual accounts of the subsidiary companies and the related detailed information will be made available to the investors, who seek such information, at any point of time. The annual accounts of the subsidiary companies will also be kept for inspection by the investor in the Registered/Head office of Kohinoor Foods and that of subsidiary companies concerned.

(N.N.AHUJA)
PROPRIETOR
 Membership No: 80178

(SATNAM ARORA)
JT. MG. DIRECTOR

(GURNAM ARORA)
JT. MG. DIRECTOR

(RAMA KANT)
COMPANY SECRETARY

Place :- New Delhi
Dated :- 29.05.2010



**THE TASTE
OF AUTHENTICITY**

Regd. Office : 201, Vipps Centre, Masjid Moth, Greater Kailash - II, New Delhi - 110048
Ph.: 91-11-41635757 (10 Lines), Fax: 91-11-41638586
Email: info@kohinoorfoods.in, www.kohinoorfoods.in