Kohinoor
FOODS LIMITED
THE TASTE
OF AUTHENTICITY

Serving Authenticity

ANNUAL REPORT
2010-11

Kohinoor FOODS LIMITED

THE TASTE
OF AUTHENTICITY

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Serving Authenticity

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. Road**
		Murthal, Dist. Sonepat (Haryana)
		• 71, Libaspur, Bahalgarh
		Dist. Sonepat, (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 Private Limited**
		201, Vipps Centre, Masjid Moth,
		Greater Kailash-II, New Delhi-110048
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 & GM (Legal) **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
Indusland Bank
HDFC Bank Limited
ICICI Bank Ltd.
IDBI Bank Ltd.
Bank of India
Corporation Bank
HSBC Bank
Axis Bank Ltd.
DBS Bank Ltd.
Kotak Mahindra Bank Ltd.
Yes Bank
Deutsche Bank

Transfer Agents
M/s Skyline Financial Services Pvt. Ltd.
D-153A, 1st Floor, Okhla Industrial Area, Phase -I
New Delhi-110020, Ph.: 011-26812682, 83, 84

Listing of Equity Shares
National Stock Exchange of India Ltd.
Bombay Stock Exchange Ltd.

Depositories
National Securities Depository Ltd. (NSDL)
Central Depository Services (INDIA) Ltd. (CDSL)

Chairman's Message

Dear Fellow Shareowners,

Greetings!

The Financial Year 2010-11 has been quite promising and challenging for Kohinoor Foods Limited. Overall, the Company achieved greater heights this year. The results were quite promising in the Domestic Market. While in the Export Markets, like other companies, our Company also went through certain ups & downs in the business. Global factors, especially in the Middle East, which pulled down the business of so many industries, also affected the growth pattern of our Company.

This year, the Domestic Sales grew by 48.42% which helped the Company to achieve a total turnover of Rs. 906 crores.

Largely, the Company's focus on Kohinoor Platinum, Gold & Silver helped it a lot in gaining shares in both the Domestic & the Export markets. The other factors that played a crucial role in building the Company's sales values were In-Depth penetrations in every potential market, Introduction of Kohinoor Limited Edition, a new product in Kohinoor's stable and the business generated through New Avenues and the Heat & Eat range of products of the Company.

With a vision of bringing authentic Indian flavours 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"

Mr. Gurnam Arora, Mr. Jugal Kishore Arora & Mr. Satnam Arora

Directors' 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, 2011 and the audited financial statements and notes for the year ended March 31, 2010. 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.

Your Directors have pleasure in presenting the --- Annual Report and the Audited Annual Accounts of the Company for the financial year ended 31st March, 2011.

As a major strategic step, the Company is transferring its business relating to (i) manufacturing, processing, finishing, marketing, trading, distributing, importing, exporting and/or supply of food products, including ready to eat products, cook-in sauces, cooking pastes, spices, seasonings and frozen food; and (ii) the marketing, trading, selling and distributing of rice products in the territory of India along with its Food Factory situated at Bahalgarh, Haryana (collectively the "Business") together with all the assets and liabilities, employees, contracts, licenses, agreements etc, as a going concern on a slump sale to M/s Kohinoor Speciality Foods India Private Limited a proposed Joint Collaboration with M/s McCormick Ingredients Southeast Asia Private Limited, Singapore.

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 some of the reasons why it offers an extensive range that caters to consumers' need in all 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. Today, the brand 'Kohinoor' is known in more than 60 countries worldwide.

In this endeavor of serving only the authentic, this year, Kohinoor Foods has achieved another landmark:

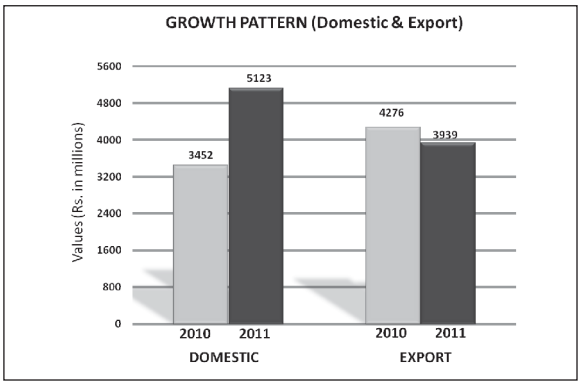
Financial Overview

The year under review has been quite promising and challenging for the Company. With an Overall Turnover growth of 17.3% vis-a-vis last year's performance. The Company's EBIDTA margin (Earnings before Interest, Depreciation, Tax & Amortization) has been 12.1% of the turnover in FY'11 compared to 14.98% in the previous year.

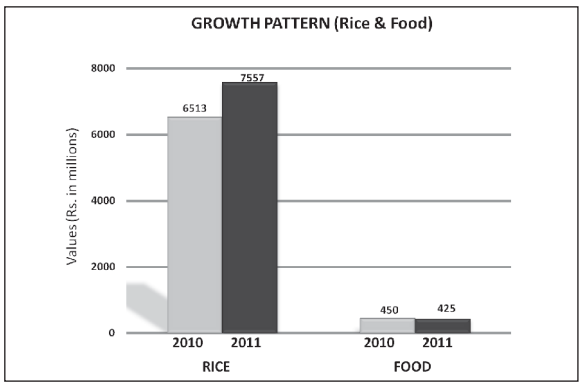
Particulars	FY'11	FY'10
Net Sales & Other Income	9,075.65	7,748.48
Profit before Depreciation	297.27	500.01
Depreciation	79.92	102.12
Profit before Tax	217.35	397.89
Less:		
Extra Ordinary Items	540.55	290.74
Profit after Tax ordinary Items	(323.20)	107.15
Provision for Tax	(88.37)	24.91
Profit after Tax	(234.83)	82.24
Figures in Rs. Million		

Operations

For the year under review, the Company has shown positive growth in the Domestic market, while the growth dipped a little in the Export markets vis-a-vis last year's results. As shown below, the Domestic Sales grew by 48.42%, amounting to Rs. 5123 millions as against Rs.3452 millions in the previous year while the Export Sales came down by 7.88%, amounting to Rs.3939 millions as against Rs.4276 millions in the previous year.



The contribution made by the Basmati Rice to the Company's business was Rs.7557 millions as against Rs.6513 millions in the previous year, while the Food business contributed only Rs.425 millions as against Rs.450 millions in the previous year.



This year, the major contributors towards the Company's growth were:

1. Company's focus on Kohinoor Platinum, Gold & Silver - Kohinoor Platinum, Gold & Silver (PGS) has been one of the strongest moves that the Company took in the last few years. During this year, the Company focused on Kohinoor PGS in all possible areas in both, the Domestic & the Export market, especially in those areas like Saudi Arabia, Kuwait, United Kingdom, USA in the Export markets and Tamil Nadu, Andhra Pradesh, West Bengal, Karnataka, Gujarat, Maharashtra & Kerala in the Domestic market. Not only did this generate significant numbers for the Company, but it also built a strong equity for the Company's brand in all the markets.

2. Deeper & Broader Penetrations of Kohinoor products - With focus on Kohinoor PGS, the Company this year also invested its efforts in increasing the level of penetrations in both Domestic & the Export markets. Some new private label clients were added to the list - from countries like UAE, Saudi Arabia, USA, Kuwait, Canada, New Zealand, Jordan, Seychelles & Germany. Similarly, in the Domestic market, the availability of Kohinoor products have increased in areas like Tamil Nadu, Andhra Pradesh, Kerala, West Bengal, etc.

3. Introduction of Kohinoor Limited Edition in the market - Limited Edition was a new introduction that happened this year. Though this was introduced in the later part of the year, but with its presence, it has already started adding onto the equity that Kohinoor enjoys in all the markets worldwide.

4. Acceptance of Heat & Eat products - Though this is more valid for the Domestic market, but the new healthy range of India on Platter (IOP) enjoyed a good acceptance in lot of markets where Kohinoor is present as a brand. The range gained good numbers, especially in the Domestic market.

5. Stronger New Avenues - Some of the new avenues that were opened last year, did get the Company good numbers in terms of sales. Supplying Kohinoor range of products to Defence & CSD Canteens brought in concrete numbers this year to the Domestic market's Food business.

Factors that pulled down the Company's growth in export were:

1. Unrest in the Middle East Countries - The factor that changed the future of some of the countries also affected our business. On a broader perspective, the unrest in the Middle East made enough buyers a little skeptical about the businesses that they have been doing in their countries all this while. It did not stop our growth, but it did pull the growth down by few percentages. In an ideal scenario, had it not been this unrest, the Company would have recorded good numbers this year.

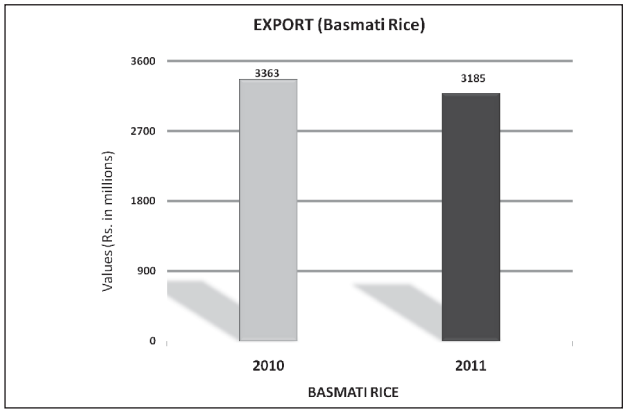
2. Stiff competition from Pakistani Basmati Rice - Though a common phenomena, but this year, Pakistani Basmati Rice was being offered at a very competitive rates in almost all the countries. It usually doesn't affect the sales of Indian Basmati Rice, but when the rates end up being very competitive, buyers do tend to fall for the Pakistani version of the Basmati Rice.

3. Skepticism for Iran - Though a high potential country, especially for Basmati Rice, but because of uncertainty on payments, this year, the Company did not gain a lot from this part of the world. In spite of this uncertainty, the Company is still trying its level best to explore this highly potential market.

EXPORT MARKETS

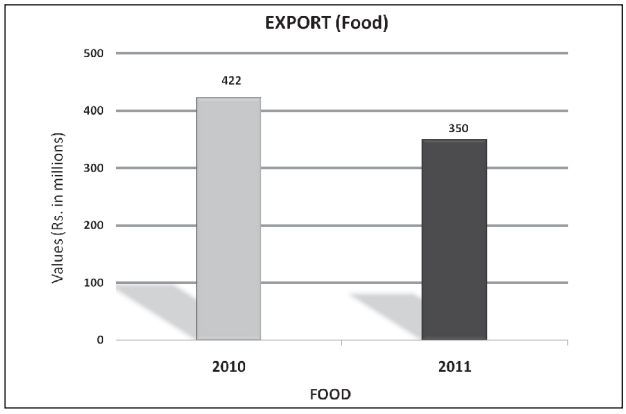
Exports - Basmati Rice

This year, in the Export of Basmati Rice, the Company did business of around Rs.3185 millions as against Rs.3363 millions in the previous year. Though the Company did business in more than 45 countries this year, but recorded a downfall of 5.29% in comparison to last year's business. Some of the countries that recorded positive growth in both Branded & Private Label business were UAE, UK, Saudi Arabia, USA, Kuwait, Bahrain, Australia, Canada, etc.



Exports - Food

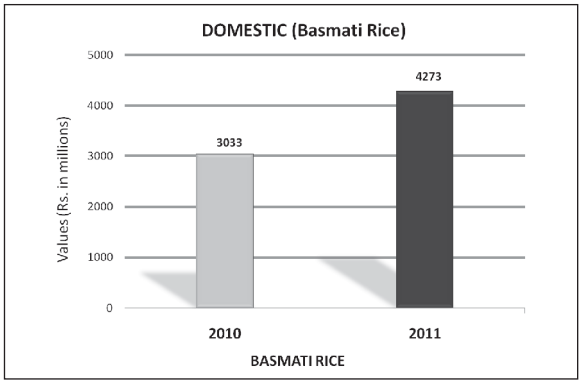
This year, the export of food products of Kohinoor recorded a business of Rs.350 millions only as against Rs.422 millions in the previous year. The downfall was majorly because of inconsistent orders from some of the Company's Private Label clients. However, this downfall has been balanced this year with two of the very big private label clients that the Company has added in its list. Hopefully, the current year would score good numbers by the end of the year.



DOMESTIC MARKETS

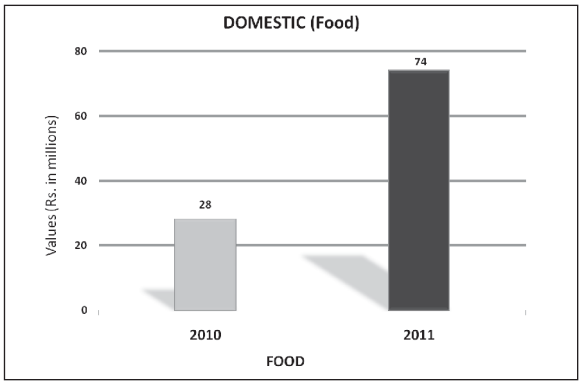
Domestic Market - Basmati Rice

In the Domestic market, the Company recorded a strong growth of 40.90% with a value of Rs.4273 millions in this financial year as against Rs. 3033 millions in the previous year, vis-a-vis last year's results that Company did fairly well in the Domestic market. Not only did it establishe its lead brands Kohinoor Platinum, Gold & Silver in the Indian market, but it also gained good numbers from it. Major factors contributing to this growth were - Focus on Kohinoor Platinum, Gold & Silver, In-depth penetrations in the potential markets, Increase in market coverage, Focus in Potential markets, Growth in the business through Modern Trade, Consequential contribution from the business through Institutions, etc.



Domestic Market - Food

In the Domestic market, the Company did fairly well in the Food business. The Company achieved a growth of 164.29% over the previous year's figure with Rs. 74 millions during this year as against Rs. 28 millions in the previous. The major contributor towards this growth has been the supplies of Heat & Eat products to the Defence & CSD Canteens and the business generated through products under Kohinoor India on Platter range.



USA Operations

The United States of America is a huge potential market for Indian food products. Not only the ethnic consumers, but even the mainstream consumers have a taste for Indian cuisines.

To capture this demand of Indian food in the USA, the Company has its wholly owned subsidiary based in New Jersey, Kohinoor Foods USA, Inc. that caters to the US and the Canada market. Through this subsidiary the Company has demonstrated its presence in both the Ethnic & the Mainstream segment of the business. Presently the Company has been supplying to all the Stand Alone Ethnic stores and to mainstream stores like Whole Foods, Costco, Walmart, etc. The subsidiary also works towards the gaining Pvt. Label business for both Indian Rice & Food products available in big chains.

UK Operations

Indian food is hugely popular in the United Kingdom and enjoys strong mainstream acceptance. With the help of Company's wholly owned subsidiary, Indo European Food Limited, based in London, the Company has been supplying Kohinoor products to Multiple Retail Stores like Tesco, ASDA, Morrison, etc., Wholesale and Cash & Carry like Booker, Costco, TRS, Wani's, etc., Discounters like TJ Morris, Lidl, etc. and more than 3000 Independent Ethnic Stores nationwide. The subsidiary also owns a rice processing facility at the port city of Felixstowe. The subsidiary also caters to the neighboring European countries.

In the last few years, this subsidiary of Company has achieved new heights and has played a very active role in shaking the competition in this market. In times to come, this position is only going to get better.

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 presently supplies Kohinoor range of basmati rice and other food products in mainstream stores like Carrefour, Lulu's Chain and Geant Stores. Kohinoor Foods also caters to the Iranian market from its Dubai base.

Overview - Food Processing Industry

The Indian market offers a huge potential for the food processing industry - more so because of the fact that it promotes two main growing factors of our Indian Economy - Industry & Agriculture.

During the last one decade, India moved from a position of scarcity to surplus in Food. Given the trade in production of food commodities, the Food Processing Industry in India is on an assured track of growth and profitability. It is expected to attract phenomenal investment in capital, human, technological and financial areas. The total food production of India is estimated to double in the next ten years. A reason why the Food Processing Industry sector in India has been accorded high priority by the Government of India, with a number of fiscal relief and incentives, to encourage commercialization and value addition. As per a study conducted by McKinsey and Confederation of Indian Industry (CII), the turnover of the total food market is approximately Rs.250,000 Crores, out of which value-added food products comprise Rs.80,000 Crores .

Basmati Rice

Like any other commodity business, Basmati Rice is a category which is little complex and widely unorganized. With an estimated consumption of around 1.5 millions tonnes of Basmati Rice in India, this is one category which has grown by almost 8 times in the last 5 years. And this is expected to grow further in India with an estimated consumption of almost 60% of the total Basmati Rice production in times to come.

Though majorly unorganized, but year on year this category is experiencing good number of conversions from unbranded to branded packaged Basmati Rice in terms of consumptions in India. In the current state, almost 24% of the consumption in India is through branded products. More and more people every year have been opting for not buying the loose packs available in the market. Among the branded packaged ones, to a consumer, a good quality Basmati Rice is available at around Rs.120-150 for a kilo. Eating rice is common habit in most of the Indian households and it is usually a part of one of the 3 meals cooked everyday. Geographically, the consumption of Basmati is higher in the Northern & Western part of the country while culturally, its consumption is quite high in the Punjabi & Gujarati families. With the view of serving the best to their customers & employees, Basmati's consumption is also higher in well recognized hotels & large institutions. The consumption of branded packaged Basmati Rice is also being driven by the modern retail that allows every consumer to select what they want.

Ambient - Ready Meals

With an estimated value of around Rs.1400 millions, Ready Meals, is a category which is growing at an average value of around 15% every year. Largely this category is still at a growing

stage, but the factors that has so far contributed to sales of Ready Meals have been Growing consumer base of working people who have less time to spend on cooking, Eating out of home becoming a common phenomena every week & weekend, Growth of Modern trade, the Convenience of making exotic Vegetarian & Non-vegetarian dishes in just a few minutes, etc. As this category grows, Innovative value additions to products with Health & Nutrition is expected to become an important aspect of it.

Frozen Food - Ready Meals

Though Frozen Food as a category constitutes many products, major of it being the Frozen unprocessed non-vegetarian food, but within this segment Frozen Ready Meals is expected to contribute approximately Rs.226 millions this year and it is expected to grow at a rate of 14% every year. The factors that contribute to the growth of this category is very similar to that of Ambient Ready Meals like Growing consumer base of working people who have less time to spend on cooking, Eating out of home becoming a common phenomena every week & weekend, Growth of Modern trade, the Convenience of making exotic Vegetarian & Non-vegetarian dishes in just a few minutes, etc.

Risks & Concerns

Macro-economic factors like recession, subdued demand and political uncertainty may affect the business of the Company and the industry at large as well. The Company is aware that uncertainties in business offer opportunities as well as downside risks and thus has identified and put in place mitigation tools for the same. Some key risk areas are:

Procurement risk: 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.

TRANSFER OF BUSINESS ON SLUMP SALE

As a major strategic step, the Company is transferring its business relating to (i) manufacturing, processing, finishing, marketing, trading, distributing, importing, exporting and/or supply of food products, including ready to eat products, cook-in sauces, cooking pastes, spices, seasonings and frozen food; and (ii) the marketing, trading, selling and distributing of rice products in the territory of India along with its Food Factory situated at Bahalgarh, Haryana (collectively the "Business") together with all the assets and liabilities, employees, contracts, licenses, agreements etc, as a going concern on a slump sale to M/s Kohinoor Speciality Foods India Private Limited a proposed Joint Collaboration with M/s McCormick Ingredients Southeast Asia Private Limited, Singapore and thereafter the proposed shareholding by Kohinoor in the Joint Venture will be 15%.

Mr. Gurnam Arora & Mr. Satish Rao

Upon the consummation of the transaction, the Company shall, exclusively manufacture/process and/or package the Rice Products, for M/s Kohinoor Speciality Foods India Private Limited, for sell within the territory of India and further the Company will continue to focus its export business.

Further, M/s Kohinoor Speciality Foods India Private Limited shall, exclusively manufacture/process and/or package the food products, for the Company for export by the Company.

The necessary consent of the Shareholders, in terms of Section 293(1)(a) of the Companies Act, 1956 has been obtained by way of voting through postal ballot process in terms of Section 192A of the Companies Act, 1956 read with the rules made thereunder.

POSTAL BALLOT

During the period under review, a Notice dated 1st June, 2011 was circulated to the Shareholders seeking consent under Section 293(1)(a) of the Companies Act, 1956 by way of voting through postal ballot process in terms of Section 192A of the Companies Act, 1956 read with the rules made thereunder.

Mr. Vinod Aggarwal, Practicing Company Secretary was appointed as the Scrutinizer for conducting the postal ballot process.

In terms of the report dated 9th July, 2011 submitted by Mr. Vinod Aggarwal, Scrutinizer, the Chairman declared that the consent of the Shareholders has been obtained with, requisite majority.

DIVIDEND

Your Directors do not recommend any dividend for the financial year 2010-11.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956, Mr. Vijay Burman and Mr. Vijay Parkash Agarwal, Directors retires 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

During the period under review, M/s Kohinoor Speciality Foods India Private Limited was incorporated as a wholly Owned Subsidiary of the Company. The said Company is proposed to be a joint collaboration with M/s McCormick Ingredients Southeast Asia Private Limited, Singapore.

In terms of the order dated 6th July, 2011 of the Hon'ble Company Law Board, New Delhi Bench, the registered office of Sachdeva Brothers Private Limited was shifted from the State of Haryana to NCT of Delhi. A copy of the said order has been registered with the Registrar of Companies vide certificate dated 21st July, 2011.

Compliance with Section 212:

As required under the Listing Agreements with the stock exchanges, a Consolidated Financial Statement of the Company and all its subsidiaries is attached. The Consolidated Financial Statements have been prepared in accordance with the relevant Accounting Standards as prescribed under Section 211(3C) of the Companies Act, 1956 ("Act"). These financial statements disclose the assets, liabilities, income, expenses and other details of the Company, its subsidiaries and associate companies.

Pursuant to the provision of Section 212(8) of the Act, the Ministry of Corporate Affairs vide its circular dated February 8, 2011 has granted general exemption from attaching the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies with the Balance Sheet of the Company. A statement containing brief financial details of the Company's subsidiaries for the financial year ended March 31, 2011 is included in the Annual Report. The annual accounts of these subsidiaries and the related detailed information will be made available to any member of the Company/its subsidiaries seeking such information at any point of time and are also available for inspection by any member of the Company/its subsidiaries at the registered office of the Company. The annual accounts of the said subsidiaries will also be available for inspection, as above, at the head office/registered offices of the said respective subsidiary companies. The Company shall furnish a copy of details of annual accounts of subsidiaries to any member on demand.

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 2011-12 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.

COMPOUNDING PETITIONS FILED SUO-MOTO BY THE COMPANY

The books of accounts and other statutory records of the Company were inspected under Section 209A of the Act, by the officers of the Ministry of Corporate Affairs (Regional Director, Northern Region).

The concerned officers were of the view that the Company had not complied with the provisions of Sections 224, 300, 209, 212, 217(1)(e) and 217(2AA) of the Companies Act, 1956, in respect of certain years.

In the opinion of the Company, however, the Company has complied with all the provisions of the Companies Act, 1956 & rules made thereunder.

However, as a part of its good Corporate Governance practice and to regularize the inadvertent defaults, if any as aforesaid, the Company has suo moto filed the Compounding Petitions under Sections 224, 300, 209, 212, 217(1)(e) and 217(2AA) of the Companies Act, 1956.

Apart from the aforesaid, the Company has also suo moto filed the compounding petitions under Section 297 and Section 211(3A) of the Companies Act, 1956.

The petition under Section 224 of the Act has been allowed and disposed off by the Hon'ble Company Law Board. Other Petitions are pending with the concerned authorities.

STATUS OF 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 Company is pleased to inform you that, vide order dated 26th May, 2011 of the Hon'ble Company Law Board, the said Company Petition has been disposed off, inter-alia, in view of the disposing of the equity shares by Temptation Foods Limited and undertaking given in Para 4 of the Affidavit submitted by it.

Para 4 of the Affidavit submitted on behalf of Temptation Foods Limited reads as under:

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

The said complaint is under consideration with SEBI.

INFORMATION REGARDING CONSERVATION OF ENERGY ETC.

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 as amended from time to time is given in Annexure 'B' forming part of this report.

INFORMATION REGARDING EMPLOYEES

No person, employed for the whole year, was in receipt of remuneration of Rs. 60,00,000/- or more per annum, nor was any of them, employed for part of the year, was in receipt of remuneration of Rs. 5,00,000/- or more per month during any part of the year under consideration. Thus, the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not applicable.

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. Since inception, the Company has been earning awards and recognitions like consumer validated Super Brand Award (twice in series), Reader's Digest Most Trusted Brand Award (4th time in series), Power Brand Award.

But the one that the company cherishes the most is when consumers say, "I trust Kohinoor".

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 maintain 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 products of their company.

for and on Behalf of the Board

Sd/-

New Delhi
August 31st, 2011

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, 2011, 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, 2011, Five meetings of the Board of Directors of the Company were held and the gap between two Board Meetings did not exceed four months. The meetings were held on 29th May, 2010, 26th June, 2010, 31st July, 2010, 15th November, 2010 and 14th February, 2011. The details of the Directors on the Board of your Company for the year 2010-11 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 Committee memberships (including KFL*)	
					Member	Chairman
Mr.Jugal Kishore Arora	Chairman (WTD)	04	NA	5	NIL	NIL
Mr.Satnam Arora	Jt Managing Director (WTD)	04	Yes	9	2	NIL
Mr.Gurnam Arora	Jt. Managing Director (WTD)	04	NA	7	NIL	NIL
Mr.Anil Bhatia	Independent Director/ Non-Executive	04	NA	2	2	NIL
Mr.Vijay Burman	Independent Director/ Non-Executive	05	Yes	1	3	2
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 with 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 2011. A declaration signed by Chairman is enclosed herewith.

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

Name	: Mr. Jugal Kishore Arora
Date of Birth	: 11th October, 1943
Qualification	: 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.
Directorship	: Satnam Int'l Pvt. Ltd., Satnam Haegens Ltd., Sachdeva Bros. Pvt. Ltd., Indo European Foods Ltd. UK
Memberships/ Chairmanships of Board Committees	: No Membership
Number of Shares held in the Company as on 31.07.2011	: 41,74,995

Name	: Mr. Satnam Arora
Date of Birth	: 23rd January, 1949
Qualification	: Post Graduate
Experience	: 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.
Directorship	: Satnam Int'l Pvt. Ltd., Satnam Haegens Ltd., Sachdeva Bros. Pvt. Ltd., Indraprastha Medical Corpn. Ltd., Sara Textiles Ltd., Kohinoor Foods USA, Inc., Booker Satnam Wholesale Pvt. Ltd., Kohinoor Speciality Foods India Pvt. Ltd.
Memberships/ Chairmanships of Board Committees	: He is a member of Investors' Grievances and Share Transfer Committee
Number of Shares held in the Company as on 31.07.2011	: 34,93,845

Name	: Mr. Gurnam Arora
Date of Birth	: 26th March, 1950
Qualification	: Graduate
Experience	: 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.
Directorship	: Satnam Int'l Pvt. Ltd., Satnam Haegens Ltd., Sachdeva Bros. Pvt.Ltd., Indo European Foods Ltd. Uk, Kohinoor Foods USA, Inc., Kohinoor Speciality Foods India Pvt. Ltd.
Memberships/ Chairmanships of Board Committees	: No Membership
Number of Shares held in the Company as on 31.07.2011	: 45,30,490

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

Name	: Mr. Anil Bhatia
Date of Birth	: April 10, 1949
Qualification	: Post Graduate
Experience	: 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.
Directorship	: Indian Delco Pvt. Ltd
Memberships/ Chairmanships of Board Committees	: He is a member of Remu-neration and Audit Committee of the Company.
Number of Shares held in the Company as on 31.07.2011	: Nil

Name	: Mr. Vijay Burman
Date of Birth	: April 9, 1932
Qualification	: Graduate
Experience	: Mr. Vijay Burman is a Science Graduate with over 40 years experience in Textile Industry. He is an Independent Director of the company
Directorship	: Nil
Memberships/ Chairmanships of Board Committees	: He is a member of Investor's Grievances and Share Transfer Committee and Chairman of Audit Committee and Remuneration Committee of the Company.
Number of Shares held in the Company as on 31.07.2011	: Nil

Name	: Mr. Vijay Parkash Aggarwal
Date of Birth	: February 29, 1948
Qualification	: Graduate
Experience	: 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.
Directorship	: Nil
Memberships/ Chairmanships of Board Committees	: He is a member of Remuner-ation 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 31.07.2011	: Nil

3. BOARD COMMITTEES

Presently, the Board has three committees viz. the Audit Committee, the Shareholders'/Investors' Grievance Committees and Share Transfer Committee and the 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 head 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 28th May, 2010, 25th June, 2010, 31st July, 2010, 15th November, 2010 and 14th February, 2011 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 130 Complaints from investors during the year 01.04.2010 to 31.03.2011, 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 23 times and the attendance of the Members was as follows:

Name	Position	Meetings Attended
Mr. Vijay Parkash Agarwal	Chairman	23
Mr. Satnam Arora	Member	23
Mr. Vijay Burman	Member	23

iii) Remuneration Committee.

No meeting of the remuneration committee was held during the year 2010-11.

REMUNERATION OF DIRECTORS FOR 2010-2011 EXECUTIVE DIRECTORS

Name of Director	Salary (Rs.Lacs)	Other Perquisites	Service Contract Tenure
Mr.Jugal Kishore Arora	24	NIL	5 years, w.e.f 26.09.07
Mr.Satnam Arora	24	NIL	5 years, w.e.f 26.09.07
Mr.Gurnam Arora	24	NIL	5 years, w.e.f 26.09.07

4. GENERAL BODY MEETINGS

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

Year Ended	Date ofAGM	Time	Venue	Special Resolutions Passed
2008	29-04-2010	10:00 A.M.	Little Theatre Group, Copernicus Marg, New Delhi 110001	NIL
2009	29-04-2010	11:00 A.M.	Little Theatre Group, Copernicus Marg, New Delhi 110001	NIL

2010	22-07-2010	10.00 A.M.	Pearey Lal Bhawan Association, 2 Bahadur Shah Zafar Marg, New Delhi 110002	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 S of the Balance Sheet as at 31st March 2011.

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.

d) Secretarial Audit

A qualifies practicing Company Secretary carried out secretarial audit to reconcile the total admitted equity share capital with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed equity share capital. The Secretarial audit report confirms that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL

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	:	27th September, 2011
Time	:	10:00 A.M
Venue	:	Pearey Lal Bhawan Association, 2, Bahadur Shah Zafar Marg, New Delhi -110 002
Financial Calendar	:	1st April to 31st March
Date of Book Closure	:	15.09.2011 to 27.09.2011 (both days inclusive)
CIN No.	:	L52110DL1989PLC037097

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 2011-12 has been paid to the Exchanges.

9. STOCK CODE

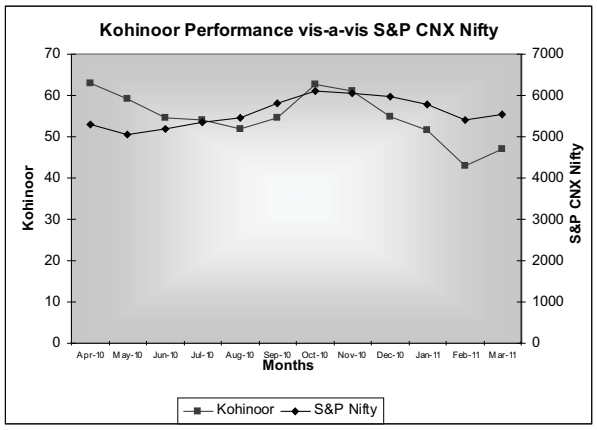
1. Trading symbol on National Stock Exchange of India Ltd.:Kohinoor
2. The Bombay Stock Exchange Ltd., Mumbai:512559
3. ISIN Number for NSDL & CDSL: INE080B01012

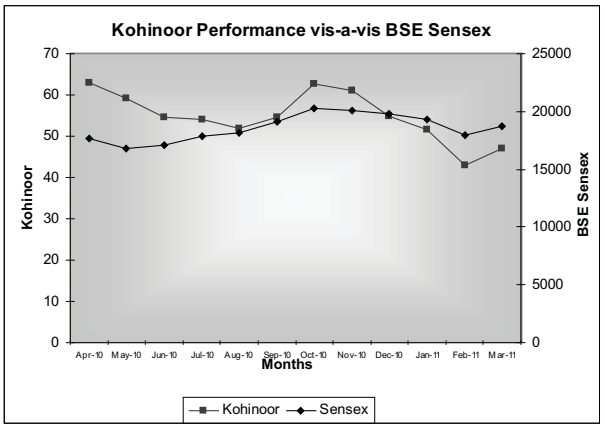
STOCK MARKET DATA

Monthly High and Low quotations of Shares traded at The 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 2010	67.75	56.75	69.05	56.50
May	64.65	55.05	66.15	54.75
June	56.15	53.40	58.40	53.10
July	55.15	52.80	57.00	52.60
August	57.25	46.85	58.00	46.60
September	62.50	47.70	64.70	47.05
October	70.05	54.95	73.30	54.60
November	69.15	53.55	70.35	50.00
December	59.10	51.55	60.80	50.40
January 2011	57.60	44.45	58.75	44.15
February	45.75	38.60	47.40	37.75
March	49.35	45.50	50.50	41.95

S&P CNX Nifty vis-à-vis Kohinoor Foods
Relative Price movements
April 2010 – March 2011
(Base price as on 1st April 2010)





10. REGISTRAR AND TRANSFER AGENT

M/s. Skyline Financial Services Pvt. Ltd.
D-153-A, Ist Floor,
Okhla Industrial Area,
Phase-I, New Delhi 110 020
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(c) of the Listing Agreement and files the same with Stock Exchanges.

11. Distribution of Shareholding and shareholding pattern as on 31st March, 2011.

Distribution of Shareholding as on 31st March, 2011.

NO. OF SHARES		SHARE HOLDERS		TOTAL SHARES	
		No.	% age	Total	% of Total
01	1 500	22616	89.26	2911628	10.33
501	1,000	1484	5.86	1208412	4.29
1,001	2,000	603	2.38	928112	3.29
2,001	3,000	179	0.71	462337	1.64
3,001	4,000	96	0.38	346628	1.23
4,001	5,000	81	0.32	383235	1.36
5,001	10,000	130	0.51	985535	3.50
10,001	Above	149	0.59	20967337	74.37
Total		25338	100.00	28193224	100.00

Shareholding Pattern as on 31st March, 2011

Category	Number of Shares	Percentage (%)
Promoters	12612528	44.74
Mutual Funds & UTI	-	-
Banks, Financial Institution	178301	0.63
F.I.Is	17500	0.06
Corporate Bodies Public	4921465	17.46
Public	10217707	36.24
NRIs/OCBs	245723	0.87
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, 2011, 2,69,61,508 Equity Shares of the Company forming 95.63% of the share capital of the Company, stand dematerialized.

13. Outstanding GDRs / ADRs /FCCB 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, equivalents to US$ 20 millions. Out of which, 13253 (USD 1000 each) FCCBs have already been converted into Equity Shares during the year 2008-09. During the current financial year the company has repaid the outstanding amount along with the interest before maturity date. As on 31.03.2011 there is no outstanding amount on this account.

14. Plant Locations :

- 50-51 Milestone, G.T.Karnal Road, Murthal, Dist. Sonepat (Haryana)
- 71, Libaspur, Bahalgarh, Dist. Sonepat, (Haryana) - (Being transferred to M/s Kohinoor Speciality Foods India Pvt. Ltd.)

15. Address for Correspondence : Shareholders Correspondence may be addressed to :

M/s. Skyline Financial Services Pvt.Ltd.
D-153-A, Ist Floor,
Okhla Industrial Area,
Phase-I, New Delhi 110 020
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 2011.

FOR AND ON BEHALF OF THE BOARD

Sd/-
Jugal Kishore Arora
Chairman

August, 31st , 2011
New Delhi

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, 2011.

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.

iii) Expenditure on R&D

a)	Capital	:	Nil
b)	Recurring	:	Rs. 24,59,350/-
c)	Total	:	Rs. 24,59,350/-
d)	Total R&D expenditure as a percentage of total turnover	:	0.03%

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. 38,423 Lacs as against Foreign Exchange Outgo of Rs. 11,140 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
- Processed Foods (value added culinary products using basmati rice, 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

Sd/-
Jugal Kishore Arora
Chairman

August, 31st , 2011
New Delhi

AUDITORS' 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, 2011, 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 the 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), ('the said Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate 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 Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

d. In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act;

e. On the basis of written representations received from the directors as on March 31, 2011, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2011, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;

f. In our opinion and to the best of our information and according to the explanations given to us, the financial statements read with notes to the accounts in Schedule 'S' and in particular Note 30 regarding change in accounting policy give the information required by the act in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India:

i. In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;

ii. In the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date; and

iii. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For NATH AHUJA & CO.
(CHARTERED ACCOUNTANTS)
FRN : 001083N

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

Place: New Delhi
Date: 30-05-2011

ANNEXURE TO THE AUDITORS' REPORT (Referred to in paragraph 3 of our report of even date)

i) In respect of its fixed assets:

(a) In our opinion and on the basis of the information and explanation given to us, the Company is maintaining Fixed Assets Register showing necessary particulars. However, the said register is not in accordance with the requirements of the Act.

(b) As explained to us, the physical verification of fixed assets was conducted by the management at reasonable intervals and the discrepancies noticed on such verification are properly dealt within the books of accounts. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and the nature of assets.

(c) In our opinion and 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) In respect of its inventories:

(a) As informed and represented to us, inventories were physically verified during the year by the management at reasonable intervals.

(b) According to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were 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) In respect of unsecured loans granted by the company to companies covered in the register under section 301 of the Companies Act, 1956 and according to the information and explanation given to us:

(a) The Company has given unsecured interest free loan to its wholly owned subsidiary company and Joint Venture Company covered in the register maintained under Section 301 of the Companies Act, 1956. At the year end, an amount outstanding against the loan granted to the above mentioned companies aggregated to Rs.41.32 Crores. The maximum balance outstanding during the year was Rs.41.32 Crores. In our opinion, having regard to the long term involvement with the above mentioned companies and considering the explanations given to us in this regard, the terms and conditions of the above are not, prima facie, prejudicial to the interests of the Company.

(b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of sub-clauses (e), (f) and (g) of clause 4(iii) of the Order are not applicable.

iv) In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system commensurate with the size of the company and nature of its business with regard to purchases of inventory, fixed assets and for the sale of goods & services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control system.

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 deposits from the public during the year. Therefore, the provisions of clause 4 (vi) of the said order are not applicable to the Company.

vii) In our opinion and according to the information and explanations given to us, the Company has an Internal Audit System commensurate with the size and nature of its business.

viii) According to the information and explanation given to us, the Central Government has not prescribed the maintenance of cost records under section 209 (1) (d) of the Act, in respect of the products manufactured by the company.

ix) (a) According to the information and explanations given to us and on the basis of our examination of the books of accounts, the company is generally regular in depositing undisputed statutory dues including Provident Fund,

Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Service Tax, Wealth Tax, Custom Duty, Excise duty, Cess and other material statutory dues as applicable with appropriate authorities except for some delay in depositing the same.

(b) 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 March 31, 2011 for a period of more than six months from the date they became payable.

(c) 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, 2011 in respect of Excise duty, Sales tax and Income tax that have not been deposited by the company are as follows :-

(Rs. in Lacs)

Nature of Dues	Amount	Forum where dispute is pending
Excise duty	42.90	CCE (Appeals)
Sales Tax	122.00	Commissioner of Sales Tax
Income tax (TDS/TCS)	4.74	Commissioner of Income tax (Appeals)
Market fees	39.69	Supreme Court of India

x) The Company does not have any accumulated losses as at the end of the Financial Year. The Company has incurred cash losses of Rs.24.34 Crores during the current financial year and it has earned cash profits during the immediately preceding financial year.

xi) According to the 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.

xiii) The provisions of any special statue applicable to Chit fund / Nidhi / Mutual Benefit Fund / Societies are not applicable to the Company.

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.

xv) According to the information and explanation given to us, the Company has given corporate guarantee of a sum of Rs. 83.34 Crores for loans taken by its wholly owned subsidiaries from banks. In our opinion, the terms and conditions on which the Company has given guarantee for loans taken by its wholly owned subsidiaries from banks are not prima facie prejudicial to the interest of the Company.

xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which they were obtained.

xvii) According to the information and explanations given to us, no funds raised on short basis have been used for long term purpose. No long-term funds have been used to finance short-term assets except working capital.

xviii) The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.

xix) The company has no outstanding debentures as at the year end.

xx) The Company has not raised any money by public issue during the year.

xxi) During the course of our examination of the books of account, carried out in accordance with generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of fraud on or by the company, noticed or reported during the year, nor have we been informed of such cases by the management.

For NATH AHUJA & CO.
(CHARTERED ACCOUNTANTS)
FRN : 001083N

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

Place: New Delhi
Date: 30-05-2011

BALANCE SHEET AS AT MARCH 31, 2011 **(Rs. in Lacs)**

PARTICULARS	Schedule Number		AS AT 31.03.2011		AS AT 31.03.2010
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
A) Share Capital	A		2,819.32		2,819.32
B) Reserves and Surplus	B		14,460.80		18,109.27
LOAN FUNDS					
A) Secured Loans	C		84,830.80		67,920.97
B) Unsecured Loans	D		3,640.00		1,150.00
C) Foreign Currency Convertible Bonds					3,029.07
			105,750.91		93,028.63
APPLICATION OF FUNDS					
FIXED ASSETS	E				
A. Gross Block		13,614.18		12,636.30	
Less : Accumulated Depreciation		8,341.62		7,745.73	
Net Block		5,272.56		4,890.57	
B. CAPITAL WORK-IN-PROGRESS		3,856.80	9,129.35	1,521.86	6,412.43
INVESTMENTS	F		5,850.88		5,850.88
DEFERRED TAX ASSETS			1,189.98		304.85
CURRENT ASSETS, LOANS AND ADVANCES					
A) Inventories	G	76,895.00		63,914.57	
B) Sundry Debtors	H	19,156.04		15,180.12	
C) Cash and Bank Balances	I	1,157.32		1,575.94	
D) Other Current Assets	J	181.75		135.51	
E) Loans and Advances	K	9,128.43		9,046.22	
		106,518.53		89,852.36	
LESS: CURRENT LIABILITIES & PROVISIONS	L				
A) Current Liabilities		13,767.71		6,271.52	
B) Provisions		3,170.12		3,319.87	
NET CURRENT ASSETS			89,580.70		80,260.97
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)	M		-		199.50
			105,750.91		93,028.63
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS	S				

In terms of our separate report of even date attached

For NATH AHUJA & CO.
CHARTERED ACCOUNTANTS
FRN : 001083N

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

FOR AND ON BEHALF OF THE BOARD

SATNAM ARORA
JT. MG. DIRECTOR

GURNAM ARORA
JT. MG. DIRECTOR

Place :- New Delhi
Dated :- 30.05.2011

RAMA KANT
COMPANY SECRETARY & GM (LEGAL)

KAMAL DEEP CHAWLA
DGM (FINANCE & ACCOUNTS)

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011 **(Rs. in Lacs)**

PARTICULARS		FOR THE YEAR ENDED 31.03.2011	FOR THE YEAR ENDED 31.03.2010
EARNINGS			
Sales (Net of Returns)		90,626.19	77,279.84
Closing Stock		74,121.54	61,874.21
		164,747.74	139,154.06
OUTGOINGS			
Opening Stock		61,874.21	50,050.54
Purchases		77,010.64	63,734.62
Loading and Unloading Charges		316.64	267.34
Clearing Forwarding Import		93.67	327.45
Packing Materials Consumed		3,769.47	3,303.50
Wages & Salaries		269.65	271.58
Processing Charges		320.18	393.31
Repair to Machinery		261.74	354.09
Consumables & Stores Consumed		155.62	141.94
Power & Fuel		1,025.41	996.76
Brokerage & Commission		210.42	243.68
Freight and Octroi		621.54	529.20
Depreciation	E	755.50	977.64
Gross Profit		18,063.05	17,562.42
		164,747.74	139,154.06
EARNINGS			
Gross Profit Brought Forward		18,063.05	17,562.42
Other Income	N	130.32	205.03
		18,193.36	17,767.45
OUTGOINGS			
Employees Cost	O	1,758.99	1,449.39
Administrative Expenses	P	1,311.99	1,345.45
Selling and Distribution Expenses	Q	4,910.34	4,375.46
Financial Expenses	R	7,994.82	6,574.69
Depreciation	E	43.74	43.52
		16,019.89	13,788.51
Net Profit/(Loss) before Extra Ordinary Items		2,173.48	3,978.94
Less :- Extra ordinary Items		5,405.45	2,907.46
Net Profit/(Loss) after Extra Ordinary Items and before Tax		(3,231.97)	1,071.49
Less:- Provision for Deferred Tax		(885.13	247.69
Wealth Tax		1.42	1.40
Net Profit / (Loss) after Tax		(2,348.27)	822.40
Profit / (Loss) Brought forward from previous year		822.40	-
Balance carried to Balance sheet		(1,525.87)	822.40
EARNINGS PER SHARE (Rs.)			
(Equity Share of par value of Rs. 10/- each)			
Basic and Diluted: before extra ordinary items		10.84	13.23
Basic and Diluted: after extra ordinary items		(8.33)	2.92

In terms of our separate report of even date attached

FOR AND ON BEHALF OF THE BOARD

For NATH AHUJA & CO.
CHARTERED ACCOUNTANTS
FRN : 001083N

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

SATNAM ARORA
JT. MG. DIRECTOR

GURNAM ARORA
JT. MG. DIRECTOR

Place :- New Delhi
Dated :- 30.05.2011

RAMA KANT
COMPANY SECRETARY & GM (LEGAL)

KAMAL DEEP CHAWLA
DGM (FINANCE & ACCOUNTS)

SCHEDULES TO THE BALANCE SHEET		(Rs. in Lacs)	
		AS AT 31.03.2011	AS AT 31.03.2010
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 Of the above 7,20,000 equity shares have been issued to promoter group on preferential basis on conversion of share warrants)		2,819.32	2,819.32
		2,819.32	2,819.32
RESERVES AND SURPLUS			**SCHEDULE - B**
GENERAL RESERVE			
Opening Balance		11,466.44	11,466.44
Less :- Un-Amortised Deferred Revenue Expenditure Written off		199.50	-
		11,266.94	11,466.44
CAPITAL RESERVE		742.76	742.76
PROFIT & LOSS ACCOUNT		(1,525.87)	822.40
SECURITIES PREMIUM ACCOUNT			
Opening Balance	5,077.68		
Less :- Utilization during the year (for redemption premium on conversion of FCCB) (net of tax)	1,100.71		
		3,976.97	5,077.68
		14,460.80	18,109.27

SCHEDULES TO THE BALANCE SHEET		(Rs. in Lacs)
	ASAT 31.03.2011	AS AT 31.03.2010
SECURED LOANS		**SCHEDULE - C**
Working Capital Loans :		
Pre-Shipment	34,775.85	40,634.03
Post-Shipment	12,095.65	7,324.59
Working Capital Demand Loan	10,510.00	5,865.00
Cash Credit	8,595.50	4,462.50
Term Loans :		
Term Loan for Fixed Assets	1,447.40	1,009.37
Corporate Loan	772.63	1,711.34
Long Term Working Capital Loan	8,209.63	554.00
Short Term Loan	6,000.00	5,467.70
Vehicle Loan	187.21	-
Long Term Supplier's Credit	2,236.92	892.43
	84,830.80	67,920.97

-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 (excluding 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.

- Term Loan for Fixed Assets are secured by hypothecation of specific assets.

-Corporate Loan are secured by way of first parri passu charge on fixed assets of Murthal Factory.

-Long term working capital loan is secured by property belonging to promoters and/or subservient charge on current assets.

-Short term loan is secured by extension of charge as in case of working capital or subservient charge

- Vehicle loans are secured against hypothecation of Vehicles.

UNSECURED LOANS		SCHEDULE - D
Unsecured Loans from Banks	3,640	1,150
	3,640	1,150

FIXED ASSETS SCHEDULE FOR THE YEAR ENDED MARCH 31, 2011

SCHEDULE - E
(Rs. in Lacs)

Particulars	Gross Block				Depreciation				Net Block	
	As on 01.04.10	Additions	Adjust-ments	Total	As on 01.04.10	During the year	Adjust-ments	Total	WDV 31.03.11	WDV 31.03.10
LAND	376.63	-	-	376.63	-	-	-	-	376.63	376.63
FACTORY BUILDING	2,628.11	147.86	-	2,775.98	1,246.48	132.75	-	1,379.23	1,396.75	1,381.63
OFFICE BUILDING	199.58	-	-	199.58	84.21	5.77	-	89.98	109.61	115.38
PLANT & MACHINERY & OFFICE EQUIPMENT	8,265.35	758.73	87.57	8,936.51	5,697.43	501.51	50.73	6,148.20	2,788.31	2,567.92
VEHICLES	635.62	265.59	64.08	837.12	351.34	99.46	58.81	391.98	445.14	284.28
WOODEN, PLASTIC CRATES & TARPAULINS	61.26	19.14	0.36	80.04	61.26	19.14	0.36	80.04	-	-
COMPUTERS	189.54	8.20	9.41	188.33	148.79	18.73	9.41	158.10	30.23	40.76
FURNITURE & FIXTURES	280.20	25.10	85.32	219.98	156.23	21.89	84.04	94.08	125.90	123.97
GRAND TOTAL	**12,636.30**	**1,224.62**	**246.75**	**13,614.18**	**7,745.73**	**799.24**	**203.36**	**8,341.62**	**5,272.56**	**4,890.57**

CAPITAL WORK IN PROGRESS

Particulars	As on 01.04.10	Additions	Capital-ised	As on 31.03.11
Machinery WIP	1328.01	2,832.00	833.95	3,326.07
Electric Installation WIP	36.58	11.06	21.04	26.60
Building WIP	99.48	515.05	168.19	446.34
SAP WIP	57.80	-	-	57.80
TOTAL	**1,521.86**	**3,358.11**	**1,023.18**	**3,856.80**

SCHEDULES TO THE BALANCE SHEET **(Rs. in Lacs)**

INVESTMENTS **SCHEDULE - F**

Valued at Cost	NATURE OF INVESTMENT	FACE VALUE	% of Ownership Interest	No. of Shares 31.03.2011	No. of Shares 31.03.2010	AMOUNT 31.03.2011	AMOUNT 31.03.2010
LONG TERM							
1. Unquoted (Trade Investment)							
A. Investment in Joint Venture Companies							
a) Rich Rice Raisers Factory LLC Dubai	Equity Share Fully Paid-up	DHS 1000	25%	75	75	9.42	9.42
B. Subsidiary Companies							
(i) Domestic Wholly Owned							
Sachdeva Brothers Pvt. Ltd.	Equity Share Fully Paid-up	Rs. 100	100%	15,835	15,835	71.34	71.34
(ii) Overseas Wholly Owned							
a) Kohinoor Foods USA Inc	Equity Share Fully Paid-up	$62.50	100%	56,000	56,000	1608.68	1608.68
	Redeemable Preference Share Fully Paid-up	$62.50	100%	80,000	80,000	2369.77	2369.77
b) Indo European Foods Ltd, UK	Equity Share Fully Paid-up	£1	100%	1,350,000	1,350,000	1016.98	1016.98
	Preference Share Fully Paid-up	£1	100%	1,000,000	1,000,000	773.64	773.64
2. Quoted (Non-Trade Investment) In Fully Paid Equity Shares							
Punjab National Bank	Equity Share	Rs. 10/-	-	110	110	0.43	0.43
'(Market value of quoted share is Rs. 1.34 Lacs previous year : Rs.1.11Lacs)							
Anu Laboratories Ltd	Equity Share	Rs. 1/-	-	2,970	2,970	0.62	0.62
'(Market value of quoted share is Rs. .09 Lacs previous year Rs. .20 Lacs)						5850.88	5850.88

SCHEDULES TO THE BALANCE SHEET		(Rs. in Lacs)
	AS AT	AS AT
PARTICULARS	31.03.2011	31.03.2010
INVENTORIES		**SCHEDULE - G**
(As Certified and valued by the Management		
at cost or net realizable value whichever is lower)		
Rice & Paddy	73,240.81	59,069.23
Pulses & Chickpeas	295.60	2,104.18
Food Products	583.13	646.00
Spices	-	52.97
Packing Materials	2,650.55	2,040.36
Consumable store & Spares	122.90	-
Work in Progress	2.00	1.83
	76,895.00	63,914.57
SUNDRY DEBTORS		**SCHEDULE - H**
SUNDRY DEBTORS*		
(Unsecured, considered good)		
(A) Debts outstanding for a period exceeding six months	1,589.31	3,960.15
(B) Others	17,566.73	11,219.97
	19,156.04	15,180.12
*Due from companies under the same management.		
Kohinoor Foods USA Inc.	1,625.49	1,246.23
Indo European Foods Ltd	3,623.75	3,536.63
CASH AND BANK BALANCES		**SCHEDULE - I**
Cash in Hand	38.91	38.92
Balance with Scheduled Banks :		
- Current Account	262.66	798.91
- Deposit Account	855.74	738.11
	1,157.32	1,575.94
OTHER CURRENT ASSETS		**SCHEDULE - J**
(A) Security Deposits	144.10	116.56
(B) Interest accrued but not due	37.65	18.95
	181.75	135.51

SCHEDULES TO THE BALANCE SHEET		(Rs. in Lacs)
	AS AT	AS AT
PARTICULARS	31.03.2011	31.03.2010
LOANS AND ADVANCES		**SCHEDULE - K**
(Considered good, unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received.		
A) Loan & Advances to subsidiaries /Joint Venture*	4,133.88	3,992.56
B) Prepaid Expenses	291.41	118.34
C) Staff Advance	6.88	4.74
D) Advance against Purchases	23.80	92.56
E) Advance Tax	3,882.34	3,860.73
F) Mat Credit Entitlement	-	182.15
G) Others	790.13	795.15
	9,128.43	9,046.22
* Loan & Advances to subsidiaries /Joint Venture		
A) Sachdeva Brothers Private Ltd-Wholly Owned Subsidiary	1.97	1.57
B) Rich Rice Raisers Factory LLC-Joint Venture	1,374.49	1,383.86
C) Indo European Foods Ltd-Wholly Owned subsidiary	2,757.42	2,607.13
CURRENT LIABILITIES AND PROVISIONS		**SCHEDULE - L**
CURRENT LIABILITIES		
SUNDRY CREDITORS		
-Due to Micro, Small and Medium Enterprises	3,583.66	883.45
-Due to Others	8,777.32	4,080.16
Advance from Customers	125.57	202.75
Un-paid Dividend	14.69	18.40
Other Liabilities *	1,266.49	1,086.77
	13,767.71	6,271.52
*Includes statutory liabilities of Rs. 81.22 Lacs (Previous year Rs. 80.72 Lacs)		
PROVISIONS		
Gratuity	147.70	115.32
Income Tax	2,927.00	3,109.15
Fringe Benefit Tax	94.00	94.00
Wealth Tax	1.42	1.40
	3,170.12	3,319.87
MISCELLANEOUS EXPENDITURE		**SCHEDULE - M**
Deferred Revenue Expenditure	-	199.50
(FCCB issue expenses to the extent not written off or adjusted)	-	199.50

SCHEDULES TO THE PROFIT & LOSS ACCOUNT **(Rs. in Lacs)**

PARTICULARS	FOR THE YEAR ENDED 31.03.2011	FOR THE YEAR ENDED 31.03.2010
OTHER INCOME		**SCHEDULE - N**
Income from Milling	53.10	25.43
Sale of Scrap	44.57	6.02
Sale of DEPB License	19.94	60.00
Dividend from Key man Insurance Policy	2.40	-
Profit (Loss) on sale of Assets	(8.11)	6.01
Miscellaneous Income	18.42	107.57
	130.32	**205.03**
EMPLOYEES COST		**SCHEDULE - O**
Staff Salaries	1,402.27	1,128.06
Director's Remuneration	72.00	72.00
Bonus	51.94	47.22
Staff Welfare	148.10	131.68
Employer's Contribution to P.F.& ESI	84.68	70.42
	1,758.99	**1,449.39**
ADMINISTRATIVE EXPENSES		**SCHEDULE - P**
Rates, Fees and Taxes	212.24	277.91
Payment to Auditors		
-Statutory Audit Fee	12.50	11.00
-Tax Audit Fee	3.50	3.00
-Other Matters	10.96	4.62
Deferred Revenue Expenditure w/off	-	36.83
Postage, Telegram and Telephone	85.06	81.28
General Expenses	162.95	143.90
Storage & Warehousing	101.18	-
Legal and Professional Charges	93.29	135.95
Charity and Donation	5.95	11.83

SCHEDULES TO THE PROFIT & LOSS ACCOUNT **(Rs. in Lacs)**

PARTICULARS	FOR THE YEAR ENDED 31.03.2011	FOR THE YEAR ENDED 31.03.2010
Vehicle Maintenance	77.76	67.56
Printing and Stationery	25.62	24.02
Fumigation Expenses	50.95	52.73
Insurance Charges	57.50	57.73
Conveyance	138.91	86.32
Membership & Subscription	10.40	13.38
Research & Development	24.59	16.57
Rent	32.68	47.48
Staff Recruitment Expenses	4.69	6.71
Repairs to Building	135.07	72.46
Repairs to Others	66.18	73.03
Foreign Exchange Loss (Gain)	-	121.13
	1,311.99	**1,345.45**

SELLING AND DISTRIBUTION EXPENSES		SCHEDULE - Q
Advertisement and Publicity	419.67	700.49
Business Promotion	1,214.37	713.06
Traveling Expenses (Directors)	96.29	110.40
Traveling Expenses (Others)	73.54	98.50
Rebate & Discount	207.87	85.98
Bad Debts	76.07	215.11
Ocean Freight	970.17	921.26
Expenses Against Export	99.18	42.74
Brokerage & Commission on Sales	318.18	187.38
Clearing and Forwarding	1,434.99	1,300.53
	4,910.34	**4,375.46**

FINANCIAL EXPENSES		SCHEDULE - R
Interest Paid on Working Capital Loan	6,088.06	5,824.66
Interest Paid on Term Loan	1,407.99	262.66
Bank Charges	498.76	487.37
	7,994.82	**6,574.69**

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS **SCHEDULE - S**

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 Judgments

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 recognizes 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 recognized 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 recognized on realization 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:-

Tarpaulin	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. Grants related to revenue are deducted from the related expense.

8 Taxes on Income

Current Tax:
Provision of Income tax has not been made in view of losses incurred during the year.

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 recognized based on management estimates of virtual certainty that sufficient future taxable income will be available against which such DTA can be realized. 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 Plan**

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. Actuarial gains and losses in respect of gratuity are charged to profit and loss account.

10 Investments

Long Term Investments
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 prescribed by the Companies (Accounting Standard) Rules, 2006.

11 Inventories

Inventories are valued at cost or net realizable 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	-	At cost

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 recognized 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. Any profit or loss arising on cancellation of a forward contract is recognized 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. As all the FCCB have been redeemed during current year, the un-amortized expenditure has been adjusted from opening balance of General Reserve.

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**
a) Claims against the company , not acknowledged as debt		
Sales Tax *	122.00	122.00
Excise Duty*	42.91	42.91
TDS/TCS*	4.74	-
Service Tax	-	11.14
HRDF demand of Market Committee**	39.69	-
b) Corporate Guarantee given by the Company.***	8,334.30	8,121.60
c) Surety Bonds issued to Govt. Agencies under EPCG scheme	1,799.59	1,274.27
d) Duty foregone against Capital Goods for 100% EOU	455.61	444.13
e) Customs Duty saved against advance Licenses.	32.82	143.13
	10,831.66	10,159.17

*Nature of contingent liability regarding Taxation matters.

Particulars	Forum where matter is pending	Amount
Sales Tax	Commissioner of Sales Tax	122.00
Excise Duty	CESTAT	42.91
TDS/TCS	CIT Appeals (TDS/TCS ward)	4.74

**The assessing authority of notified Market Area committee under APMC Act has imposed a penalty of Rs. 52.92 lacs during the year. The company has deposited Rs. 13.23 lacs under protest and has filed SLP against this order in the supreme court.

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

	Name of Beneficiary	Guarantee issued to	Amount
i)	Indo European Foods Ltd	Punjab National Bank, U.K	4,315.80
ii)	Kohinoor Foods USA INC	Punjab National Bank, Hong Kong	4,018.50

2 Petition seeking Compounding of offences under the provisions of Companies Act, 1956:

During October 2008 to February 2009, the books of accounts and other statutory records of the Company were inspected under Section 209A of the Act, by the officers of the Ministry of Corporate Affairs (Regional Director, Northern Region).

Pursuant to the aforesaid, the Company and its Directors have filed Petitions seeking compounding of the alleged offences/irregularities under the following provisions of the Act:

(i) Section 300(4) in respect of violation of Section 300(1) of the Act during the year 2007-08 – Pending before the Regional Director, Northern Region.

(ii) Section 629A of the Act in respect of violation under Section 224(8) of the Act regarding non- fixation of remuneration of the Auditors for the year 2006-07 – Pending before Company Law Board, New Delhi Bench.

3 Directors Remuneration	Current Year	(Rs. In Lacs) Previous Year
Salary	72.00	72.00
Sitting Fees	2.80	3.80
	74.80	75.80

4 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&LA/c	2,173.48	3,978.94
Add :	i) Depreciation charged to P&LA/c	799.24	1,021.16
	ii) Director's Fee & Salaries	74.80	75.80
	iiii) Profit/(Loss) on sale of Fixed Assets u/s 349 of Companies Act	(8.11)	6.01
Less :	i) Depreciation u/s 350 of Companies Act 1956.	799.24	1,021.16
	ii) Profit/(loss) on sale of Fixed Assets as per P&LA/c	(8.11)	6.01
		2,248.28	4,054.74

5 Raw materials consumed	Qty. in Qtls	Value (Rs. Lacs)
Paddy	992,287	23,230.15
	(1,132,621)	(30,033.94)
Ready to Eat	*	1,385.65
		(954.66)

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

6 Earning from Exports (On accrual basis)	Current Year	(Rs. In Lacs) Previous Year
FOB value of Direct Export of goods.	38,423.19	41,840.82

7 Expenditure in Foreign Currency (On accrual basis)	Current Year	Previous Year
- Traveling	46.08	60.75
- Brokerage & Commission	-	0.32
- Business Promotion	130.76	233.85
- Legal & Professional charges	14.29	8.64
- Membership & Subscription	0.71	5.21
- Premium on Redemption of FCCB	987.33	-
- Entertainment	2.39	0.26
- Boarding & Lodging Expenses	11.77	-
- Clearing & Forwarding	-	34.19
- Conveyance	0.09	
- Interest on FCCB	13.49	31.67
- Consultancy Charges	6.43	3.69
- Advertisement & Publicity	44.89	-
- Telephone Expenses	0.39	0.05
- Commission on Export Sales	8.26	-
- Printing & Stationery	0.03	0.15
- Prepaid Expenses	-	12.20
- Research & Development	10.09	-
	1,277.01	390.99

8 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.1,100.71lacs (Previous years Rs. NIL) has been utilized out of the securities premium account towards premium on redemption of FCCB's.

9 Loan and Advances includes capital advances amounting to Rs.463.76 lacs (Previous Year: Rs.469.93 lacs)

10 Sundry debtors include an amount of Rs. 113.77 Lacs(Previous Year: Rs. 114.27Lacs) 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.

11 Expenses incurred during the year on registration of trade mark amounting to Rs.6.24 lacs (Previous year: Rs 34.69 lacs) has been charged to profit/loss a/c and has not been recognized as an Intangible asset as per Accounting Standard 26.

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

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

13.1 Class of Goods - Capacity	**Current Year**	**Previous Year**
Rice		
Installed Capacity	60 M.T.P.H.	60 M.T.P.H.
Actual Production	64063 M.T	72646 M.T
Ready to Eat		
Installed Capacity	120000 Pouches/ Bottles/Trays/Day	120000 Pouches/ Bottles/Trays/Day
Actual Production	3348.72 MT	3165.06 MT
Frozen Foods		
Installed Capacity	20 M.T/Day	20 M.T/Day
Actual Production	235.99 MT	491.26 MT

13.2 Production, Stocks & Sales

(Qty in MT)	Opening Stock	Production/ Purchase	Damage/ Shortage	Closing Stock	Sales/ Consumed	Sale Value (Rs. In Lacs)
Rice	78,689.61	180,040.63	42.09	89,240.25	169,447.90	75,582.64
	(80,222.05)	(151,890.68)	(0.81)	(78,689.61)	(153,422.31)	(65,128.02)
Pulses	10,997.29	27,569.46	47.99	986.42	37,532.34	6,755.76
	(540.84)	(39,264.77)	(2.87)	(10,997.29)	(28,805.45)	(4,939.80)
Foods	487.01	3,584.71	18.57	417.95	3,635.20	4,116.23
	(331.71)	(3,656.32)	(132.45)	(487.00)	(3,368.58)	(4,175.55)
Foodstuff	-	207.35	-	-	207.35	47.43
	-	(416.91)	-	-	(416.91)	(502.63)
Soya bean	-	21,302.00	-	-	21,302.00	4,025.86
	-	(10,644.02)	-	-	(10,644.02)	(2,341.95)
Spices	25.22	61.35	44.19	-	42.38	82.42
	(25.22)	(121.16)	-	(30.71)	(115.67)	(191.88)

13.3 Consumption of Raw Materials

Consumption of	Raw Materials	Current Year Components and Spares	Packing Material	Raw Materials	Previous Year Components and Spares	Packing Material
Indigenous	56,852.48	261.74	3,578.14	47,506.42	496.03	2,971.00
	87.79%	100.00%	94.92%	91.52%	100.00%	89.93%
Imported	7,910.83	-	191.33	4,404.52	-	332.50
	12.21%		5.08%	8.48%	-	10.07%
	64,763.31	261.74	3,769.47	51,910.95	496.03	3,303.50

14 CIF Value of Imports

	Current Year	Previous Year
- Capital goods	1,761	1,060
- Finished Products	7,820	4,336
- Packaging Material	191	333
- Raw Material	91	69
Total	9,863	5,797

15 Capital Expenditure Commitment (including advances) :- 1,609 | 2,578

16 Bank Guarantee given by Bankers on behalf of the Company 132 | 81

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

18 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	28,193,224
Equity Shares issued during the year	-	-
Total number of equity shares outstanding at the end of the year	28,193,224	28,193,224
Equity shares outstanding for 365 days	28,193,224	28,193,224
Weighted Average number of equity shares outstanding during the year	28,193,224	28,193,224
b) Net Profit after tax available for equity shareholders		
Before Extra Ordinary item (Rs. In Lacs)	3,057.18	3,729.85
After Extra Ordinary Item (Rs. In Lacs)	(2,348.27)	822.40
Earnings per share (face value per share Rs. 10 each)		
Basic and Diluted: before extra ordinary item (Rs.)	10.84	13.23
Basic and Diluted: after extra ordinary item (Rs.)	(8.33)	2.92

19 Foreign Currency Convertible Bonds

During the year the company has redeemed the outstanding 6747 FCCB of USD 1000 each and there is no FCCB outstanding as on 31.03.2011.

20 Extra Ordinary Items

The company has entered into forward exchange contracts to hedge the foreign exchange fluctuation risk. The losses amounting to Rs. 5,405.45 lacs (Previous Year: Rs. 2,907.46 lacs) suffered in foreign exchange transactions are shown as Extra ordinary items.

21 Segment Reporting

The management view is that there are no segments within the meaning of AS-17, on "Segment Reporting". The product 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.

22 Disclosure in respect of employee benefits under Accounting Standard (AS) – 15 (Revised) "Employee Benefits" prescribed by the Companies (Accounting Standards) Rules, 2006.

a) "Defined Contribution Plans: Amount of Rs.84.68 lacs (previous year Rs. 70.42 lacs) pertaining to employers' contribution to Provident Fund and Employees State Insurance is recognized as an expense and included in ""Employees cost "" in Schedule O."

b) The disclosures for gratuity cost is given below:

(i) The changes in the present value of obligation representing reconciliation of opening and closing balances thereof are as follows:

	Particulars	**" As at 31 March 2011 "**	**" As at 31 March 2010 "**
1	Present value of obligation at the beginning of the year	115.32	96.64
2	Interest cost	9.23	8.63
3	Past service cost	-	-
4	Currents service cost	27.13	20.50
5	Benefits paid	(6.38)	(11.58)
6	Actuarial (gain)/loss on obligation	2.42	1.13
7	Present value of obligation at the end of the year	147.70	115.32

(ii) The changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows:

	Particulars	**" As at 31 March 2011 "**	**" As at 31 March 2010 "**
1	Fair value of plan assets at the beginning of the year	4.88	4.97
2	Expected return on plan assets	0.39	0.84
3	Contributions	5.00	11.32
4	Benefits paid	(6.38)	(11.58)
5	Actuarial gain/(loss) on plan assets	(0.21)	(0.66)
6	Fair value of plan assets at the end of the year	3.69	4.88

(iii) Actuarial gain/ loss recognized are as follows:-

	Particulars	**For the year ended 31 March 2011**	**For the year ended 31 March 2010**
1	Actuarial gain/(loss) for the year - obligation	(2.42)	(1.13)
2	Actuarial gain/(loss) for the year - plan assets	(0.21)	(0.66)
3	Total gain/(loss) for the year	(2.62)	(1.79)
4	Actuarial gain/(loss) recognized in the year	(2.62)	(1.79)
5	Unrecognized actuarial gains (losses) at the end of year	-	-

(iv) The amounts recognized in Balance Sheet are as follows:-

	Particulars	" As at 31 March 2011 "	" As at 31 March 2010 "
1	Present value of obligation as at the end of the year	147.70	115.32
2	Fair value of plan assets as at the end of the year	3.69	4.88
3	Funded/(unfunded) status	(144.01)	(110.43)
4	Excess of actual over estimated	(0.21)	(0.66)
5	Net assets/(liability) recognized in balance sheet	(144.01)	(110.43)

(v) The amounts recognized in Profit and Loss Account are as follows

	Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
1	Current service cost	27.13	20.50
2	Interest cost	9.23	8.63
3	Expected return on plan assets	(0.39)	(0.84)
4	Net actuarial (gain)/loss recognized in the year	2.62	1.79
5	Expenses recognized in the statement of profit and losses *	38.58	30.08

* Included in the "Employee Costs" in Schedule O

(vi) Principal actuarial assumptions at the balance sheet date are as follows:

A. Economic Assumptions

The principal assumptions are the discount rate and salary growth rate. The discount rate is generally based upon the market yield available on the Government bonds at the accounting date with a term that matches that of the liabilities and the salary growth rate takes account of inflation, seniority, promotion and other relevant factors on long term basis.

	Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
1	Discount rate	8.25%	8.00%
2	Expected rate of return on plan assets	8.00%	8.00%
3	Salary growth rate	6.00%	6.00%

B. Demographic Assumption

1	Retirement Age	58 Years
2	Mortality table	LIC (1994-96) ultimate

(vii) General description of gratuity plan:

Gratuity Plan (Defined benefit plan)

The Company operates gratuity plan wherein every employee is entitled to the benefit equivalent to 15 days basic salary last drawn for each completed year of service. The same is payable on termination of service, or retirement, or death whichever is earlier. The benefits vests after five years of continuous service. The Company has set a limit of Rs. 10.00 lacs (previous year Rs.10.00 lacs) per employee.

23 RELATED PARTIES DISCLOSURES UNDER ACCOUNTING STANDARD 18

23.1 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) Key Managerial Personnel and their relatives

Mr. Jugal Kishore Arora	Chairman
Mr. Satnam Arora	Jt.MG.Director
Mr. Gurnam Arora	Jt.MG.Director
Mr. Nitin Arora	Son of Mr. Jugal Kishore Arora
Mr. Amit Arora	Son of Mr. Satnam Arora
Mr. Ankush Arora	Son of Mr.Gurnam Arora
Mr. Nishant Arora	Son of Mr.Gurnam Arora

iv) Enterprise over which key managerial personnel exercise significant influence

- Satnam Overseas (Exports) - Partnership Firm of Promoter directors

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

	Subsidiary Companies	Joint Venture Company	Key management personnel and their relatives	Enterprises over which Key management personnel exercise significant influence
- Sale of Finished Goods	8,468.45	6,022.23	-	
	(8,832.31)	(908.83)		
- Remuneration	-	-	148.13	-
	-	-	(126.85)	-
- Expenses incurred on	0.40	-	-	3.51
behalf of the related party	(0.30)	-	-	-
- Balances outstanding at the year end:-				
- Loans/Advances	2,759.39	1,374.49	-	-
	(2,608.70)	(1,383.86)		
- Debtors	5,249.24	1,355.53	-	
	(4,782.85)	(2,346.27)	(-)	
- Corporate guarantee given	8,334.30	-	-	
by the company	(8,121.60)	(-)	(-)	

24 Lease Obligations

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

	Current Year	Previous Year
Amount payable not later than one year	15.32	5.76
Amount payable later than one year	24.71	14.13
but not later than five years		
Amount payable later than five years	Nil	Nil
	40.03	19.90

The company has entered into operating lease agreements that are renewable on a periodic basis and cancelable at company's option.

The company has not entered into sublease agreements in respect of these leases.

25 Disclosures required by Clause 32 of the Listing Agreement

Amount of loans and advances in the nature of loans outstanding from subsidiaries, where interest is not charged.

Subsidiary Company	Outstanding as at 31.03.2011	(Rs. In Lacs) Maximum Outstanding during the year
indo European Foods Limited	2,757.42	2,757.42
Sachdeva Brothers Private Limited	1.97	1.97
	2,757.42	2,757.42

26 The schedule of provisions as required to be disclosed in compliance with Accounting Standard 29, "Provisions, contingent Liabilities and Contingent Assets" is as under:

Provision relating to	"Opening balance as at 1 April 2010"	Created during the year	Withdrawals	" Closing balance as at 31 March 2011 "
Gratuity	115.32	38.77	6.38	147.70
Income Tax	3,109.15	-	182.15	2,927.00
Wealth Tax	1.40	1.42	1.40	1.42

27 During the financial year 2009-2010 the loan given to the subsidiary company "Kohinoor Foods USA Inc." amounting to USD 50,00,000 (Rs. 2,369.77 lacs) was converted into 80000 redeemable preference shares of USD 62.50 each fully paid up.

28 Some of the balances of Debtors and Creditors are subject to confirmation.

29 The borrowing cost amounting to Rs. 90.17 lacs attributable to acquisition or construction of qualifying assets is capitalized as a part of those assets in accordance with AS-16.

30 Change in Accounting Policy:

Till March 31, 2010 the company was charging off the cost of Consumables and stores & spares to the profit and loss account in the year of purchase. In current year, in order to present the true and fair view of its accounts and better accounting practices, the company has changed its policy of charging Consumables and stores & Spares in the year of purchase and started showing it on consumption basis. This change has resulted in the recognition of yearend inventory which has been duly recognized in the balance sheet.

Had the Company continued to use the earlier basis of accounting for Consumables and Stores & Spares, the charge to the Profi t and Loss Account before tax for the current period would have been higher by Rs. 1.23 Crores, the year end value of inventories would have been lower by Rs. 1.23 Crores and general reserve would have been lower by Rs. 1.23 Crores.

31 Prior Period Items

There is no material prior period items included in profit & loss account required to be disclosed as per Accounting Standard - 5, prescribed by the Companies (Accounting Standard) Rules, 2006.

32 Corresponding figures for the previous year have been regrouped/rearranged, wherever necessary to confirm to current year classification.

33 Figures in ( ) are related to previous year.

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

(Rs. in Lacs)

	Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit before tax & extra ordinary items	2,173.48	3,977.64
	Adjustments for :		
	Depreciation	799.24	1,021.16
	Interest	7,994.82	6,574.69
	Deferred Revenue Expenditure	-	36.83
	Operating profit before working capital changes	10,967.54	11,610.32
	Adjustments for :		
	Debtors	(3,975.92)	(3,163.54)
	Inventories	(12,980.42)	(12,704.91)
	Current Liabilities and Provisions	7,346.44	3,872.19
	Cash generated from operations	1,357.64	(385.94)
	Wealth Tax Paid	1.42	1.40
	Cash flow before extra ordinary items	1,356.22	(387.34)
	Extra ordinary items	5,405.45	2,907.46
	Net cash used in operating activities	(4,049.23)	(3,294.80)
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets and change in Capital work in progress	(3,516.16)	(2,133.57)
	Loans & advances	(128.45)	495.70
	Net cash used in investing activities	(3,644.62)	(1,637.87)
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Redemption of FCCB (Including redemption premium)	(4,129.77)	-
	Proceeds from borrowings	19,399.82	12,556.97
	Interest paid	(7,994.82)	(6,574.69)
	Net cash flow from financing activities	7,275.23	5,982.28
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(418.62)	1,050.61
	- Cash & Cash equivalent at begning of the year	1,575.94	525.03
	- Cash & Cash equivalent at end of the year *	1,157.32	1,575.94
	* Cash & Cash equivalent include :		
	Restricted Bank Balance	14.69	18.40
	FDR/Margin money with Bank	855.74	738.11

In terms of our separate report of even date attached

For NATH AHUJA & CO.
CHARTERED ACCOUNTANTS
FRN : 001083N

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

FOR AND ON BEHALF OF THE BOARD

SATNAM ARORA
JT. MG. DIRECTOR

GURNAM ARORA
JT. MG. DIRECTOR

Place :- New Delhi
Dated :- 30.05.2011

RAMA KANT
COMPANY SECRETARY & GM (LEGAL)

KAMAL DEEP CHAWLA
DGM (FINANCE & ACCOUNTS)

ADDITIONAL INFORMATION AS PER PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956

I.	Registration details			
	Registration No.	37097		
	State code	55		
	Balance sheet date	31-03-2011		
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 Mobilization and Deployment of funds (Amount in Rs. Thousands)			
	Total Liabilities	12,268,875	Total Assets	12,268,875
	SOURCES OF FUNDS			
	Paid-up Capital	281,932	Reserve & Surplus	1,446,080
	Secured loans	8,483,080	Unsecured Loans	364,000
	Share Warrants	-	Current Liabilities & Provisions	1,693,783
	APPLICATION OF FUNDS			
	Net fixed assets & Capital Work in Progress	912,935	Investments	585,088
	Current Assets, Loan and Advances	10,651,854	Misc. Expenditure	-
	Deferred Tax Assets	118,998	Accumulated Losses	-
IV.	Performance of the company (Amount in Rs. Thousand)			
	Turnover	9,062,619	Total Expenditure	9,385,816
	Profit / loss (before tax)	(323,197)	Profit / loss (after tax)	(234,827)
	Earning per share (Rs.)	(8.33)	Dividends	-
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)			
	Product description		Pulses	
	Item code no. (ITC Code)			
	Product description		Foodstuff	
	Item code no. (ITC Code)			
	Product description		Spices	
	Item code no. (ITC Code)			
	Product description		Frozen	
	Item code no. (ITC Code)			
	Product description		Ready to Eat	

In terms of our separate report of even date attached

FOR AND ON BEHALF OF THE BOARD

For NATH AHUJA & CO.
CHARTERED ACCOUNTANTS
FRN : 001083N

(N.N.AHUJA)	**SATNAM ARORA**	**GURNAM ARORA**
PROPRIETOR	**JT. MG. DIRECTOR**	**JT. MG. DIRECTOR**
Membership No: 80178		
Place :- New Delhi	**RAMA KANT**	**KAMAL DEEP CHAWLA**
Dated :- 30.05.2011	**COMPANY SECRETARY & GM (LEGAL)**	**DGM (FINANCE & ACCOUNTS)**

ANNEXURE TO THE BALANCE SHEET AS AT MARCH 31, 2011

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

	Name of subsidiaries Company	Sachdeva Brothers Pvt Ltd.	Kohinoor Foods USA. Inc.	Indo European Foods Ltd.
01				
02	Financial Year of the subsidiaries ended on	31-03-2011	31-03-2011	31-03-2011
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	15,835 (Rs. 100 Each)	56,000 (USD 62.50 Each)	1,350,000 (GBP 1 Each)
ii)	Extent of holding	100.00%	100.00%	100.00%
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 31.03.2011	(40,686)	$188,244.00	£130,575.00
	(b) For the Previous Financial years since it became the Holding company's subsidiaries	(1,380,670)	($4,309,103.00)	(£539,398.00)
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 subsidiary's Financial year and 31st March, 2011			
	- Number of Shares acquired	Nil	Nil	Nil
	- Material changes between the end of the subsidiary's Financial year and 31st March, 2011			
	(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	Nil	Nil	Nil

In terms of our separate report of even date attached

FOR AND ON BEHALF OF THE BOARD

For NATH AHUJA & CO.
CHARTERED ACCOUNTANTS
FRN : 001083N

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

SATNAM ARORA
JT. MG. DIRECTOR

GURNAM ARORA
JT. MG. DIRECTOR

Place :- New Delhi
Dated :- 30.05.2011

RAMA KANT
COMPANY SECRETARY & GM (LEGAL)

KAMAL DEEP CHAWLA
DGM (FINANCE & ACCOUNTS)

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 general exemption provided by the Central Government , Ministry of Company Affairs vide General Circular No. 2 /2011 dated 8th Feb 2011, The 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 circular giving details of subsidiaries is attached herewith:-

(Rs. in Lacs)

Name of subsidiaries Company	Sachdeva Brothers Pvt Ltd.	Kohinoor Foods USA. Inc.	Indo European Foods Ltd.
Capital	15.84	3,795.25	1,690.36
Reserves	(17.68)	(2,008.07)	(294.07)
Total Assets	0.21	6,454.99	11,913.03
Total liabilities	0.21	6,454.99	11,913.03
Details of Investment	-	-	-
(Excluding Investment in Subsidiaries)			
Turnover	-	6,846.28	11,389.28
Profit / Loss Before Tax	(0.41)	(138.19)	321.01
Provision for Tax	-	(31.09)	-
Profit / Loss after Tax	(0.41)	(107.10)	321.01
Proposed Dividend including Dividend declared during the year.			
Foreign exchange rate as on March 31, 2011.			
1 USD=Rs. 44.65 , 1 GBP=Rs. 71.93			
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.

FOR AND ON BEHALF OF THE BOARD

SATNAM ARORA
JT. MG. DIRECTOR

GURNAM ARORA
JT. MG. DIRECTOR

Place :- New Delhi
Dated :- 30.05.2011

RAMA KANT
COMPANY SECRETARY & GM (LEGAL)

KAMAL DEEP CHAWLA
DGM (FINANCE & ACCOUNTS)

AUDITORS' REPORT

To the Board of Directors of Kohinoor Foods Limited,

1. We have audited the attached Consolidated Balance Sheet of Kohinoor Foods Limited (the "company") and its subsidiaries, its joint venture; hereinafter referred to as the "Group" as at March 31, 2011, the related Consolidated Profit & Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated 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. We did not audit the financial statements of three subsidiaries and one joint venture included in the consolidated financial statements, which constitutes net assets of Rs. 3500.45 Lacs, total revenue of Rs. 21.496.30 Lacs and net cash outflows of Rs. 140.32 Lacs for the year then ended. These financial Statements and other financial information have been audited by the other auditors, whose reports have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such auditors.

4. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standards (AS-21) Consolidated Financial Statements and Accounting Standards (AS-27) Financial Reporting of Interests in Joint Ventures, notified under sub-section 3C of Section 211 of the Companies Act, 1956.

5. Attention is invited to the following note as appearing in the Independent Auditors' Report of Rich Rice Raisers Factory LLC, the joint venture company in which Kohinoor Foods Limited holds 25% of the Nominal value of Shares. "Investments in properties to the tune of Dirham 13,552,370 (equivalent to Rs. 1645.26 Lacs) are in the personal name of one of the shareholder (other than Kohinoor Foods Limited)".

6. 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 of the group, and to the best of our information and according to the explanations given to us, in our opinion (except for the matter referred to in preceding paragraph), the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

i. In the case of consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2011;

ii. In the case of consolidated Profit and Loss Account, of the 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 of the Group for the year ended on that date.

For NATH AHUJA & CO.
(CHARTERED ACCOUNTANTS)
FRN : 001083N

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

Place: New Delhi
Date: 30-05-2011

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 **(Rs. in Lacs)**

PARTICULARS	Schedule Number		AS AT 31.03.2011		AS AT 31.03.2010
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
A) Share Capital	A		2,819.32		2,819.32
B) Reserves and Surplus	B		13,391.18		15,734.56
LOAN FUNDS					
A) Secured Loans	C		89,279.25		73,591.62
B) Unsecured Loans	D		7,385.03		1,725.45
C) Foreign Currency Convertible Bonds			-		3,029.07
			112,874.79		96,900.02
APPLICATION OF FUNDS					
FIXED ASSETS	E				
A. Gross Block		18,657.96		17,456.13	
Less : Accumulated Depreciation		9,532.17		8,727.20	
Net Block		9,125.79		8,728.94	
B. CAPITAL WORK-IN-PROGRESS		3,856.80	12,982.59	1,521.86	10,250.80
INVESTMENTS	F		793.53		707.33
DEFERRED TAX ASSETS			1,996.16		1,052.94
CURRENT ASSETS, LOANS AND ADVANCES					
A) Inventories	G	87,125.79		71,406.80	
B) Sundry Debtors	H	18,893.47		13,909.78	
C) Cash and Bank Balances	I	1,926.12		2,467.01	
D) Other Current Assets	J	187.35		141.55	
E) Loans and Advances	K	7,168.51		7,282.14	
		115,301.25		95,207.28	
LESS: CURRENT LIABILITIES & PROVISIONS	L				
A) Current Liabilities		15,282.11		7,588.41	
B) Provisions		3,170.12		3,319.87	
NET CURRENT ASSETS			96,849.02		84,299.00
MISCELLANEOUS EXPENDITURE	M		253.49		589.96
(To the extent not written off or adjusted)					
			112,874.79		96,900.02
SIGNIFICANT ACCOUNTING POLICIES S AND NOTES TO THE ACCOUNTS					

In terms of our separate report of even date attached

For NATH AHUJA & CO.
CHARTERED ACCOUNTANTS
FRN : 001083N

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

FOR AND ON BEHALF OF THE BOARD

SATNAM ARORA
JT. MG. DIRECTOR

GURNAM ARORA
JT. MG. DIRECTOR

Place :- New Delhi
Dated :- 30.05.2011

RAMA KANT
COMPANY SECRETARY & GM (LEGAL)

KAMAL DEEP CHAWLA
DGM (FINANCE & ACCOUNTS)

CONSOLIDATED PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2011 **(Rs. in Lacs)**

PARTICULARS	Schedule Number	FOR THE YEAR ENDED 31.03.2011	FOR THE YEAR ENDED 31.03.2010
EARNINGS			
Sales (Net of Returns)		102,153.19	85,223.18
Closing Stock		84,352.34	69,366.44
		186,505.53	154,589.62
OUTGOINGS			
Opening Stock		69,366.68	56,794.46
Purchases		84,996.80	69,411.06
Loading and Unloading Charges		322.83	273.83
Clearing Forwarding Import		93.67	327.45
Packing Materials Consumed		3,776.80	3,318.67
Wages & Salaries		328.02	322.14
THC/DPA Charges		9.46	7.84
Processing Charges		320.18	393.31
Repair to Machinery		261.74	496.03
Consumables & Stores Consumed		155.62	-
Warehouse Rent Supplies		371.41	292.29
Power & Fuel		1,087.55	1,108.27
Brokerage & Commission		504.39	382.72
Freight and Octroi		1,026.16	776.84
Depreciation		967.52	1,212.30
Gross Profit		22,916.70	19,472.42
		186,505.53	154,589.62
EARNINGS			
Gross Profit Brought Forward		22,916.70	19,472.42
Other Income	N	153.14	224.57
		23,069.84	19,696.99
OUTGOINGS			
Employees Remuneration & Benefits	O	2,535.49	2,392.48
Administrative Expenses	P	2,570.66	2,620.84
Selling and Distribution Expenses	Q	5,871.12	5,374.15
Financial Expenses	R	8,453.54	7,042.16
Depreciation	E	43.74	43.52
		19,474.55	17,473.14
Net Profit/(Loss) before Extra Ordinary Items		3,595.29	2,223.85
Less :- Extra ordinary Items		5,407.85	2,907.46
Net Profit/(Loss) after Extra Ordinary Items and before Tax		(1,812.56)	(683.61)
Less:- Provision for Deferred Tax		(916.22)	17.30
Wealth Tax		1.42	1.40
Net Profit / (Loss) after Tax		(897.76)	(702.31)
Profit / (Loss) Brought forward from previous year		-	-
Less:- Amount Transferred to General Reserve		-	(702.31)
Balance carried to Balance sheet		(897.76)	-
EARNINGS PER SHARE (Rs.)			
(Equity Share of par value of Rs. 10/- each)			
Basic and Diluted: before extra ordinary item		16.00	7.82
Basic and Diluted: after extra ordinary item		(3.18)	(2.49)

In terms of our separate report of even date attached

FOR AND ON BEHALF OF THE BOARD

For NATH AHUJA & CO.
CHARTERED ACCOUNTANTS
FRN : 001083N

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

SATNAM ARORA
JT. MG. DIRECTOR

GURNAM ARORA
JT. MG. DIRECTOR

Place :- New Delhi
Dated :- 30.05.2011

RAMA KANT
COMPANY SECRETARY & GM (LEGAL)

KAMAL DEEP CHAWLA
DGM (FINANCE & ACCOUNTS)

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET			(Rs. in Lacs)
PARTICULARS		AS AT 31.03.2011	AS AT 31.03.2010
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 Of the above 7,20,000 equity shares have been issued to promoter group on preferential basis on conversion of share warrants)		2,819.32	2,819.32
		2,819.32	2,819.32
RESERVES AND SURPLUS			**SCHEDULE - B**
GENERAL RESERVE			
Opening Balance		9,248.20	9,950.51
Add : Transferred from Profit and Loss Appropriation Account		-	(702.31)
Less :- Un-Amortised Deferred Revenue Expenditure Written off		199.50	-
		9,048.70	9,248.20
CAPITAL RESERVE		742.76	742.76
PROFIT & LOSS ACCOUNT		(897.76)	
SECURITIES PREMIUM ACCOUNT			
Opening Balance	5,077.68		
Less Utilization during the year (for redemption premium on conversion of FCCB) (net of tax)	(1,100.71)	3,976.97	5,077.68
FOREIGN CURRENCY TRANSLATION RESERVE		520.52	665.93
		13,391.18	15,734.56
SECURED LOANS			**SCHEDULE - C**
Kohinoor Foods Limited - India	84,830.80		67,028.54
Indo European Foods Ltd - U.K	675.11		2,970.49
Kohinoor Foods Inc. - U.S.A	2,804.94		2,945.20
Rich Rice Raisers LLC- Dubai	968.40		647.39
	89,279.25		73,591.62
UNSECURED LOANS			**SCHEDULE - D**
Kohinoor Foods Limited - India	3,640.00		1,256.36
Indo European Foods Ltd - U.K	2,935.24		-
Kohinoor Foods Inc. - U.S.A	334.99		-
Rich Rice Raisers LLC- Dubai	474.80		469.09
	7,385.03		1,725.45

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET		(Rs. in Lacs)
PARTICULARS	AS AT 31.03.2011	AS AT 31.03.2010
CONSOLIDATED FIXED ASSETS SCHEDULE AS AT MARCH 31, 2011		**SCHEDULE - E**
LAND	815.56	713.77
BUILDING	5,532.88	5,237.48
PLANT & MACHINERY	10,405.93	9,629.18
VEHICLES	1,039.17	867.69
WOODEN CRATES	80.04	61.26
COMPUTERS	245.94	241.47
FURNITURE & FIXTURES	441.48	607.98
OFFICE EQUIPMENTS	38.57	37.97
WEBSITE	2.88	3.81
GOODWILL	55.51	55.51
GROSS BLOCK	**18,657.96**	**17,456.13**
LESS ACCUMULATED DEPRECIATION	9,532.17	8,727.20
NET BLOCK	9,125.79	8,728.94
CAPITAL WORK IN PROGRESS		
PLANT & MACHINERY	3,326.07	1,364.59
BUILDING	446.34	99.48
SOFTWARE DEVELOPMENT	57.80	57.80
ELECTRICAL INSTALLATION	26.60	-
TOTAL	3,856.80	1,521.86

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET		(Rs. in Lacs)
PARTICULARS	AS AT 31.03.2011	AS AT 31.03.2010
INVESTMENTS		**SCHEDULE - F**
LONG TERM		
(Valued at Cost)		
A) INVESTMENT IN PROPERTIES		
By Joint Ventue Company , Rich Rice Raisers LLC Dubai.	792.48	706.27
B) INVESTMENT IN EQUITY SHARES		
Quoted (Non-Trade Investment)		
In Fully Paid Equity Shares		
Punjab National Bank	0.43	0.43
(Market value of quoted share is Rs. 1.34 Lacs previous year : Rs.1.11 Lacs)		
Anu Laboratories Ltd	0.62	0.62
(Market value of quoted share is Rs. 0.09 Lacs		
previous year Rs. 0.20 Lacs)	793.53	707.33
INVENTORIES		**SCHEDULE - G**
(As Certified and valued by the Management at cost or net realizable value whichever is lower)		
Kohinoor Foods Limited - India	76,895.00	63,914.57
Indo European Foods Ltd - U.K	5,719.76	3,791.22
Kohinoor Foods Inc. - U.S.A	2,940.34	2,187.56
Rich Rice Raisers LLC- Dubai	380.99	449.90
Stock in Transit	1,189.71	1,063.55
	87,125.79	71,406.80
SUNDRY DEBTORS		**SCHEDULE - H**
(Unsecured, considered good)		
(A) Debts outstanding for a period exceeding six months	1,589.31	3,960.15
(B) Others	17,304.16	9,949.64
	18,893.47	13,909.78
CASH AND BANK BALANCES		**SCHEDULE - I**
Cash in Hand	234.70	703.17
Balances with Banks :		
Current Account	835.68	1,025.73
Deposit Account	855.74	738.11
	1,926.12	2,467.01
OTHER CURRENT ASSETS		**SCHEDULE - J**
(A) Security Deposits	149.70	122.60
(B) Interest accured but not due	37.65	18.95
	187.35	141.55
LOANS AND ADVANCES		**SCHEDULE - K**
(Considered good, unless otherwise provided)		
Advances recoverable in cash or in kind or for value to be received.		
Loan & Advances to Joint Venture	1,030.87	1,037.89
Prepaid Expenses	294.66	1,082.51

Staff Advance	57.33	37.89
Advance against Purchases	23.80	92.56
Advance Tax	3,882.55	3,860.94
Mat Credit Entitlement	-	182.15
Others	1,879.30	988.19
	7,168.51	7,282.14

CURRENT LIABILITIES AND PROVISIONS		**SCHEDULE - L**
CURRENT LIABILITIES		
Sundry Creditors		
- Due to Micro, Small and Medium Enterprises	3,583.66	883.45
- Due to Others	9,144.91	3,998.80
Advance from Customers	125.57	202.75
Un-paid Dividend	14.69	18.40
Other Liabilities	2,413.29	2,485.02
	15,282.11	7,588.41
PROVISIONS		
Gratuity	147.70	115.32
Taxation	2,927.00	3,109.15
Fringe Benefit Tax	94.00	94.00
Wealth Tax	1.42	1.40
	3,170.12	3,319.87

MISCELLANEOUS EXPENDITURE		**SCHEDULE - M**
Deferred Revenue Ependiture (to the extent not written off or adjusted)	253.49	589.96
	253.49	589.96

SCHEDULES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT **(Rs. in Lacs)**

PARTICULARS	**FOR THE YEAR ENDED 31.03.2011**	**FOR THE YEAR ENDED 31.03.2010**
OTHER INCOME		**SCHEDULE - N**
Income from Milling	53.10	25.43
Sale of Scrap	44.57	6.02
Sale of DEPB License	19.94	60.00
Dividend from Key man Insurance Policy	2.40	-
Profit (Loss) on sale of Assets	(11.75)	6.01
Miscellaneous Income	44.87	107.57
	153.14	**205.03**
EMPLOYEES REMUNERATION & BENEFITS		**SCHEDULE - O**
Staff Salaries	2,128.51	2,020.55
Director's Remuneration	100.92	102.25
Bonus	55.04	49.45
Staff Welfare	163.17	146.49
Employer's Contribution to P.F.& ESI	87.86	73.74
	2,535.49	**2,392.48**

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET		(Rs. in Lacs)
PARTICULARS	AS AT 31.03.2011	AS AT 31.03.2010
ADMINISTRATIVE EXPENSES		**SCHEDULE - P**
Rates, Fees and Taxes	448.36	500.37
Auditor's Remuneration		
-Statutory Audit Fee	20.73	17.94
-Tax Audit Fee	3.50	3.00
-Other Matters	10.96	4.62
Deferred Revenue Expenditure w/off	139.43	181.31
Postage, Telegram and Telephone	137.18	127.15
General Expenses	288.34	265.94
Storage & Warehousing		-
Legal and Professional Charges	175.05	234.24
Charity and Donation	5.95	11.83
Vehicle Maintenance	205.49	170.28
Printing and Stationery	46.79	36.97
Fumigation Expenses	51.23	-
Insurance Charges	144.52	127.38
Conveyance	138.91	86.32
Membership & Subscription	10.40	13.38
Research & Development	24.59	16.57
Rent	448.49	506.57
Staff Recruitment Expenses	4.69	6.71
Repairs to Building	153.25	80.84
Repairs to Others	112.81	102.65
Foreign Exchange Gain / (Loss)	-	126.78
	2,570.66	2,620.84
SELLING AND DISTRIBUTION EXPENSES		SCHEDULE - Q
Advertisement and Publicity	819.01	907.86
Business Promotion	1,307.60	896.62
Travelling Expenses (Directors)	96.29	110.40
Travelling Expenses (Others)	141.05	161.13
Rebate & Discount	212.58	85.98
Bad Debts	137.91	454.34
Ocean Freight	970.17	921.26
Expenses Against Export	99.18	42.74
Brokerage & Commission on Sales	348.13	192.74
Clearing and Forwarding	1,441.16	1,321.78
Distribution Cost	298.04	279.30
	5,871.12	5,374.15
FINANCIAL EXPENSES		SCHEDULE - R
Interest Paid on Working Capital Loan	6,515.05	6,250.54
Interest Paid on Term Loan	1,407.99	262.66
Bank Charges	530.50	528.96
	8,453.54	7,042.16

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS **SCHEDULE - S**

A) SIGNIFICANT ACCOUNTING POLICIES

1 Principles of Consolidation

These Consolidated Financial Statements (CFS) relates to Kohinoor Foods Limited (i.e. Parent company), its subsidiary companies (i.e. Indo European Foods Ltd, Kohinoor Foods USA 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 subsdiaries and joint venture are in their respective local curriencies.

2 Basis of Preparation of Consolidated Financial Statements

These CFS are prepared in accordance with Accounting Standard (AS-21) "Consolidated Financial Statements" prescribed by the Companies (Accounting Standard) Rules, 2006. 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' prescribed by the Companies (Accounting Standard) Rules, 2006.

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', prescribed by the Companies (Accounting Standard) Rules, 2006. 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 off 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 - At Cost

7 Investments

Investment are stated at cost.

8 Taxes on Income

Taxes on Income Includes deferred tax only since no provision for current tax has been made due to the losses incurred during the year. 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. 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 subsidiary company Indo European Foods Limited (UK) and five years by Kohinoor Foods Inc.(USA). The parent company has written of unamortised balance of FCCB expenses during the current year.

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

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

B) NOTES TO THE ACCOUNTS **(Rs. In Lacs)**

1 **Contingent Liabilities**	Current Year	Previous Year
a) Claims against the company , not acknowledged as debt		
Sales Tax *	122.00	122.00
Excise Duty*	42.91	42.91
TDS/TCS*	4.74	-
Service Tax	-	11.14
HRDF demand of Market Committee**	39.69	-
b) Corporate Guarantee given by the Company.***	8,334.30	8,121.60
c) Surety Bonds issued to Govt. Agencies under EPCG scheme	1,799.59	1,274.27
d) Duty foregone against Capital Goods for 100% EOU	455.61	444.13
e) Customs Duty saved against advance Licenses.	32.82	143.13
	10,831.66	10,159.17

*Nature of contingent liability regarding Taxation matters.

Particulars	Forum where matter is pending	Amount
Sales Tax	Commissioner of Sales Tax	122.00
Excise Duty	CESTAT	42.91
TDS/TCS	CIT Appeals (TDS/TCS ward)	4.74

**The assessing authority of notified Market Area committee under APMC Act has imposed a penalty of Rs. 52.92 lacs during the year. The company has deposited Rs. 13.23 lacs under protest and has filed SLP against this order in the supreme court.

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

	Name of Beneficiary	Guarantee issued to	Amount
i)	Indo European Foods Ltd	Punjab National Bank, U.K	4,315.80
ii)	Kohinoor Foods USA INC	Punjab National Bank, Hong Kong	4,018.50

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 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.1100.71 Lacs (Previous years Rs. NIL) has been utilized out of the securities premium account towards premium on redemption of FCCB's.

3	Capital Expenditure Commitment (including advances) :-	1,608.53	2,578.42
4	Bank Guarantee given by Bankers on behalf of the Company	132.30	80.68

5 RELATED PARTIES DISCLOSURES UNDER ACCOUNTING STANDARD 18

5.1 List of related parties

i) Joint Venture of the Company
- Rich Rice Raisers Factory LLC.- Dubai

ii) Key Managerial Personnel and their relatives

Mr. Jugal Kishore Arora	Chairman
Mr. Satnam Arora	Jt.MG.Director
Mr. Gurnam Arora	Jt.MG.Director
Mr. Nitin Arora	Son of Mr. Jugal Kishore Arora
Mr. Amit Arora	Son of Mr. Satnam Arora
Mr. Ankush Arora	Son of Mr.Gurnam Arora
Mr. Nishant Arora	Son of Mr.Gurnam Arora
Mr. Sumit Arora	Son of Mr. Satnam Arora
Mrs. Chandni Arora	Daughter in Law of Mr.Satnam Arora

iii) Enterprise over which key managerial personnel exercise significant influence

- Satnam Overseas (Exports) - Partnership Firm of Promoter directors

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

(Rs.in Lacs)

	Joint Venture Company	**Key management personnel and their relatives**	**Enterprises over which Key management personnel exercise significant influence**
Transactions during the year			
- Sale of Finished Goods	4,516.67		
	(681.62)		
- Remuneration		241.73	-
		(245.51)	-
- Expenses incurred on behalf of the related party			3.51
- Balances outstanding at the year end:-			
- Loans/Advances	1,030.87		
	(1,037.89)		
- Debtors	1,016.65		
	(1,759.70)		

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.

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011 **(Rs. in Lacs)**

	Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit before tax & extra ordinary items	3,595.29	2,223.85
	Adjustments for :		
	Depreciation	1,011.27	1,255.82
	Interest	7,923.04	6,513.20
	Deferred Revenue Expenditure	139.43	181.31
	Operating profit before working capital changes	12,669.03	10,174.18
	Adjustments for :		
	Sundry Debtors	(4,983.69)	(2,264.31)
	Inventories	(15,719.00)	(13,453.21)
	Loan & Advances	67.82	1,581.77
	Current Liabilities & Provisions	7,543.95	3,965.36
	Cash generated from operations	(421.88)	3.79
	Unrealised Foreign Currency Exchange Gain/(Loss)	(174.87)	532.58
	Wealth Tax	(1.42)	(1.40)
	Cash flow before extra ordinary items	(598.17)	534.97
	Extra ordinary items	5,407.85	2,907.46
	Net cash used in operating activities	(6,006.02)	(2,372.49)
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets and change in Capital work in progress	(3,743.06)	(1,711.96)
	Investments	(86.20)	(90.49)
	Net cash used in investing activities	(3,829.26)	(1,802.45)
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Redemption of FCCB (Including redemption premium)	(4,129.77)	-
	Proceeds from borrowings	21,347.21	11,933.60
	Interest paid	(7,923.04)	(6,513.20)
	Net cash flow from financing activities	9,294.39	5,420.40
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(540.89)	1,245.46
	- Cash & Cash equivalent at beginning of the year	2,467.01	1,221.54
	- Cash & Cash equivalent at end of the year*	1,926.12	2,467.01
	* Cash & Cash equivalent include :		
	Restricted Bank Balance	14.69	18.40
	FDR/Margin money with Bank	855.74	738.11

In terms of our separate report of even date attached

For NATH AHUJA & CO.
CHARTERED ACCOUNTANTS
FRN : 001083N

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

FOR AND ON BEHALF OF THE BOARD

SATNAM ARORA
JT. MG. DIRECTOR

GURNAM ARORA
JT. MG. DIRECTOR

Place :- New Delhi
Dated :- 30.05.2011

RAMA KANT
COMPANY SECRETARY & GM (LEGAL)

KAMAL DEEP CHAWLA
DGM (FINANCE & ACCOUNTS)

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