

**NOTICE OF 28<sup>TH</sup>**  
**ANNUAL GENERAL**  
**MEETING**  
**KUMAR FOOD**  
**INDUSTRIES LIMITED**

**2018-19**

**KUMAR FOOD INDUSTRIES LIMITED**

**Regd. Office:** 71/1, Siraspur, Delhi - 110042

**CIN:** L15310DL1991PLC043456

**Email:** [info@kumafood.com](mailto:info@kumafood.com) **Website:** [www.kumarfood.com](http://www.kumarfood.com)

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**NOTICE**

Notice is hereby given that the 28<sup>th</sup> Annual General Meeting of Kumar Food Industries Limited will be held on Saturday, 28<sup>th</sup> September, 2019 at 04:00 P.M. at its corporate office at 1101-1103 Floor, Pearls Bussiness Park, Netaji Subhash Place, Pitampura, New Delhi-110034 to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited financial statements of the Company for the financial year ended March 31<sup>st</sup>, 2019, the Reports of the Directors and Auditors thereon.
2. To appoint a director in place of Shri. Bharat Lal Shukla (holding DIN: 05174820), who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offers himself for reappointment.
3. To fix the remuneration of Statutory Auditors for the Financial Year 2018-19

**SPECIAL BUSINESS:**

4. **TO CONSIDER APPOINTMENT OF MR. BHARAT LAL SHUKLA AS WHOLE TIME DIRECTOR OF THE COMPANY**

To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution for appointment of Mr. Bharat Lal Shukla as a Whole-time Director

“RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), approval of the members be and is hereby accorded to appoint Shri Bharat Lal Shukla (DIN: 05174820) as a Whole-time Director, designated as Executive Director of the Company, for period of 5 (five) years, with effect from 01<sup>st</sup> April, 2018 on the terms and conditions including remuneration as set out in the Statement annexed to the Notice, with liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall include the Human Resources, Nomination and Remuneration

Committee of the Board) to alter and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit;

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

**5. TO CONSIDER THE APPOINTMENT OF MR. AJAY PAL AS INDEPENDENT DIRECTOR OF THE COMPANY**

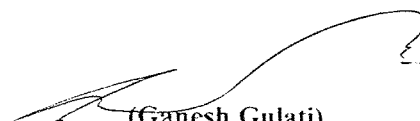
To Consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of sections 149, 150 & 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed there under (including any statutory modifications or re-enactment(s) thereof, for the time being in force) read with Schedule IV to the Act, (including any statutory modifications or re-enactment(s) thereof for the time being in force) Mr. Ajay Pal (DIN 08393165), in respect of whom the Company has received a notice in writing from a member under section 160 of the Companies Act, 2013 signifying her intention to propose Mr. Ajay Pal as a candidate for the office of Director, be and is hereby appointed as an Independent Director of the Company with effect from September 29, 2018 up to September 27, 2024 and whose office shall not be liable to retire by rotation.

**RESOLVED FUTHER THAT** any one Director be and is hereby authorized to do all the acts, things and e-filing which are necessary to give effect to the above said resolution.”

By Order of the Board

For Kumar Food Industries Limited



(Ganesh Gulati)

Company Secretary & Compliance Officer



Place: Delhi

Date: 29.08.2019

Memb. No.: F14419

**Notes:**

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Pursuant to section 105 of the Companies Act, 2013 read with the companies (Management and Administration) Rules, 2014 a person shall not act as proxy for more than fifty (50) members and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. A member holding more than 10% of the total share capital of company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.**

Proxies, in order to be effective must be lodged with the Company not less than 48 hours before the commencement of the Annual General Meeting, i.e. latest by 04.00 p.m. on Saturday, 28<sup>th</sup> September, 2019. Blank proxy form is enclosed (MGT-11).

2. As required by Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the relevant details of Shri Bharat Lal Shukla (DIN: 05174820), Executive Director, retiring by rotation and seeking re-appointment under aforesaid Item No. 4 and Mr. Ajay Pal, Independent Director seeking appointment under aforesaid Item No. 5, respectively, in accordance with applicable provisions of the Articles of Association of the Company are annexed.
3. None of the Directors of the Company is in any way related to each other.
4. Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
5. Corporate Members intending to send their authorized representative to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
6. The instrument appointing proxy, duly stamped completed and signed, should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
7. Members are requested to bring their copy of the Annual Report to the Annual General Meeting. Members/ Proxies should bring the attendance slip to the Meeting duly filled in, for attending the Meeting.
8. The Securities Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to the Depository Participants with whom they are maintaining their Demat accounts. Members holding shares in physical form can submit their PAN details to the Company or its Registrar and Share Transfer Agents.
9. A Statement pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business to be transacted at the meeting is given herein.
10. All documents referred to in the accompanying Notice and the Explanatory Statement is open to inspection by the members at the corporate office of the Company on all

working days up to the date of Annual General Meeting between 10:00 AM and 06:00 PM.

11. Members are requested to notify change in address (if any) immediately, at the Registered Office of the Company.
12. The Register of members and Share Transfer books of the Company will remain closed from, Sunday 22<sup>nd</sup> September, 2019 to Saturday 28<sup>th</sup> September, 2019 (both days inclusive), for the purpose of Annual General Meeting.
13. Annual Listing fee for the year 2018-19 has been paid to the Stock Exchanges wherein shares of the Company are listed.
14. Members are requested to send all correspondence concerning registration of transfers, transmissions, sub-division, consolidation of shares or any other shares related matter to Company's Registrar and Share Transfer Agent.
15. Members are requested to notify immediately any change in their address: (i) to their Depository Participants (DP) in respect of shares held in dematerialized form, and (ii) to the Company at its Registered Office or its Registrar & Share Transfer Agent, Skyline Private Limited in respect of their physical shares, if any, quoting their Folio Number.
16. Members desirous of getting any information on any items of business of this meeting are requested to address their queries to the Company Secretary at least ten days prior to the date of the meeting, so that the information required can be made readily available at the meeting.

#### **VOTING THROUGH ELECTRONICS MEANS**

In terms of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of SEBI (LODR) Regulations 2015, the Company is pleased to provide the facility to Members to exercise their right to vote on the resolutions proposed to be passed at AGM by electronic means. The members may cast their votes on electronic voting system from place other than the venue of the meeting (remote e-voting) and for which purpose the Company has engaged the services of NSDL. The Board of Directors of the Company has appointed Mr. Dinesh Aggarwal, Practicing Chartered Accountant (Membership No. 532728), as the Scrutinizer for this purpose.

#### **The instructions for members for voting electronically are as under:-**

**I.** In case of Members who receive the Notice in electronic mode:

- (a) Open the e-mail and the PDF file viz. 'KFI e-voting.pdf' with your Client ID No. or Folio No. as password. The said PDF file contains your user ID and password for remote e-voting. Please note that the password is an initial password.
- (b) Launch internet browser by typing the URL: <https://www.evoting.nsdl.com/> and click on Shareholder – Login'.
- (c) Insert user ID and password as initial password stated in (a) above. Click on 'Login'.

(d) Password change menu appears. Change the password with a new password of your choice with minimum 8 digits / characters or combination thereof. Please do not share your password with any other person and take utmost care to keep your password confidential.

(e) Home page of remote e-voting opens. Click on 'e-voting: Active E-voting Cycles' and select the Electronic Voting Event Number (EVEN) of Kumar Food Industries Limited.

(f) Now you are ready for remote e-voting as 'Cast Vote' page opens.

(g) Cast your vote by selecting appropriate option and click on 'Submit'. Thereafter click on 'Confirm' when prompted; upon confirmation, your vote is cast and you will not be allowed to change your vote.

(h) Thereafter the message 'Vote cast successfully' will be displayed.

(i) Corporate and institutional shareholders (companies, trusts, societies etc.) are required to send a scanned copy (in PDF / JPG format) of the relevant Board Resolution / appropriate authorisation to the Scrutinizer through e-mail at [cadineshaggarwal84@gmail.com](mailto:cadineshaggarwal84@gmail.com) with a copy marked to NSDL's e-mail ID [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

## **II. In case of Members who receive the Notice by post:**

(a) User ID and initial password is provided in the admission slip for the AGM. (b) Please follow the steps from Sl. Nos. (b) to (i) mentioned in (I) above, to cast your vote.

**III.** Members already registered with NSDL for remote e-voting can use their existing user ID and password for Login. Thereafter please follow the steps from Sl. Nos. (e) to (i) mentioned in (I) above, to cast your vote.

IV. Those who become Members of the Company after dispatch of the AGM Notice but on or before 19<sup>th</sup> September, 2019 (cut-off date) may write to NSDL at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or to the Company at [cs@kumarfood.com](mailto:cs@kumarfood.com) requesting for user ID and password. On receipt of user ID and password, the steps from Sl. Nos. (b) to (i) mentioned in (I) above should be followed for casting of vote. However, those Members already registered with NSDL for remote e-voting can use their existing user ID and password for Login.

V. In case of any queries, you may refer to the Frequently Asked Questions for Shareholders and e-voting User Manual for Shareholders available under the Downloads section of NSDL's e-voting website [www.evoting.nsdl.com](http://www.evoting.nsdl.com). You may also send your queries to the e-mail ID [cs@kumarfood.com](mailto:cs@kumarfood.com).

VI. The period for remote e-voting starts at 10.00 a.m. on Wednesday, 25<sup>th</sup> September, 2019 and ends at 5.00 p.m. on Friday, 27<sup>th</sup> September, 2019. Remote e-voting will be blocked by NSDL at 5.00 p.m. on 28<sup>th</sup> September, 2019.

## VII. General Instructions:

- Every Client ID No. / Folio No. will have one vote, irrespective of the number of joint holders.
- The Scrutinizer shall, immediately after the conclusion of voting at the general meeting, would count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than three days of conclusion of the meeting, a consolidated Scrutinizer's report of the total votes cast in favor or against, if any, to the Chairman or a person authorized by him in writing who shall counter sign the same.
- The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.kumarfood.com](http://www.kumarfood.com) and on the website of NSDL [www.evoting.nsdl.com](http://www.evoting.nsdl.com) immediately after the result is declared. The Company shall simultaneously forward the results to Metropolitan Stock Exchange of India Limited (Formerly known as MCX Stock Exchange Limited), where the shares of the Company are listed.
- The e-voting period will commence at 10.00 a.m on Wednesday, 25<sup>th</sup> September, 2019 and ends at 5.00 p.m. on Friday, 27<sup>th</sup> September, 2019 (both days inclusive). During this period, Members holding shares either in physical form or in dematerialized form, as on the cut off date of Thursday, 19<sup>th</sup> September, 2019 may cast their vote electronically. The e-voting module shall be disabled by NSDL thereafter. Please note that once the vote on a resolution has been cast, Members cannot change it subsequently.
- Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- M/s. S.B.G. & Co., Chartered Accountants have been appointed by the Company to act as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- The Scrutinizer shall within a period of three working days from the conclusion of the e-voting period submit his report in respect of the votes cast in favour or against each of the resolutions as set out in this Notice, to the Chairman of the Company.
- The Results shall be declared by the Chairman at the meeting of the Company. The results declared along with the Scrutinizer's Report shall be placed on the Company's website viz., [www.kumarfood.com](http://www.kumarfood.com) and on the website of CDSL on or before Tuesday, 02<sup>nd</sup> October, 2019.
- All documents referred to in this Notice and Statement setting out material facts and other statutory registers are open for inspection by the Members at the Corporate Office of the Company between 10.00 A.M. to 06.00 A.M. noon on all working days except Saturdays, Sundays and National Holidays up to the date of the AGM.
- For security reasons and for proper conduct of the Meeting, entry to the place of the Meeting will be regulated by the Attendance Slip, which is annexed to the Proxy Form. Members / Proxies are requested to bring their Attendance Slip complete in all respects

and signed at the place provided there at and hand it over at the entrance of the Meeting venue.

17. Important Communication to Members:- As per the provisions of Sections 101 and 136 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the service of notice/ documents including Annual Report can be sent by e-mail to its members. Members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of dematerialized shares with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to fill the E-Communication Mandate Form and hand over the same along with Attendance Slip at the Registration Counter of venue of Annual General Meeting for registration of Email address for receiving notice/documents including Annual Report in future.

### **Brief resume of the Directors seeking Re-Election**

#### **Directors seeking re-election at the 28<sup>th</sup> AGM**

**1**

<b>Particulars</b>	<b>Details</b>
Name of Director	Mr. Bharat Lal Shukla
Date of Birth	01/04/1972
Expertise in Specific functional area	Wide experience in the field of logistics and control
Qualification	U-Graduate
No. of equity shares held in the Company	8,500
List of other Companies in which directorship are held (excluding Foreign Companies & Section 8 Companies)	<ul style="list-style-type: none"> <li>• Prince Food Tech Private Limited</li> <li>• Fruto Fresh Industries Private Limited</li> <li>• Vizzy Finvest Private Limited</li> <li>• Elanza Investments Private Limited</li> <li>• Pansy Holdings Private Limited</li> <li>• Vital Holdings Private Limited</li> <li>• Divyarth Health care Private Limited</li> </ul>



List of all committees of Board of Directors (across all companies) in which Chairmanship/ membership is held (includes only Audit committee and Shareholders/ Investor Grievance committee)	<ul style="list-style-type: none"> <li>- Audit Committee</li> <li>- Nomination And Remuneration Committee</li> <li>- Vigil Mechanism Committee</li> <li>- Stakeholder Relationship Committee</li> <li>- Risk Management Committee</li> </ul>
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Particulars	Details
Name of Director	Mr. Ajay Pal
Date of Birth	09/05/1972
Expertise in Specific functional area	Administration, Agricultural and Education
Qualification	Post Graduate
No. of equity shares held in the Company	NIL
List of other Companies in which directorship are held (excluding Foreign Companies & Section 8 Companies)	NIL
List of all committees of Board of Directors (across all companies) in which Chairmanship/ membership is held (includes only Audit committee and Shareholders/ Investor Grievance committee)	<ul style="list-style-type: none"> <li>- Audit Committee</li> <li>- Nomination And Remuneration Committee</li> <li>- Vigil Mechanism Committee</li> <li>- Stakeholder Relationship Committee</li> <li>- Risk Management Committee</li> </ul>

**ANNEXURE TO THE NOTICE**

**EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

**Item No. 4.**

**TO CONSIDER APPOINTMENT OF MR. BHARAT LAL SHUKLA AS WHOLE TIME DIRECTOR OF THE COMPANY**

The Board of Directors of the Company ("the Board") at its meeting held on 21st December, 2017 has, subject to approval of members, appointed Shri Bharat Lal Shukla (DIN: 05174820) as a Whole time Director, designated as Executive Director, for a period of 5 (five) years with effect from 01<sup>st</sup> April, 2018 , on a monthly remuneration of Rs. 66000/ - 1,00,000/- p.m. and perquisites & terms which are separately stated in the statement initialed by the Chairman.

In the event of any loss or inadequacy of profits in any financial year of the Company during the tenure of Mr. Bharat Lal Shukla as Whole Time Director of the Company the payment of salary, perquisites and other allowances shall be governed by the limits prescribed in Schedule V of the Companies Act, 2013 as amended from time to time.

**Terms & Conditions of Appointment of Mr. Bharat Lal Shukla. as Whole Time Director of the Company w.e.f. 01<sup>st</sup> April, 2018:**

- Basic Salary: Rs. 30,000
- House Rent Allowance: Rs. 15,000
- Travelling Allowance: Rs. 1,600
- Uniform Allowance: Rs. 2,000
- Child Educ. Allowance: Rs. 200
- Medical Reimbursement: Rs: 1,250
- Special Allowance: Rs: 15950

The basic Salary & allowances will be revised subject to the approval from Nomination & Remuneration Committee from time to time.

**ITEM NO.5**

**APPOINTMENT OF MR. AJAY PAL AS INDEPENDENT DIRECTOR OF THE COMPANY**

Pursuant to the provisions of section 149 of the Act, which came into effect from April 1, 2014, every listed public company is required to have at least one-third of the total number of directors as independent directors, who are not liable to retire by rotation.

The Nominations Committee has recommended the appointment of Mr. Ajay Pal as Independent Directors from February 08, 2019 up to February 27, 2024

Mr. Ajay Pal non-executive director of the Company has given a declaration to the Board that he meets the criteria of independence as provided under section 149(6) of the Act. In the opinion of the Board, he fulfills the conditions specified in the Act and the Rules framed there under for appointment as Independent Director and he is independent of the management.

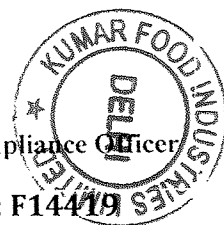
In compliance with the provisions of section 149 read with Schedule IV of the Act, the appointment of Mr. Ajay Pal as Independent Director is now being placed before the Members for their approval.

The terms and conditions of appointment of the above Director shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day, excluding Saturdays, Sundays and National Holidays.  
Brief resume of Mr. Ajay Pal is annexed as under.

By Order of the Board  
For Kumar Food Industries Limited



(Ganesh Gulati)  
Company Secretary & Compliance Officer



Place: Delhi  
Date: 29.08.2019

Memb. No.: F14419

### ATTENDANCE SLIP

Please complete this Attendance Slip and hand it over at the Entrance of the Hall. Only Members or their Proxies are entitled to be present at the meeting.

Name and Address of the Member	Folio No.
	Client ID No.
	DP ID No.
	No. of Shares Held

I hereby record my Presence at the 28<sup>th</sup> Annual General Meeting of the Company on the 28<sup>th</sup> Day of September, 2019 at 04:00 P.M. at **1101-1103 Floor, Pearls Business Park, Netaji Subhash Place, Pitampura, New Delhi-110034**

Signature of the Shareholder	Signature of the Proxy

- Note:**
1. The copy of Annual Report may please be brought to the Meeting Hall.
  2. Briefcase, Hand Bags etc. are not allowed inside the Meeting Hall.
  3. Please note that no gifts will be distributed at the meeting.

**Form No. MGT-11**

Proxy form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies

(Management and Administration) Rules, 2014]

CIN: L15310DL1991PLC043456

Name of the company: Kumar Food Industries Limited

Registered office: 71/1, SIRASPUR DELHI North West DL 110042

Name of Member(s) :

Registered address :

E-mail Id :

Folio No/ Client Id:

DP ID :

I/We, being the member (s) of ..... shares of the above named company, hereby appoint

1. Name :

Address :

E-mail Id :

Signature :

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 28<sup>th</sup> Annual general meeting of the company, to be held on 28th day of September, 2019 at 04:00 PM. at 1101-1103 Floor, Pearls Business Park, Netaji Subhash Place, Pitampura, New Delhi-110034 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr. No.	RESOLUTIONS	Optional	
		For	Against
<b>Ordinary Business</b>			
1	<b>Ordinary Resolution for adoption of Audited Financial Statements for the year ended March 31, 2019</b>		
2	<b>Ordinary Resolution for appointment of Mr. Bharat Lal Shukla who is liable to retire by rotation.</b>		
3	<b>Ordinary Resolution for fixation of remuneration of Statutory Auditors of the Company for the Financial Year 2018-19.</b>		
<b>Special Business</b>			
4	<b><i>Ordinary Resolution for Appointment Of Mr. Bharat Lal Shukla As Whole Time Director Of The Company</i></b>		
5	<b><i>Ordinary Resolution for Appointment Of Independent Director Mr. Ajay Pal</i></b>		

Signed this..... day of..... 2019

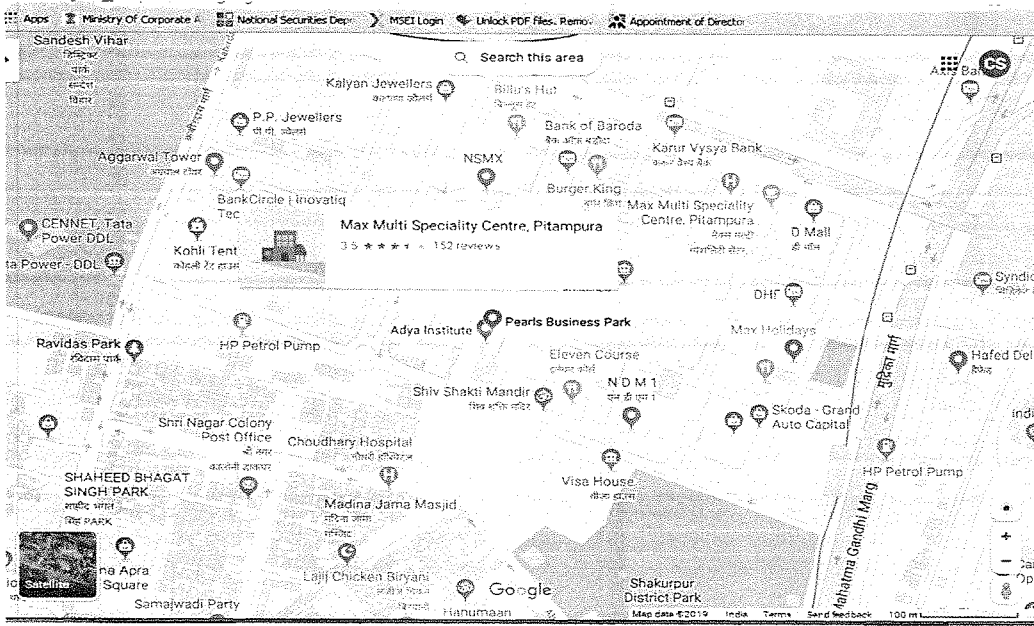
Signature of shareholder

Affix Revenue  
Stamp

Signature of Proxy holder(s)

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

# Route Map





## DIRECTOR'S REPORT

To  
The Members,  
**Kumar Food Industries Limited**

Your Directors have pleasure in presenting the 28<sup>th</sup> Annual Report and the business & operations of the Company **Kumar Food Industries Limited** for the financial year ended 31<sup>st</sup> March 2019.

### FINANCIAL RESULTS

The summary of the financial performance of the Company for the financial year ended 31<sup>st</sup> March, 2019 compared to the previous year ended 31<sup>st</sup> March, 2018 are given below:

Particulars	(Rupees in Lakh)	
	2018-19	2017-18
<b>Sales &amp; Other Income</b>	27977.12	11152.34
<b>Profit / (Loss) Before Tax</b>	25.01	28.65
<b>Current Tax</b>	108.50	0.32
<b>Deferred Tax</b>		
<b>Previous year Tax</b>		
<b>Provision for Taxation</b>		
<b>Profit / (Loss) After Taxation carried to Balance Sheet</b>	<b>133.52</b>	<b>28.62</b>

### SHARE CAPITAL

The company's Authorised Share Capital is Rs. 10,00,00,000 (Rupees Ten Crores) divided into 1,00,00,000 (One Crores) Equity shares of Rs. 10/- each.

### REVIEW OF OPERATIONS

Revenue for Financial year ended on March 31, 2019 stood at Rs. 27977.12 as against Rs. 11152.34 in the previous year which shows increase in revenue of Rs. 16824.77. After providing the depreciation Rs. 30.78 Lakh and taxation (including deferred tax assets provision on the basis of last year return) of Rs. 108.50 Lakh, the net profit/ (Loss) of the Company for the year under review was placed at Rs. 133.52 Lakh as against the net profit of Rs. 28.62 Lakh in the previous year.

### EXTRACT OF THE ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as "**Annexure A**"

### NUMBER OF MEETINGS OF THE BOARD

The Board met 06 (Six) times during the financial year, the details of which are given under the Corporate Governance report that forms part of this Annual Report. The intervening

gap between the any two meetings was within the period prescribed by the Companies Act, 2013.

### **DIRECTORS RESPONSIBILITY STATEMENT**

In terms of Section 134 (5) of the Companies Act, 2013, the directors would like to state that:

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed.
- ii) The directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a year and of the profit or loss of the Company for the year under review.
- iii) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) The directors have prepared the annual accounts on a going concern basis.
- v) The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- vi) The directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

### **DECLARATION BY INDEPENDENT DIRECTORS**

The Company has received necessary declaration from each independent Director u/s 149(7) of the Companies Act, 2013 that he/she meets the criteria of independence laid down in u/s 149(6) of the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015.

### **STATUTORY AUDITORS**

M/s. Sandesh Jain & Co., Chartered Accountants (Firm Registration No. 008548N), having office at **1C/13, Rajnigandha Building, New Rohtak Road, Karol Bagh, New Delhi-110002**, has been appointed as the Statutory Auditors of the Company for the period of five years from 01/04/2017 to 31/03/2022 in the last AGM of the Company and continued to hold the office.

### **QUALIFICATION BY STATUTORY AUDITOR**

M/s. Sandesh Jain & Co., Statutory Auditor of the Company, provide the Auditors Report for the financial year 2018-2019. The Auditor's Report is enclosed with the financial statements in this Annual Report.

1. The Auditor's Report contains qualified opinion where attention is invited to Note No 11 (B), whereas during the year under review, the Company has entered into agreement with Shakti Bhog Foods Limited (SBFL), in which advances to the tune of Rs. 1202 Lakh has been

made to SBFL and no provisions has been made in this regard as the hon'able High Court of Delhi has appointed the Official Liquidator for winding of SBFL.

FDirector's Reply: Attention is invited of members and Auditors of the company to the resolution passed in AGM held on 28.09.2017 wherein the special resolution was passed under section 186 of the Companies Act, 2013 to grant loan etc upto the limit of Rs. 50 Crore and the same is filed with ROC on 24.10.2017.

As also explained in the note 11B that the company has entered upon advantageous contract with M/s SBFL (Now in Liquidation) and accordingly the advances given and investments made in the company are not bad to be written off from the books of the company. Further, the promoter, are trying their best to revive M/s Shakti Bhog Foods Limited (in Liquidation) and hopeful that its business will restart after settlements of dues to its FI's, Banks and other parties.

2. The Auditor's Report also mentions about delay/default in depositing of TDS and Service Tax with the relevant authority (Point. VII (a), Annexure-A) and the overdue liability of Income tax and service tax outstanding for a period of more than six months (Pont 7 (b), Annexure- A).

Director's Reply: - Since the company was facing financial crunch for the last several years. The losses and struck off of the funds with some debtors, caused the company to enter the settlement with the banker and likely to sale of prime property. Thus the continuous stress on the funds of the company has resulted in delay in payment of statutory dues.

#### **SECRETARIAL AUDITOR**

Pursuant to provisions of section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the company has appointed M/s R.P. Aggarwal & Company, Company Secretaries for the financial year 2018-19 to undertake the Secretarial Audit of the Company.

#### **QUALIFICATION BY SECRETARIAL AUDITOR**

M/s. R. P. Agrawal & Associates, Secretarial Auditor of the Company, provide their Report for the financial year 2018-2019. The observations of the Secretarial Auditors are self explanatory and need no further comments from the Directors.

As required under section 204 (1) of the Companies Act, 2013 the Company has obtained a Secretarial Audit Report that contain some qualification, reservation or adverse remark, replied herein above. The Secretarial Audit report is annexed herewith as "**Annexure B**".

#### **PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

Loans, Guarantees and Investments u/s 186 of the Companies Act, 2013 form part of the notes to the financial statements provided in this Annual Report.

During the year the loan taken by the Company in earlier years continued and request for their renewal were made with the bankers.

### **PARTICULARS OF CONTRACTS OR ARRANGEMENT MADE WITH RELATED PARTIES**

Particulars of contracts or arrangements with related parties referred to in section 188(1) of the Companies Act, 2013, in the prescribed Form AOC-2, is appended as “Annexure C” to the Board’s report.

### **POLICIES**

We seek to promote and follow the highest level of ethical standards in all our business transactions guided by our value system. The SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 mandated the formulation of certain policies for all Listed Companies. All our Corporate Governance policies are available on our website [www.kumarfood.com](http://www.kumarfood.com). The policies are reviewed periodically by the Board and updated based on need and new compliance requirement.

In addition to its Code of Conduct and Ethics, key policies that have been adopted by the Company are as follows:

<i>S.no</i>	<i>Name of the Policies</i>	<i>Brief Description</i>	<i>Web Link</i>
1.	Nomination and Remuneration policy	This policy formulates the criteria for determining qualifications, competencies, positive attributes and independence for the appointment of a director (executive/ non-executive) and also the criteria for determining the remuneration of the Directors, KMP and other employees.	<a href="http://www.kumarfood.com/investors.html">http://www.kumarfood.com/investors.html</a>
2.	Policy for Determining Materiality for Disclosures	This policy applies to disclosures of material events affecting the Company. This policy is in addition to the Company’s corporate policy statement on investor relations, which deals with the dissemination of unpublished price sensitive information. The Company is committed to being open and transparent with all stakeholders.	<a href="http://www.kumarfood.com/investors.html">http://www.kumarfood.com/investors.html</a>
3.	Code of Conduct for Director and Senior Managerial Persons	The Company in its Board of Directors Meeting has approved the “Code of Conduct” applicable for all Board members and senior managerial persons. As per requirements of the listing agreement a copy of “Code of Conduct” was sent to all Directors. A copy of the same is also available at Registered Office of the Company.	<a href="http://www.kumarfood.com/investors.html">http://www.kumarfood.com/investors.html</a>

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- |    |  |   |   |
|----|--|---|---|
| 4. | Policy for Preservation Documents      | In terms of Regulation 9 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of company has adopted this Policy for Preservation of Documents.  | <a href="http://www.kumarfood.com/investors.html">http://www.kumarfood.com/investors.html</a> |
| 5. | Vigil Mechanism/ Whistle Blower Policy | The Company has adopted the whistleblower mechanism for Directors and employees to report concerns about unethical behavior, actual or suspected fraud, or violation of the Company's code of conduct and ethics.   | <a href="http://www.kumarfood.com/investors.html">http://www.kumarfood.com/investors.html</a> |
| 6. | Related Party Transaction Policy       | The policy regulates all transactions between the Company and its related parties.  | <a href="http://www.kumarfood.com/investors.html">http://www.kumarfood.com/investors.html</a> |
| 7. | Insider Trading Policy                 | The policy provides the framework in dealing with securities of the Company.  | <a href="http://www.kumarfood.com/investors.html">http://www.kumarfood.com/investors.html</a> |
| 8. | Anti-Sexual Harassment Policy          | The Company has in place a Prevention of Sexual Harassment policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.<br>During the year 2015-2016, no complaints were received by the Company related to sexual harassment | <a href="http://www.kumarfood.com/investors.html">http://www.kumarfood.com/investors.html</a> |
| 9. | Risk Management Policy                 | Your Company has established a comprehensive risk management policy to ensure that risk to the Company's continued existence as a going concern and to its development are identified and addressed on timely basis.  | <a href="http://www.kumarfood.com/investors.html">http://www.kumarfood.com/investors.html</a> |
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**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has established internal control systems which is adequate commensurate with its size and nature of operations so as to ensure smoothness of operations and compliance with applicable legislation.

**TERMS AND CONDITION OF INDEPENDENT DIRECTOR**

The terms and conditions of appointment of the Independent Directors are subject to the extant provisions of the applicable laws, including the Companies Act, 2013 ('2013 Act'), Regulation 25 of SEBI(Listing Obligation and Disclosure Requirement) Regulation,2015 and Articles of Association of the Company.

The details of the Terms and Condition of Independent Director are available on the given link; <http://www.kumarfood.com/investors.html>

**CODE OF PRACTICES AND PROCEDURE FOR FAIR DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION**

In accordance with SEBI (Prohibition of Insider Trading) Regulation, 2015, the Board of Directors has adopted the Code of Practices and Procedure for fair disclosure of Unpublished Price Sensitive Information to be followed by Directors, Employees and other connected persons. The approved code is available on the given link <http://www.kumarfood.com/investors.html>.

**SIGNIFICANT AND MATERIAL ORDERS**

There are no significant material orders passed by the regulators/courts which would impact going concern status of the Company and its future operations.

**CASH FLOW STATEMENT**

In conformity with the provisions of Regulation 34(2)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Cash Flow Statement for the year ended on 31<sup>st</sup> March, 2019 is attached as a part of the Annual Accounts of the Company.

**FRAUD REPORTING**

There have no fraud reported by the Auditors of the Company to the Audit Committee or the Board of Directors under sub-section (12) of section 143 of the Companies Act, 2013 during the financial year.

**TRANSFER TO RESERVES**

The revaluation of Land was carried during earlier years and resultant increase is continued to be considered as Land Revaluation Reserve.

State Bank of India under its one time settlement scheme of NPAs & AUCAs in manufacturing, trade, services & agriculture sector (SBI OTS 2017) offered to the company for settlement of its dues at Rs 5.29,02,971 vide letter number 813 date 14.09.2017 during previous year. Accordingly, the ledger balance of dues to State Bank of India amounting Rs.

507, 67,768 and interest accrued and due thereon amounting Rs. 1,21,74,333, aggregating Rs. 6,29,42,101 are taken as income as per the requirements of IND AS, although these amounts are capital in nature and no income/ profit has accrued and no cash flow is to be realized to the company, and being capital in nature has been transferred to capital reserve during the previous year and continued to be shown as such. Moreover, no real income/profit has accrued to the company and in view of above; the said amounts are not taxable under entire income tax act and its rule and accordingly the deferred tax assets are created during the year for the carried forward allowance on this count in the books during the year.

### **DIVIDEND**

In view of the fund needed for Business opportunities, your Directors do not recommend any Dividend for the Financial Year ended on 31<sup>st</sup> March, 2019.

### **MATERIAL CHANGES OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF REPORT**

Following are the material changes that affecting have been occurred between the end of the financial year of the Company to which the financial statements relate and the date of report:

<b>S. No.</b>	<b>Changes</b>	<b>Remarks</b>
1.	Re-Appointment of Rotational Director	Mr. Bharat Lal Shukla, who retires by rotation and being eligible for reappointment, be and is hereby re-appointed as Director of the Company liable to be retire by rotation.

### **STATUTORY INFORMATION REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGES AND OUTGO**

The information pertaining to conservation of energy, technology absorption and foreign exchange earnings and outgo as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies Accounts Rules, 2014 is annexed herewith as "Annexure D" and forming part of the Directors' Report.

### **BOARD EVALUATION**

The board of directors has carried out an annual evaluation of its own performance, Board committees and individual directors pursuant to the provisions of the Act and the corporate governance requirements as prescribed by Securities and Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements), Regulations 2015 ("SEBI Listing Regulations").

The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of the criteria such as the Board composition and structure, effectiveness of board processes, information and functioning etc.

The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings, etc.

The Board and the Nomination and Remuneration Committee ("NRC") reviewed the performance of the individual directors on the basis of the criteria such as the contribution of the individual director to the Board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. In addition, the Chairman was also evaluated on the key aspects of his role.

In a separate meeting of independent Directors, performance of non-independent directors, performance of the board as a whole and performance of the Chairman was evaluated, taking into account the views of executive directors and non-executive directors. The same was discussed in the board meeting that followed the meeting of the independent Directors, at which the performance of the Board, its committees and individual directors was also discussed.

### **DIRECTORS**

Articles of Association of the Company provide that at least two-third of our Directors shall be subject to retirement by rotation. One-third of these retiring Directors must retire from office at each Annual General Meeting of the Shareholders. The Retiring Directors are eligible for re-election.

**Mr. Bharat Lal Shukla**, Director retires by rotation and being eligible offer himself for re-appointment at the ensuing Annual General Meeting.

The composition of Board of Directors and the attendance of Directors are included in the report on Corporate Governance.

### **AUDIT COMMITTEE**

Details pertaining to composition of Audit Committee are included in the report on Corporate Governance. All the recommendations made by Audit Committee were accepted by Board.

### **CHIEF FINANCIAL OFFICER**

The Board of Directors of the Company be and is hereby accorded to accept the resignation of Mr. Naveen Kumar, CFO of the Company vide resignation letter received from him dated 01<sup>st</sup> October, 2018. The Board of Directors has appointed Mr. Abdul Hasan Ansari, after resignation of Mr. Naveen Chikara on, as Chief Financial officer w.e.f 13.11.2018 at remuneration to perform the duties assigned to him by the Board of Directors from time to time.



**COMPANY SECRETARY**

The Board of Director has appointed Mr. Ganesh Gulati, as Company Secretary & Compliance Officer of the Company w.e.f 05<sup>th</sup> September, 2018 as required under the provision of section 203 of Companies Act, 2013.

**JOINT VENTURE/ ASSOCIATE OR SUBSIDIARY COMPANIES**

The Company had one subsidiary i.e., V.M Agro Private Limited during the financial year 2018-19. However the subsidiary of company V.M. Agro Private Limited was incurring losses only and accordingly was sold during the year at its face value of shares.

**PUBLIC DEPOSITS**

Pursuant to the provision of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, the Company has not accepted any deposits from the public during the Financial Year 2018-19.

**CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION & ANALYSIS REPORTS**

The Corporate Governance and Management Discussion & Analysis Report form an integral part of this Report, are set out as separate Annexures, together with the Certificate from M/s Sandesh Jain & Co., Auditor of the Company in compliance with the requirements of Corporate Governance as stipulated in Regulation 27 of Securities Exchange Board of India (Listing Obligation and Disclosure Requirement) Regulation, 2015 and Listing Agreement.

**INDUSTRIAL RELATIONS**

During the year under review, your Company enjoyed cordial relationship with workers and employees at all levels.

**INVESTOR RELATIONS**

Your Company always endeavors to keep the time of response to shareholders request/grievance at the minimum. Priority is accorded to address all the issues raised by the shareholders and provide them a satisfactory reply at the earliest possible time. The Shareholders Grievances Committee of the Board meets periodically and reviews the status of the Shareholders Grievances.

**PARTICULARS OF EMPLOYEES**

The information required under Section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached herewith as "Annexure E".

**CORPORATE SOCIAL RESPONSIBILITY (CSR)**

CSR provisions are applicable for the Company.

**DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company is committed to provide a safe and conducive work environment to its employees. During the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**ACKNOWLEDGMENT**

Your Directors would like to express their sincere appreciation for the assistance and co-operation received from the financial institutions, banks, Government authorities, customers, vendors and member during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services by the Company's executives and staff.

**By order of the Board  
For Kumar Food Industries Limited**

**Place: Delhi  
Dated: 29.08.2019**

**Sonal Singhal  
Director  
DIN: 07892120  
Add: 31-B, Dda, Flats Mansarover  
Park, Shahdra, New Delhi 110032**

**Annexure A****FORM NO. MGT 9  
EXTRACT OF ANNUAL RETURN****As on financial year ended on 31.03.2019****Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company  
(Management & Administration) Rules, 2014****I. REGISTRATION & OTHER DETAILS:**

1.	CIN	L15310DL1991PLC043456
2.	Registration Date	13.03.1991
3.	Name of the Company	Kumar Food Industries Limited
4.	Category/Sub-category of the Company	Company Limited By Shares. Indian Non-Government Company.
5.	Address of the Registered office & contact details	71/1, Siraspur, Delhi -110042 <a href="tel:011-27357808">Tel:011-27357808</a> Email: <a href="mailto:cs@kumarfood.com">cs@kumarfood.com</a>
6.	Address of the Corporate Office	1101- 1103, Pearls Business park, Netaji Subhash Place, Pitampura, New Delhi – 110034
7.	Whether listed company	Listed
8.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	<b>M/S SKYLINE FINANCIAL SERVICE PRIVATE LIMITED</b> D-153A,1st Floor, Okhla Industrial Area, Phase-I, New Delhi-110020 Phone: 011-26812682-83 011- 40450193 to 97 Fax: 011-26812682 <a href="mailto:admin@skylinerta.com">admin@skylinerta.com</a> <a href="mailto:skyline_fspl@rediffmail.com">skyline_fspl@rediffmail.com</a> <a href="mailto:agarwalp7@hotmail.com">agarwalp7@hotmail.com</a>

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)**

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Besan	107	11%
2	Atta	107	70%



<b>B. Public Shareholding</b>									
1. Institutions	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
a) Mutual Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Banks / FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) Central Govt	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) State Govt(s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) Insurance Companies	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
g) FIIs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
h) Foreign Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
i) Others (specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Sub-total (B)(1):-</b>	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>2. Non-Institutions</b>									
a) Bodies Corp.	NIL	1000	1000	0.03	NIL	1000	1000	0.03	NIL
i) Indian	NIL	1000	1000	0.03	NIL	1000	1000	0.03	NIL
ii) Overseas	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1lakh	17500	619500	637000	0.21	28700	763400	792100	0.21	NIL

ii) Individual shareholders holding nominal share capital in excess of Rs 1lakh	NIL	120100	120100	0.04	NIL	120100	120100	0.04	NIL
c)Others (HUF)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Non Resident Indians	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Overseas Corporate Bodies	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Foreign Nationals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Clearing Members	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Trusts	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Foreign Bodies - D R	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Sub-total (B)(2):-</b>	<b>17500</b>	<b>740600</b>	<b>757100</b>	<b>0.25</b>	<b>28700</b>	<b>884500</b>	<b>913200</b>	<b>0.31</b>	<b>NIL</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>17500</b>	<b>740600</b>	<b>758100</b>	<b>0.25</b>	<b>28700</b>	<b>884500</b>	<b>913200</b>	<b>0.31</b>	<b>NIL</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>Grand Total (A+B+C)</b>	<b>585700</b>	<b>2414300</b>	<b>3000000</b>	<b>1.00</b>	<b>28700</b>	<b>2414300</b>	<b>3000000</b>	<b>1.00</b>	<b>NIL</b>

**B) Shareholding of Promoter-**

S N	Shareholder's Name	Shareholding at the beginning of the year(01.04.2017)	Shareholding at the end of the year (31.03.2018)	% change in
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		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	shareholding during the year
1	Divyarth Kumar	401400	13.38	NIL	401400	13.38	NIL	.00
2	Bhawna Kumar	10600	0.35	NIL	10600	0.35	NIL	0.00
3	Shakti Bhog Snacks Ltd.	35400	1.18	NIL	35400	1.18	NIL	0.00
4	Elanza Investments Pvt. Ltd.	100000	3.33	NIL	100000	3.33	NIL	0.00
5	Fruto Freesh Industries Pvt. Ltd.	126700	4.22	NIL	126700	4.22	NIL	0.00
6	Divyarth Health Care Pvt. Ltd.	132400	4.41	NIL	132400	4.41	NIL	0.00
7	Bhawna Portfolio Pvt. Ltd. \$	256100	8.54	NIL	256100	8.54	NIL	0.00
8	Phlox Portfolio Pvt. Ltd.	142100	4.74	NIL	142100	4.74	NIL	0.00
9	Vital Holdings Pvt. Ltd.	144000	4.80	NIL	144000	4.80	NIL	0.00
10	Shakti Bhog Foods Ltd.	145000	4.83	NIL	145000	4.83	NIL	0.00
11	Kalyani Finvest Pvt. Ltd.	145400	4.85	NIL	145400	4.85	NIL	0.00
12	Vizzy Finvest Pvt. Ltd.	148700	4.96	NIL	148700	4.96	NIL	0.00
13	Goal Securities and Credits Ltd.	149000	4.97	NIL	149000	4.97	NIL	0.00
14	Divyarth Leasing and Finance Pvt. Ltd	150000	5.00	NIL	150000	5.00	NIL	0.00

**C) Change in Promoters' Shareholding (please specify, if there is no change)**

SN	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>1.</b>	<b>Divyarth Kumar</b>				
	At the beginning of the year	401400	13.38	401400	13.38
		-	-	-	-
		-	-	-	-
	At the end of the year	401400	13.38	401400	13.38
<b>2.</b>	<b>Bhawna Kumar</b>				
	At the beginning of the year	10600	0.35	10600	0.35
	Increase/Decrease	-	-	-	-
	At the end of the year	10600	0.35	10600	0.35

**D) Shareholding Pattern of top ten Shareholders:****(Other than Directors, Promoters and Holders of GDRs and ADRs):**

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the End of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the Company
1.	SATISH KUMAR	17500	0.58	17500	0.58
2.	RINKI VISHWAKARMA	15900	0.53	15900	0.53
3.	ANKIT ANSHU	11400	0.38	11400	0.38
4.	PRATAIMA ANSHU	11300	0.38	11300	0.38
5.	MANJU SINGH	11100	0.37	11100	0.37
6.	SHIV POOJAN SHAH	10900	0.36	10900	0.36
7.	KANWER PAL	10800	0.36	10800	0.36
8.	SONU PARIHAR	10700	0.36	10700	0.36



9.	PAWAN MONGA	10400	0.35	10400	0.35
10.	LALITA DEVI	10100	0.34	10100	0.34

**E) Shareholding of Directors and Key Managerial Personnel:**

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year.	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>1.</b>	<b>Krishan Kumar Sharma (ceased to be as Manager w.e.f 17.09.2018)</b>				
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil
<b>4.</b>	<b>Ajay Pal (appointed to be Independent Director w.e.f 08.02.2019)</b>	Nil	Nil	Nil	Nil
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil
<b>5.</b>	<b>Bharat Lal Shukla</b>	Nil	Nil	Nil	Nil
	At the beginning of the year	8500	0.28	8500	0.28
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	Nil	Nil	Nil	Nil

	At the end of the year	8500	0.28	8500	0.28
<b>7.</b>	<b>Dharminder Joshi</b>				
	At the beginning of the year	7300	0.24	7300	.24
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	NIL	NIL	NIL	NIL
	At the end of the year	7300	0.24	7300	0.24
<b>8.</b>	<b>Abdul Hasan Ansari (Chief Financial Officer)</b>	8700	0.29	8700	0.29
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil
<b>9.</b>	<b>Ganesh Gulati (Company Secretary)</b>	Nil	Nil	Nil	Nil
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil
<b>9.</b>	<b>Sonal Singhal (Director)</b>	Nil	Nil	Nil	Nil
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil

**V) INDEBTEDNESS** -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

	<b>Secured Loans excluding deposits</b>	<b>Unsecured Loans</b>	<b>Deposits</b>	<b>Total Indebtedness</b>
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	176500307	NIL	NIL	176500307
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>176500307</b>	<b>NIL</b>	<b>NIL</b>	<b>176500307</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	8125085	NIL	NIL	8125085
* Reduction\$	-	-	-	-
<b>Net Change</b>	<b>-</b>	<b>NIL</b>	<b>NIL</b>	<b>-</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	184625392	NIL	NIL	184625392
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>184625392</b>	<b>NIL</b>	<b>NIL</b>	<b>184625392</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-**

**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

(Per annum)

SN	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
		Manager (Krishan Kumar Sharma resigned on 17.09.2018)	Director (Bharat Lal Shukla)	Whole Time Director (Dharminder Joshi)	---	
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	270454	738951	1839996	-	2849401
	(b) Value of perquisites u/s	-	-	-	-	-

	17(2) Income-tax Act, 1961					
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission - as % of profit - others, specify...	-	-	-	-	-
5	Others, please	-	-	-	-	-
	Total (A)	270454	738951	1839996	Nil	2849401
	Ceiling as per the					

#### B. Remuneration to other directors

SN.	Particulars of Remuneration	Name of Directors		Total Amount
		Ajay Pal	Sonal Singhal	
1	Independent Directors			
	Fee for attending board committee meetings	12000	40000	52000
	Commission	-	-	-
	Others, please specify	-	-	-
	Total (1)	12000	40000	52000
2	Other Non-Executive Directors			
	Fee for attending board committee meetings	-	-	-
	Commission	-	-	-
	Others, please specify	-	-	-
	Total (2)	NIL	NIL	Nil
	Total (B)=(1+2)	12000	40000	52000
	Total Managerial Remuneration	12000	40000	52000
	Overall Ceiling as per the Act	Rs 1,00,000/- per Board meeting or Committee Meeting as per Companies Act, 2013		

#### B. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

SN	Particulars of Remuneration	Key Managerial Personnel
----	-----------------------------	--------------------------

		CEO	CS	CFO	Total
1	Gross salary	-	✓	✓	-
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961.	-	1211759	589791	1801550
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	Others specify...	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	-	1211759	589791	1801550

#### VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					

**Annexure C****FORM NO. AOC-2****(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)**

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

**1. Details of contracts or arrangements or transactions not at arm's length basis:**

<b>a. Name of the related party and nature of relationship:</b>	<b>M/s Shakti Bhog Foods Limited</b>  Enterprises which are owned or have significant influence of the Promoters & their Relatives.  Mr. Divyarth Kumar and Ms Radhika Kumar are common promoters and Promoters carry shareholding Interest.	<b>M/s Shakti Bhog Snacks Limited</b>  Enterprises which are owned or have significant influence of the Promoters & their Relatives.  Mr. Divyarth Kumar and Ms Radhika Kumar are common promoters and Promoters carry shareholding Interest.	<b>M/s Dash Exports Pvt. Ltd.</b>  Enterprises which are owned or have significant influence of the Promoters & their Relatives.  Mr. Divyarth Kumar and Ms Radhika Kumar are common promoters and Promoters carry shareholding Interest..
<b>b. Nature of contracts/arrangements/transactions:</b>	i. Leasing of Property	i. Sale & Purchase of goods.	
<b>c. Duration of the contracts/arrangements/transactions:</b>	05 Years	05 Years	05 years
<b>d. Salient terms of the contracts or arrangements or transactions including the value, if any:</b>	- For the sale/purchase of products on principal to principal basis, the value of such contract shall not exceed Rupees Two Hundred Crores only	- For the sale/purchase of products on principal to principal basis, the value of such contract shall not	- For the sale/purchase of products on principal to principal basis, the value of such contract shall not

	per annum. - Leasing of property exceeding Rupees Fifteen Lacs per annum.	exceed Rupees One Hundred Crores only per annum. - Leasing of property exceeding Rupees Fifteen Lacs per annum.	exceed Rupees Five Crores only per annum. - Leasing of property exceeding Rupees Fifteen Lacs per annum.
<b>e. Justification for entering into such contracts or arrangements or transactions:</b>	Having significant influence over the product range of the Company	Having significant influence over the product range of the company.	-
<b>f. Date of approval by the Board:</b>	12 <sup>th</sup> February, 2015	12 <sup>th</sup> February, 2015	30 <sup>th</sup> May 2017 (Omnibus approved by audit committee on 28 <sup>th</sup> May, 2017 )
<b>g. Amount paid as advances, if any:</b>	NIL	NIL	NIL
<b>h. Date on which the special resolution was passed in general meeting as required under first proviso to section 188:</b>	13 <sup>th</sup> March, 2015	13 <sup>th</sup> March, 2015	NA

2. Details of material contracts or arrangement or transactions at arm's length basis: **Not Applicable**

**By order of the Board  
For Kumar Food Industries Limited**

**Place: Delhi  
Dated: 29.08.2019**

**Sonal Singhal  
Director  
DIN: 07892120  
Add: 31-B, Dda, Flats Mansarover  
Park, Shahdra, New Delhi 110032**



**Annexure D****Particulars as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014****(I) CONSERVATION OF ENERGY**

In view of its drive for cost reduction, the Company considers conservation of energy as its top priority. All out efforts are being made for optimum utilization of energy resources. All utilities like Power Motors, Generators etc. are efficiently maintained so as to give highest efficiency resulting in saving of power and fuel.

**(II) TECHNOLOGY ABSORPTION****1. Research & Development:**

The services of food technologists and other persons associated with research in the field of agriculture were taken by the Company. These services resulted in the improvement of yield and quality. Efforts are also being made to increase the shelf life of the product and its nutritious value.

**2. Technology Absorption, Adoption and Innovation**

The plants are operated by the employees of the Company. In house training was imparted to them to improve the working on the plant.

**(III) FOREIGN EXCHANGE EARNINGS AND OUT GO**

The information regarding foreign exchange earnings and outgo is provided herein below:

	<b>(In Lacs)</b>	
	<b>Current Year</b>	<b>Previous Year</b>
<b>Foreign Exchange Earnings</b>	<b>4.73 (USD)</b>	<b>NIL</b>
	<b>328.15 (INR)</b>	
<b>Foreign Exchange Outgo</b>	<b>NIL</b>	<b>NIL</b>

**Annexure E****Information required under Section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

- a.** The ratio of remuneration of each director to the median remuneration of the employees of the Company for the financial year 2018-19:

The information required pursuant to Section 197 read with Rule 5 (1) (i) of The Companies (Appointment and Remuneration) Rules, 2014 in respect of ratio of remuneration of each director to the median remuneration of the employees of the Company for the Financial Year, will be made available for inspection at its registered office of the Company during the working hours for a period of twenty one days before the date of annual general meeting of the company pursuant to Section 136 of the Companies Act, 2013 and members, if any interested in obtaining the details thereof, shall make specific request to the Company Secretary and Compliance officer of the Company in this regard.

- b.** The percentage increase in remuneration of each director, chief executive officer, chief financial officer, company secretary in the financial year:

There has been no increase in remuneration of any Director , Chief Executive Officer, Chief Financial Officer, Company secretary in the financial year.

- c.** The percentage increase in the median remuneration of employees in the financial year: Every member can inspect the said document at the registered office of the Company during the working hours.

- d.** The number of permanent employees on the rolls of Company: 277

- e.** Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration: NIL

- f.** The key parameters for any variable component of remuneration availed by the directors: Not Applicable

- g.** Affirmation that the remuneration is as per the remuneration policy of the Company:

The Company affirms remuneration is as per the remuneration policy of the Company.

## **CORPORATE GOVERNANCE REPORT**

Pursuant to Regulation 34 read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Report on Corporate Governance as follows:

A good Corporate Governance is a system by which Companies are directed and controlled by the management in the best interest of the stakeholders and others. Corporate Governance ensures fairness transparency and integrity of the Management. Corporate Governance is a way of life, rather than a mere legal compulsion. It further inspires and strengthens investor's confidence and commitment to the Companies. The Company has been practicing the principles of Good Corporate Governance over the years.

The mission is to provide sustainable advanced solution and service to our customers, long term partnership with its investors, maximizing value to our stakeholders, clients, suppliers and its employees.

### **I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

Company Philosophy on Corporate Governance is founded upon a rich legacy of fair ethical and transparent Governance practices, many of which were in place even before they were mandated by adopting highest standards of professionalism, honesty, integrity and ethical behavior.

Through the Governance mechanism in the Company the Board along with its committees undertake its fiduciary, fairplay and independence in its decision making. The Company believes that sustainable and long term growth of every shareholder depends upon the judicious and effective use of available resources and consistent endeavor to achieve excellence in business along with active participation in growth of society, building of environmental balances and significant contribution in economic growth of the Country.

### **II. BOARD OF DIRECTORS**

The Board of Directors has an optimum combination of Executive and Non-Executive Director. The company is professionally managed and its Board of Director comprises of professionally qualified Directors, who have rich experience in diversified fields.

Non-Executive Directors did not have any material pecuniary relationship or transactions with the company during the year 2018-19, which may affect their judgments in any manner.

#### **(A) Composition of Board**

The Company's policy is to maintain optimum combination of Executive and Non-Executive Directors. The Constitution of the Board as on March 31, 2019:

Promoter	Non Executive/ Non Independent	Executive Director	Independent Director
<b>*Mr. Kewal Krishan Kumar</b>	Mr. Krishan Kumar Sharma*	<b>Mr. Bharat Lal Shukla Mr. Dharminder Joshi</b>	<b>M.L. Narang Ms. Sonal Singhal Mr. Ajay Pal</b>

\*\*\*\* Mr. Krishan Kumar Sharma ceased to be Manager w.e.f 17.09.2018

\*\*\*\* Ms. Sonal Singhal has been appointed as Non- Executive Independent Director w.e.f 29.09.2018

\*\*\*\* Mr. Bharat Lal Shukla has been appointed as Executive Director w.e.f 29.09.2018

\*\*\*\* Mr. Ajay Pal has been appointed as Non- Executive Independent Director w.e.f 08.02.2019

The Board periodically reviews the Compliance report pertaining to all laws applicable to the Company, prepared by the Company as well as steps taken by the Company to rectify instance of non-compliance.

#### **(B) Attendance record of Board Meetings:**

The meetings of the Board of Directors are normally held at the Company's Registered Office or Corporate Office in New Delhi. There were 06 (Six) Board meetings held during the financial year 2018-19.

The dates on which the meetings held are 31.05.2018, 31.07.2018, 05.09.2018, 13.11.2018, 28.11.2018, 08.02.2019.

The last Annual General Meeting of your Company was held on Saturday, 29<sup>th</sup> September, 2018, at 01:00 P.M. at 1101-1103 Floor, Pearl Business Park, NSP, New Delhi 110034.

Details of number of Board meetings attended by Directors held by the company during the year 2018-19 are tabulated below :-

Name	Board Meetings Attended during the tenure	Attendance at Last AGM	No. of other Directorship	No. of Membership in other Companies Committees	No. of Shares in Company
<b>Mr. Manohar Lal Narang</b>	04	Yes	00	NIL	NIL
<b>Mr. Bharat Lal Shukla</b>	06	Yes	07	NIL	8500
<b>Mr. Dharminder</b>	06	Yes	01	NIL	7300

<b>Joshi</b>	03	No	01	NIL	NIL
<b>Ms. Sonal Singhal</b>					
<b>Mr. Ajay Pal</b>	01	No	00	NIL	NIL

\*\*\*\*\* Mr. Bharat Lal Shukla has been appointed on the Board as a Director w.e.f 29.09.2018

\*\*\*\*\* Ms. Sonal Singhal has been appointed as a Independent Director w.e.f 29.09.2018

\*\*\*\*\* Mr. Ajay Pal has been appointed as a Independent Director w.e.f 08.02.2019

\*\*\*\*\* Mr. M.L. Narang ceased to be director of the company w.e.f 03.11.2018

None of the Directors of the Board serve as Members of more than 10 Committees nor do they Chair the meetings in more than 5 Committees as per the requirement of the Listing Agreement.

### **(C) Familiarization Programme for Independent Directors**

To provide insights into the Company to enable the Independent Directors to understand the Company's business in depth the Company has initiated the programme. Details of the familiarization programme of the independent directors are available on the given link <http://www.kumarfood.com/investors.html>.

### **(D) Disclosure of relationship between Directors Inter-se**

There is no inter-se relationship between Directors of the Company.

## **III.COMMITTEES OF THE COMPANY**

### **(a) AUDIT COMMITTEE**

The Board has established an Audit Committee.

#### **(1)Composition:**

Our Audit Committee comprised majority of the Independent Director, according to the definition laid down in the audit committee charter, Section 149 of the Companies Act, 2013 and Regulation 18 of the SEBI (Listing Regulations and Disclosures Requirement), Regulation 2015.

Apart from all the matters provided in Section 177 of the Companies Act 2013 read with Regulation 18 of the SEBI(Listing Obligation and Disclosure Requirement), the Audit committee reviews reports of the internal auditor, meets statutory auditors as and when required and discusses their findings, suggestions, observations and other related matters. It also reviews major accounting policies followed by the company.

- i) The audit committee consists of the three directors as members and two of them are independent directors.
- ii) All members of the committee are financially literate and the Chairman is having the requisite financial management expertise.
- iii) The Chairman of the audit committee is an independent director.
- iv) The representatives of the statutory auditors and such other person and official of the company are invited to attend the Audit Committee meeting as and when required.

**As on 31.05.2018**

<b>S.no</b>	<b>Name of the Member</b>	<b>Designation</b>	<b>No. of Meetings attended</b>
1.	M.L. Narang	Independent Director (Chairperson)	04
2.	Dharminder Joshi	Executive Director (member)	02
3.	Bharat Lal Shukla	Non- Executive Director	02

*However the Board reconstituted this Committee in its meeting held on 13.11.2018 by designated Ms. Sonal Singhal as its member.*

*However, Mr. M.L. Narang ceased to be Non-Executive Independent director w.e.f. 13.11.2018*

**Composition of Committee During the Year (31.7.2018)**

<b>S. No</b>	<b>Name of the Member</b>	<b>Designation</b>	<b>No. of Meeting Attended</b>
1.	Mr. Manohar Lal Narang	Independent Director (Chairman)	02
2.	Mr. Bharat Lal Shukla	Non-executive Director (Member)	02
3.	Mr. Dharminder Joshi	Executive Director	02

***Composition of Committee During the Year (05.09.2018)***

<b><u>S.no</u></b>	<b><u>Name of the Member</u></b>	<b><u>Designation</u></b>	<b><u>No. of Meetings attended</u></b>
1.	Mr. M.L. Narang	Independent Director (Chairperson)	04
2.	Mr. Bharat Lal Shukla	Non-Executive Director	03
3.	Mr. Dharminder Joshi	Executive Director	03

\* Mr. M.L. Narang ceased to be director of the company w.e.f 13.11.2018.

***Composition of Committee on (13.11.2018)***

<b><u>S.no</u></b>	<b><u>Name of the Member</u></b>	<b><u>Designation</u></b>	<b><u>No. of Meetings attended</u></b>
1.	Mr. M.L. Narang	Independent Director (Chairperson)	04
3.	Mr. Dharminder Joshi	Executive Director (Member)	04
4.	Mr. Bharat Lal Shukla	Executive Director	04
5	Ms. Sonal Singhal	Non-Executive Director	01

\*\* Mr. M.L. Narang ceased to be director of the company w.e.f 13.11.2018.

Therefore the Audit Committee is not constituted as per the provisions of the Companies Act 2013 part of the year due to resignation of Directors of the company, filled up in subsequent meetings. However, the compliance with the requirements of the Companies Act, 2013 and Listing Agreements are duly meted out in the Audit Committee Meetings.

**(2) Meeting of the Audit Committee**

Audit Committee has met 4 (four) times during the financial year 2018-19.

The Audit Committee meetings were held at the registered office or Corporate Office of the company. The proper quorum was present in all the Audit Committee meetings held during the year.

**(3) Terms of Reference****(A) Powers of Audit Committee:**

- i) To investigate any activity within its terms of reference.
- ii) To seek information from any employee.
- iii) To obtain outside legal or other professional advice.
- iv) To secure attendance of outsiders with relevant expertise, if it considers necessary.

**(B) Role of Audit Committee:**

- Review of the Company's financial reporting process, the financial statements and financial/risk management policies.
- Recommend the Board on appointment/ re-appointment of statutory auditors and fixation of audit fee and other fees to auditors.
- Review of the adequacy of the internal control systems in the company.
- Review of the internal audit report.
- Discussions with management of the external auditors, the audit plan for the financial year and joint post-audit review of the same (if any).
- Review of the Quarterly and Annual Financial Statements before submission to the Board.
- Review of the Whistle Blower mechanism, as existing in the company.
- To carry out any of the functions contained in the Corporate Governance Clause of the Listing Agreement.

**(C) Review of information by Audit Committee:**

The Audit Committee has reviewed the following information during the year:

- a. Management Discussion and analysis of financial condition and results of operations of the company.
- b. The reports of statutory auditors.
- c. The reports of Internal Audit.



**(b) NOMINATION AND REMUNERATION COMMITTEE****(1) Composition:**

The Committee comprises of three Non-executive Director with Independent Directors forming majority, according to the definition laid down in the audit committee charter, Section 178 of the Companies Act, 2013 and Regulation 19 read with Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirement), Regulation, 2015.

The committee met 2 times during the financial year , on *31.05.2018 and 13.11.2018*. The attendance records of the members at the meeting were as follows:

**As on 31.05.2018**

<b>S. NO</b>	<b>Name of the Member</b>	<b>Designation</b>	<b>No. of Meeting Attended</b>
1.	Mr. Manohar Lal Narang	Independent Director (Chairman)	02
2.	Mr. Dharminder Joshi	Executive-Director (Member)	01
3.	Mr. Bharat Lal Shukla	Non-Executive Director	02

*However the Board reconstituted this Committee in its meeting held on 31.05.2018 by designated Mr. M.L. Narang as its Member and Chairperson for the committee.*

***Composition of Committee During the Year (31.7.2018)***

<b>S. No</b>	<b>Name of the Member</b>	<b>Designation</b>	<b>No. of Meeting Attended</b>
1.	Mr. Manohar Lal Narang	Independent Director (Chairman)	02
2.	Mr. Bharat Lal Shukla	Non-executive Director	01
3.	Mr. Dharminder Joshi	Executive Director	02

Therefore the Nomination and Remuneration Committee is not constituted as per the provisions of the Companies Act 2013, for the part of the year due to resignation of Directors of the company and duly complied with subsequently on appointments and discharges its function as per the law.

**(2) Terms of Reference of the Committee are broadly as under:**

- (i)** Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of directors, key managerial personnel and other employees
- (ii)** Formulation of criteria for evaluation of performance of independent directors and the board
- (iii)** Devising a policy on Board Diversity.
- (iv)** Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal
- (i)** Whether to extend or continue the term of appointment of the independent director, on the basis of report of performance evaluation of independent director.

**(3) REMUNERATION PAID TO DIRECTORS**

During the year 2018-19, the Company has not provided remuneration to any Directors of the Company.

**(c) STAKEHOLDER RELATIONSHIP COMMITTEE**

The Stakeholder Relationship Committee has the mandate to review and redress shareholder grievances.

Our Committee consist non-executive director who shall be the Chairperson of the Committee and other members as decided by the Board, according to the definition laid down in the audit committee charter, Section 178 (5) of the Companies Act, 2013 and

Regulation 20 of the SEBI (Listing Regulations and Disclosures Requirement), Regulation 2015.

The Committee looks in to redressing investor's grievances/complaints such as non-receipt of notices, annual reports, dividends, and share transfers related works. During the year ended March 31, 2019, the committee met 1 time.

The composition of the Committee and attendance of the members at the meeting are as under:

Committee was reconstituted on 31.07.2018 as under:

**Composition of Committee During the Year (31.7.2018)**

<b>S. No</b>	<b>Name of the Member</b>	<b>Designation</b>	<b>No. of Meeting Attended</b>
1.	Mr. Manohar Lal Narang	Independent Director (Chairman)	02
2.	Mr. Bharat Lal Shukla	Non-executive Director	01
3.	Mr. Dharminder Joshi	Executive Director	02

Number of Shareholders complaints received during the year ended March 31, 2019 was Nil.

Number of pending share transfer as on March 31, 2019 was Nil, except those referred back.

**(d) RISK MANAGEMENT COMMITTEE**

The provisions of Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 shall be applicable to only Top 100 Listed entities, determined on the basis of market capitalization as at the end of the immediate previous financial year, our company nowhere lies in the list of 100 listed entities.

Therefore the company in its Board Meeting held on 13.11.2018 decided to discontinue the Risk Management Committee as it is not required as per the provisions of law and LODR, 2015.

**(e) CSR COMMITTEE**

As per section 135 of the companies act, 2013 and other applicable provision if any, the Board be and is hereby constituted the CSR committee to institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the company. And it monitor the CSR policy of the company from time to time.

The composition of the Committee are as under:

**As on 08.02.2019**

<b>Name of the Directors</b>	<b>Category</b>	<b>No. of Meetings attended</b>
<b>Ms. Sonal Singhal</b>	Independent Director	01

	(Chairman)	
<b>Mr. Dharminder Joshi</b>	Executive Director	01
	(Member)	01
<b>Mr. Ajay Pal</b>	Non-Executive Director	

#### **IV. SEPARATE MEETINGS OF INDEPENDENT DIRECTORS**

As required by SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015/ Listing Agreement, the Independent Directors held 01 meeting during the year. All Independent Director attended the same.

The composition of the Committee and attendance of the members at the meeting are as under:

##### **As on 08.02.2019**

<b>Name of the Directors</b>	<b>Category</b>	<b>No. of Meetings attended</b>
<b>Ms. Sonal Singhal</b>	Independent Director (Chairman)	01
<b>Mr. Ajay Pal</b>	Independent Director (Member)	01

#### **V. DISCLOSURE**

##### **(A) Basis of related party transactions**

There have been no materially significant related party transactions with the Company's Promoters, Directors, management or their relatives which may have a potential conflict with the interests of the Company. Members may refer to Disclosures of transactions with related parties i.e. Promoters, Directors, Relatives or Management made in the Balance Sheet in Notes to the Accounts. The approved Related Party Transactions Policy is available on the website of the Company <http://www.kumarfood.com/investors.html>.

##### **(B) Disclosure of Accounting Treatment**

During the year there has been no change in Accounting Policies of the Company. The same are disclosed in the notes to the Accounts as Part of Balance Sheet.

##### **(C) Compliance with Regulations**

The Company has complied fully with the requirements of the regulatory authorities on capital markets. There have been no instances of non-compliance by the Company

on any matters related to the capital markets, nor has any penalty been imposed on the Company by the stock exchanges, SEBI or any other statutory authority.

**(D) Remuneration of director**

- (i) The Remuneration was paid to the Executive as well as non-executive directors as per the remuneration policy of the company.
- (ii) There has been no pecuniary relationship or transactions of the non-executive directors' vis-à-vis the company during the year under review.

**(E) Secretarial Audit**

R.P. Aggarwal & Co., Company Secretaries in Practice carried out secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed 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 dematerialized shares held with NSDL and CDSL.

**VI. General Body Meetings**

**Annual General Meeting (AGM) Details**

The last three Annual General Meeting were held as per details below:

<b>Year</b>	<b>Day</b>	<b>Date</b>	<b>Time</b>	<b>Venue</b>
<b>2018</b>	Saturday	29.09.2018	01:00 P.M	1101-1103, Pearl Buisness ParK, NSP, New Delhi-110034
<b>2017</b>	Thursday	28.09.2017	01:00 P.M	15/61, West Punjabi Bagh, New Delhi-110026 1
<b>2016</b>	Tuesday	15.11.2016	12:30 P.M	71/1, Siraspur, Delhi -110042

**VII. Means of Communication:**

The Unaudited/Audited Financial Results and other relevant notices regarding Book Closure and date of AGM have been published in a Hindi National Newspaper and an English Newspaper. The results were sent to the Stock Exchange on quarterly basis.

**VIII. GENERAL SHAREHOLDERS INFORMATION**

**1. Annual General Meeting**

**Day : Saturday**  
**Date : September 28, 2019**

<b>Time :</b>	<b>04:00 P.M.</b>
<b>Venue :</b>	<b>1101-1103 Floor, Pearls Bussiness Park, Netaji Subhash Place, Pitampura, New Delhi- 110034</b>
<b>2. Financial Year</b>	1 <sup>st</sup> day of April, 2018 to 31 <sup>st</sup> day of March, 2019 for each year.
<b>3. Dividend</b>	In view of the fund needed for Business opportunities, your Directors do not recommend any Dividend for the Financial Year ended on 31 <sup>st</sup> March, 2019.
<b>4. Listing Details</b>	<ul style="list-style-type: none"> <li>Metropolitan Stock Exchange of India Limited</li> </ul>
<b>5. Stock Code</b>	Scrip Code/ Symbol: BZ (MSE) ISIN: INE500F01010 CIN: L15310DL1991PLC043456
<b>6. Registrar &amp; Share Transfer Agent</b>	<b>M/s Skyline Financial Service Private Limited</b> D-153A, 1st Floor, Okhla, Industrial Area, Phase-I, New Delhi- 110020 Phone: 011-26812682-83, 011-64732681 to 88 Fax: 011-26812682 <a href="mailto:admin@skylinerta.com">admin@skylinerta.com</a> skyline_fspl@rediffmail.com agarwalp7@hotmail.com
<b>7. Compliance Officer/ Secretary</b>	<b>Company</b> Mr. Ganesh Gulati 71/1, Siraspur, Delhi-110042 E-mail: <a href="http://www.kumarfood.com">www.kumarfood.com</a> Ph: 011-27357808
<b>8. Dematerialization of Shares</b>	585700 Equity Shares of the Company are dematerialized. 569170 Shares with NSDL and remaining 16530 Shares with CDSL. The ISIN with NSDL and CDSL is INE500F01010.
<b>9. Outstanding Warrants GDRs/ADRs, and Convertible Bonds, Conversion date and likely impact on equity</b>	Not Applicable

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**10. Plant Location**

Not Applicable

**11. Corporate Office**1101- 1103, Pearls Business park, Netaji Subhash Place, Pitampura, New Delhi - 110034

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**Share Transfer System**

The Company is having an In-House efficient system for handling and transfer of shares and the Share Transfer Committee is responsible for the same. The Committee often meets to discuss the existing working of Share Transfer System and take measures for improving the Share Transfer System of the Company.

- (i) The Share Transfer Committee meets as often as possible to approve transfers and related matters as may be required by the Registrars and share Transfer Agents.
- (ii) All matters connected with the share transfer, dividends and other matters are being handled by the RTA located at the address mentioned elsewhere in this report.
- (iii) Shares lodged for transfers are normally processed within ten days from the date of lodgment, if the documents are clear in all respects. All requests for dematerialization of securities are processed and the confirmation is given to the depositories within seven days. Grievances received from investors and other miscellaneous correspondence relating to change of address, mandates, etc.
- (iv) Certificates are being obtained and submitted to Stock Exchanges, on half-yearly basis, from a Company Secretary-in-practice towards due compliance of share transfer formalities by the Company within the due dates, in terms of Reg. 40 (9) of the SEBI (Listing Obligations and Disclosures Requirements), Regulations, 2015 with Stock Exchanges.
- (v) Certificates have also been received from a Company Secretary-in-practice and submitted to the Stock Exchanges, on a quarterly basis, for timely dematerialization of shares of the Company and for reconciliation of the share capital of the Company, as required under SEBI(Depositories and Participants) Regulations, 1996.
- (vi) The Company, as required under Regulation 46(2) SEBI(Listing Obligation and Disclosure Requirement) Regulation 2015, has designated the following e-mail IDs, namely [cs@kumarfood.com](mailto:cs@kumarfood.com) / for the purpose of registering complaints, if any, by the investors and expeditious redressal of their grievances.

- (vii) Shareholders are, therefore, requested to correspond with the RTA for transfer / transmission of shares, change of address any queries pertaining to their shareholding, dividend, etc., at their address given in this report.

**Shareholding Pattern as on March 31, 2019**

Category	No. of shareholders	No. of Shares (Face value of Rs. 10/- each)	No. of shares in DEMAT form	% of shareholding
Promoters	14	2086800	557000	69.56
Body Corporate	1	1000	-	0.03
NRI/OCBs/Clearing Members/Trust/HUF	0	0	-	0
Bank/Financial Institutions	0	0	0	0
Indian Public	155	912200	28700	30.44
Any other	1	0	0	0.03
<b>Total</b>	<b>171</b>	<b>3000000</b>	<b>585700</b>	<b>100.00</b>

**Distribution Schedule of Shareholding as on March 31, 2019**

Share or Debenture holding Nominal Value (Rs.)	Number of Shareholders	% to Total Numbers	Share or Debenture holding Amount (Rs.)	% to Total Amount
1	2	3	4	5
Up To 5,000	42	24.56	95000	0.32
5001 To 10,000	16	9.36	127000	0.42
10001 To 20,000	11	6.43	160000	0.53
20001 To 30,000	0	0	0	0
30001 To 40,000	1	0.58	32000	0.11
40001 To 50,000	5	2.92	229000	0.76
50001 To 1,00,000	71	41.52	5737000	19.12
1,00,000 and Above	25	14.62	23620000	78.73
<b>Total</b>	<b>171</b>	<b>100</b>	<b>30000000</b>	<b>100</b>



**Other Information:****(I) Shareholder Rights:**

The quarterly and half yearly results are not being sent to the personal address of shareholders as the quarterly performance and financial results of the Company are published in the Newspaper having wide circulation in India. The quarterly/ half-yearly/ annual financial results are also posted on the website of the Company [www.kumarfood.com](http://www.kumarfood.com).

**(II) CEO AND CFO CERTIFICATION**

The Chairman and Chief Financial Officer of the Company give Annual Compliance Certificate in accordance with Regulation 17(8) read with Part B of Schedule II of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015. The Annual Compliance Certificate given by Chairman and Chief Financial Officer is published in Annual Report.

**CODE OF CONDUCT**

As a part of Company's constant Endeavour to set a high standard of conduct for its employees, it has formulated "The Code of Conduct for Board Members and Senior Management Personnel" in compliance with the provisions of Clause 49 of the Listing Agreement. The Code lays down guidelines and advises the Board and the Senior Management Personnel on procedures to be followed, disclosures to be made and to follow ethics as per the rules of the Company. The purpose of this Code is to ensure an ethical and transparent process in managing the affairs of the Company and promote ethical conduct. The Code has been circulated to all the members of the Board and Senior Management Personnel and the compliance of the same is affirmed by them annually. The Company

**By order of the Board  
For Kumar Food Industries Limited**

**Place: Delhi  
Dated: 29.08.2019**

**Sonal Singhal  
Director  
DIN: 07892120  
Add: 31-B, Dda, Flats Mansarover  
Park, Shahdra, New Delhi 110032**

**DECLARATION BY THE MANAGING/ WHOLE TIME DIRECTOR UNDER REGULATION 17(5) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATION, 2015**

I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management Personnel, affirmation(s) that they have complied with the code of conduct for Board Members and Senior Management Personnel in respect of the financial year ended on 31<sup>st</sup> March, 2019.

**Place: Delhi**  
**Dated: 29.08.2019**

**(Dharminder Joshi)**  
**Executive Director**

**CEO/CFO CERTIFICATION**  
**(Pursuant to Regulation 17(8) of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015)**

In terms of Regulation 17(8) of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, Managing Director and Chief Financial Officer of the Company has certified to the Board that:

- A. We have reviewed financial statements and the Cash Flow Statement for the year and that to the best of our knowledge and belief:
- (1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (2) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. To the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal control for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and steps have been taken to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit committee that:
- (1) There has not been any significant change in internal control over financial reporting during the year, except non reporting during compilation of data after fire/ water lodging at Corporate Office for a period of about 9 months from April, 2016 onward;
  - (2) There has not been any significant changes in accounting polices during the year requiring disclosure in the notes to the financial statement: and

(3) We are not aware of any instance during the year of significant fraud with involvement therein of the management or an employee having a significant role in the company's internal control system over financial reporting.

**Dated: 29.08.2019**

**(Abdul Hasan Ansari)  
Chief Financial Officer  
Add: A-49, Gopal Vihar,  
Near Vijay Vihar  
New Delhi 110085**

**AUDITOR'S CERTIFICATE UNDER SCHEDULE V (E) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS REGULATIONS, 2015 COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE**

The Members  
Kumar Food Industries Limited

We have examined the compliance of Corporate Governance by M/s Kumar Food Industries Limited for the year ended 31<sup>st</sup> March 2019, as stipulated in Schedule V (E) of SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015, of the said Company with the Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance stipulated in the above-mentioned SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management had conducted the affairs of the Company.

For **Sandesh Jain & Co.**  
**Chartered Accountants**  
**FRN: 008548N**

**Place: New Delhi**  
**Dated:**

**(Sanjay Kumar Rathi)**  
**Partner**  
**Memb. No: 096682**

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **Overview**

The core business of our company is manufacturing/ grinding of Chana Dal/ besan and Atta. The manufacturing unit is at Siraspur (Delhi). The company is utilizing capacity at reasonable level and making maximum utilization of available resources. The Company was supplying entire production to renowned Company earlier, markets the products produced by our company till recently, which owns a prominent place in the FMCG Sector. The Brand is a familiar household BRAND name that spells quality and trust across millions worldwide. Its leadership in India in the Branded Food Segment is driven by its availability, quality and consumer awareness.

### **Industry Structure and Developments**

With the presence of 12.2% of the world population in the villages of India, the Indian rural FMCG market is something no one can overlook. Increased focus on farm sector will boost rural incomes, hence providing better growth prospects to the FMCG companies. Better infrastructure facilities will improve their supply chain. FMCG sector is also likely to benefit from growing demand in the market. Because of the low per capita consumption for almost all the products in the country, FMCG companies have immense possibilities for growth. And if the companies are able to change the mindset of the consumers, i.e. if they are able to take the consumers to branded products and offer new generation products, they would be able to generate higher growth in the near future. It is expected that the rural income will rise in 2007, boosting purchasing power in the countryside.

The Company is expected to grow at good pace.

### **Opportunities and Threats**

The continued growth of the economy, increasing disposable income, rapid urbanization and rising aspiration offers an immense opportunity for the healthy growth of the business. In order to capture this growth efforts are being made through innovation in marketing, expanding the distribution footprint and working on new product development. Some of the threats faced by the business are uncertain economic conditions and uncertainty in the price of raw materials.

### **Internal Control Systems and their adequacy**

The Company's internal control systems are commensurate with the nature of its business and the size and complexities of its operations. These systems are designed to ensure that all assets of the Company are safeguarded and protected against any loss and that all transactions are properly authorized, recorded and reported.

**Outlook, risks and concerns**

The continued efforts to develop the business should stand it in good stead. However the economic conditions prevailing within the country have a significant role to play in the actual performance.

**Human Resources**

It is your Company belief that people are at the heart of Corporate purpose and constitute the primary source of sustainable competitive advantage. Particularly in the Securities Market, your Company gives significant importance to its human capital and is dedicated for continuous enhancement of their skills and knowledge by way of training and supervision. Your Company's belief in trust, transparency and teamwork improved employee productivity at all levels.

**Disclosures**

During the year the Company has not entered into any transaction of material nature with its promoters, the directors or the management, their subsidiaries or relatives etc that may have potential conflict with the interest of the Company at large.

All details of transaction covered under related party transaction are given in the notes to account.

**Cautionary Statement**

Statement in this Management Discussion and Analysis describing the Company's objective, projects, estimates and expectations may be forward looking statement within the meaning of applicable laws and regulations. Actual results may be vary significantly from the forward looking statements contained in this document due to various risks and uncertainties. Several factors could make a significant difference to the Company's operations.

These include economic conditions, Government regulations and Tax Laws, Political situation, natural calamities etc. over which the Company does not have any direct control.

**By order of the Board  
For Kumar Food Industries Limited**

**Place: Delhi  
Dated: 29.08.2019**

**Sonal Singhal  
Director  
DIN: 07892120  
Add: 31-B, Dda, Flats Mansarover  
Park, Shahdra, New Delhi 110032**

**ATTENDANCE SLIP**

Please complete this Attendance Slip and hand it over at the Entrance of the Hall. Only Members or their Proxies are entitled to be present at the meeting.

Name and Address of the Member	Folio No.
	Client ID No.
	DP ID No.
	No. of Shares Held

I hereby record my Presence at the 28<sup>th</sup> Annual General Meeting of the Company on the 28<sup>th</sup> Day of September, 2019 at 04:00 P.M. at **1101-1103 Floor, Pearls Business Park, Netaji Subhash Place, Pitampura, New Delhi-110034**

Signature of the Shareholder	Signature of the Proxy

- Note:**
1. The copy of Annual Report may please be brought to the Meeting Hall.
  2. Briefcase, Hand Bags etc. are not allowed inside the Meeting Hall.
  3. Please note that no gifts will be distributed at the meeting.



**Form No. MGT-11  
Proxy form**

**[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the  
Companies  
(Management and Administration) Rules, 2014]**

**CIN: L15310DL1991PLC043456  
Name of the company: Kumar Food Industries Limited  
Registered office: 71/1, SIRASPUR DELHI North West DL 110042**

**Name of Member(s) :**

**Registered address :**

**E-mail Id :**

**Folio No/ Client Id:**

**DP ID :**

**I/We, being the member (s) of ..... shares of the above named company, hereby appoint**

**1. Name :**

**Address :**

**E-mail Id :**

**Signature :**

**as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 28<sup>th</sup> Annual general meeting of the company, to be held on 28th day of September, 2019 at 04:00 PM. at 1101-1103 Floor, Pearls Business Park, Netaji Subhash Place, Pitampura, New Delhi-110034 and at any adjournment thereof in respect of such resolutions as are indicated below:**

<b>Sr. No.</b>	<b>RESOLUTIONS</b>	<b>Optional</b>	
		<b>For</b>	<b>Against</b>
<b>1</b>	<b>Ordinary Resolution for adoption of Audited Financial Statements for the year ended March 31, 2019</b>		

<b>2</b>	<b><i>Ordinary Resolution for appointment of Mr. Bharat Lal Shukla who is liable to retire by rotation.</i></b>		
<b>3</b>	<b><i>Ordinary Resolution for fixation of remuneration of Statutory Auditors of the Company for the Financial Year 2018-19.</i></b>		
<b><i>Special Business</i></b>			
<b>4</b>	<b><i>Ordinary Resolution for Appointment Of Mr. Bharat Lal Shukla As Whole Time Director Of The Company</i></b>		
<b>5</b>	<b><i>Ordinary Resolution for Appointment Of Independent Director Ms. Sonal Singhal</i></b>		

***Signed this..... day of..... 20.....***

***Signature of shareholder***

***Signature of Proxy holder(s)***

Affix Revenue  
Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

## **Independent Auditor's Report**

### **To the Members of Kumar Food Industries Limited**

#### **Report on the Standalone Ind AS Financial Statements**

We have audited the accompanying standalone Ind AS financial statements of **Kumar Food Industries Limited** ('the Company'), which comprise the Balance Sheet as at 31<sup>st</sup> March 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial statements").

#### **Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these standalone Ind AS financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act, of the financial position of the Company as at 31<sup>st</sup> March 2019, and its loss including other comprehensive income, its cash flows and statement of changes in equity for the year ended on that date.

### **Basis for Qualified Opinion**

Attention is invited to Note No 11(B), whereas during the year under review, the Company has entered upon an agreement with Shakti Bhog Foods Ltd ('SBFL') and granted an advance to the tune of Rs 1202 Lakh (previous year Rs 1350 Lakh) a Company for which no provisions has been made in this regard, as the Hon'able High court of Delhi has appointed the Official Liquidator for winding of SBFL. Our opinion on this point is qualified.

Attention is also invited to Note No. 38(B), whereby the statutory dues relating to WCT under the Haryana Vat Act and related statutory dues amounting Rs 5506200/- have been written back as income during the year, in view of the sale of properties and as in the opinion of the management, the same needs to be paid by the buyers of the properties sold in earlier years. Had this amount is not written back, the profit of the company would have been lower by the aforesaid amount. Our opinion on this point is qualified.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure-A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:

- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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, the statement of profit and loss, the statement of cash flow and the statement of changes in equity dealt with by this report are in agreement with the books of accounts;
- d) in our opinion, the aforesaid standalone Ind AS financial statements comply with Accounting Standards specified under Section 133 of the Act read with the relevant rule issued there under;
- e) on the basis of the written representations received from the directors as on 31<sup>st</sup> March 2019 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act;
- f) with respect to the adequacy of internal financial controls over financial reporting of the Company and operating effectiveness of such controls, refer to our separate report on “Annexure B” and;
- g) with respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
  - i. the Company has disclosed the impact of pending litigations if any, on its financial position in its standalone Ind-AS financial statements.
  - ii. the Company has made provision, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
  - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;

**For Sandesh Jain & Co.**

Chartered Accountants

Firm’s Registration No.: 008548N

**CA Sanjay Kumar Rathi**

Partner

Membership Number: 096682

Place: New Delhi

Date: 14<sup>th</sup> May, 2019.

## **Annexure A**

The Annexure referred to in Independent Auditor's Report to the members of the Company on the standalone Ind AS financial statements for the year ended 31<sup>st</sup> March 2019, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the title deeds of all the immovable properties are held in the name of the Company.
- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies between physical inventory and book records were noticed have been properly dealt with in the books of account.
- (iii) The Company has granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). (refer note no. 11-B)
- (iv) Attention is invited to Note No 11(B), whereas during the year under review, the Company has entered upon an agreement with Shakti Bhog Foods Ltd ('SBFL') and granted an advance to the tune of Rs 1202 Lakh (previous year Rs 1350 Lakh) a Company for which no provisions has been made in this regard, as the Hon'able High court of Delhi has appointed the Official Liquidator for winding of SBFL.
- (v) In our opinion, the Company has not accepted any deposits within the mean of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014.
- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2014 prescribed by the Central Government under section 148 of the Act and are of the opinion that prima facie the prescribed cost records have been made and maintained. We have not, however, made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) **In Respect to Statutory Dues:**

According to the records examined by us, the Company is not regular in depositing undisputed statutory dues including provident fund, employees' state insurance, sales-tax, service tax, duty of customs, duty of excise, value added tax, Goods and Service Tax, cess and other material statutory dues. There is considerable delay in depositing the statutory due with the appropriate authorities through out the year under review. The detail of undisputed statutory dues outstanding as at the last day of the financial year for a period exceeding six months from the date it became payable is as under:

Particulars	For FY 2018-19	For FY 2017-18
Income Tax	1,45,50,760.00	1,45,50,760.00
TDS	28,17,445.00	-
ESI	5,97,297.00	-
P.F.	4,71,906.00	-

- (b) According to the information and explanation given to us, there are no dues of income tax, service tax, custom duty, excise duty which have not been deposited with the appropriate authorities on account of any dispute.
- (viii) According to the information and explanation given to us, during the year under review, the Company is generally regular in paying the interest and installment on the loan taken and the long term loan from DCB Bank and no default has been committed during the year.
- (ix) The Company did not raise monies by way of initial public offer or further public offer (including debt instruments). The monies raised by way of term loans obtained during the year have been utilized by the Company for the purpose they have been raised.
- (x) According to the information and explanation given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year covered by our audit.
- (xi) According to the information and explanation given to us and based on our examination of the records of the Company, the managerial remuneration paid by the Company during the year is in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion and according to information and explanations given to us, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) According to the information and explanation given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.

- (xiv) During the year, the Company has not made any preferential allotment of shares or debentures
- (xv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act. Accordingly, provisions of clause 3(xv) of the Order are not applicable.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

**For Sandesh Jain & Co.**  
Chartered Accountants  
Firm's Registration No.: 008548N

**CA Sanjay Kumar Rathi**  
Partner  
Membership Number: 096682

Place: New Delhi  
Date: 14<sup>th</sup> May, 2019.



## **Annexure B to the Auditors' Report**

### **Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')**

We have audited the internal financial controls over financial reporting of Kumar Food Industries Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

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

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence as obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect

the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of the Management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in general in all material respects, adequate internal financial controls over financial reporting with references to these standalone financial statements and such internal financial control system over financial reporting with reference to these standalone financial statements were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Sandesh Jain & Co.**

Chartered Accountants

Firm's Registration No.: 008548N

**CA Sanjay Kumar Rathi**

Partner

Membership Number: 096682

Place: New Delhi

Date: 14<sup>th</sup> May, 2019.

**Kumar Food Industries Limited**  
**Audited Standalone Balance Sheet as at 31 March 2019**

(Amount in ₹)

	Notes	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	6	40,587,805	41,541,219	48,914,046
Capital work-in-progress		-	-	126,076,333
Financial assets				
Investments	7	20,726,553	20,816,553	12,026,000
Loans	8 A	1,182,500	1,248,500	193,500
Other financial assets	9	-	-	-
Deferred tax assets (net)	10	11,404,046	26,322	67,185
Other non-current assets	11 A	4,495,088	1,247,294	909,509
		<b>78,395,992</b>	<b>64,879,888</b>	<b>188,186,573</b>
<b>Current assets</b>				
Inventories	12	179,933,975	42,194,013	7,554,996
Financial Assets				
Trade receivables	13	237,074,666	244,169,179	184,294,813
Cash and cash equivalents	14	7,183,886	4,780,672	2,965,756
Other bank balances	15	-	-	-
Loans	8 B	6,268,500	1,662,024	850,905
Other current assets	11 B	154,375,613	183,577,874	11,656,566
		<b>584,836,640</b>	<b>476,383,761</b>	<b>207,323,036</b>
		<b>663,232,632</b>	<b>541,263,649</b>	<b>395,509,609</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	16	30,000,000	30,000,000	30,000,000
Other equity	17	117,755,951	104,178,726	70,310,913
<b>Total of Equity</b>		<b>147,755,951</b>	<b>134,178,726</b>	<b>100,310,913</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Financial liabilities				
Borrowings	18 A	137,918,992	168,498,030	-
Other financial liabilities	21 A	-	-	-
Provisions	19 A	3,346,370	1,280,248	1,191,187
		<b>141,265,362</b>	<b>169,778,278</b>	<b>1,191,187</b>
<b>Current liabilities</b>				
Financial liabilities				
Borrowings	18 B	17,790,000	3,182,877	98,380,442
Trade payables	20	258,501,970	167,057,947	145,138,636
Other financial liabilities	21 B	50,284,474	21,763,536	24,007,448
Other current liabilities	22	42,825,550	29,440,710	11,557,578
Provisions	19 B	4,178,565	2,010,492	372,646
Current tax liabilities (net)	23	630,760	13,851,083	14,550,760
		<b>374,211,319</b>	<b>237,306,645</b>	<b>294,007,509</b>
		<b>663,232,632</b>	<b>541,263,649</b>	<b>395,509,609</b>

Summary of significant accounting policies 5

The accompanying notes are integral part of the standalone financial statements

This is the balance sheet referred to in our report of even date.

**For Sandesh Jain & Company**  
**Chartered Accountants**  
**Firm's Registration No. 008548N**

**For and on behalf of the Board of Directors**

**CA Sanjay Kumar Rathi**  
**Membership No. 096682**  
**Partner**

**(Bharat Lal Shukla)**  
**Director**  
**[DIN:05174840]**

**(Dharminder Joshi)**  
**Executive Director**  
**[DIN:05186749]**

**Place: New Delhi**  
**Date: 14th May, 2019**

**(Abdul Hassan Ansari)**  
**Chief Financial Officer**  
**PAN : ADRPA7663H**

**(Ganesh Gulati)**  
**Company Secretary**  
**PAN: AANPG0872H**

**Kumar Food Industries Limited**  
**Audited Standalone Statement of profit and loss for the period ended 31 March 2019**

(Amount in ₹)

	Notes	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Revenue</b>			
Revenue from operations	24	2,786,814,591	1,033,586,617
Other income	25 A	10,897,887	18,705,899
Exceptional Item - Income	25 B	-	62,942,101
		<b>2,797,712,478</b>	<b>1,115,234,617</b>
<b>Expenses</b>			
Cost of materials consumed	26	2,374,490,132	890,297,254
Purchase of stock-in-trade	27	-	-
Changes in inventories of finished goods, working in progress and stock-in-trade	28	685,551	(8,329,489)
Employee benefits expense	29	92,096,457	49,398,952
Finance cost	30	20,849,301	4,939,710
Depreciation and amortisation expense	6	3,078,588	2,655,186
Exceptional Item - Loss	31 A	-	69,389,099
Other expenses	31 B	304,010,863	104,018,172
		<b>2,795,210,892</b>	<b>1,112,368,885</b>
<b>Profit before tax</b>		<b>2,501,586</b>	<b>2,865,733</b>
Tax expense	32	(10,850,556)	3,217
<b>Profit after tax</b>		<b>13,352,142</b>	<b>2,862,516</b>
<b>Other comprehensive income</b>			
A (i) Re-measurements gain/loss on employee benefits	33	328,675	119,443
(ii) Income tax relating re-measurements gain/loss on employee benefits		(103,592)	-37,646
<b>Other comprehensive income for the year</b>		<b>225,083</b>	<b>81,797</b>
<b>Total comprehensive income for the year</b>		<b>13,577,226</b>	<b>2,944,313</b>
<b>Earnings per equity share</b>			
Basic (₹)	34	4.45	0.95
Diluted (₹)		4.45	0.95

Summary of significant accounting policies

5

The accompanying notes are integral part of the standalone financial statements

This is the statement of profit or loss referred to in our report of even date.

For Sandesh Jain & Company  
Chartered Accountants  
Firm's Registration No. 008548N

For and on behalf of the Board of Directors

CA Sanjay Kumar Rathi  
Membership No. 096682  
Partner

(Bharat Lal Shukla)  
Director  
[DIN:05174840]

(Dharminder Joshi)  
Executive Director  
[DIN:05186749]

Place: New Delhi  
Date: 14th May, 2019

(Abdul Hassan Ansari)  
Chief Financial Officer  
PAN : ADRPA7663H

(Ganesh Gulati)  
Company Secretary  
PAN: AANPG0872H

**Kumar Food Industries Limited**  
Audited Standalone Statement of changes in equity for the year ended 31 March 2019

**A Equity Share Capital**

(Amount in ₹)

Particulars	Balance as at 1 April 2017	Issue of equity share capital during the year	Balance as at 31 March 2018	Issue of equity share capital during the year	Balance as at 31 March 2019
Equity share capital	30,000,000	-	30,000,000	-	30,000,000

**B Other Equity**

(Amount in ₹)

Particulars	Reserves & Surplus		Other comprehensive income - Reserve		Total equity attributable to equity holders of the company
	Capital Reserve	Retained Earnings	Land revaluation reserve	Remeasurement of defined benefit plans	
<b>Balance as at 1 April 2017</b>	-	68,549,547	-	1,761,366.00	70,310,913
Profit for the year	-	2,862,516	-	-	2,862,516
Dividends	-	-	-	-	-
Tax on dividends	-	-	-	-	-
Amount received against Share Warrants	-	-	-	-	-
Share warrants issued during the year	-	-	-	-	-
Employee stock option expense	-	-	-	-	-
Securities premium received on issue of shares	62,942,101	-62,942,101	-	-	-
Share warrants converted into equity shares	-	-	-	-	-
Others	-	-	30,923,500	81,797	31,005,297
<b>Balance as at 31 March 2018</b>	<b>62,942,101</b>	<b>8,469,962</b>	<b>30,923,500</b>	<b>1,843,163</b>	<b>102,335,563</b>
Profit for the year	-	13,352,142	-	-	13,352,142
Dividends	-	-	-	-	-
Tax on dividends	-	-	-	-	-
Amount received against Share Warrants	-	-	-	-	-
Share warrants issued during the year	-	-	-	-	-
Employee stock option expense	-	-	-	-	-
Employee stock option exercised/lapsed during the year	-	-	-	-	-
Capital Reserve - refer note 25B	-	-	-	-	-
Share warrants converted into equity shares	-	-	-	-	-
Application money pending allotment	-	-	-	-	-
Others	-	-	-	225,083	225,083
<b>Balance as at 31 March 2019</b>	<b>62,942,101</b>	<b>21,822,104</b>	<b>30,923,500</b>	<b>2,068,246</b>	<b>117,755,951</b>

Summary of significant accounting policies

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The accompanying notes are integral part of the standalone financial statements

For Sandesh Jain & Company  
Chartered Accountants  
Firm's Registration No. 008548N

For and on behalf of the Board of Directors

CA Sanjay Kumar Rathi  
Membership No. 096682  
Partner

(Bharat Lal Shukla)  
Director  
[DIN:05174840]

(Dharminder Joshi)  
Executive Director  
[DIN:05186749]

Place: New Delhi  
Date: 14th May, 2019

(Abdul Hassan Ansari)  
Chief Financial Officer  
PAN : ADRPA7663H

(Ganesh Gulati)  
Company Secretary  
PAN: AANPG0872H

**Kumar Food Industries Limited**  
**Audited Standalone Cash Flow Statement for the year ended 31 March 2019**

	As at 31 March 2019	(Amount in ₹) As at 31 March 2018
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	2,501,586	2,865,733
<b>Adjustments for:</b>		
Depreciation and amortisation expense	3,078,588	2,655,186
Loss/ (Gain) on disposal of fixed assets (net)	-	2,585,000
Loss on sale of capital work in progress - business unit	-	69,389,099
Interest income	(374,651)	(17,956,123)
Liability no longer payable	(9,595,773)	(749,776)
Finance costs	20,849,301	4,939,710
Movement in provision for employee benefits and others	4,234,195	1,726,907
Derivative liability expense	-	-
<b>Operating profit before working capital changes</b>	<b>20,693,246</b>	<b>65,455,735</b>
<b>Movement in working capital</b>		
Decrease/(Increase) in current loans	(4,606,476)	(811,119)
Decrease/(Increase) in non current loans	66,000	1,055,000
Decrease/(Increase) in inventories	(137,739,962)	(34,639,017)
Decrease/(Increase) in other financial assets	-	-
Decrease/(Increase) in capital work in progress - business unit	-	90,000,000
Decrease/(Increase) in other assets	29,202,260	(175,587,933)
Decrease/(Increase) in other non current assets	(3,247,794)	(337,785)
Decrease/(Increase) in trade and other receivables	7,094,513	(59,874,365)
(Decrease)/Increase in other financial liabilities	4,423,938	5,111,021
(Decrease)/Increase in other liabilities	13,384,840	17,883,132
(Decrease)/Increase in trade and other payables	91,444,022	21,919,312
<b>Cash flow from operating activities post working capital changes</b>	<b>20,714,587</b>	<b>(69,826,019)</b>
Income tax paid (net)	(13,747,491)	(662,031)
<b>Net cash flow from operating activities (A)</b>	<b>6,967,096</b>	<b>(70,488,050)</b>
<b>B CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets (including capital work-in-progress)	(2,273,173)	-
Proceeds from sale/disposal of fixed assets	148,000	1,300,000
Purchase of intangible assets	-	-
Sale/ (Purchase) of current and non-current investments	90,000	(8,790,553)
Proceeds from sale of investments	-	-
Finance income on compulsorily convertible debentures	-	-
Movement in fixed deposits (net)	-	-
Interest received	374,651	17,956,123
Dividend received	-	-
<b>Net cash flows used in investing activities (B)</b>	<b>(1,660,522)</b>	<b>10,465,570</b>
<b>C CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of capital (including securities premium and share application money)	-	-
Proceeds from long-term borrowings (net)	(6,482,038)	173,317,430
(Repayment)/Proceeds of short-term borrowings (net)	24,202,896	(31,505,688)
(Adjustments) of short-term borrowings on OTS	-	(62,942,101)
Other financial liabilities - Non current	-	-
Movement in retained earnings	225,083	81,797
Finance cost paid	(20,849,301)	(17,114,043)
Dividend paid (including tax)	-	-
<b>Net cash used in financing activities (C)</b>	<b>(2,903,360)</b>	<b>61,837,395</b>
Increase in cash and cash equivalents (A+B+C)	2,403,214	1,814,916
Cash and cash equivalents at the beginning of the year	4,780,672	2,965,756
Cash and cash equivalents at the end of the year	<b>7,183,886</b>	<b>4,780,672</b>

Summary of significant accounting policies 5  
The accompanying notes are integral part of the standalone financial statements

**For Sandesh Jain & Company**  
Chartered Accountants  
Firm's Registration No. 008548N

**CA Sanjay Kumar Rathi**  
Membership No. 096682  
Partner

Place: New Delhi  
Date: 14th May, 2019

**(Bharat Lal Shukla)**  
Director  
[DIN:05174840]

**(Abdul Hassan Ansari)**  
Chief Financial Officer  
PAN : ADRPA7663H

**(Dharminder Joshi)**  
Executive Director  
[DIN:05186749]

**(Ganesh Gulati)**  
Company Secretary  
PAN: AANPG0872H

## **Kumar Food Industries Limited**

### **Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019**

#### **NOTE - 5**

##### **1. Nature of principal activities**

Kumar Food Industries Limited (“The Company”) is engaged in the manufacturing/ Grinding of Gram Pulses, Besan and trading of Wheat Flour (Atta). The company was incorporated on 13th of March, 1991. The company is having its manufacturing facility in Delhi and selling its products directly to customers as well as to its Associate Concern under the same management. The Company is listed under Metropolitan Stock Exchange of India.

##### **2. General information and statement of compliance with Ind AS**

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards as notified under section 133 of the Companies Act 2013 read with the Companies (Indian Accounting Standards) Rules 2015 (by Ministry of Corporate Affairs (“MCA”). The Company has uniformly applied the accounting policies during the periods presented.

For all periods up to and including the year ended 31 March 2017, the Company has prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP). These financial statements for the year ended 31 March 2019 are the second year for which the Company has prepared in accordance with Ind AS (see note 41 for explanation for transition to Ind AS). For the purpose of comparatives, standalone financial statements for the year ended 31 March 2018 are also prepared under Ind AS. The standalone financial statements are presented in Indian rupees (‘INR’).

##### **3. Basis of accounting**

The financial statements have been prepared on going concern basis under the historical cost basis except certain financial assets and financial liabilities which are measured at fair value.

##### **4. Standards issued but not yet effective and have not been adopted early by the Company**

Information on new standards, amendments and interpretations that are expected to be relevant to the financial statements is provided below.

Ind AS 115 ‘Revenue from Contracts with Customers’ (Ind AS 115)

The new standard on revenue recognition overhauls the existing revenue recognition standards and will replace Ind AS 18 – Revenue and Ind AS 11 – Construction contracts. The new standard provides a control-based revenue recognition model and provides a five steps application principle to be followed for revenue recognition:

- i. Identification of the contracts with the customer
- ii. Identification of the performance obligations in the contract
- iii. Determination of the transaction price
- iv. Allocation of transaction price to the performance obligations in the contract (as identified in step ii)
- v. Recognition of revenue when the Company satisfies a performance obligation.

Appendix B to Ind AS 21, foreign currency transaction and advance consideration:-

On March 28, 2018 Ministry of Corporate Affairs (“MCA”) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21 Foreign Currency Transaction and Advance Consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related assets, expense or income, when an entity has received or paid advance consideration in a foreign currency. This amendment will come into force from April 1, 2018.

##### **5. Summary of significant accounting policies**

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below. These were used throughout all periods presented in the financial statements, except where the Company has applied certain accounting policies and exemptions upon transition to Ind AS.

## **Kumar Food Industries Limited**

### **Summary of significant accounting policies and other explanatory information for the year ended 31March 2019**

#### **5.1 Current versus non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

An **asset** is classified as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A **liability** is classified as current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

#### **5.2 Foreign currency**

##### *Functional and presentation currency*

The financial statements are presented in Indian Rupee (‘INR’).

##### *Transactions and balances*

Foreign currency transactions are recorded in the functional currency, by applying to the exchange rate between the functional currency and the foreign currency at the date of the transaction.

Foreign currency monetary items are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the statement of profit and loss in the year in which they arise.

#### **5.3 Revenue recognition**

Revenue is recognised when it is probable that the economic benefits will flow to the Company and it can be reliably measured. Revenue is measured at the fair value of the consideration received/receivable net of rebate and taxes. The Company applies the revenue recognition criteria to each separately identifiable component of the sales transaction as set out below.

##### *Sale of goods*

Sale is recognized when the significant risks and rewards of ownership of the goods have passed to the customer. Sales are recorded net of sales returns, sales tax, rebates, trade discounts and price differences.

##### *Income from services*

Revenue from milk processing and other services, if any, are recognized as and when services are rendered and are accounted on an accrual basis.

##### *Interest income*

Interest income is recorded on accrual basis using the effective interest rate (EIR) method.



## **Kumar Food Industries Limited**

### **Summary of significant accounting policies and other explanatory information for the year ended 31March 2019**

#### *Export benefits*

Exports benefits are recognized on accrual basis in the statement of profit and loss when the reasonable right to receive the same is established.

#### **5.4 Borrowing costs**

Borrowing costs that are attributable to the acquisition, construction of qualifying assets till the time such assets are ready for the intended use, are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for the intended use. All other borrowing costs are expensed off in the period in which these are incurred.

#### **5.5 Property, plant and equipment (PPE)**

##### *Recognition and initial measurement*

Properties plant and equipment are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company. All other repair and maintenance costs are recognised in statement of profit and loss as incurred.

##### *Subsequent measurement (depreciation and useful lives)*

Depreciation on property, plant and equipment is provided to the extent of depreciable amount on the Straight Line Method (SLM). Pursuant to the requirement of the Companies Act, 2013 (the Act), the company has revised the depreciation rates based on useful life of the assets as prescribed in Schedule II of the Companies Act, 2013.

##### *De-recognition*

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in statement of profit and loss when the asset is derecognised.

##### *Transition to Ind AS*

On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as at 1<sup>st</sup> April, 2016 measured as per the provisions of Previous GAAP and use that carrying value as the deemed cost of property, plant and equipment.

#### **5.6 Intangible assets**

##### *Recognition and initial measurement*

Acquired computer software are capitalized at cost of acquisition (Including License fees paid), net of accumulated amortization and accumulated impairment losses if any and are disclosed as intangible assets.

Other intangible assets (copyrights) are shown at cost of acquisition net of accumulated amortisation and accumulated impairment loss if any.

##### *Subsequent measurement (amortisation)*

Intangible assets are amortised on written down value over the useful life of the asset up to a maximum of five years commencing from the month when the asset is first put to use. The Company provides pro-rata depreciation from the day the asset is put to use and for any asset sold, till the date of sale.

##### *Transition to Ind AS*

On transition to Ind AS, the Company has elected to continue with the carrying value of all its intangible assets recognised as at 1 April 2016 measured as per the provisions of Previous GAAP and use that carrying value as the deemed cost of intangible assets.

## **Kumar Food Industries Limited**

### **Summary of significant accounting policies and other explanatory information for the year ended 31March 2019**

#### **5.7 Government grant**

Government grants are recognized when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants will be received. Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire capital assets are presented by deducting them from the carrying value of the assets. The grant is recognized as income over the life of a depreciable asset by way of a reduced depreciation charge. Other government grants are recognized as income over the periods necessary to match them with the costs for which are intended to compensate on a systematic basis.

#### **5.8 Operating leases**

*Company is lessee*

Assets acquired on leases where a significant portion of risk and rewards of ownership are retained by the lessor are classified as operating leases. Lease rental are charged to statement of profit and loss on straight line basis except where scheduled increase in rent compensate the lessor for expected inflationary costs.

#### **5.9 Impairment of non-financial assets**

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired, based on internal or external factors. If any such indication exists, the recoverable amount of the asset or the cash generating unit is estimated. If such recoverable amount of the asset or cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. Impairment losses previously recognized are accordingly reversed in the statement of profit and loss.

#### **5.10 Financial instruments**

##### **Recognition, initial measurement and de-recognition**

Financial assets and financial liabilities are recognised and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expired.

##### **Classification and subsequent measurement of financial assets**

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- Amortised cost
- Financial assets at fair value through profit or loss (FVTPL)
- Financial assets at fair value through other comprehensive income (FVOCI)

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date.

##### **Amortised cost**

A financial asset shall be measured at amortised cost using effective interest rates if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

## **Kumar Food Industries Limited**

### **Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019**

The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

#### **Financial assets at FVTPL**

Financial assets at FVTPL include financial assets that either do not meet the criteria for amortised cost classification or are equity instruments held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments also fall into this category. Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

#### **Financial assets at FVOCI**

FVOCI financial assets are either debt instruments that are managed under hold to collect and sell business model or are non-trading equity instruments that are designated to this category.

FVOCI financial assets are measured at fair value. Gains and losses are recognized in other comprehensive income, except for interest and dividend income, impairment losses and foreign exchange differences on monetary assets, which are recognized in statement of profit or loss.

#### **Classification and subsequent measurement of financial liabilities**

Financial liabilities are measured subsequently at amortized cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognized in profit or loss. All derivative financial instruments are accounted for at FVTPL.

#### **Financial guarantee contracts**

Financial guarantee contracts are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified party fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of expected loss allowance determined as per impairment requirements of Ind-AS 109 and the amount recognised less cumulative amortisation.

#### **Derivative contracts**

A derivative forward contract is recognised as an asset or a liability on the commitment date. Outstanding forward derivative contracts as at reporting date are fair valued restated using the mark to market information and resultant gain/(loss) is recognised accounted in statement of profit and loss.

#### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### **5.11 Impairment of financial assets**

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive. When estimating the cash flows, the Company is required to consider –

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.

## **Kumar Food Industries Limited**

### **Summary of significant accounting policies and other explanatory information for the year ended 31March 2019**

- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

#### *Trade receivables*

The Company applies approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of receivables.

#### *Other financial assets*

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss is provided.

### **5.12 Inventories**

Raw Material, components, stores and spares are valued at lower of cost and net realisable value.

Work-in-progress and finished goods are valued at lower of cost and net realisable value. Cost includes direct materials, labour and related production overheads in the ordinary course of business. Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated cost necessary to make the sale.

### **5.13 Income taxes**

Tax expense recognized in statement of profit and loss comprises the sum of deferred tax and current tax except the ones recognized in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates and tax laws that have been enacted for the reporting period. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Minimum alternate tax ("MAT") credit entitlement is recognised as an asset only when and to the extent there is convincing evidence that normal income tax will be paid during the specified period. In the year in which MAT credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT credit entitlement. This is reviewed at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent it is not reasonably certain that normal income tax will be paid during the specified period.

Deferred income taxes are calculated using the liability method. Deferred tax liabilities are generally recognised in full for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss, unused tax credits or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside statement of profit and loss is recognised outside statement of profit or loss (either in other comprehensive income or in equity).

### **5.14 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments (original maturity less than 3 months) that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

### **5.15 Post-employment, long-term and short-term employee benefits**

## **Kumar Food Industries Limited**

### **Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019**

#### *Short-term employee benefits:*

Short-term employee benefits such as salaries, wages, bonus etc. are recognized as an expense at the undiscounted amount in the statement of profit and loss for the year in which employee renders the related service.

#### *Post-employment benefits*

##### *Defined contribution plans:*

Company's contribution to Employees' Provident Fund Scheme, Employees' State Insurance Contribution Scheme and Staff welfare fund are charged to the revenue of the year when the contribution to the respective fund is due.

##### *Defined benefit plans:*

The Company's gratuity scheme is a defined benefit plan. The present value of the obligation under such defined plan is determined based on actuarial valuation carried out at the end of the year by an independent actuary, using the Projected Unit Credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. Actuarial gains and losses arising on such valuation are recognized immediately in the statement of profit and loss.

##### *Other defined plans:*

Benefits under the Company's leave encashment constitute other long-term employee benefits. The liability in respect of vacation pay is provided on the basis of an actuarial valuation done by an independent actuary at the year end. Actuarial gains and losses are recognized immediately in the statement of profit and loss. Termination benefits are recognized as an expense in the year in which they are incurred.

## **5.16 Provisions, contingent liabilities and contingent assets**

#### *Provisions and contingent liabilities:*

A Provision is recognised when the Company has present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are discounted to their present value, where the time value of money is material.

When some or all of the economic benefits required to settle, a provision is expected to be recovered from a third party, the receivable is recognised as a separate asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liability is a possible obligation arising from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events but is not recognised because it is not possible that an outflow of resources embodying economic benefit will be required to settle the obligations or reliable estimate of the amount of the obligations cannot be made. The Company discloses the existence of contingent liabilities in Other Notes to Financial Statements.

In cases where the possible outflow of economic resources as a result of present obligation is considered improbable or remote, no Provision is recognised or disclosure is made

#### *Contingent assets:*

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits. Contingent Assets are not recognised though are disclosed, where an inflow of economic benefits is probable.

## **5.17 Significant judgement and estimates in applying accounting policies**

## **Kumar Food Industries Limited**

### **Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019**

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the related disclosures.

#### *Significant management judgements*

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements:

**Recognition of deferred tax assets**—The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized. In addition, significant judgement is required in assessing the impact of any legal or economic limits.

**Recoverability of advances/receivables** – At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

**Classification of Leases**—The Company enters into leasing arrangements for various assets. The classification of the leasing arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialized nature of the leased asset.

**Defined benefit obligation (DBO)**—Employee benefit obligations are measured on the basis of actuarial assumptions which include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, medical cost trends, anticipation of future salary increases and the inflation rate. The Company considers that the assumptions used to measure its obligations are appropriate. However, any changes in these assumptions may have a material impact on the resulting calculations.

**Fair value measurements**—The Company applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with the market participants to price the instrument. The Company's assumptions are based on observable data as far as possible, otherwise on the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

**Inventories** – The Company estimates the cost of inventories taking into account the most reliable evidence, such as cost of materials and overheads considered attributable to the production of such inventories including actual cost of production, etc. Management also estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

**Provision and contingencies** – The assessments undertaken in recognising provisions and contingencies have been made in accordance with Indian Accounting Standards (Ind AS) 37, 'Provisions, Contingent Liabilities and Contingent Assets'. The evaluation of the likelihood of the contingent events is applied best judgement by management regarding the probability of exposure to potential loss.

**Useful lives of depreciable/amortisable assets** –Management reviews its estimate of the useful lives of depreciable/ amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software, customer relationships, IT equipment and other plant and equipment.

**Kumar Food Industries Limited**

**Notes to the Standalone Financials Statements for the year ended 31 March 2019**

**6 Property, plant and equipment**

Details of the Company's property, plant and equipment and reconciliation of their carrying amounts from beginning to end of reporting period is as follows:

	(Amount in ₹)						
	Freehold land	Building	Plant and machinery	Office equipment	Furniture and fixtures	Vehicles	Total
<b>Gross carrying amount</b>							
At 1 April 2017*	32,032,641	8,617,425	15,781,501	655,868	473,074	10,600,000	<b>68,160,509</b>
Additions \$	30,923,500	-	-	-	-	-	<b>30,923,500</b>
Disposals/assets written off	(31,756,141)	-	-	-	-	(5,180,000)	<b>(36,936,141)</b>
<b>Balance as at 31 March 2018</b>	<b>31,200,000</b>	<b>8,617,425</b>	<b>15,781,501</b>	<b>655,868</b>	<b>473,074</b>	<b>5,420,000</b>	<b>62,147,868</b>
Additions	-	-	373,173	-	-	1,900,000	<b>2,273,173</b>
Disposals/assets written off	-	-	(878,550)	-	-	-	<b>(878,550)</b>
<b>Balance as at 31 March 2019</b>	<b>31,200,000</b>	<b>8,617,425</b>	<b>15,276,124</b>	<b>655,868</b>	<b>473,074</b>	<b>7,320,000</b>	<b>63,542,491</b>
<b>Accumulated depreciation</b>							
At 1 April 2017*	-	3,780,942	12,638,751	349,436	415,942	2,061,391	<b>19,246,463</b>
Charged during the year	-	272,882	221,020	12,843	4,832	2,143,609	<b>2,655,186</b>
Adjustments for disposals	-	-	-	-	-	(1,295,000)	<b>(1,295,000)</b>
<b>Balance as at 31 March 2018</b>	<b>-</b>	<b>4,053,824</b>	<b>12,859,771</b>	<b>362,279</b>	<b>420,774</b>	<b>2,910,000</b>	<b>20,606,649</b>
Charged during the year	-	272,882	510,314	6,422	3,624	2,285,347	<b>3,078,588</b>
Adjustments for disposals	-	-	(730,550)	-	-	-	<b>(730,550)</b>
<b>Balance as at 31 March 2019</b>	<b>-</b>	<b>4,326,706</b>	<b>12,639,535</b>	<b>368,701</b>	<b>424,398</b>	<b>5,195,347</b>	<b>22,954,687</b>
<b>Net book value (deemed cost) as at 1 April 2017*</b>	<b>32,032,641</b>	<b>4,836,483</b>	<b>3,142,750</b>	<b>306,432</b>	<b>57,132</b>	<b>8,538,609</b>	<b>48,914,046</b>
<b>Net book value as at 31 March 2018</b>	<b>31,200,000</b>	<b>4,563,601</b>	<b>2,921,730</b>	<b>293,589</b>	<b>52,300</b>	<b>2,510,000</b>	<b>41,541,219</b>
<b>Net book value as at 31 March 2019</b>	<b>31,200,000</b>	<b>4,290,719</b>	<b>2,636,589</b>	<b>287,167</b>	<b>48,676</b>	<b>2,124,653</b>	<b>40,587,804</b>

\* Represents deemed cost on the date of transition to Ind AS. Gross block and accumulated depreciation from the previous GAAP have been disclosed for the purpose of better understanding of the original cost of assets.

\$ Land revaluation reserve created on account of permanent increase in the value of land property of the company situated at Siraspur.

**Note - 7**

**Investments in equity shares- non-current\***

**Subsidiary - unquoted**

V M Agro Private Limited

Nil Shares (31 March 2018: 9000 shares; 1 April 2017: 9000 shares) of Rs 10 each

**Investments in equity shares- non-current\***

**Associate Concern - unquoted**

Shakti Bhog Foods Limited

556710 Shares (31 March 2018: 556710 shares; 1 April 2017: 556710 shares) of Rs 10 each

Prince Food Tech Pvt. Ltd.

17279 Shares(31 March 2018: 17279 shares; 1 April 2017: 6000 shares) of Rs.100 each

Dash Exports Pvt. Ltd.

130000 Shares (31 March 2018: 130000 shares; 1 April 2017: 130000 shares) of Rs.10 each

Divyarth Healthcare Pvt. Ltd.

163103 Shares (31 March 2018: 163103 shares; 1 April 2017: 10000 shares) of Rs.10 each

Goal Securities & Credits Ltd.

81500 Shares (31 March 2018: 81500 shares; 1 April 2017: 81500 shares) of Rs.10 each

**Investments in equity shares- non-current\***

**Other than associate concern - unquoted**

Indraprastha Sehkari Bank Ltd.

400 Shares (31 March 2018: 400 shares; 1 April 2017: 400 shares) of Rs.10 each

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
V M Agro Private Limited	-	90,000	90,000
Nil Shares (31 March 2018: 9000 shares; 1 April 2017: 9000 shares) of Rs 10 each			
Shakti Bhog Foods Limited	8,217,000	8,217,000	8,217,000
556710 Shares (31 March 2018: 556710 shares; 1 April 2017: 556710 shares) of Rs 10 each			
Prince Food Tech Pvt. Ltd.	5,730,553	5,730,553	600,000
17279 Shares(31 March 2018: 17279 shares; 1 April 2017: 6000 shares) of Rs.100 each			
Dash Exports Pvt. Ltd.	1,300,000	1,300,000	1,300,000
130000 Shares (31 March 2018: 130000 shares; 1 April 2017: 130000 shares) of Rs.10 each			
Divyarth Healthcare Pvt. Ltd.	4,660,000	4,660,000	1,000,000
163103 Shares (31 March 2018: 163103 shares; 1 April 2017: 10000 shares) of Rs.10 each			
Goal Securities & Credits Ltd.	815,000	815,000	815,000
81500 Shares (31 March 2018: 81500 shares; 1 April 2017: 81500 shares) of Rs.10 each			
Indraprastha Sehkari Bank Ltd.	4,000	4,000	4,000
400 Shares (31 March 2018: 400 shares; 1 April 2017: 400 shares) of Rs.10 each			
	<b>20,726,553</b>	<b>20,816,553</b>	<b>12,026,000</b>

\*Investments in subsidiary company is stated at cost using the exemption provided as per Ind AS 27 'Separate Financial Statements'

§ No provision for diminution in value of investments of Shakti Bhog Foods Limited (in Liquidation) was considered, as the Company have advantageous contracts.

**Note - 8**

**A Loans - non current assets\***

**(Unsecured, considered good)**

Security deposits

Security deposits	1,182,500	1,248,500	193,500
	<b>1,182,500</b>	<b>1,248,500</b>	<b>193,500</b>

**B Loans - current assets\***

**(Unsecured, considered good)**

Security deposits

Loans to employees

Security deposits	245,000	10,000	298,905
Loans to employees	6,023,500	1,652,024	552,000
	<b>6,268,500</b>	<b>1,662,024</b>	<b>850,905</b>

\*These are carried at amortised cost

**Note - 9**

**Other financial assets - non-current**

Bank deposits with maturity of more than 12 months

Bank deposits with maturity of more than 12 months	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>

**Note - 10**

**Deferred tax assets (net)**

Deferred tax asset arising on account of :

Provision for Employee benefit expenses & Carried forward losses

10,493,103 -812,680 507,386

Deferred tax liabilities arising on account of :

Property, plant, equipment and carried forward losses

(910,943) (839,002) 440,201

MAT credit entitlement

- - -

	<b>11,404,046</b>	<b>26,322</b>	<b>67,185</b>
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(i) Deferred tax arising on all the items has been recognised in the statement of profit and loss except for deferred tax arising on account of provision for employee benefits, a part of which has been recognised in other comprehensive income on account of actuarial gains and losses.

**(ii) Movement in deferred tax asset (net)**

Particulars	As at 1 April 2017	Recognised in statement of profit and loss	Recognised in equity	As at 31 March 2018
<b>Non-current assets</b>				
Provision for employee benefit expenses & Carried forward losses	507,385	(1,320,066)	-	-812,681
<b>Non- Current liabilities</b>				
Property, plant and equipment	440,201	(1,279,203)	-	(839,002)
<b>Total</b>	<b>67,184</b>	<b>-40,862</b>	<b>-</b>	<b>26,322</b>

**Movement in deferred tax asset (net)**

Particulars	As at 31 March 2018	Recognised in statement of profit and loss	Recognised in equity	As at 31 March 2019
<b>Non-current assets</b>				
Provision for Employee benefit expenses & Carried forward losses	-812,681	11,305,784	-	10,493,103
<b>Non-current liabilities</b>				
Property, plant and equipment	(839,002)	(71,941)	-	(910,943)
<b>Total</b>	<b>26,322</b>	<b>11,377,724</b>	<b>-</b>	<b>11,404,046</b>



	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
<b>Note - 11</b>			
<b>A Other non-current assets</b>			
Capital advance	-	-	909,509
Other advances*	226,719	-	-
Advance for services	4,268,369	1,247,294	-
	<b>4,495,088</b>	<b>1,247,294</b>	<b>909,509</b>
<b>B Other current assets</b>			
Advance to material/service providers	18,479,592	24,063,257	11,544,588
Prepaid expenses	333,109	5,261	2,111
Balances with statutory authorities	15,313,278	5,749,466	-
Interest Recoverable	-	17,808,638	-
Advance Income Tax	37,466	951,252	51,252
Other Advances * \$	120,212,169	135,000,000	58,615
	<b>154,375,613</b>	<b>183,577,874</b>	<b>11,656,566</b>

\*This amount represents against the contractual agreement between Shakti Foods Limited and Kumar Food Industries Ltd

\$ No provision for doubtful Advances to Shakti Bhog Foods Limited (in Liquidation) was considered, as the company have some pending advantageous contracts.

**Note - 12**

**Inventories**

Raw materials	143,937,513	7,892,604	-
Work-in-progress	1,434,744	1,083,967	1,166,750
Finished goods	11,477,047	12,513,375	4,101,104
Packing material	23,084,671	20,704,066	2,287,142
	<b>179,933,975</b>	<b>42,194,013</b>	<b>7,554,996</b>

**Note - 13**

**Trade receivables**

**Unsecured**

Considered good	237,074,666	244,169,179	184,294,813
Considered doubtful	-	-	-
<b>Less: Provision against doubtful receivables</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>237,074,666</b>	<b>244,169,179</b>	<b>184,294,813</b>

**Note - 14**

**Cash and cash equivalents**

Cash on hand	1,580,607	1,961,090	1,649,999
Balances with banks:-			
In current accounts including cheques in hand	5,603,279	2,819,582	1,315,757
	<b>7,183,886</b>	<b>4,780,672</b>	<b>2,965,756</b>

**Note - 15**

**Other bank balances**

Bank deposits			
With maturity upto twelve months	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>

	As at 31 March 2019 (Amount in ₹)		As at 31 March 2018 (Amount in ₹)		As at 1 April 2017 (Amount in ₹)	
	Number	Amount	Number	Amount	Number	Amount
<b>Note - 16</b>						
<b>Equity share capital</b>						
<b>i Authorised</b>						
Equity share capital of face value of ₹10 each	10,000,000	100,000,000	10,000,000	100,000,000	3,500,000	35,000,000
		<b>100,000,000</b>		<b>100,000,000</b>		<b>35,000,000</b>
<b>ii Issued, subscribed and fully paid up</b>						
Equity share capital of face value of ₹10 each	3,000,000	30,000,000	3,000,000	30,000,000	3,000,000	30,000,000
		<b>30,000,000</b>		<b>30,000,000</b>		<b>30,000,000</b>

**iii Reconciliation of number of equity shares outstanding at the beginning and at the end of the year**

	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	Number	Amount	Number	Amount	Number	Amount
<b>Equity shares</b>						
Balance at the beginning of the year	3,000,000	30,000,000	3,000,000	30,000,000	3,000,000	30,000,000
Add: Issued during the year	-	-	-	-	-	-
<b>Balance at the end of the year</b>	<b>3,000,000</b>	<b>30,000,000</b>	<b>3,000,000</b>	<b>30,000,000</b>	<b>3,000,000</b>	<b>30,000,000</b>

**iv Rights, preferences and restrictions attached to equity and preference shares**

- The Company has only one class of equity shares having a par value of ₹10 per share. Each shareholder is eligible for one vote per share held.
- The Company will declares and pays dividend in Indian rupees (if any).
- In the event of liquidation of the Company, the equity share holders will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, in proportion of their shareholding.

v Details of shareholder holding more than 5% share capital

Name of the equity shareholder	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	Number	%	Number	%	Number	%
Keval Krishan Kumar	-	-	-	-	218,500	7.28%
Divyarth Kumar	401,400	13.38%	401,400	13.38%	50,200	1.67%
Radhika Kuar	155,100	5.17%	-	0.00%	-	0.00%
Divyarth Leasing and Finance Private Limited	150,000	5.00%	150,000	5.00%	150,000	5.00%

The aforesaid reporting is as per the register of members as on date.

Requests for share transfers of promoters, referred back. Its impact will be considered only after updations in the register of members.

vi Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash, by way of bonus shares and shares bought back for the period of 5 years immediately preceding the Balance Sheet date:

-The Company has not issued any shares pursuant to contract(s) without payment being received in cash.

-No bonus issues have been done in preceding 5 years.

-The Company has not undertaken any buy back of shares.

	(Amount in ₹)		
	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
<b>Note - 17</b>			
<b>Other equity</b>			
<b>A Capital Reserve</b>			
Opening balance	62,942,101	-	-
Transferred/adjustment during the year - refer note 25-B	-	62,942,101	-
<b>Closing balance</b>	<b>62,942,101</b>	<b>62,942,101</b>	<b>-</b>
<b>B Land revaluation reserve</b>			
Opening balance	30,923,500	-	-
Addition during the year on land, being permanent increase in its nature.	-	30,923,500	-
<b>Closing balance</b>	<b>30,923,500</b>	<b>30,923,500</b>	<b>-</b>
<b>C Retained earnings</b>			
Opening balance	8,469,962	68,549,547	86,102,638
Transferred/adjustment during the year	13,352,142	2,862,516	(17,553,091)
Less: Capital reserve	0	(62,942,101)	-
Less: Dividend paid	-	-	-
Less: Tax on dividend paid	-	-	-
<b>Closing balance</b>	<b>21,822,104</b>	<b>8,469,962</b>	<b>68,549,547</b>
<b>D Other comprehensive income</b>			
Opening balance	1,843,163	1,761,366	-
Transferred/adjustment during the year	225,083	81,797	1,761,366
<b>Closing balance</b>	<b>2,068,246</b>	<b>1,843,163</b>	<b>1,761,366</b>
	<b>117,755,951</b>	<b>104,178,726</b>	<b>70,310,913</b>

(i) Nature and purpose of other reserves

86,832,451.37

**Securities premium reserve**

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with provisions of the Companies Act, 2013.

**Other comprehensive income**

Remeasurements gains/losses on post employment benefits are recorded in the other comprehensive income.

**Land revaluation reserve**

Appreciation in the value of cost of land at its durable increase in value is recorded in books.

**Note - 18**

**A Borrowings non-current**

**Secured loans\*:**

**Term loans**

From banks	166,835,392	173,317,430	-
Less: current maturities of long term borrowings	(28,916,400)	(4,819,400)	-
	<b>137,918,992</b>	<b>168,498,030</b>	<b>-</b>

**Security details for term loan from banks:**

a Term Loan from banks includes loans taken from DCB Bank Limited, which is secured by way of 1st equitable mortgage on the Industrial Land & Building situated at Khasra No. 147, Siraspur, Delhi, standing in the name of M/s Kumar Dal Mills.

b Negative Lien on Industrial Land situated Khasra No 71/1, Siraspur Delhi, in the name of the Company.

c Lien on the Bank Term Deposit of Rs 51.72 lacs. The interest bearing on the same is also under lien.

d Personal guarantee of Divyarth Kumar and Kewal Krishan Kumar

e Corporate Guarantee of Kumar Daal Mills

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
<b>B Borrowings - current</b>			
<i>Secured loans</i>			
Cash credit facilities	17,790,000	3,182,877	98,380,442
	<b>17,790,000</b>	<b>3,182,877</b>	<b>98,380,442</b>

**Security details for short-term borrowings:**

Loans from Bank towards cash credit limits are secured by way of :-

Working Capital Loans from Banks are secured by Hypothecation of present and future stock of Raw Material, Stock in Process, Finished Goods Stock Store & Spares, Book Debts and First Charge on Fixed Assets including Negative lien on immovable property of the Company and Personal Guarantee of Directors.

The cash credit account maintained with State Bank of India during earlier year become Non Performing Assets due to default in payment of Interest. During, the previous year the account has been settled through One Time Settlement (OTS).

**Note - 19**

**A Provisions - Non current**

Provision for employee benefits:

Compensated absences  
Gratuity

Compensated absences	1,403,844	289,823	103,259
Gratuity	1,942,526	990,425	1,087,928
	<b>3,346,370</b>	<b>1,280,248</b>	<b>1,191,187</b>

**B Provisions - current**

Provision for employee benefits:

Bonus  
Compensated absences  
Gratuity

Bonus	2,408,518	1,166,291	-
Compensated absences	1,612,040	688,201	136,496
Gratuity	158,007	156,000	236,150
	<b>4,178,565</b>	<b>2,010,492</b>	<b>372,646</b>

**Note - 20**

**Trade payables - current**

Due to micro and small enterprises\*

Due to others

Creditors for Raw Material  
Other Creditors

Due to micro and small enterprises*	-	-	-
Due to others	-	-	-
Creditors for Raw Material	139,384,015	132,074,131	132,367,506
Other Creditors	119,117,955	34,983,816	12,771,130
	<b>258,501,970</b>	<b>167,057,947</b>	<b>145,138,636</b>

\*Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act, 2006") as at 31 March 2018, 31 March 2017 and 1 April 2016:

Particulars			
i) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each	Nil	Nil	Nil
ii) the amount of interest paid by the buyer in terms of section 16, along with the of the payment made to the supplier beyond the appointed day during each accounting year;	Nil	Nil	Nil
iii) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;	Nil	Nil	Nil
iv) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil	Nil
v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	Nil	Nil	Nil

The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

**Note - 21**

**A Other financial liabilities - Non current**

	-	-	-
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**B Other financial liabilities - current**

Current maturities of long term borrowings  
Interest accrued on borrowings  
Contractually reimbursement expenses to Employee  
Bank Overdrawn  
Payable for capital goods  
Security deposits received  
Expenses payable

Current maturities of long term borrowings	28,916,400	4,819,400	-
Interest accrued on borrowings	-	-	12,174,333
Contractually reimbursement expenses to Employee	-	-	-
Bank Overdrawn	-	418,632	2,868,049
Payable for capital goods	-	-	6,575,410
Security deposits received	-	-	-
Expenses payable	21,368,074	16,525,504	2,389,656
	<b>50,284,474</b>	<b>21,763,536</b>	<b>24,007,448</b>

**Note - 22**

**Other current liabilities**

Payable to statutory authorities  
Advance from customers

Payable to statutory authorities	7,256,446	8,841,249	2,082,258
Advance from customers	35,569,103	20,599,461	9,475,320
	<b>42,825,550</b>	<b>29,440,710</b>	<b>11,557,578</b>

**Note - 23**

**Current tax liabilities (net)**

Income Tax Payable  
Provision for income tax, net of advance tax and tax deducted at source

Income Tax Payable	-	13,851,083	14,550,760
Provision for income tax, net of advance tax and tax deducted at source	630,760	-	-
	<b>630,760</b>	<b>13,851,083</b>	<b>14,550,760</b>

	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Note - 24</b>		
<b>Revenue from operations</b>		
Sale of products \$	2,786,814,591	1,033,586,617
Domestic Sales	2,753,999,935	1,033,586,617
Export Sales	32,814,656	-
	<b>2,786,814,591</b>	<b>1,033,586,617</b>
% includes inter unit stock transfers of Rs. 7,68,59,431/- (previous year Rs 1,97,80,946) as per GST and therefore included in the total turnover during the year. However, the same has no impact on the profit for the year / previous year.		
<b>Note - 25</b>		
<b>A Other income</b>		
Interest income	374,651	17,956,123
Miscellaneous Income	927,463	-
Excess Provision written back	9,595,773	749,776
	<b>10,897,887</b>	<b>18,705,899</b>
<b>Note - 25</b>		
<b>B Exceptional Items - Income</b>		
One Time Settlement with Bank	-	62,942,101
	<b>-</b>	<b>62,942,101</b>
During previous year State Bank of India under its one time settlement scheme of NPAs & AUCAs in manufacturing, trade, services & agriculture sector (SBI OTS 2017) offered to the Company for settlement of its dues at Rs 5,29,02,971 vide letter number 813 dated 14.9.2017. Accordingly, the ledger balance of dues to State Bank of India amounting Rs 507,67,768 and interest accrued and due thereon amounting Rs 1,21,74,333, aggregating Rs 6,29,42,101 are taken as income as per the requirements of IND AS, although these amounts are capital in nature and no income/ profit has accrued and no cash flow is to be realised to the Company, and being capital in nature has been transferred to capital reserve. Moreover, no real income/ profit has accrued to the Company and in view of above, the said amounts are not taxable under entire Income Tax Act and its Rules.		
<b>Note - 26</b>		
<b>Cost of materials consumed</b>		
Opening stock	7,892,604	-
Add: purchases \$, %	2,507,314,115	896,135,496
Add: Procurement expense	3,220,925	2,054,362
Less: Closing stock	(143,937,513)	(7,892,604)
	<b>2,374,490,132</b>	<b>890,297,254</b>
\$ Stocks of finished goods purchased from various tie up units are considered as own manufactured items in view of the close supervision and strict quality control exercised as per the agreements with them under the brand packaging material supplied by the Company and accordingly shown as purchase/ consumption and therefore as cost of materials consumed.		
% includes inter unit stock transfers of Rs. 7,68,59,431 (previous year Rs 1,97,80,946) as per GST and therefore included in the total turnover during the year. However, the same has no impact on the profit for the year / previous year.		
<b>Note - 27</b>		
<b>Purchase of stock in trade</b>		
Purchase of Traded Goods	-	-
	<b>-</b>	<b>-</b>
<b>Note - 28</b>		
<b>Changes in inventories of finished goods, work-in-progress and stock-in-trade</b>		
<b>Inventories at the end of the year:</b>		
Finished goods	11,477,047	12,513,375
Work-in-progress	1,434,744	1,083,967
	<b>12,911,791</b>	<b>13,597,342</b>
<b>Inventories at the beginning of the year:</b>		
Finished goods	12,513,375	4,101,104
Work-in-progress	1,083,967	1,166,750
	<b>13,597,342</b>	<b>5,267,854</b>
	<b>685,551</b>	<b>-8,329,489</b>
<b>Note - 29</b>		
<b>Employee benefit expenses</b>		
Salaries, wages and bonus	88,653,311	48,313,417
Contribution to provident fund and other funds	2,669,571	782,868
Staff welfare expenses	773,575	302,667
	<b>92,096,457</b>	<b>49,398,952</b>
<b>Note - 30</b>		
<b>Finance costs</b>		
<b>Interest paid to Bank</b>		
- Term Loan	19,449,930	4,674,532
- Cash Credit	381,607	132,342
Bank Charges	192,612	132,836
Interest paid to Other	825,152	-
	<b>20,849,301</b>	<b>4,939,710</b>
<b>Note - 31</b>		
<b>A. Exceptional items - loss</b>		
Loss on sale of Capital Work in Progress	-	69,389,099
	<b>-</b>	<b>69,389,099</b>

Due to financial crunch in earlier years and in view of the OTS with State Bank of India, the Company has taken decision for disposal of its capital work in progress relating to its project at Rai, District Sonapat, Haryana having land, building under construction, machinery under construction, fixtures, advances given for partly executed work etc.. resulting in loss of Rs 6,93,89,099 recognised as expenditure as per the requirements of IND AS, being in the nature of business losses. Accordingly the said amounts are allowable as deduction of business loss/ expenditure under Income Tax Act.

Note - 31

**B. Other expenses**

	For the year ended 31 March 2019	For the year ended 31 March 2018
Advertisement	21,641,159	7,939,163
Sales Promotion	19,327,953	1,666,982
Discount & Commission	5,776,219	287,953
Transportation Expense	21,818,668	4,192,904
Communication Expenses	1,092,686	189,138
Festival Celebration	490,056	129,241
Consumption of packing material	159,904,511	46,717,084
Selling and Distribution Expense	12,372,168	10,095,064
Security Guard Expense	303,408	1,865,022
Donations and contributions	413,100	42,000
Insurance	296,515	237,503
Legal and professional expenses	20,003,194	6,565,620
Loss on sale of fixed assets	-	2,585,000
Miscellaneous expenses	2,119,270	969,816
Payments to auditors (refer note (i) below)	500,000	450,000
Power and fuel	15,083,344	11,105,161
Printing and stationery	583,298	166,280
Rates and taxes	783,336	1,334,057
Royalty	900,000	900,000
Rent	6,678,412	2,602,933
Repairs and maintenance - Others	632,907	46,860
Repairs and maintenance - Machineries	842,349	1,158,840
Travelling and conveyance	9,943,658	2,036,117
Vehicle running expenses	2,504,652	735,434
	<b>304,010,863</b>	<b>104,018,172</b>

(i) Details of payment to auditors

Audit Fee	450,000	450,000
Tax Audit Fee	50,000	-
	<b>500,000</b>	<b>450,000</b>

Note - 32

**Income tax**

**Tax expense comprises of:**

Current tax	527,168	-37,646
Deferred tax charge/(credit)	(11,377,724)	40,863
<b>Income tax expense reported in the statement of profit or loss</b>	<b>(10,850,556)</b>	<b>3,217</b>

The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of the Company at 34.608% and the reported tax expense in profit or loss are as follows:

**Reconciliation of tax expense and the accounting profit multiplied by India's tax rate**

Accounting profit before tax from continuing operations	2,501,586	2,865,733
<b>Accounting profit before income tax</b>	<b>2,501,586</b>	<b>2,865,733</b>

At India's statutory income tax rate of 31.518% (31 March 2017: 31.518%)

**Tax effect of amounts which are not deductible (taxable) in calculating taxable income:**

Impact of depreciation	321,719	90,585
Impact of allowed/ disallowed expenses	-982,964	-982,964
Other items	-	-
<b>Income tax expense</b>	<b>127,205</b>	<b>10,843</b>

Note - 33

**Other Comprehensive Income**

**Items that will not be reclassified to profit or loss**

Re-measurement gains/(losses) on defined benefit plans	328,675	119,443
Income tax effect	(103,592)	-37,646

**Items that will be reclassified to profit or loss**

	-	-
	<b>225,083</b>	<b>81,797</b>

Note - 34

**Earnings per share (EPS)**

Company's Earnings per Share ("EPS") is determined based on the net profit attributable to the shareholders' of the Company. Basic earnings per share is computed using the weighted average number of shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the year.

The following reflects the income and share data used in the basic and diluted EPS computations:

<b>Profit attributable to equity holders</b>	13,352,142	2,862,516
Weighted average number of Equity shares for basic EPS	3,000,000	3,000,000
Effect of dilution:		
Share options	-	-
<b>Weighted average number of Equity shares adjusted for the effect of dilution</b>	<b>3,000,000</b>	<b>3,000,000</b>

For the purpose of calculating the weighted average number of shares, the weighted average effect of changes in treasury share transactions during the year has also been considered. No other transaction involving Equity shares or potential Equity shares is there between the reporting date and the date of authorisation of these financial statements.

**Earnings per equity share (Rs)**

(1) Basic	4.45	0.95
(2) Diluted	4.45	0.95

**Kumar Food Industries Limited**

**Notes to the Standalone Financials Statements for the year ended 31 March 2019**

**Note - 35**

**Capital management**

**(a) Risk management**

The Company's objectives when managing capital are to:

- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio.

Particulars	(Amount in ₹)		
	31 March 2019	31 March 2018	1 April 2017
Net debt	166,835,392	173,317,430.00	-
Total equity, excluding land revaluation reserve	116,832,451	134,178,726	100,310,913
<b>Net debt to equity ratio</b>	142.80%	129.17%	0.00%

**Note - 36**

**I Related party transactions**

Relationships	Name of the party
Subsidiary Company	-
Key managerial personnel (KMP)	Dharminder Joshi, Executive Director Bharat Lal Shukla, Executive Director Naveen Kumar, CFO Abdul Hassan Ansari, CFO Ganesh Gulati, Company Secretary
Enterprises on which promoters have significant influence	Dash Exports Private Limited Shakti Bhog Foods Limited Shakti Bhog Snacks Limited K D M Media Private Limited Prince Food Tech Private Limited Divyarth Leasing & Finance Private Limited Bhawna Portfolio Private Limited Goal Securities & Credits Limited Sumesh Financers Private Limited Crest Agro Foods Limited Pansy Holding Private Limited Divyarth Healthcare Private Limited Vital Holding Private Limited Elenza Investment Private Limited Dinkar Holding Private Limited Shubhangi Finvest Private Limited Vizzy Finvest Private Limited Phlox Investment Private Limited Fruto Freesh Industries Private Limited
Relative of Key Managerial Person	Omansh Joshi, Son of Director

**II Disclosures in respect of material transactions with related parties during the year**

(Amount in ₹)

Related Party	Nature of Transactions	31 March 2019	31 March 2018
Shakti Bhog Foods Limited	-Sales	-	23,237,562
	-Purchase	-	30,892,444
	-Rent Paid (Received)	826,000	(739,000)
	-Royalty Paid	900,000	900,000
	-Other Income Tax Adjustments	13,851,083	-
Shakti Bhog Snacks Limited	-Reimbursements Paid	93,118	-
	-Purchase	115,956,822	5,750,416
Dash Exports Private Limited	-Sales	-	546,400
	-Purchase	-	2,369,377
Divyarth Health Care Pvt Ltd	-Sales	48,955,940	-
	-Purchase	48,955,940	-
Elenza Investments Pvt Ltd	-Sales	2,100,000	-
	-Purchase	-	-
Prince Food Tech Pvt Ltd	-Sales	22,089,327	-
	-Sales Machinery	173,990	-
	-Purchase	389,871,571	-

(Amount in ₹)

Related Party	Nature of Transactions	31 March 2019	31 March 2018
Bharat Lal Shukla	-Director Remuneration	738,951	480,000
Dharmender Joshi	-Director Remuneration	1,839,996	447,000
Ganesh Gulati	-Remuneration	1,211,759	-
Abdul Hassan Ansari	-Remuneration	350,000	-
Omansh Joshi	-Remuneration	250,000	-
Divyarth Kumar	-Remuneration	2,400,000	2,400,000
Radhika Kumar	-Remuneration	1,800,000	1,800,000
Naven Kumar	-Remuneration	239,791	514,000
Rahuk Thakur	-Remuneration	-	60,000

III Balances with related parties

(Amount in ₹)

Related Party	Nature of Transactions	31 March 2019	31 March 2018	1 April 2017
Shakti Bhog Foods Limited	Investment in Associate Concern	8,217,000	8,217,000	8,217,000
	Amount Receivable in respect of Loan Given	120,212,169	135,000,000	-
Prince Food tech Private Limited	Investment in Associate Concern	5,730,553	5,730,553	5,730,553
Dash Exports Private Limited	Investment in Associate Concern	1,300,000	1,300,000	1,300,000
Divyarth Health Care Private Limited	Investment in Associate Concern	4,660,000	4,660,000	4,660,000
Goal Securities & Credit Limited	Investment in Associate Concern	815,000	815,000	815,000

Note - 37

Summary of contingent liabilities and commitments (to the extent not provided for)

(Amount in ₹)

Particulars	31 March 2019	31 March 2018	1 April 2017
Contingent liabilities	48,516,442	48,516,442	Nil
Capital Commitments	Nil	Nil	16,838,000

Income Tax assessment under block assessment completed during the year and demands raised were appealed before CIT (A). No provisions for disputed tax liabilities are considered, and liabilities, if any, will be accounted in the books after final appellate orders.

Gratuity and compensated absences

A. Compensated absences

Amount recognised in the statement of profit and loss is as under:

(Amount in ₹)

Particulars	31 March 2019	31 March 2018
Current service cost	2,136,058	289,823
Interest cost	375,736	17,455
Actuarial (gain)/loss, net on account of:		
-Changes in financial assumptions	(328,675)	445,305
-Changes in experience adjustment	-	-
<b>Cost recognized during the year</b>	<b>2,183,119</b>	<b>752,583</b>

Movement in the liability recognized in the balance sheet is as under:

Particulars	31 March 2019	31 March 2018
Present value of defined benefit obligation at the beginning of the year	978,034	239,755
Current service cost	2,136,058	289,823
Interest cost	375,736	17,455
Actuarial (gain)/loss, net	(328,675)	445,305
Benefits paid	(145,269)	(14,304)
<b>Present value of defined benefit obligation at the end of the year</b>	<b>3,015,884</b>	<b>978,034</b>
-Current	1,612,040	688,201
-Non-current	1,403,844	289,823

For determination of the liability of the Company, the following actuarial assumptions were used:

Particulars	31 March 2019	31 March 2018	1 April 2017
Discount rate	7.50%	7.50%	7.90%
Salary escalation rate	6.00%	8.00%	8.00%
Withdrawal rate 18 to 58 Years	2.00%	2.00%	2.00%
Mortality table	Indian Assured Lives Mortality (2006 -08)	Indian Assured Lives Mortality (2006 -08)	Indian Assured Lives Mortality (2006 -08)

These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year-end by reference to government bonds of relevant economic markets and that have terms to maturity approximating to the terms of the related obligation. Other assumptions are based on management's historical experience.

**B. Gratuity**

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employee's last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. Gratuity plan is a non-funded plan.

**Amount recognised in the statement of profit and loss is as under:****(Amount in ₹)**

Particulars	31 March 2019	31 March 2018
Current service cost	1,023,621	488,334
Interest cost	35,895	75,445
Actuarial (gain)/loss, net on account of:		
-Changes in financial assumptions	-	-
-Changes in experience adjustment	(50,023)	(105,139)
<b>Cost recognized during the year</b>	<b>1,009,493</b>	<b>458,640</b>

**Movement in the liability recognized in the balance sheet is as under:**

Particulars	31 March 2019	31 March 2018
Present value of defined benefit obligation at the beginning of the year	1,146,425	1,324,078
Current service cost	1,023,621	488,334
Interest cost	35,895	75,445
Actuarial (gain)/loss, net	(50,023)	(105,139)
Benefits paid	(55,385)	(636,293)
<b>Present value of defined benefit obligation at the end of the year</b>	<b>2,100,533</b>	<b>1,146,425</b>
-Current	158,007	156,000
-Non-current	1,942,526	990,425

**For determination of the liability of the Company, the following actuarial assumptions were used:**

Particulars	31 March 2018	31 March 2017	1 April 2016
Discount rate	7.50%	7.50%	7.90%
Salary escalation rate	6.00%	8.00%	8.00%
Mortality table	Indian Assured Lives Mortality (2006 -08)	Indian Assured Lives Mortality (2006 -08)	Indian Assured Lives Mortality (2006 -08)

These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year-end by reference to government bonds of relevant economic markets and that have terms to maturity approximating to the terms of the related obligation. Other assumptions are based on management's historical experience.

**Note - 38****A**

The Company has recognised the deferred tax credits available to it for earlier years during the year and the same was wrongly classified as Miscellaneous Expenditure and netted therein, thereby the profit before tax has been increased to the extent of Rs 1,35,63,786/- while publishing the financial results for the year ending 31.03.2019. Corresponding impact have also been reported in the balance sheet items, due to casting errors as well accordingly.

**B**

In the opinion of the management, statutory liabilities, WCT under Haryana VAT Tax Act and related statutory dues pertaining to the assets sold during the earlier years needs to be meet by the buyer of the said property as the liabilities pertains to the construction of the said property. Accordingly, during the year a sum of Rs 5506200 in respect of said statutory liabilities have been written back..

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Note - 39  
Financial risk management

Financial instruments by category

Particulars	31 March 2019			31 March 2018			1 April 2017		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
<b>Financial assets</b>									
Trade receivables	-	-	237,074,666	-	-	244,169,179	-	-	184,294,813
Loans	-	-	7,451,000	-	-	2,910,524	-	-	1,044,405
Cash and cash equivalents	-	-	7,183,886	-	-	4,780,672	-	-	2,965,756
Bank deposits	-	-	-	-	-	-	-	-	-
<b>Total financial assets</b>	-	-	<b>251,709,552</b>	-	-	<b>251,860,375</b>	-	-	<b>188,304,974</b>

Particulars	31 March 2019			31 March 2018			1 April 2017		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
<b>Financial liabilities</b>									
Borrowings	-	-	184,625,392	-	-	176,500,307	-	-	98,380,442
Trade payables	-	-	258,501,970	-	-	167,057,947	-	-	145,138,636
Security deposits	-	-	-	-	-	-	-	-	-
Others	-	-	21,368,074	-	-	16,944,136	-	-	24,007,448
<b>Total financial liabilities</b>	-	-	<b>464,495,435</b>	-	-	<b>360,502,390</b>	-	-	<b>267,526,525</b>

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalent, trade receivables, financial assets measured at amortised cost	Ageing analysis	Bank deposits, diversification of asset base and credit limits
Liquidity risk	Borrowings and other financial liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – Foreign exchange	Future commercial transactions Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting and Sensitivity analysis	Forward contract/hedging
Market risk – Interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Interest rate swaps
Market risk – Security prices	Investment in equity securities	Sensitivity analysis	Portfolio diversifications

The Company's risk management is carried out by a central treasury department (of the group) under policies approved by the board of directors. The board of directors provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

**A Credit risk**

Credit risk arises from cash and cash equivalents, trade receivables, investments carried at amortised cost and deposits with banks and financial institutions.

*Credit risk management*

The finance function of the Company assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

- A: Secured, negligible
- B: Partly secured
- C: Unsecured
- D: Doubtful

**Assets under credit risk –**

Credit rating	Particulars	(Amount in ₹)		
		31 March 2019	31 March 2018	1 April 2017
A: Secured, negligible		-	-	-
B: Partly secured		-	-	-
C: Unsecured	Trade receivables	237,074,666	244,169,179	184,294,813
	Security deposits	1,427,500	1,258,500	492,405
	Loans to employees	6,023,500	1,652,024	552,000
	Bank deposits	-	-	-
D: Doubtful	Cash and cash equivalents	7,183,886	4,780,672	2,965,756
	Trade receivables	-	-	-

The risk parameters are same for all financial assets for all period presented. The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an on-going basis throughout each reporting period. In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due. A default on a financial asset is when the counterparty fails to make contractual payments when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

*Credit risk exposure*

**Provision for expected credit losses**

The Company provides for expected credit loss based on lifetime expected credit loss mechanism for loans, deposits and other investments –

**(Amount in ₹)**

Particulars	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loans to employees	6,023,500	0%	-	6,023,500
Security deposit	1,427,500	0%	-	1,427,500
Bank deposits	-	0%	-	-
Cash and cash equivalents	7,183,886	0%	-	7,183,886

**(Amount in ₹)**

Particulars	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loans	1,652,024	0%	-	1,652,024
Security deposit	1,258,500	0%	-	1,258,500
Bank deposits	-	0%	-	-
Cash and cash equivalents	4,780,672	0%	-	4,780,672

**(Amount in ₹)**

Particulars	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loans	552,000	0%	-	552,000
Security deposit	492,405	0%	-	492,405
Bank deposits	-	0%	-	-
Cash and cash equivalents	2,965,756	0%	-	2,965,756

**Expected credit loss for trade receivables under simplified approach**

**(Amount in ₹)**

Ageing	0-3 months old	3-6 months old	6-24 months old	more than 24 months old	Total
<b>As at 31 March 2019</b>					
Gross carrying amount	173,562,567	23,589,632	17,570,071	22,352,396	237,074,666
Expected loss rate	0.00%	0.00%	0.00%	0.00%	-
Expected credit loss provision	-	-	-	-	-
<b>Carrying amount of trade receivables</b>	<b>173,562,567</b>	<b>23,589,632</b>	<b>17,570,071</b>	<b>22,352,396</b>	<b>237,074,666</b>

**(Amount in ₹)**

Ageing	0-3 months old	3-6 months old	6-24 months old	more than 24 months old	Total
<b>As at 31 March 2018</b>					
Gross carrying amount	147,280,917	3,835,382	53,659,990	39,392,890	244,169,179
Expected loss rate	0.00%	0.00%	0.00%	0.00%	-
Expected credit loss provision	-	-	-	-	-
<b>Carrying amount of trade receivables</b>	<b>147,280,917</b>	<b>3,835,382</b>	<b>53,659,990</b>	<b>39,392,890</b>	<b>244,169,179</b>

**(Amount in ₹)**

Ageing	0-3 months old	3-6 months old	6-24 months old	more than 24 months old	Total
<b>As at 1st April 2017</b>					
Gross carrying amount	144,050,504	851,419	39,318,975	73,915	184,294,813
Expected loss rate	0.00%	0.00%	0.00%	0.00%	-
Expected credit loss provision	-	-	-	-	-
<b>Carrying amount of trade receivables</b>	<b>144,050,504</b>	<b>851,419</b>	<b>39,318,975</b>	<b>73,915</b>	<b>184,294,813</b>

**Reconciliation of Expected credit loss provision**

Particulars	Amount
<b>As at 1st April 2016</b>	-
Changes in provision	-
<b>As at 31st March 2017</b>	-
Changes in provision	-
<b>As at 31st March 2018</b>	-

**B Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Company maintains flexibility in funding by maintaining availability under committed facilities.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

**Maturities of financial liabilities**

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is insignificant.

(Amount in ₹)					
31 March 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	More than 3 years	Total
<b>Non-derivatives</b>					
Borrowings	-	-	-	-	-
Trade payable	254,566,676	3,935,294	37,292,658	10,368,502	306,163,130
Security deposits	-	-	-	-	-
<b>Total</b>	<b>254,566,676</b>	<b>3,935,294</b>	<b>37,292,658</b>	<b>10,368,502</b>	<b>306,163,130</b>

(Amount in ₹)					
31 March 2018	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	More than 3 years	Total
<b>Non-derivatives</b>					
Borrowings	-	-	-	-	-
Trade payable	106,829,359	60,228,588	10,302,972	-	177,360,919
Security deposits	-	-	-	-	-
<b>Total</b>	<b>106,829,359</b>	<b>60,228,588</b>	<b>10,302,972</b>	<b>-</b>	<b>177,360,919</b>

(Amount in ₹)					
1 April 2017	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	More than 3 years	Total
<b>Non-derivatives</b>					
Borrowings	-	-	-	-	-
Trade payable	121,540,663	23,597,973	-	-	145,138,636
Security deposits	-	-	-	-	-
<b>Total</b>	<b>121,540,663</b>	<b>23,597,973</b>	<b>-</b>	<b>-</b>	<b>145,138,636</b>

### C Market risk

#### Foreign exchange risk

The Company does not operate internationally and is not exposed to foreign exchange risk arising from foreign currency transactions (imports of materials), primarily with respect to the US Dollar, Euro etc. Therefore, Foreign exchange risk does not arise from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency.

#### Foreign currency risk exposure:

Particulars	31 March 2019		31 March 2018		1 April 2017	
	USD	Amount in ₹	USD	Amount in ₹	USD	Amount in ₹
Export trade receivable	146,174.08	10,110,861.00	Nil	Nil	Nil	Nil
Balance with banks - Export Earning in Foreign Credit (EEFC)	Nil	Nil	Nil	Nil	Nil	Nil
Import trade payable	Nil	Nil	Nil	Nil	Nil	Nil
Import capital creditors payable	Nil	Nil	Nil	Nil	Nil	Nil

#### Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Particulars	(Amount in ₹)	
	31 March 2019	31 March 2018
<b>USD sensitivity</b>		
INR/USD- increase by 5% (31 March 2018 5%)*	505,543.05	Nil
INR/USD-decrease by 5% (31 March 2018 5%)*	505,543.05	Nil

#### Interest rate risk

The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Company's variable rate borrowing is subject to interest rate. Below is the overall exposure of the borrowing:

Particulars	(Amount in ₹)		
	31 March 2019	31 March 2018	1 April 2017
Variable rate borrowing	17,790,000	3,182,877	98,380,442
Fixed rate borrowing	-	-	-
<b>Total borrowings</b>	<b>17,790,000</b>	<b>3,182,877</b>	<b>98,380,442</b>

#### Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

Particulars	(Amount in ₹)	
	31 March 2019	31 March 2018
<b>Interest rate sensitivity</b>		
Interest rates – increase by 50 basis points (previous year 50 bps)	867,000	491,000
Interest rates – decrease by 50 basis points (previous year 50 bps)	(867,000)	(491,000)

#### Price risk

Company does not have any price risk.

**Note - 40**

**Fair value measurements**

**(i) Fair value hierarchy**

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

**Level 1:** quoted prices (unadjusted) in active markets for financial instruments.

**Level 2:** The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

**(ii) Financial instruments measured at amortised cost**

- The carrying amounts of Trade receivables, Trade payables, capital creditors and cash and cash equivalents are considered to be The same as their fair values, due to their short-term nature.

- The fair value of security deposits were calculated based on cash flows discounted using current lending rate which is not materially different from the rates at which they were initially measured. Therefore the carrying value is considered to be fair value of the security deposits.

- The fair value of non-current borrowings are based on discounted cash flows using current borrowing rate which is not materially different from the rates at which they were initially measured. Therefore the carrying value is considered to be fair value of the non-current borrowings.

**(iii) Valuation process and technique used to determine fair value**

Specific valuation techniques used to value financial instruments include:

(a) The use of quoted market prices or dealer quotes for similar instruments

(b) The fair value of the remaining financial instruments is determined based on adjusted net assets method.

- Risk adjustments specific to the counterparties (including assumptions about credit default rates) are derived from credit risk grading determined by the Company's internal credit risk management group.

All of the resulting fair value estimates are included in level 2.

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**Note - 41**

**First time adoption of Ind AS**

FY 2018 are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2018, the comparative information presented in these financial statements for the year ended 31 March 2017 and in the preparation of an opening Ind AS balance sheet at 1 April 2016 (the Company's date of transition). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

**A Ind AS optional exemptions**

**1 Deemed cost for property, plant and equipment and intangible assets**

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 *Intangible Assets*. Accordingly, the Company has elected to measure all of its property, plant and equipment, intangible assets and investment property at their previous GAAP carrying value.

**2 Leases**

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material.

The Company has elected to apply this exemption for such contracts/arrangements.

**3 Investment in subsidiary**

Ind AS 101 permits a first-time adopter to choose the previous GAAP carrying amount at the entity's date of transition to Ind AS to measure the investment in the subsidiary as the deemed cost. Accordingly, the Company has opted to measure its investment in subsidiary at deemed cost i.e., previous GAAP carrying amount.

**B Ind AS mandatory exemptions**

**1 Estimates**

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- a) Investment in equity instruments carried at FVTPL or FVOCI
- b) Impairment of financial assets based on expected credit loss model.

**2 Classification and measurement of financial assets and liabilities**

The classification and measurement of financial assets will be made considering whether the conditions as per Ind AS 109 are met based on facts and circumstances existing at the date of transition.

Financial assets can be measured using effective interest method by assessing its contractual cash flow characteristics only on the basis of facts and circumstances existing at the date of transition and if it is impracticable to assess elements of modified time value of money i.e. the use of effective interest method, fair value of financial asset at the date of transition shall be the new carrying amount of that asset. The measurement exemption applies for financial liabilities as well.

Applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so. It is impracticable to apply the changes retrospectively if:

## **Kumar Food Industries Limited**

### **Notes to the Standalone Financials Statements for the year ended 31 March 2019**

- a) The effects of the retrospective application or retrospective restatement are not determinable;
- b) The retrospective application or restatement requires assumptions about what management's intent would have been in that period;  
The retrospective application or retrospective restatement requires significant estimates of amounts and it is impossible to distinguish objectively information about those estimates that existed at that time.

### **3 De-recognition of financial assets and liabilities**

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

## **C Notes to first time adoption**

### **1 Deferred tax**

Previous GAAP required deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under previous GAAP. In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

### **2 Other comprehensive income**

Both under previous GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised to retained earnings through OCI. Thus, remeasurements gains of Rs. 14,74,755.00 has been reduced from the net profit of the FY 2016-17 and has been recognised in OCI at Rs. 14,74,755.00. This has no resulting impact on equity.

### **3 MAT reclassification**

Ind AS 12 requires classification of MAT credit as Deferred tax asset. Accordingly, the Company has reclassified MAT credit amounting to Rs 2,052.00 as Deferred tax asset as at the transition date. This has no resulting impact on equity or net profit.

### **4 Reclassifications**

The Company has reclassified certain items of assets and liabilities to comply with the requirements of Ind AS. This has no resulting impact on equity and net profit.

### **5 Cash flows**

The transition from previous GAAP to Ind AS has not made a material impact on the statement of cash flows.

**Kumar Food Industries Limited**

**Notes to the Standalone Financials Statements for the year ended 31 March 2019**

**Kumar Food Industries Limited**

**Notes to the Standalone Financials Statements for the year ended 31 March 2019**

**D Note – I**

**i) Borrowings**

**A** Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method.

Under the previous GAAP, the Company had recognised the processing fee paid on working capital loans over the period facility and the amount of processing charges related to unexpired period is transferred to pre-paid. Therefore, there will no impact on the total equity.

**ii) Amortised cost instrument**

Under the previous GAAP, interest free lease security deposits (that are refundable in cash on completion of the lease term) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the Company has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognised as prepaid rent. However, the Company has given security which are expired within one year except the security given to electricity department. Consequent to this, there is no change in the total equity.

**iii) Retained earnings**

Retained earnings as at 1 April 2016 has been adjusted consequent to the above Ind AS transition adjustments.

**iv) Other comprehensive income**

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes re-measurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

**Note - 42**

**A** The Company does not have revenue transactions with a single external customer amounting to 10 percent or more of Company's reported revenues.

For Sandesh Jain & Company  
Chartered Accountants  
Firm's Registration No. 008548N

CA Sanjay Kumar Rathi  
Membership No. 096682  
Partner

Place: New Delhi  
Date: 14th May, 2019

For and on behalf of the Board of Directors

(Bharat Lal Shukla)  
Director  
[DIN:05174840]

(Dharminder Joshi)  
Executive Director  
[DIN:05186749]

(Abdul Hassan Ansari)  
Chief Financial Officer  
PAN : ADRPA7663H

(Ganesh Gulati)  
Company Secretary  
PAN: AANPG0872H