

Kohinoor Foods Ltd.

09th November, 2020

The National Stock Exchange of India Limited
Exchange Plaza, 5th Floor
Plot No C/1, G Block
Bandra-Kurla Complex
Bandra (East)
Mumbai – 400 051

Trading Symbol : KOHINOOR
Scrip Code : 512559

Dear Sir/Mam,

Sub: (a) Clarification for Financial results - KOHINOOR

In regard to your email dated 04/11/2020, towards quick result submission to the Exchange, dated 28-Sep-2020, we would like to clarify that, in the Limited Review Report/ Independent Auditor's Report of Kohinoor Foods Limited, the UDIN Number was not mentioned inadvertently.

We are submitting the aforesaid Limited Review Report/ Independent Auditor's Report along with UDIN Number.

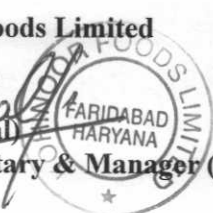
You are requested to take the same on record.

Thanking You

Yours faithfully,

For Kohinoor Foods Limited

(Deepak Kaushal)
Company Secretary & Manager (Legal)
FCS No. 8722



RAJENDER KUMAR SINGAL & ASSOCIATES LLP

CHARTERED ACCOUNTANTS

Independent Auditor's 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 30th June 2020, 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) In reference to Note No. 9 in the statement discloses the management's assessment of the company's ability to continue as going concern. The management's assessment of going concern is based on Resolution plan submitted to the Banks by company and the interest shown by prospective investors in the company. However, in view of default in re-payment of borrowings, default in payment of undisputed statutory dues, one time settlement proposal declined by banker, significant decline of revenue, continuous losses, negative cash flows and negative net worth and due to financial constraints, material uncertainty exists about the company's ability to continue as going concern and the decision of the management of the company to prepare the accounts of the company on going concern basis. There may arise a need to adjust the realizable value of assets and liabilities in the event of failure of assumption as to going concern.
- (ii) As stated in Note No. 6 of Standalone Unaudited Financial Results, Loss of the company is understated by ₹ 2455.29 lakhs (approx.) due to non-provisioning of



interest on bank loans for the period from 01/04/2020 to 30/06/2020 and ₹ 16203.75 lakhs (approx.) from the date on which the account of the company was classified as NPA to the period covered under review. Further no provision has been made towards penal interest, any other penalty etc. as may be charged by lenders. In the absence of complete statement of account from the bank, the above amount has been arrived as per calculation made by the company. With the limited information the aggregate amount unprovided in books of account of the company is not ascertainable with accuracy.

- (iii) In reference to note no. 8, provisions for doubtful debts and bad debts were made by management in earlier years for various reason, mainly on the basis of arbitration award, dispute with debtors due to quality issue of rice and covid-19 situation. In light of these circumstances, dispute with debtors, and write -off significant debtors as bad debts, we are unable to comment on realizability of amount due from debtors and its possible effect on Standalone financial result of the company.
- (iv) The management of company has provided some 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.
- (v) The investment of the company in of M/S. Indo European Food Limited a UK based subsidiary company is amounting of ₹ 4959.42 Lacs. In reference to note no 2.2 of standalone financial statements for the financial year 2019-20 of M/S. Indo European Food Limited a UK based subsidiary company read with auditor opinion on materiality uncertainty related to going concern, which indicate that there are material uncertainties identified that may cast significant doubt on the company's ability to continue as a going concern and hence we are unable to comment on its impact on carrying amount of investment.
- (vi) An amount of ₹ 1340.12 lakh has been outstanding from its U.K. based subsidiary company, Indo-European Food Limited since long. It includes a stand by letter of credit amounting to ₹ 749.86 Lakh (GBP 7,98,837/-) invoked by OBC bank on the account of default made by Indo-European Food Limited. Due to material uncertainties identified that may cast significant doubt on the company's ability to continue as a going concern, we are unable to comment on realizability of such amount.
- (vii) We were not provided with the balance confirmation and reconciliation, if any, of some bank accounts (including dormant/inoperative a/c) 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.



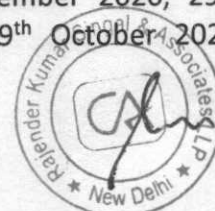
- (viii) Corporate guarantee was invoked by PNB bank Hongkong against loan was given to one of its subsidiary company Kohinoor food USA Inc. The company made provision against the above corporate guarantee for an amount of ₹ 3605.41 Lakhs (USD 47,83,816). However, in the absence of audited financial statement of Kohinoor food USA Inc. and confirmation from PNB Bank Hongkong, we are unable to comment on extent of provision required and its consequential impact on financial statement.

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 forum. We are unable to comment upon possible impact of non-provision in the standalone financial statement for the year ended 31th March 2020.
- ii. In reference to Note No 10 in the statement, 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). As per information provided by management, such application is closed by BSE due to non-submission of documents by the company and due to which theses shares are not yet dematerialised. The consequential effect the above, on the standalone financial statement is not ascertainable.
- iii. We draw attention to Note No. 7 of the statement of the company, that the lead 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 next date 22nd October 2020. Further, certain operational creditors M/S. Norton Rose Fulbright, M/S. Uma Polymers, International Cargo Terminal & Infrastructure (P) Ltd, International Cargo Terminal & Rail Infrastructure (P) Ltd and JPS Plastic (P) Ltd. have also filed an application against company under section 9 of the Insolvency and Bankruptcy code, 2016 before National company Law Tribunal (NCLT) Chandigarh bench. The NCLT has fix the next date of hearing on 2nd November 2020, 29th September 2020, 26th October 2020, 26th October 2020 and 09th October 2020 respectively.



- iv. In reference to note no. 12 of the statement which explain management's assessment of impairment of assets due to COVID 19 pandemic situation. As per assessment of the management, the recoverable amount of assets is higher than it carrying value and hence no impairment of assets need to be recorded in the financial statements.

Our conclusion is not modified in respect of this matter.

Place: Delhi
Date: 28.09.2020

For Rajender Kumar Singal and Associates LLP
(Chartered Accountants)

Firm Reg. No. 016379N



(SHASHI PAL RAWAT)
PARTNER

M.No. 413795

ICAI UDIN No. 20413795AAAAAN1042

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 ('the statement') 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 30th June 2020 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 30th 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) In reference to Note No. 9 in the statement discloses the management's assessment of the holding company's ability to continue as going concern. The management's assessment of going concern is based on Resolution plan submitted to the Banks by company and the interest shown by prospective investors in the company. However, in view of default in re-payment of borrowings, default in payment of undisputed statutory dues, one time settlement proposal declined by banker, significant decline of revenue, continuous losses, negative cash flows and negative net worth, resignation of KMP and due to financial constraints, material uncertainty exists about the company's ability to continue as going concern and the decision of the management of the company to prepare the accounts of the company on going concern basis. There may arise a need to adjust the realizable value of assets and liabilities in the event of failure of assumption as to going concern.
- (ii) As stated in Note No. 6 in the statement, profit of the company is overstated by Rs 2455.29 lakhs (approx.) for the period from 01/04/2020 to 30/06/2020 and Rs 16203.75 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. Further no provision has been made towards penal interest, any other penalty etc. as may be charged by lenders. In the absence of complete statement of account from the bank, the above amount has been arrived as per calculation made by the company. With the limited information the aggregate amount unprovided in books of account of the holding company is not ascertainable with accuracy.
- (iii) In reference to note no.8 of the statement, provisions for doubtful debts and bad debts were made by management of the holding company in earlier years for various reason, mainly on the basis of arbitration award, dispute with debtors due to quality issue of rice and covid-19 situation. In light of these circumstances, dispute with debtors, and write -off significant debtors as bad debts, we are unable to comment on realizability of amount due from debtors and its possible effect on consolidated financial result of the company.



- (iv) The management of holding company has provided some 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.
- (v) We were not provided with the balance confirmation and reconciliation, if any, of some bank accounts (including dormant/non-operative 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.
- (vi) We have not been provided any financial statement/financial information of 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.

5. 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.

6. 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)

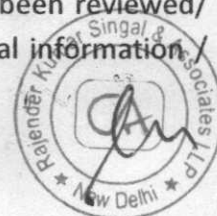


7. EMPHASIS OF MATTER

- 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 30th June, 2020.
- ii. In reference to Note No 10 in the statement, 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 company has filed application for listing of 18,30,000 equity shares to both the stock exchange (NSE & BSE). As per information provided by management, such application is closed by BSE due to non-submission of documents by the company and due to which these shares are not yet dematerialised. The consequential effect the above, on the consolidated financial statement is not ascertainable.
- iii. We draw attention to Note No. 7 of the statement of the company, that the lead 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 next date 22nd October 2020. Further, certain operational creditors M/S. Norton Rose Fulbright, M/S. Uma Polymers, International Cargo Terminal & Infrastructure (P) Ltd, International Cargo Terminal & Rail Infrastructure (P) Ltd and JPS Plastic (P) Ltd. have also filed an application against company under section 9 of the Insolvency and Bankruptcy code, 2016 before National company Law Tribunal (NCLT) Chandigarh bench. The NCLT has fix the next date of hearing on 2nd November 2020, 29th September 2020, 26th October 2020, 26th October 2020 and 09th October 2020 respectively.
- iv. In reference to note no. 12 of the statement which explain management's assessment of impairment of assets due to COVID 19 pandemic situation. As per assessment of the management, the recoverable amount of assets is higher than it carrying value and hence no impairment of assets need to be recorded in the financial statements.

Our conclusion 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. 5337.65 Lakh and total net profit before tax adjustment Rs. 330.27 Lakh and total comprehensive income of Rs. 330.27 lakh for the quarter ended 30th June 2020, as considered in the consolidated unaudited financial results. Our conclusion on the Statement, in so far as it relates to the aforesaid subsidiaries, are based solely on such unreviewed interim financial results. According to the information and explanations given to us by the management.

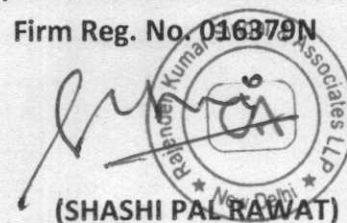
Total Assets of group and net cash flow of group not available as the holding company consolidated only financial result of the group and not whole financial statement.

Place: Delhi

Date: 28.09.2020

For Rajender Kumar Singal and Associates LLP
(Chartered Accountants)

Firm Reg. No. 016379N



(SHASHI PAL RAWAT)

PARTNER

M.No. 413795

ICAI UDIN No. 20413795AAAAA09580