

# Kohinoor Foods Ltd.

16.08.2019

**The National Stock Exchange of India  
Limited**

Exchange Plaza, 5<sup>th</sup> Floor  
Plot No C/1, G Block  
Bandra-Kurla Complex  
Bandra (East)  
**MUMBAI – 400 051**

The Listing Department  
**BSE Limited**  
P.J. Tower, Dalal Street  
**MUMBAI – 400 001**

**Company Code : KOHINOOR**  
**Scrip Code : 512559**

**Dear Sirs,**

**Sub: Outcome of Adjourned Board Meeting held on 16<sup>th</sup> August, 2018**

This is to inform you that the Board of Directors of the Company at its Adjourned Meeting held today, i.e. on 16<sup>th</sup> August, 2019 which commenced at 05.00 P.M. and concluded at 9:25 P.M. has, *inter-alia*, taken the following decisions :-

1. The Board approved the Un-audited Financial Results of the Company for the first quarter ended 30<sup>th</sup> June, 2019. Copy of the said results along with Limited Review Report thereon by the Statutory Auditors of the Company is submitted herewith in compliance of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated 5<sup>th</sup> July, 2016. The results are also being published in newspapers, in the prescribed format.
2. The Board had approved appointment of Mr. Deepak Kumar Kaushal as Company Secretary & Compliance Officer and Key Managerial Personnel of the Company w.e.f., 14<sup>th</sup> August, 2019, in place of Mr. Ankit Sharma who has resigned as Company Secretary of the Company w.e.f. 10<sup>th</sup> July, 2019.
3. The Banks have classified the Company accounts as Non-performing Asset and served Notice under Section 13(2) of The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, in the month of July, 2018. The Company had replied of said notices.

Further, we are enclosing herewith the following:

1. Statement on Impact of Audit Qualifications on the Un-audited Financial Results for the Quarter ended 30<sup>th</sup> June, 2019 as per SEBI Circular CIR/CFD/CMD/56/2016 dated 27<sup>th</sup> May, 2016 (Annexure-2).

Please acknowledge receipt.

Thanking you,

Yours faithfully,  
For Kohinoor Foods Limited

  
(Satnam Arora)  
Jt. Managing Director  
DIN No: 00010667  
Encl.: As above



# Kohinoor Foods Ltd.

## STANDALONE STATEMENT OF UN-AUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2019.

Sl. No.	Particulars	STANDALONE			
		QUARTER ENDED		YEAR ENDED	
		30-06-2019	31-03-2019	30-06-2018	31.03.2019
		UN-AUDITED	AUDITED	UN-AUDITED	AUDITED
I	Revenue from Operation	1031	5200	2466	40494
II	Other Income	0.06	79	50	164
III	<b>Total Income (I+II)</b>	<b>1031</b>	<b>5279</b>	<b>2516</b>	<b>40658</b>
IV	<b>Expenses</b>				
	Cost of material consumed	787	4392	2163	49771
	Purchase of stock-in-trade	-	3	42	79
	(Increase)/Decrease in Inventories of finished goods, stock-in-trade and work-in-progress	54	33	-56	7
	Employee benefits expense	183	51	370	1029
	Finance Costs	1	-142	2179	2298
	Depreciation and amortisation expense	269	327	323	1297
	Impairment of Assets	-	3978	-	3978
	Other Expenses	320	9105	696	11339
	<b>Total expenses (IV)</b>	<b>1615</b>	<b>17746</b>	<b>5717</b>	<b>69797</b>
V	<b>Profit/ (Loss) before exceptional items and tax (III-IV)</b>	<b>-583</b>	<b>-12467</b>	<b>-3201</b>	<b>-29139</b>
VI	Exceptional Items	7249		-	-
VII	<b>Profit/ (Loss) before tax (V-VI)</b>	<b>-7832</b>	<b>-12467</b>	<b>-3201</b>	<b>-29139</b>
VIII	Tax Expense				
	(1) Current Tax				
	(2) Income Tax for Prior Years				
	(3) Deferred tax		9419	-	9419
IX	<b>Profit/(Loss) for the period from continuing operations (VII-VIII)</b>	<b>-7832</b>	<b>-21885</b>	<b>-3201</b>	<b>-38557</b>
X	<b>Profit/(Loss) from discontinuing operations</b>				
XI	<b>Tax expenses of discontinued operations</b>				
XII	<b>Profit/(Loss) from Discontinuing operations (after tax) (X-XI)</b>				
XIII	<b>Profit/ (Loss) for the period (VII-VIII)</b>	<b>-7832</b>	<b>-21885</b>	<b>-3201</b>	<b>-38557</b>
XIV	<b>Other Comprehensive Income</b>				
	A (i) Items that will not be reclassified to profit or loss				
			12	-	12
	(ii) Income tax relating to items that will not be reclassified to profit or loss				
	B (i) Items that will be reclassified to profit or loss				
	(ii) Income tax relating to items that will be reclassified to profit or loss				
XV	<b>Total Comprehensive Income for the period (IX+X)</b>	<b>-7832</b>	<b>-21873</b>	<b>-3201</b>	<b>-38545</b>
XVI	Earning per Equity share (for continuing operation):				
	(1) Basic	-21.13	-59.00	-9.08	-106.66
	(2) Diluted	-21.13	-59.00	-9.08	-106.66
XVII	Earning per Equity share (for discontinuing operation):				
	(1) Basic				
	(2) Diluted				
XVIII	Earning per Equity share :- (Face Value of Rs. 10 each) (not annualised)				
	(1) Basic	-21.13	-59.00	-9.08	-106.66
	(2) Diluted	-21.13	-59.00	-9.08	-106.66



# Kohinoor Foods Ltd.

## NOTE:

- 1) The Un-Audited Consolidated Financial Results have been approved by the Board of Directors in their adjourned meeting held on 16th Aug, 2019.
- 2) The Consolidated unaudited financial results have been prepared in accordance with the Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, specified in Section 133 of Companies Act, 2013.
- 3) The Company is primarily engaged in the business of manufacturing, trading & marketing of food products which is a single segment, as per Indian Accounting Standard (IND AS) 108.
- 4) The Un-Audited Consolidated Financial Results are given as per the requirement of Regulation 33 of the SEBI (LODR), Regulations 2015 and submitted to Stock Exchanges.
- 5) The Banks have classified the company's accounts as Non Performing asset and served recall Notice under section 13(2) of The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002. The Company has given reply of said notices within the stipulated time.
- 6) The company has not provided interest to the extent of Rs. 1984.56 lacs for 1st Quarter on bank loans which were classified as non-performing assets during the year from the date they were declared NPA.
- 7) The Company in its Board Meeting held on 04.10.2018, has allotted 18,30,000 equity shares on conversion of warrants into equity, issued on preferential basis. After allotment the company has filed application for listing of 18,30,000 equity shares to both the Stock Exchanges (NSE & BSE) and the approval for same is yet to be received.
- 8) The Creditors of the Company have filed petition under Section 7 of Insolvency and Bankruptcy Code, 2016, before the Honbl'e court of NCLT, Chandigarh Bench, which are not yet admitted.
- 9) The Balances of some Debtors and creditors are subject to confirmation.
- 10) As per the assessment of Management the company continues to be going concern. This assessment is based on Resoulution plan submitted to the Banks by company and the interest shown by prospective investors in the company.
- 11) The company has made an additional provision for Bad & Doubtful Debts for Rs. 7249 Lacs. This includes the provision made consequent to order of Arbitration on dispute with some parties. This has been shown as Exceptional items.
- 12) The figures of last quarter are the balancing figures between audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the current financial year.
- 13) The figures of previous quarter/year have been regrouped / rearranged whenever considered necessary.

Place : Faridabad  
Date : 16th Aug, 2019

By order of the Board  
For Kohinoor Foods Limited

  
Satnam Arora  
Jt. Managing Director  
DIN No. 00010667



# Kohinoor Foods Ltd.

## CONSOLIDATED STATEMENT OF UN-AUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2019.

Sl. No.	Particulars	CONSOLIDATED		
		QUARTER ENDED		YEAR ENDED
		30-06-2019 UN-AUDITED	30-06-2018 UN-AUDITED	31.03.2019 AUDITED
I	Revenue from Operation	3949	8837	60084
II	Other Income	0.06	50	174
III	<b>Total Income (I+II)</b>	<b>3949</b>	<b>8887</b>	<b>60258</b>
IV	<b>Expenses</b>			
	Cost of material consumed	2779	7729	65383
	Purchase of stock-in-trade	-	42	79
	(Increase)/Decrease in Inventories of finished goods, stock-in-trade and work-in-progress	54	-56	7
	Employee benefits expense	555	715	2544
	Finance Costs	48	2321	2664
	Depreciation and amortisation expense	305	366	1464
	Impairment of Assets	-	-	3978
	Other Expenses	836	1511	15340
	<b>Total expenses (IV)</b>	<b>4577</b>	<b>12627</b>	<b>91459</b>
V	<b>Profit/ (Loss) before exceptional items and tax (III-IV)</b>	<b>-628</b>	<b>-3740</b>	<b>-31201</b>
VI	Exceptional Items	7249	-	-
VII	<b>Profit/ (Loss) before tax (V-VI)</b>	<b>-7877</b>	<b>-3740</b>	<b>-31201</b>
VIII	Tax Expense			
	(1) Current Tax			-93
	(2) Income Tax for Prior Years			
	(3) Deferred tax			10632
IX	<b>Profit/(Loss) for the period from continuing operations (VII-VIII)</b>	<b>-7877</b>	<b>-3740</b>	<b>-41740</b>
X	<b>Profit/(Loss) from discontinuing operations</b>			
XI	<b>Tax expenses of discontinued operations</b>			
XII	<b>Profit/(Loss) from Discontinuing operations (after tax) (X-XI)</b>			
XIII	<b>Profit/ (Loss) for the period (VII-VIII)</b>	<b>-7877</b>	<b>-3740</b>	<b>-41740</b>
XIV	<b>Other Comprehensive Income</b>			
	A (i) Items that will not be reclassified to profit or loss			784
	(ii) Income tax relating to items that will not be reclassified to profit or loss			
	B (i) Items that will be reclassified to profit or loss			
	(ii) Income tax relating to items that will be reclassified to profit or loss			
XV	<b>Total Comprehensive Income for the period (IX+X)</b>	<b>-7877</b>	<b>-3740</b>	<b>-40956</b>
XVI	Earning per Equity share (for continuing operation):			
	(1) Basic	-21.25	-10.61	-113.33
	(2) Diluted	-21.25	-10.61	-113.33
XVII	Earning per Equity share (for discontinuing operation):			
	(1) Basic			
	(2) Diluted			
XVIII	<b>Earning per Equity share :- (Face Value of Rs. 10 each) (not annualised)</b>			
	(1) Basic	-21.25	-10.61	-113.33
	(2) Diluted	-21.25	-10.61	-113.33



# Kohinoor Foods Ltd.

## NOTE:

- 1) The Un-Audited Standalone Financial Results have been approved by the Board of Directors in their adjourned meeting held on 16th Aug, 2019.
- 2) The standalone unaudited financial results have been prepared in accordance with the Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, specified in Section 133 of Companies Act, 2013.
- 3) The Company is primarily engaged in the business of manufacturing, trading & marketing of food products which is a single segment, as per Indian Accounting Standard (IND AS) 108.
- 4) The Un-Audited Standalone Financial Results are given as per the requirement of Regulation 33 of the SEBI (LODR), Regulations 2015 and submitted to Stock Exchanges.
- 5) The Banks have classified the company's accounts as Non Performing asset and served recall Notice under section 13(2) of The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002. The Company has given reply of said notices within the stipulated time.
- 6) The company has not provided interest to the extent of Rs. 1984.56 lacs for 1st Quarter on bank loans which were classified as non-performing assets during the year from the date they were declared NPA
- 7) The Company in its Board Meeting held on 04.10.2018, has allotted 18,30,000 equity shares on conversion of warrants into equity, issued on preferential basis. After allotment the company has filed application for listing of 18,30,000 equity shares to both the Stock Exchanges (NSE & BSE) and the approval for same is yet to be received.
- 8) The Creditors of the Company have filed petition under Section 7 of Insolvency and Bankruptcy Code, 2016, before the Honbl'e court of NCLT, Chandigarh Bench, which are not yet admitted.
- 9) The Balances of some Debtors and creditors are subject to confirmation.
- 10) As per the assessment of Management the company continues to be going concern. This assessment is based on Resoulution plan submitted to the Banks by company and the interest shown by prospective investors in the company.
- 11) The company has made an additional provision for Bad & Doubtful Debts for Rs. 7249 Lacs. This includes the provision made consequent to order of Arbitration on dispute with some parties. This has been shown as Exceptional items.
- 12) The figures of last quarter are the balancing figures between audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the current financial year.
- 13) The figures of previous quarter/year have been regrouped / rearranged whenever considered necessary.

By order of the Board  
For Kohinoor Foods Limited



Satnam Arora  
Jt. Managing Director  
DIN No. 00010667

Place : Faridabad  
Date : 16th Aug, 2019



# Kohinoor Foods Ltd.

## Annexure I

### Disclosure as required under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Sr. No.	Particulars	Details of Change
1	Reason for change viz. appointment, resignation, removal, death or otherwise	Appointment of Mr. Deepak Kumar Kaushal as Company Secretary & Compliance Officer of the Company, due to resignation of Mr. Ankit Sharma.
2	Date of appointment/cessation (as applicable) & term of appointment	June 14, 2019
3	Brief profile (in case of appointment)	Mr. Deepak Kumar Kaushal is a Fellow Member of the Institute of Company Secretaries of India and a Law Graduate. Mr. Kaushal is well versed in Secretarial, Legal and Corporate Affairs matters and has an overall experience of 8 years.
4	Disclosure of relationships between directors (in case of appointment of a Director)	N.A



# **RAJENDER KUMAR SINGAL & ASSOCIATES LLP**

## **CHARTERED ACCOUNTANTS**

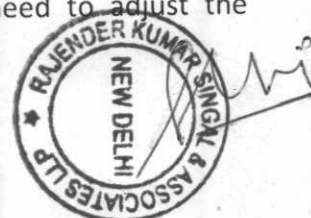
### **Limited Review Report on quarterly Standalone Unaudited Financial Results of Kohinoor Foods Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

**To the Board of Director of  
Kohinoor Foods Limited**

1. We have reviewed the accompanying statement of Standalone Unaudited Financial Results ('the Statement') of Kohinoor Foods Limited ('the Company') for the quarter ended 30<sup>th</sup> June 2019, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended). The Statement, which is the responsibility of the Company's Management and has been approved by the Company's Board of Directors
2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of interim Financial Information Performed by the independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance about whether the financial statement is free of material misstatement. A review is limited primarily to enquiries of Company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

### **3. Basis of Qualified Conclusion**

- (i) As stated in Note No. 10 of Standalone Unaudited Financial Results, management has stated its assessment of the company's ability to continue as going concern. However, in view of the continuing default in re-payment of borrowings, significant decline of revenue, continuous losses, negative cash flows and negative net worth, resignation of KMP and senior management and due to financial constraints, material uncertainty exists about the company's ability to continue as going concern and the decision of the management of the company to prepare the accounts of the company on going concern basis. This assessment of uncertainty is based on Resolution plan submitted to the Banks by company and the interest shown by prospective investors in the company. There would arise a need to adjust the



- realizable value of assets and liabilities in the event of failure of assumption as to going concern.
- (ii) As stated in Note No. 6 of Standalone Unaudited Financial Results, Loss of the company is understated by Rs 1984.56 lakhs (approx.) for the period from 01/04/2019 to 30/06/2019 and Rs 7436.84 lakhs (approx.) from the date of account being classified as NPA to the period covered under review, due to non-provisioning of interest on bank loans after the accounts of the company were classified as NPA and further amount towards penal interest, any other penalty etc. as may be charged by lenders. In the absence of statement of account, the above amount has been arrived at as per calculation made by the company. Due to limited information the aggregate amount unprovided in books of account of the company is not ascertainable with accuracy.
- (iii) In reference to note no. 11 of standalone financial result, and as per information and explanation received from management, *"The Company had initiated Arbitration proceeding against some agent through whom sales were made to some debtors, whose outstanding balance amounted to Rs 15636.48 lakh."* It is further informed by management that, *"The Management of company has received arbitration order in respect of some debtors with outstanding balance of Rs 11341.73 lakh. Based on the award of arbitration the company has made provision in respect of these debtors. The Management of company has also made the provision in respect of other debtors from whom the recovery are pending or arbitration is in process."* The total provision for bad and doubtful debts amounts to Rs 14384.54 lakhs. In view of pending arbitration proceeding and on-going settlement and negotiations with parties, we are unable to comment on extent of provision required to be made and realizability from debtor and its consequential impact on financial result.
- (iv) The management of the company has not provided balance Confirmation direct from debtors. Depending on the circumstances and in the absence of above third-party confirmation, goods return by debtors, dispute with debtors, provision for bad debts made as per point (iii) above and very small recovery of amount from debtors till the date of review, we are unable to comment on realizability of such amount due from debtors and its possible effect on Standalone Unaudited Financial Results of the company.
- (v) The management of company has not provided confirmation of accounts from creditors. In the absence of third-party confirmation, we are unable to comment on





actual liability to creditors (including squared up accounts) and its possible effect on Standalone Unaudited Financial Results of the company.

- (vi) Domestic sales have been made to various customers for which payment has not been received. The management has provided the following information & explanation regarding these sales, *"we are continuously following up for payment, but their customers are delaying it due to various reasons, mainly because of quality problem. They have informed that their customers are not accepting this rice due to quality issue. Some of them are asking for huge discount and some want to return the rice. Some say that they will only pay to company when they receive money from their customers."* Further the company still retains significant risk of ownership because the company retains an obligation for unsatisfactory performance. The receipt of revenue from domestic sale is contingent on the derivation of revenue by the buyer from their onward sale of the goods. In such cases, it is not probable that the economic benefits associated with the transaction will flow to the company until the consideration is received by its buyers and the uncertainty is removed. Due to such uncertainty, and huge amount of provision for bad debts made as mentioned in point (iii), it is not possible to adequately measure the amount of revenue. Thus, in the absence of any agreement, underlying terms & conditions, schedule of delivery, acceptance and recovery from customers, revenue recognised by the company not being in line with applicable accounting principal accepted in India and we are unable to comment its impact on Standalone Unaudited Financial Results.
- (vii) During the review period, the company entered into sale and purchase transactions with the same parties and has recognized Revenue without negating the effect of re-purchased goods from debtors. As per information and explanation given by management, each transaction is a separate transaction and not related to each other as quality of goods sold and purchased are different. However, we have not been provided any quality wise record of sale & purchase, and, hence in the absence of such record we are unable to comment whether such re-purchased goods from debtor is purchase or sales return and its impact on Standalone Unaudited Financial Results.
- (viii) During the period under review, amount of revenue has not been negated by Rs 1366.39 lacs due to the effect of sales return. The company recognized revenue in previous financial year 2018-19 but in current financial year such goods were returned and instead of reducing the amount of revenue, the management of



company has adjusted such amount of sale return from the provision for bad debts, which was created in previous financial year 2018-19.

- (ix) As per Para 15 of Ind AS 105, an entity shall measure a non-current asset (or disposal group) classified as held for sale at the lower of carrying amount or fair value less costs to sell. As per board meeting held as on dated 29<sup>th</sup> May, 2019, 14<sup>th</sup> November, 2018, and 14<sup>th</sup> August, 2018, we understand that the company proposes to monetize its investment in UK based subsidiary company, Indo European Food Ltd. However, the company has recognized such non-current assets held for sale at historical cost. We are unable to comment upon its impact on the standalone financial results.
- (x) We were not provided with the balance confirmation and reconciliation, if any, of some bank accounts (including accounts closed during the year) appearing in books of accounts of the company. In the absence of having aforementioned confirmation and reconciliation, the impact thereof is unascertainable, and therefore, is not being commented upon in this report.

#### 4. **Qualified Conclusion**

Based on our review conducted as above, except in “**Basis of Qualified Conclusion**” paragraph mentioned in para 3, nothing has come to our attention that causes us to believe that the company statement of standalone unaudited financial result prepared in accordance with applicable accounting standard and other recognized accounting practices and policies has not disclose the information required to be disclose in term of regulation 33 of the SEBI (Listing obligation and disclosure requirements) Regulations, 2015, including the manner in which it is to be disclose, or that it contain any material misstatement.

#### 5. **EMPHASIS OF MATTER**

- i. The company has not made Provision for the demand raised by various authorities as the matters are pending before various appellate forums. We are unable to comment upon possible impact in the Standalone Unaudited Financial Results for the Quarter ended 30<sup>th</sup> June, 2019.
- ii. We draw attention to Note No. 7 in the Standalone Unaudited Financial Results, the company has allotted 18,30,000 equity shares on conversion of warrant into equity shares issued on preferential basis to its promoters. The company has filed application for listing of 18,30,000 equity shares to both the stock exchange (NSE & BSE). However,





the company is yet to receive the approval from the stock exchange (NSE & BSE). The consequential effect the above, on the Standalone Unaudited Financial Results is not ascertainable.

- iii. A legal notice was issued to domestic debtor M/S. Kasturi Exim (P) Limited for recoverability of outstanding amount of Rs 2900 Lakhs. The Company has made full provision of bad debts amount of Rs 2900 lakhs on account of such debtor and the company has submitted a claim under regulation 7 of the insolvency and bankruptcy board of India (Insolvency Resolution process for Corporate person) Regulation, 2016 to the interim resolution professional appointed by NCLT.
- iv. An amount of Rs. 1720.29 lakh has been outstanding from its U.K. based subsidiary company, Indo-European Food Limited since long period. It includes a stand by letter of credit amounting to Rs. 828.95 Lakh (GBP 9, 17,394/-) invoked by OBC bank on the account of default made by Indo-European Food Limited. The subsidiary company "Indo-European Food Limited" facing liquidity crunch and suffered a loss of GBP 2 million during financial year 2017-18 and approx. 1.76 million during financial year 2018-19. However, the company has not made any provision on account of non-recoverability of the same and we are unable the comment on non-recoverability of any amount from such subsidiary.
- v. We draw attention to Note No. 8 of Standalone Unaudited Financial Results of the company for the Quarter ended 30<sup>th</sup> June, 2019, that the lender of consortium bank "Oriental Bank of Commerce" have filed an application against company under section 7 of the Insolvency and Bankruptcy code, 2016 before National company Law Tribunal (NCLT) Chandigarh bench and the matter is adjourned to date 21<sup>st</sup> August 2019

Our opinion is not modified in respect of this matter.

Place: Delhi

Date: 16.08.2019

For Rajender Kumar Singal and Associates LLP

(Chartered Accountants)

Firm Reg. No. 016379N

  
(SHASHI PAL BAWAT)

PARTNER

M.No. 413795

# **RAJENDER KUMAR SINGAL & ASSOCIATES LLP**

## **CHARTERED ACCOUNTANTS**

### **Independent Auditor's Review Report for Consolidated Unaudited Financial Results of Kohinoor Foods Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

**To Board of Director of  
Kohinoor Foods Limited**

1. We have reviewed the accompanying statement of Consolidated Unaudited Financial Results of Kohinoor Foods Limited ('The Holding Company ') and its subsidiaries ( the holding company and its subsidiaries together referred to as "the group"), and its share of net profit/(loss) after tax and total comprehensive income/loss of its associates and joint ventures for the quarter ended 30<sup>th</sup> June 2019 being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended). Attention is drawn to the fact that the consolidated figures for the corresponding quarter ended 30<sup>th</sup> June 2018, as reported in these financial results have been approved by the Holding Company's Board of Directors, but have not been subjected to review.
2. This Statement, which is the responsibility of the Holding Company's Management and approved by the Holding Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.





We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

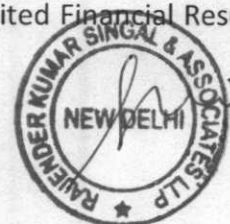
#### 4. Basis of Qualified Conclusion

- (i) We have not been provided any financial statement/financial information of U.K. based subsidiary company Indo European Food Limited, U.S.A. based subsidiary company Kohinoor Foods USA Inc. and Indian subsidiary company M/S. Sachdeva Brothers Private Limited. The management of the holding company consolidated only financial result of these subsidiaries and not whole financial statement of group. We are unable to comment on adjustment that may have been required to this consolidated unaudited financial result.
- (ii) We have not been provided financial statement/financial Information of jointly controlled entity "Rich Rice Raiser factory LLC. Therefore, we are unable to comment about any possible effect of these joint venture company in consolidated financial statement for the period ended 30<sup>th</sup> June, 2019.
- (iii) As stated in Note No. 10 of Consolidated Unaudited Financial Results, management of the holding company has stated its assessment of the company's ability to continue as going concern. However, in view of the continuing default in re-payment of borrowings, significant decline of revenue, continuous losses, negative cash flows and negative net worth, resignation of KMP and senior management and due to financial constraints, material uncertainty exists about the company's ability to continue as going concern and the decision of the management of the company to prepare the accounts of the company on going concern basis. This assessment of uncertainty is based on Resolution plan submitted to the Banks by company and the interest shown by prospective investors in the company. There would arise a need to adjust the realizable value of assets and liabilities in the event of failure of assumption as to going concern.
- (iv) As stated in Note No. 6 of Consolidated Unaudited Financial Results, Loss of the company is understated by Rs 1984.56 lakhs (approx.) for the period from 01/04/2019 to 30/06/2019 and Rs 7436.84 lakhs (approx.) from the date of account being classified as NPA of holding company to the period covered under review, due to non-provisioning of interest on bank loans after the accounts of



the company were classified as NPA and further amount towards penal interest, any other penalty etc. as may be charged by lenders. In the absence of statement of account, the above amount has been arrived at as per calculation made by the company. Due to limited information the aggregate amount unprovided in books of account of the holding company is not ascertainable with accuracy.

- (v) In reference to note no. 11 of consolidated financial result and as per information and explanation received from management of holding company, *"The holding company had initiated Arbitration proceeding against some agent through whom sales were made to some debtors, whose outstanding balance amounted to Rs 15636.48 lakh."* It is further informed by management that, *"The Management of holding company has received arbitration order in respect of some debtors with outstanding balance of Rs 11341.73 lakh. Based on the award of arbitration the holding company has made provision in respect of these debtors. The Management of holding company has also made the provision in respect of other debtors from whom the recovery are pending or arbitration is in process."* The total provision for bad and doubtful debts amounts to Rs 14384.54 lakhs. In view of pending arbitration proceeding and on-going settlement and negotiations with parties, we are unable to comment on extent of provision required to be made and realizability from debtor and its consequential impact on financial result.
- (vi) The management of the holding company has not provided balance Confirmation direct from debtors. Depending on the circumstances and in the absence of above third-party confirmation, goods return from debtors, dispute with debtors, provision for bad debts made as per point (iii) above and very small recovery of amount from debtors till the date of review, we are unable to comment on realizability of such amount due from debtors and its possible effect on Consolidated Unaudited Financial Results of the company.
- (vii) The management of the holding company has not provided confirmation of accounts from creditors. In the absence of third-party confirmation, we are unable to comment on actual liability to creditors (including squared up accounts) and its possible effect on Consolidated Unaudited Financial Results of the company.





- (viii) Domestic sales have been made to various customers for which payment has not been received. The management of the holding company has provided the following information & explanation regarding these sales, *"we are continuously following up for payment, but their customers are delaying it due to various reasons, mainly because of quality problem. They have informed that their customers are not accepting this rice due to quality issue. Some of them are asking for huge discount and some want to return the rice. Some say that they will only pay to company when they receive money from their customers."* Further the company still retains significant risk of ownership because the company retains an obligation for unsatisfactory performance. The receipt of revenue from domestic sale is contingent on the derivation of revenue by the buyer from their onward sale of the goods. In such cases, it is not be probable that the economic benefits associated with the transaction will flow to the company until the consideration is received by its buyers and the uncertainty is removed. Due to such uncertainty and huge amount of provision for bad debts made as mentioned in point (iii), it is not possible to adequately measure the amount of revenue. Thus, in the absence of any agreement, underlying terms & conditions, schedule of delivery, acceptance and recovery from customers, revenue recognised by the holding company not being in line with applicable accounting principal accepted in India and we are unable to comment its impact on Consolidated Unaudited Financial Results.
- (ix) During the review period, the holding company entered into sale and purchase transactions with the same parties and has recognized Revenue without negating the effect of re-purchased goods from debtors. As per information and explanation given by management, each transaction is a separate transaction and not related to each other as quality of goods sold and purchased are different. However, we have not been provided any quality wise record of sale & purchase, and, hence in the absence of such record we are unable to comment whether such re-purchased goods from debtor is purchase or sales return and its impact on Consolidated Unaudited Financial Results.
- (x) During the period under review, amount of revenue of the holding company has not been negated by Rs 1366.39 lacs due to the effect of sales return. The holding company recognized revenue in previous financial year 2018-19 but in current financial year such goods were returned and instead of reducing the amount of revenue, the management of company has adjusted such amount of



sale return from the provision for bad debts, which was created in previous financial year 2018-19.

- (xi) We were not provided with the balance confirmation and reconciliation, if any, of some bank accounts (including accounts closed during the year) appearing in books of accounts of the group. In the absence of having aforementioned confirmation and reconciliation, the impact thereof is unascertainable, and therefore, is not being commented upon in this report.

5. The Statement includes the results of the following entities:

- (i) Indo European Food Limited (U.K.)
- (ii) Kohinoor Food USA Inc. (USA)
- (iii) Sachdeva Brothers Private Limited (India)

6. **Qualified Conclusion**

Based on our review conducted and procedures performed except in “**Basis of Qualified conclusion**” paragraph mentioned in para 4, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

7. **EMPHASIS OF MATTER**

- i. The holding company has not made Provision for the demand raised by various authorities as the matters are pending before various appellate forums. We are unable to comment upon possible impact in the Consolidated Unaudited Financial Results for the Quarter ended 30<sup>th</sup> June, 2019.
- ii. We draw attention to Note No. 7 in the Consolidated Unaudited Financial Results, the holding company has allotted 18,30,000 equity shares on conversion of warrant into equity shares issued on preferential basis to its promoters. The holding company has filed application for listing of 18,30,000 equity shares to both the stock exchange (NSE & BSE). However, the holding company is yet to receive the approval from the stock exchange (NSE & BSE). The consequential effect the above, on the Consolidated Unaudited Financial Results is not ascertainable.





- iii. A legal notice was issued to domestic debtor M/S. Kasturi Exim (P) Limited for recoverability of outstanding amount of Rs 2900 Lakhs. The holding company has made full provision of bad debts amount of Rs 2900 lakhs on account of such debtor and the holding company has submitted a claim under regulation 7 of the insolvency and bankruptcy board of India (Insolvency Resolution process for Corporate person) Regulation, 2016 to the interim resolution professional appointed by NCLT.
- iv. We draw attention to Note No. 8 of Consolidated Unaudited Financial Results of the company for the Quarter ended 30<sup>th</sup> June, 2019, that the lender of consortium bank "Oriental Bank of Commerce" have filed an application against company under section 7 of the Insolvency and Bankruptcy code, 2016 before National company Law Tribunal (NCLT) Chandigarh bench and the matter is adjourned to date 21st August 2019

Our opinion is not modified in respect of this matter.

8. The Consolidated unaudited financial result includes the interim financial statements/ financial information/ financial result of 3 subsidiaries which have not been reviewed/ audited by their auditors, whose interim financial statements / financial information / financial results reflect total revenues of Rs. 3949 Lakh and total net loss after tax of Rs. 7877 Lakh and total comprehensive loss of Rs. 7877 lakh for the quarter ended 30th June, 2019 and for the period from 01st April, 2019 to 30th June, 2019, respectively, as considered in the consolidated unaudited financial results.

Total Assets of group and net cash flow of group not available as the holding company consolidated only financial result of the group and not whole financial statement.

Place: Delhi  
Date: 16.08.2019

For Rajender Kumar Singal and Associates LLP  
(Chartered Accountants)  
Firm Reg. No. 016379N

  
(SHASHI PAL RAWAT)  
PARTNER  
M.No. 413795