

Nourishing the body.  
Delighting the mind. Some call  
it success, we call it



## Performance at a glance

### Consolidated Audited Financial Results

Particular	(Rs. in cr)
<b>Total Income</b>	<b>133.75</b>
<b>EBIDTA</b> (Excluding M2M loss of Rs. 1.61 cr)	<b>25.81</b>
<b>EBIDTA Margin</b>	<b>19.30%</b>
<b>Cash Profit</b> (Excluding M2M loss of Rs. 1.61 cr)	<b>23.98</b>
<b>Cash Profit Margins</b>	<b>17.93%</b>
<b>PAT</b>	<b>14.08</b>
<b>Paid up Equity Share Capital</b>	<b>20.00</b>
<b>Reserve Excluding Revaluation Reserves</b>	<b>91.27</b>

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Dear Shareholder,

I would like to thank you for your continued support over the years. It has been an eventful year for us and going forward, we hope to take the company to newer heights.

This year, the Company has successfully acquired through its international subsidiaries all substantial assets (including its brands and intellectual property rights) and certain liabilities of Elena's Foods Specialties, Inc. The company Elena's is a US based manufacturer and marketer of Mexican organic and natural food products. This acquisition is a major development for the Company as it helps us move up the value chain. We now have a strong footprint in the fast growing mainstream market of the United States. With our own USDA and Organic Certified Factory, it further gives us the opportunity to manufacture and market a range of protein-based Indian frozen foods in this high growth market.

On the domestic front, our newest brand "ADF SOUL"- has received a very encouraging response in the Mumbai and Pune markets. The pickles especially in Virgin Olive Oil have met with an overwhelming response. Initially marketed in select retail stores in Mumbai and Pune, plans are now in place to take the brand on a PAN India level. In the coming year, we will be launching an exciting range of new products in Indian cuisine as well as other International ethnic cuisines for the Indian market.

Despite exorbitant increase in the input cost, the company was able to maintain margins and through concerted efforts in cost cutting and a better product mix, we have continued to make progress in consolidating our market position as one of the leading manufacturers and suppliers of ethnic Indian food products.

I am pleased to announce that in continuing with our tradition; this year too, the Board has recommended a 15% dividend to the shareholders.

I sincerely believe that a company's success is based on not one individual but a team. My experience of working with my colleagues on the Board and other Executives of the Company has been a very pleasant one and I take this opportunity to place on record my deep and sincere appreciation for the efforts put in by all employees of the Company at all levels.

I would like to conclude that our Company has immense potential for growth and it will be our sincere endeavour to live up to the expectations and challenges placed before us.

With warm regards,

Ramesh H. Thakkar  
Chairman

## Key achievements



- Acquisition of Elena's Foods - a US based manufacturer and marketer of organic and natural Mexican food products
- Addition of Elena's popular brands like PJ's Organics and Nate's to our existing portfolio
- Our range of ready-to-eat curries under the Ashoka brand are now launched with new recipes in new packs
- Expansion in new markets - France, Sweden
- Addition of new clients for contract manufacturing in the US and Sweden
- Increasing the distribution network for ADF SOUL in select retail outlets in Mumbai and Pune
- Introduction of in-house cold storage unit (750 MT approx), leading to an expansion of the frozen unit capacity at our Nadiad facility. This would result in efficient management of cold chain.





To be leaders in the Ethnic Foods business and maintain high quality standards, introduce new and innovative products while remaining customer centric. To delight and nourish consumers with products that range from treats to healthy eats.



## Brands making a global impact



Ashoka is ADF's flagship brand and probably the widest distributed ethnic Indian brand in the world! Its range includes ready-to-eat curries (heat & eat), frozen foods (Indian breads & snacks), pickles, condiment pastes, mango pulp/slices, chutneys, pappadums, IQF (Individually Quick Frozen) ready-to-cook vegetables, and microwaveable rice. The range also extends to catering and foodservice products, which are favourites with restaurants and caterers across Australia, New Zealand, US and UK.



The brand is a household name in Iraq, Qatar, Bahrain, Saudi Arabia, UAE, Oman and other parts of the Gulf as well as Europe and North America. The range of Arabic pickles and curry powders is tailor-made for the Middle East diaspora.



A few years after the Camel Brand acquisition, the company launched an economy brand of Indian pickles in the Middle East under the name, "Aeroplane". Aeroplane Pickles has since been the market leader in the economy segment. In the food services category, Aeroplane is the leading foodservice Mango Chutney brand in UK and USA.



This authentic range of products was created to suit the palate of mainstream customers (Non - Indian customers). Delicate, aromatic spices, make Truly Indian a very premium offering in mainstream stores. The product line includes cooking sauces, chutneys, cooking pastes, pappadums, pickles and ready-to-eat. Each product offers a taste of Indian cuisine at its very best.





Food has the power to make your good day, even better. Food reaches beyond your stomach. It reaches your soul. Based on this insight, SOUL was launched. The current product line includes a range of olive oil pickles (made using virgin olive oil), traditional pickles and ready-to-eat curries and mango chutney.



Launched in 2007, the PJ's Organics brand sought to fill a void in the market of frozen Mexican-style convenience products. PJ's Organics offers USDA Organic-certified protein burritos, enchilada meals and more. The range consists 11 products, including 6 burritos, 2 enchilada meals and 2 taquitos that all feature 100% organic ingredients.



Since 1999, Nate's has been the go-to brand for delicious and HEALTHY CONVENIENCE foods. With less fat and calories than their meat counterparts, Nate's meatless meatballs offers an exceptional nutritional profile without compromising the taste, texture and versatility.



San Francisco factory

*Nasik facility:*

- Total built-up factory area - 10,100 sq m
- Products manufactured - Pickles, Pastes, Chutneys, Ready-to-eat curries, Spices
- Technology from Buhler, Germany
- Totally automated spice processing unit
- The facility is certified with ISO 9001, ISO 22000, HACCP

*Nadiad facility:*

- Total built-up factory area - 15,000 sq m
- Products manufactured- Pickles, Pastes, Chutneys, Ready-to-Eat Curries, Frozen Parathas, Frozen Snacks, Frozen Vegetables, Canned Ready-to-Eat Curries, Canned Vegetables
- The facility is certified with ISO 9001, ISO 22000, HACCP

*USA facility:*

- Total built-up factory area - 3,000 sq m
- Products manufactured - Frozen Burritos, Frozen Enchiladas, Tamales, Meatless Meatballs
- The facility is USDA and Organic certified





## Quality standards



San Francisco factory



Quality and hygiene, especially in the processed foods' business are crucial. ADF has stringent processes to ensure the output is always of the highest quality standards.

Our plants are certified with ISO 9001, ISO 22000 and BRC, which are internationally recognized standards for Quality Management Systems, Food Management Systems and other practices viz. GMP, GHP, HACCP, etc. The Nasik and Nadiad plants are also certified with Halal and Kosher, which ensures the safety norms controlled while using any ingredient / product. The manufacturing unit at South San Francisco, USA is USDA certified and operates under HACCP guidelines. The facility is also certified Organic by QAI.



In order to maintain the process and quality standards of the finished products, a routine analysis is conducted on all incoming raw material and packaging material and outgoing finished goods. This ensures all products produced are up to the required quality standards. ADF also conducts regular training programs for employees (at all levels) at the factory, which helps in personal as well as professional growth.



ADF gives great importance to Research & Development (R&D) as it believes that innovation is a key to future growth. As an organization in the consumer food segment, it is imperative to track the changing lifestyles and habits of consumers. A dedicated R & D team comprising of experts helps in developing products that cater to the requirements of an evolving consumer.



## Gaining a strong foothold in the US



With an aim to gain an entry in US mainstream market, ADF acquired Elena's Foods, a US-based manufacturer and marketer of organic and natural products and a leading provider of protein-based Mexican foods.

The acquisition has helped ADF move up the value chain and get a strong sales & distribution network in the US mainstream market. It has also given us an ethnic cuisine line with strong well-known brands like PJ's Organics and Nate's. Since the facility is USDA certified, it gives us an opportunity to introduce our protein-based ethnic Indian products.

ADF FOODS (USA) Ltd. now has a facility in South San Francisco, which comprises of offices, manufacturing units and ample frozen & dry warehousing.

ADF has an increased presence in the United States which is also a high growth market for ethnic foods.

Ethnic Indian protein-based foods under the brand SOUL will soon be introduced in the US mainstream markets



## BOARD OF DIRECTORS

<b>BOARD OF DIRECTORS</b>	Mr. Ramesh H. Thakkar Mr. Ashok H. Thakkar Mr. Bimal R. Thakkar Mr. Bhavesh R. Thakkar Mr. Nipun C. Shah Mr. Yasir J. Varawala Mr. Vikram S. Munshi Mr. Jay M. Mehta Mr. Viren A. Merchant Mr. Ravinder Kumar Jain	Chairman Vice-Chairman Managing Director Executive Director Director Director Director Director Director Director
<b>SENIOR MANAGEMENT</b>	Mr. Dilip S. Golwala Mr. Dinesh Jaiswal Mr. R. R. Singh	General Manager- Finance & Accounts General Manager - Works (Nashik) General Manager - Works (Nadiad)
<b>COMPANY SECRETARY</b>	Ms. Shalaka Ovalekar	
<b>COUNTRY MANAGERS</b>	Mr. Steve Pezzack UK- Food Service Mr. Upinder Thakur- Ethnic Division- UK & Europe Mr. Vimal Bhalla- North America Mr. Vishal Gautam- GCC	
<b>STATUTORY AUDITORS</b>	M/s. D.P. Ghevaria & Co. Chartered Accountants	
<b>INTERNAL AUDITORS</b>	M/s. Suresh Gandhi & Associates, Surat M/s. Pipalia Singhal & Associates	
<b>SOLICITORS</b>	M/s. DSK Legal	
<b>BANKERS</b>	State Bank of Hyderabad Bank of Baroda	
<b>REGISTERED OFFICE</b>	83/86 GIDC Industrial Estate, Nadiad- 387 001, Gujarat, India Tel.: 0268-2551381 / 2 Fax.: 0268-2565068 E-mail: <a href="mailto:nadiadfactory@adf-foods.com">nadiadfactory@adf-foods.com</a>	
<b>CORPORATE OFFICE</b>	3 <sup>rd</sup> Floor, Acme Industrial Estate, Sewree Bunder Road, Sewree (East) Mumbai- 400 015, India Tel.:022-6141 5555 Fax.:022-6141 5577 E-mail.: <a href="mailto:info@adf-foods.com">info@adf-foods.com</a> website: <a href="http://www.adf-foods.com">www.adf-foods.com</a>	
<b>REGISTRAR AND SHARE TRANSFER AGENTS</b>	LINK INTIME (INDIA) PRIVATE LIMITED (Formerly known as Intime Spectrum Registry Limited) C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai- 400 078, India Tel.: 022-25963838, Fax.: 022-25946969  203, Davar House, 197/199 D.N.Road, Mumbai- 400 001, Tel.: 022-2269 4127 E-mail.: <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a> website : <a href="http://www.linkintime.co.in">www.linkintime.co.in</a>	

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### 21<sup>st</sup> Annual General Meeting

Friday, 15<sup>th</sup> July, 2011 at 2.00 PM.

At Sheth Khushaldas Gokaldas Patel Municipal Town Hall, Nadiad- 387 001, Gujarat

**As a measure of economy, copies of Annual Return will not be distributed at the Annual General Meeting.  
Shareholders are requested to kindly bring copies to the Meeting.**



## NOTICE OF THE 21<sup>ST</sup> ANNUAL GENERAL MEETING

**NOTICE** is hereby given that the **Twenty First Annual General Meeting** of **ADF FOODS LIMITED** will be held at Sheth Khushaldas Gokaldas Patel Municipal Town Hall, Nadiad 387 001, Gujarat on **Friday, 15<sup>th</sup> July, 2011 at 2. 00 P.M.** to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2011 and the Profit and Loss Account for the year ended on that date alongwith the Reports of the Directors and Auditors thereon.
2. To declare dividend on equity shares for the year ended 31<sup>st</sup> March 2011.
3. To appoint a Director in place of Mr. Bhavesh R. Thakkar who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Ravinder K. Jain who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr. Yasir J. Varawala who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint M/s. D. P. Ghevaria & Co., Chartered Accountants, the retiring auditors as Statutory Auditors of the Company to hold the office from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

### SPECIAL BUSINESS

7. **To consider and if thought fit to pass, with or without modification/s, the following resolution as an Ordinary Resolution:**

**“RESOLVED THAT** pursuant to Sections 198, 269, 309, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the appointment of Mr. Ramesh H Thakkar as the Chairman of the Company, not liable to retire by rotation, for a period of three years from 1<sup>st</sup> October, 2011 at the remuneration including perquisites set out in the draft Agreement to be entered into between the Company and Mr. Ramesh H Thakkar tabled at the meeting and initialed by the Vice-chairman for the purpose of identification with authority to the Board of Directors to alter or vary the said remuneration and/or perquisites as it may deem fit and as may be acceptable to Mr. Ramesh H Thakkar within the limits specified under Section I of Part II of Schedule XIII to the Companies Act, 1956 or any statutory modification or re-enactment thereof.

**RESOLVED FURTHER THAT** where in any financial year during Mr. Ramesh H Thakkar's term of office as Chairman, the Company makes no profits or the profits made are inadequate, the Company may pay Mr. Ramesh H Thakkar remuneration by way of salary and perquisites not exceeding the limits laid down in Section II of Part II of Schedule XIII to the Companies Act, 1956 or any statutory modification or re-enactment thereof as may be agreed to by the Board of Directors and Mr. Ramesh H Thakkar.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary or expedient to give effect to this resolution.”

8. **To consider and if thought fit to pass, with or without modification/s, the following resolution as an Ordinary Resolution:**

**“RESOLVED THAT** pursuant to Sections 198, 269, 309, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the appointment of Mr. Ashok H Thakkar as the Vice-chairman of the Company, not liable to retire by rotation, for a period of three years from 1<sup>st</sup> October, 2011 at the remuneration including perquisites set out in the draft Agreement to be entered into between the Company and Mr. Ashok H Thakkar tabled at the meeting and initialed by the Chairman for the purpose of identification with authority to the Board of Directors to alter or vary the said remuneration and/or perquisites as it may deem fit and as may be acceptable to Mr. Ashok H Thakkar within the limits specified under Section I of Part II of Schedule XIII to the Companies Act, 1956 or any statutory modification or re-enactment thereof.

**RESOLVED FURTHER THAT** where in any financial year during Mr. Ashok H Thakkar's term of office as Vice-chairman, the Company makes no profits or the profits made are inadequate, the Company may pay Mr. Ashok H Thakkar remuneration by way of salary and perquisites not exceeding the limits laid down in Section II of Part II of Schedule XIII to the Companies Act, 1956 or any statutory modification or re-enactment thereof as may be agreed to by the Board of Directors and Mr. Ashok H Thakkar.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary or expedient to give effect to this resolution.”

9. **To consider and if thought fit to pass, with or without modification/s, the following resolution as an Ordinary Resolution:**

**“RESOLVED THAT** pursuant to Sections 198, 269, 309, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the appointment of Mr. Bimal R. Thakkar as the Managing Director of the Company, not liable to retire by rotation, for a period of three years from 1<sup>st</sup> October, 2011 at the remuneration including perquisites set out in the draft Agreement to be entered into between the Company and Mr. Bimal R. Thakkar tabled at the meeting and initialed

by the Chairman for the purpose of identification with authority to the Board of Directors to alter or vary the said remuneration and/or perquisites as it may deem fit and as may be acceptable to Mr. Bimal R Thakkar within the limits specified under Section I of Part II of Schedule XIII to the Companies Act, 1956 or any statutory modification or re-enactment thereof.

**RESOLVED FURTHER THAT** where in any financial year during Mr. Bimal R. Thakkar 's term of office as Managing Director, the Company makes no profits or the profits made are inadequate, the Company may pay Mr. Bimal R. Thakkar remuneration by way of salary and perquisites not exceeding the limits laid down in Section II of Part II of Schedule XIII to the Companies Act, 1956 or any statutory modification or re-enactment thereof as may be agreed to by the Board of Directors and Mr. Bimal R Thakkar.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary or expedient to give effect to this resolution”.

**10. To consider and if thought fit to pass, with or without modification/s, the following resolution as an Ordinary Resolution:**

**“RESOLVED THAT** pursuant to Sections 198, 269, 309, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the appointment of Mr. Bhavesh R Thakkar as an Executive Director for a period of three years from 1<sup>st</sup> October, 2011 at the remuneration including perquisites set out in the Explanatory Statement and draft Agreement to be entered into between the Company and Mr. Bhavesh R Thakkar tabled at the meeting and initialed by the Chairman for the purpose of identification with authority to the Board of Directors to alter or vary the said remuneration and/or perquisites as it may deem fit and as may be acceptable to Mr. Bhavesh R Thakkar within the limits specified under Section I of Part II of Schedule XIII to the Companies Act, 1956 or any statutory modification or re-enactment thereof.

**RESOLVED FURTHER THAT** where in any financial year during Mr. Bhavesh R Thakkar's term of office as Executive Director, the Company makes no profits or the profits made are inadequate, the Company may pay Mr. Bhavesh R Thakkar remuneration by way of salary and perquisites not exceeding the limits laid down in Section II of Part II of Schedule XIII to the Companies Act, 1956 or any statutory modification or re-enactment thereof as may be agreed to by the Board of Directors and Mr. Bhavesh R Thakkar.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary or expedient to give effect to this resolution.”

**11. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a special resolution:**

**“RESOLVED THAT** pursuant to Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) , the Memorandum and Articles of Association of the Company, SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time ('SEBI ICDR Regulations), Listing Agreement entered into by the Company with the Stock Exchanges and subject to such other approvals, consents, permissions and sanctions from all other appropriate authorities, if and to the extent necessary and subject to such conditions and modifications as may be prescribed under applicable laws or imposed while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “Board” which terms shall be deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise its powers including powers conferred by this resolution), the Consent of the Members be and is hereby accorded to the Board to offer, issue and allot upto 20,00,000 (Twenty Lakh) warrants on preferential basis to the promoter group with each warrant convertible into one equity share of the Company of nominal value of Rs. 10/- each at a price of Rs. 65/- which includes a premium of Rs. 55/- per share , which price is not less than the price calculated in accordance with Chapter VII of SEBI ICDR Regulations for preferential allotment of equity shares/warrants and on such terms and conditions as may be decided and deemed appropriate by the Board at the time of issue or allotment.”

**RESOLVED FURTHER THAT** the relevant date in relation to issue of warrants in accordance with SEBI ICDR Regulations, would be 15<sup>th</sup> June, 2011, being the date 30 days prior to the date of passing this resolution.

**RESOLVED FURTHER THAT** upon conversion of warrants into equity shares of the Company, the new shares to be issued shall rank pari-passu in all respects with the then existing equity shares of the Company.

**RESOLVED FURTHER THAT** the issue of warrants as mentioned above shall be subject to the following terms and conditions:

- The warrants so issued shall be convertible (at the sole option of the warrant holder) at any time within a period of 18 months from the date of allotment of warrants.
- Each warrant shall be convertible into one equity share of nominal value of Rs. 10/- each at a price of Rs.65/- which includes a premium of Rs. 55/- per share, which price shall not be less than the price calculated in accordance with SEBI ICDR Regulations for preferential allotment of equity shares /warrants.
- On or before the date of allotment of warrants, allottees shall pay a minimum amount equivalent to 25% of the total consideration of warrants and balance shall be payable before the date of conversion of warrants into equity shares of the Company.

- d. The lock in of shares acquired by exercise of warrants issued to the promoters shall be applicable for a period of three (3) years from the date of allotment of shares .
- e. The amount referred to in (b) above shall be non interest bearing and shall be forfeited, if the option to acquire shares is not exercised within 18 months from the date of allotment of the warrants.
- f. That the whole process from the issue of warrants till the conversion of warrants into equity shares of the Company shall be carried out in compliance with the provisions of Chapter VII on preferential issues of SEBI ICDR Regulations in this behalf.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolution, the Board be and is hereby authorised on behalf of the Company to take all actions and do all such deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient for the issue or allotment of aforesaid Securities, and also seek listing of the equity shares issued pursuant to conversion of the warrants with the stock exchange(s) and to resolve and settle all questions and difficulties that may arise in the proposed issue, offer and allotment of any of the said Securities, utilisation of the issue proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board in its absolute discretion deem fit, without being required to seek any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to issue and allot such number of equity shares as may be required to be issued and allotted upon conversion of warrants and that the said equity shares shall be subject to Memorandum and Articles of Association of the Company and shall rank in all respects pari passu with the existing shares of the Company.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate all or any of the powers herein conferred, to any Committee of Directors or the Managing Director or Officers of the Company to give effect to the aforesaid resolution.”

## 12. To consider and if thought fit to pass, with or without modification/s, the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** M/s. B S R & Co., Chartered Accountants, be and are hereby appointed as the Joint statutory auditors of the Company together with M/s. D. P. Ghevaria & Co., Chartered Accountants, the retiring auditors of the Company to hold the office from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.”

## NOTES

1. **A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself/ herself and such proxies need not be members. In order to be valid, proxy forms duly complete in all respects, should be lodged with the Company at its Registered Office not later than forty-eight hours before the commencement of the meeting.**
2. An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 relating to special business to be transacted at the meeting is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, 2<sup>nd</sup> July, 2011 to Friday, 15<sup>th</sup> July, 2011 (both days inclusive)
4. The dividend, if any, which may be declared, shall be payable on or before 9<sup>th</sup> August, 2011 to those Members of the Company whose names appear:-
  - a) as Beneficial Owners as at the close of the business hours on Friday, 1<sup>st</sup> July 2011 as per the list to be furnished by National Securities Depository Ltd. and Central Depository Services (India) Ltd. in respect of the shares held in electronic form; and
  - b) as Members in the Register of Members of the Company as on Friday, 1<sup>st</sup> July 2011 in respect of shares held in physical form.
5. The Securities and Exchange Board of India (SEBI) and Reserve Bank of India (RBI) have advised all listed companies to mandatory use the Electronic Clearing Services (ECS) mandate facility wherever possible for payment of dividend to the Members. In view of this stipulation, the Company has implemented the ECS facility. Members holding shares in physical form are requested to provide the Company with ECS mandate enclosed in the annual report for crediting the future dividend payment directly to the respective bank accounts. The Company shall be able to co-ordinate with the bankers only on receipt of necessary information. Please note that the ECS mandate should be signed by all the Members, as per the specimen signature recorded with the Company. The Members holding shares in electronic form may instruct their DP accordingly.
6. Members are hereby informed that dividends for the Financial Year 2003-04, 2004-05, 2005-06, 2006-07 (Interim), 2006-07 (Final), 2007-08 (Interim), 2007-08 (Final), 2008-09 and 2009-10 remaining unpaid or unclaimed over a period of seven years from the date of transfer of such dividends to the respective Unpaid Dividend Account of the Company have to be transferred by the Company to the Investor Education and Protection Fund (IEPF) pursuant to Section 205A and 205C of the Companies Act, 1956.



The following are the details of dividends declared by the Company and their respective due dates of transfer to IEPF, which remain unencashed /unclaimed.

Year	Type of Dividend	Dividend per share	Date of Declaration	Due date for transfer to IEPF
2003-04	Final	Re. 1	4 <sup>th</sup> August 2004	5 <sup>th</sup> September , 2011
2004-05	Final	Re. 1	3 <sup>rd</sup> November 2005	5 <sup>th</sup> December ,2012
2005-06	Final	Re. 1	16 <sup>th</sup> August 2006	14 <sup>th</sup> September, 2013
2006-07	Interim	Re. 1	21 <sup>st</sup> March 2007	21 <sup>st</sup> April, 2014
2006-07	Final	Re. 1	29 <sup>th</sup> September 2007	30 <sup>th</sup> October, 2014
2007-08	Interim	Re. 1	30 <sup>th</sup> November 2007	29 <sup>th</sup> December, 2014
2007-08	Final	Re. 1	9 <sup>th</sup> June 2008	09 <sup>th</sup> July, 2015
2008-09	Final	Rs. 1.50	17 <sup>th</sup> June 2009	16 <sup>th</sup> July, 2016
2009-10	Final	Rs. 1.50	28 <sup>th</sup> July 2010	28 <sup>th</sup> August, 2017

It may be noted that after the transfer of the said amount to IEPF, no claims in this respect shall lie against IEPF or the Company.

In view of the above the members are requested to encash their Dividend Warrants for these years, if not already done before the due date for the transfer to IEPF.

7. Members holding shares in the same set of names under different ledger folios are requested to apply for consolidation of such folios and send relevant share certificates to the Company's Registrar & Transfer Agents.
8. Members holding shares in physical form are requested to send the change in address/status, if any, immediately to the Company's Registrar & Transfer Agents.
9. Members who would like to ask any questions on the accounts are requested to send their questions to the Registered Office of the Company atleast 10 days before the Annual General Meeting to enable the Company to answer their queries satisfactorily.
10. The Members or proxies are requested to bring the attendance slip duly filled in and signed for attending the meeting. They are also requested to bring their copies of Annual report to the Annual General Meeting.

By order of the Board  
For ADF FOODS LTD

**Shalaka Ovalekar**  
Company Secretary

**Regd. Office :**

83/86 GIDC Industrial Estate, Nadiad 387001, Gujarat

Mumbai, 16<sup>th</sup> June, 2011

## IMPORTANT COMMUNICATION TO MEMBERS

The Ministry Of Corporate Affairs has taken a “ Green Initiative in the Corporate Governance” by allowing paperless compliances by the companies and has also issued circulars stating that the service of notice/documents including Annual Report can be sent by e-mails to the members. In order to support this green initiative of the Government, Members who have not registered their e-mail addresses , so far, are requested to register their e-mail addresses , in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register their e-mail addresses by sending an e-mail to [adffoodsgogreen@linkintime.co.in](mailto:adffoodsgogreen@linkintime.co.in).

## ANNEXURE TO NOTICE DATED 16<sup>TH</sup> JUNE, 2011

Pursuant to Clause 49 of the listing Agreement with the Stock exchanges, following information is furnished about the Directors proposed to be re-appointed :

### (1) Bhavesh R. Thakkar

Mr. Bhavesh R. Thakkar, 38, has hands on experience of funds management and has been associated with the Company since many years. The Company continues to reap of benefits of his expertise. Mr. Bhavesh R. Thakkar joined the organization in the year 1995 as Vice President and moved on to the position of the President of the Company. Thereafter he was appointed as the Executive Director of the Company for a period of three years w.e.f. 1<sup>st</sup> October, 2008. Further in the Board meeting dated 16<sup>th</sup> June, 2011 appointment of Mr. Bhavesh Thakkar as an Executive Director has been renewed for a period of three years w.e.f. 1<sup>st</sup> October, 2011 subject to members' approval in the forthcoming Annual General Meeting.

Presently Mr. Bhavesh Thakkar holds 16,71,696 equity shares of Rs. 10/- each of the Company.

His directorships and committee memberships of other companies, as on date, are as follows :

Company	Position	Committee Memberships	
		Committee	Position
Power Brands (Foods) Private Limited	Director	Nil	Nil
ADF Foods (India) Ltd.	Director	Nil	Nil

### (2) Mr. Ravinder Kumar Jain

Mr. Ravinder Kumar Jain, 64, is a Chemical Engineer from IIT, Delhi and has done a Post Graduate Diploma in Business Administration from IIM, Ahmedabad.

He started his career in 1971 with Warner Hindustan Ltd., a pharma company as a Product manager. He joined UB Group in 1974 as Brand Manager (Wines & Spirits) in Herbertsons Ltd. and moved on to Head of McDowell and Co., another group company. In 1992, he joined Shaw Wallace Ltd. as Managing Director which position he held until he left in 1999. Thereafter he was Managing Director of Millennium Alcobev Pvt. Ltd. a joint Venture (JV) of Scottish & Newcastle, a British company, UB Group and himself. In 2006, he exited the JV by selling his stake to his other partners. At present Mr Jain is one of the promoters of Vallee de Vin Pvt Ltd, a company engaged in manufacture, branding and distribution of wines under the brand names of Zampa and One Tree Hill. He has very wide experience of managing large conglomerates.

Presently Mr. Jain holds 50,000 equity shares of Rs. 10/- each of the Company.

His directorships and committee memberships of other companies, as on date, are as follows :

Company	Position	Committee Memberships	
		Committee	Position
Nector Ramco Trading Private Limited	Director	Nil	Nil
Brovel Trading Private Limited	Director	Nil	Nil
Noble New Era Milestone Trading and Investments Private limited	Director	Nil	Nil
Accra Investments Private limited	Director	Nil	Nil
Orange City Properties Private Limited	Director	Nil	Nil
Aramaes Management Consultants Private limited	Director	Nil	Nil
Noble Feedback Computers Private Limited	Director	Nil	Nil
Vallee de Vin Private Limited	Director	Nil	Nil

### (3) Mr. Yasir J. Varawala

Mr. Yasir Varawala, 46, is a fellow member of the Institute Of Chartered Accountants of India and is a rank holder on all India level. He has 22 years of post qualification experience and has an expertise in the field of taxation and auditing. Presently Mr. Varawala holds 50,000 equity shares of Rs. 10/- each of the Company. His directorships and committee memberships of other companies, as on date, are as follows:

Company	Position	Committee Memberships	
		Committee	Position
ADF Foods (India) Ltd.	Director	Nil	Nil
Power Brands (Foods) Pvt. Ltd.	Director	Nil	Nil
Abacus Investment Advisory Pvt. Ltd.	Director	Nil	Nil
High Plains Professional Advisory Services Pvt. Ltd.	Director	Nil	Nil

By order of the Board  
For ADF FOODS LTD

Shalaka Ovalekar  
Company Secretary

Regd. Office :

83/86 GIDC Industrial Estate, Nadiad 387001, Gujarat  
Mumbai, 16<sup>th</sup> June, 2011

## EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange read with Section 173 (2) of the Companies Act, 1956, the following explanatory statement sets out all material facts relating to Item No. 7 to 12 of the Notice.

### Item Nos. 7 8, 9 and 10 :

Mr. Ramesh H. Thakkar was appointed as the Chairman of the Company for three years from 1<sup>st</sup> October, 2008 . Mr. Ashok H. Thakkar was appointed as the Vice Chairman of the Company for three years from 1<sup>st</sup> October 2008. Mr. Bimal R. Thakkar was appointed as the Managing Director of the Company for three years from 1<sup>st</sup> October, 2008. Mr. Bhavesh R. Thakkar was appointed as Executive Director for three years from 1<sup>st</sup> October, 2008.

The appointment and remuneration payable to Mr. Ramesh H. Thakkar, Mr. Ashok H. Thakkar, Mr. Bimal R. Thakkar and Mr. Bhavesh R. Thakkar were approved by the shareholders in their Annual General Meeting held on 9<sup>th</sup> July, 2008.

The terms of office of Mr. Ramesh H. Thakkar, Mr. Ashok H. Thakkar, Mr. Bimal R. Thakkar and Mr. Bhavesh R. Thakkar are due to expire on 30<sup>th</sup> September, 2011.

At the Meeting of Board Of Directors of the Company held on 16<sup>th</sup> June, 2011 it was decided to renew employment agreements of the above Whole Time Directors by appointing, subject to the approval of the shareholders in the ensuing Annual General Meeting,

- (a) Mr. Ramesh H. Thakkar as Chairman not liable to retire by rotation for a period of three years from 1<sup>st</sup> October, 2011.
- (b) Mr. Ashok H. Thakkar as Vice Chairman not liable to retire by rotation for a period of three years from 1<sup>st</sup> October, 2011.
- (c) Mr. Bimal R. Thakkar as Managing Director not liable to retire by rotation for a period of three years from 1<sup>st</sup> October, 2011.
- (d) Mr. Bhavesh R. Thakkar as Executive Director liable to retire by rotation for a period of three years from 1<sup>st</sup> October, 2011

The appointment of Mr. Ramesh H Thakkar, Mr. Ashok H. Thakkar, Mr. Bimal R. Thakkar and Mr. Bhavesh R. Thakkar as aforesaid and the remuneration payable to them will require the approval of the members in the Annual General Meeting pursuant to Sections 269 read with Schedule XIII of the Companies Act, 1956 and Sections 309 and 311 of the said Act.

**The material terms of the draft agreement between the Company and Mr. Ramesh H. Thakkar were referred to in the resolution at item no. 7 of the notice are as under:**

- A) Mr. Ramesh H. Thakkar's appointment to be made as the Chairman for three years from 1<sup>st</sup> October, 2011.
- B) Remuneration :
  - a) salary in the range of Rs. 2,35,000 – 25,000 – 2,60,000 – 30,000 – 2,90,000;
  - b) house rent allowance at 30% of basic salary;
  - c) reimbursement of medical expenses incurred by him and his family subject to a ceiling of one month's basic salary in a year, or three months' basic salary over a period of three years;
  - d) leave travel allowance for himself and his family once in a year or once in two years subject to a ceiling of one month's basic salary per year. In case leave is not availed of, encashment of the same will be done at the end of his tenure under the Agreement;
  - e) fees of not more than two clubs excluding admission and life membership fees;
  - f) benefit of Personal Accident Insurance Policy to be effected by the Company provided that the premium of such policy does not exceed Rs. 30,000/-;
  - g) contribution to the Company's Provident Fund, Superannuation Fund and Annuity Fund in accordance with the rules of the Funds;
  - h) Gratuity payable in accordance with the Company's scheme.
  - i) provision of two cars with drivers for use on Company's business and a telephone at his residence; use of car with driver and telephone at residence not to be considered as a perquisite;
  - j) reimbursement of expenses actually and properly incurred by him for the business of the Company.
- C) The agreement with the Company may be terminated by either party by six month's prior notice in writing to the other.
- D) Authority is also being sought to the payment of remuneration by the company to Mr. Ramesh H Thakkar by way of salary and perquisites subject to limits prescribed under Section II of Part II of Schedule XIII of the Companies Act, 1956, if in any financial year during his term of office, the Company makes no profit or profits made are inadequate.



**The material terms of the draft agreement between the Company and Mr. Ashok H. Thakkar were referred to in the resolution at item no. 8 of the notice are as under :**

- A) Mr. Ashok H. Thakkar's appointment to be made as the Vice - Chairman for three years from 1<sup>st</sup> October, 2011.
- B) Remuneration :
- a) salary in the range of Rs. 2,35,000 – 25,000 – 2,60,000 – 30,000 – 2,90,000;
  - b) house rent allowance at 30% of basic salary;
  - c) reimbursement of medical expenses incurred by him and his family subject to a ceiling of one month's basic salary in a year, or three months' basic salary over a period of three years;
  - d) leave travel allowance for himself and his family once in a year or once in two years subject to a ceiling of one month's basic salary per year. In case leave is not availed of, encashment of the same will be done at the end of his tenure under the Agreement;
  - e) fees of not more than two clubs excluding admission and life membership fees;
  - f) benefit of Personal Accident Insurance Policy to be effected by the Company provided that the premium of such policy does not exceed Rs. 30,000/-;
  - g) contribution to the Company's Provident Fund, Superannuation Fund and Annuity Fund in accordance with the rules of the Funds;
  - h) Gratuity payable in accordance with the Company's scheme.
  - i) provision of two cars with drivers for use on Company's business and a telephone at his residence; use of car with driver and telephone at residence not to be considered as a prerequisite;
  - j) reimbursement of expenses actually and properly incurred by him for the business of the Company.
- C) The agreement with the Company may be terminated by either party by six month's prior notice in writing to the other.
- D) Authority is also being sought to the payment of remuneration by the company to Mr. Ashok H Thakkar by way of salary and perquisites subject to limits prescribed under Section II of Part II of Schedule XIII of the Companies Act, 1956, if in any financial year during his term of office, the Company makes no profit or profits made are inadequate.

**The material terms of the draft agreement between the Company and Mr. Bimal R. Thakkar were referred to in the resolution at item no. 9 of the notice are as under :**

- A) Mr. Bimal R. Thakkar's appointment to be made as the Managing Director for three years from 1<sup>st</sup> October, 2011.
- B) Remuneration :
- a) salary in the range of Rs. 2,35,000 – 25,000 – 2,60,000 – 30,000 – 2,90,000;
  - b) house rent allowance at 30% of basic salary;
  - c) reimbursement of medical expenses incurred by him and his family subject to a ceiling of one month's basic salary in a year, or three months' basic salary over a period of three years;
  - d) leave travel allowance for himself and his family once in a year or once in two years subject to a ceiling of one month's basic salary per year. In case leave is not availed of, encashment of the same will be done at the end of his tenure under the Agreement;
  - e) fees of not more than two clubs excluding admission and life membership fees;
  - f) benefit of Personal Accident Insurance Policy to be effected by the Company provided that the premium of such policy does not exceed Rs. 30,000/-;
  - g) contribution to the Company's Provident Fund, Superannuation Fund and Annuity Fund in accordance with the rules of the Funds;
  - h) Gratuity payable in accordance with the Company's scheme.
  - i) provision of two cars with drivers for use on Company's business and a telephone at his residence; use of car with driver and telephone at residence not to be considered as a prerequisite;
  - j) reimbursement of expenses actually and properly incurred by him for the business of the Company.

- C) The agreement with the Company may be terminated by either party by six month's prior notice in writing to the other.
- D) Authority is also being sought to the payment of remuneration by the company to Mr. Bimal R. Thakkar by way of salary and perquisites subject to limits prescribed under Section II of Part II of Schedule XIII of the Companies Act, 1956, if in any financial year during his term of office, the Company makes no profit or profits made are inadequate

**The material terms of the draft agreement between the Company and Mr. Bhavesh R. Thakkar were referred to in the resolution at item no. 10 of the notice are as under :**

- A) Mr. Bhavesh R. Thakkar's appointment to be made as the Executive Director for three years from 1<sup>st</sup> October, 2011.
- B) Remuneration :
- salary in the range of Rs. 2,35,000 – 25,000 – 2,60,000 – 30,000 – 2,90,000;
  - house rent allowance at 30% of basic salary;
  - reimbursement of medical expenses incurred by him and his family subject to a ceiling of one month's basic salary in a year, or three months' basic salary over a period of three years;
  - leave travel allowance for himself and his family once in a year or once in two years subject to a ceiling of one month's basic salary per year. In case leave is not availed of, encashment of the same will be done at the end of his tenure under the Agreement;
  - fees of not more than two clubs excluding admission and life membership fees;
  - benefit of Personal Accident Insurance Policy to be effected by the Company provided that the premium of such policy does not exceed Rs. 30,000/-;
  - contribution to the Company's Provident Fund, Superannuation Fund and Annuity Fund in accordance with the rules of the Funds;
  - Gratuity payable in accordance with the Company's scheme.
  - provision of two cars with drivers for use on Company's business and a telephone at his residence; use of car with driver and telephone at residence not to be considered as a perquisite;
  - reimbursement of expenses actually and properly incurred by him for the business of the Company.
- C) The agreement with the Company may be terminated by either party by six month's prior notice in writing to the other.
- D) Authority is also being sought to the payment of remuneration by the company to Mr. Bhavesh R. Thakkar by way of salary and perquisites subject to limits prescribed under Section II of Part II of Schedule XIII of the Companies Act, 1956, if in any financial year during his term of office, the Company makes no profit or profits made are inadequate.

The above material terms of the draft agreements with Mr. Ramesh H. Thakkar, Mr. Ashok H. Thakkar, Mr. Bimal R. Thakkar and Mr. Bhavesh R. Thakkar may be treated as an abstract as required under Section 302 of the Companies Act, 1956.

Copies of the aforesaid draft agreements will be available for inspection by the members at the registered office of the Company on any working day (except Saturday) between 11.00 a.m. to 2.00 p.m.

Mr. Ramesh H. Thakkar is interested in the resolution at item 7 of the Notice since it relates to his appointment and remuneration proposed to be payable to him. Mr. Ashok H. Thakkar, Mr. Bimal R. Thakkar and Mr. Bhavesh R. Thakkar are also interested in the resolution, they being related to Mr. Ramesh H. Thakkar.

Mr. Ashok H. Thakkar is interested in the resolution at item 8 of the Notice since it relates to his appointment and remuneration proposed to be payable to him. Mr. Ramesh H. Thakkar, Mr. Bimal R. Thakkar and Mr. Bhavesh R. Thakkar are also interested in the resolution, they being related to Mr. Ashok H. Thakkar.

Mr. Bimal R. Thakkar is interested in the resolution at item 9 of the Notice since it relates to his appointment and remuneration proposed to be payable to him. Mr. Ramesh H. Thakkar, Mr. Ashok H. Thakkar and Mr. Bhavesh R. Thakkar are also interested in the resolution, they being related to Mr. Bimal R. Thakkar.

Mr. Bhavesh R. Thakkar is interested in the resolution at item 10 of the Notice since it relates to his appointment and remuneration proposed to be payable to him. Mr. Ramesh H. Thakkar, Mr. Ashok H. Thakkar and Mr. Bimal R. Thakkar are also interested in the resolution, they being related to Mr. Bhavesh R. Thakkar.

## Item No. 11 :

The Company requires additional funds for capital expenditure, expansion and potential acquisitions. The Promoters of the Company are willing to contribute to fund part of the additional requirement, and therefore, it is proposed to issue Warrants to the Promoter Group on a preferential basis on payment of 25% of the total consideration of warrants with an option to apply for and be allotted equity shares, upon conversion of warrants, by paying up balance amount towards the consideration. The above matter requires the approval of the Members of the Company by special resolution in the general meeting and In Principle approval from the Stock Exchanges. The necessary information regarding the proposed preferential issue is as under:

(i) The object of the issue through preferential offer:

The Company requires additional funds for capital expenditure, expansion and potential acquisitions. The promoters are willing to contribute to fund part of the additional requirement, and therefore, the Company proposes to issue Warrants to the Promoter Group on a preferential basis with an option to receive allotment of fresh equity shares , upon conversion of the said warrants.

(ii) The proposal of the Promoter Group of the issue to subscribe to the offer:

The Promoter Group namely, Mr Bimal R Thakkar, Mrs. Mahalaxmi R. Thakkar, Mr Mishal A. Thakkar and Mrs. Priyanka B. Thakkar, intend to subscribe upto 20,00,000 (twenty Lakhs) warrants proposed to be issued :

Name of the Subscriber	No of warrants Proposed to be allotted
Mr. Bimal R. Thakkar	4,00,000
Mrs. Mahalaxmi R. Thakkar	4,00,000
Mr. Mishal A. Thakkar	8,00,000
Mrs. Priyanka B. Thakkar	4,00,000
<b>TOTAL</b>	<b>20,00,000</b>

(iii) Shareholding pattern before and after the issue of Warrants on preferential basis is as follows:

	Pre allotment		Post allotment	
	No. of Shares	% of holding	No. of Shares	% of holding
Promoter Group Holding	83,19,255	41.60	1,03,19,255	46.90
Public Shareholding	1,16,80,745	58.40	1,16,80,745	53.10
<b>Total</b>	<b>2,00,00,000</b>	<b>100.00</b>	<b>2,20,00,000</b>	<b>100.00</b>

(iv) Time within which the allotment shall be completed:

The preferential allotment of warrants shall be completed within 15 days after the date of passing of the resolution by the shareholders , or the date on which the company obtains all applicable approvals, permission from any Regulatory Authority or Central Government as may be required for consummating the transaction contemplated herein, whichever is later.

(v) The identity of the proposed allottees and the percentage of post preferential issue capital that may be held by them and change in control, if any, in the issuer, consequent to the preferential issue :

The Warrants shall be issued to the following persons and the post preferential issued capital (upon conversion of all Warrants) that may be held by them is as under:

Name of Warrant Holder	No. of Shares held before allotment of warrants	% holding before allotment of warrants	No of shares held after conversion of all warrants	% of the post conversion capital of the Company
Mr Bimal R. Thakkar	8,71,074	4.36	12,71,074	5.78
Mrs. Mahalaxmi R. Thakkar	5,12,522	2.56	9,12,522	4.15
Mr Mishal A. Thakkar	10,21,098	5.10	18,21,098	8.27
Mrs Priyanka B. Thakkar	1,16,677	0.58	5,16,677	2.35
<b>Total</b>	<b>25,21,371</b>	<b>12.60</b>	<b>45,21,371</b>	<b>20.55</b>
<b>Total no. of shares</b>	<b>2,00,00,000</b>	<b>100</b>	<b>2,20,00,000</b>	<b>100</b>

There will not be any change in control or in the Board of Directors of the Company. The existing promoters will continue to be in control of the management.



(vi) Issuer's undertaking :

The undertaking(s) required to be furnished /disclosed in the Explanatory Statement to the Notice, under SEBI (ICDR) Regulations relating to re-computation of price and lock-in securities till the recomputed price is paid by the allottee(s) will not be applicable to the issuer as the Issuer's equity shares are listed on Bombay stock Exchange and National Stock Exchange of India Limited, being the recognized Stock Exchanges for more than the minimum period as specified under the said regulations.

(vii) Auditor's certificate :

M/s. D.P. Ghevaria & Co., Chartered Accountants, Statutory Auditors of the Company, have certified that the preferential issue is being made in accordance with the requirements contained in SEBI (ICDR) Regulations for preferential issues. A copy of certificate shall be placed before the shareholders at the ensuing Annual General Meeting.

Mr. Ramesh H. Thakkar, Mr. Ashok H. Thakkar, Mr. Bimal R. Thakkar, Mr. Bhavesh R. Thakkar, Directors of the Company are interested in the said resolution.

**Item No. 12**

In view of the volume of the business activities of the company, the Board of Directors feels it necessary to recommend appointment of M/s. B S R & Co., Chartered Accountants as joint auditors along with the existing Statutory Auditors of the Company. The Company has received a special notice under Section 190 of the Companies Act, 1956 proposing the name of M/s. B S R & Co., Chartered Accountants as joint Auditors. The copies of the said notice will be available for inspection by the members at the registered office of the Company on any working day (except Saturday) between 11.00 a.m. to 2.00 p.m.

A written certificate has been obtained from both M/s. B S R & Co. and M/s. D.P. Ghevaria & Co., to the effect that the said appointments, if made will be in accordance with regulations as specified under Section 224 (1B) of the Companies Act, 1956.

The resolution is intended for this purpose.

None of the directors of the Company has any interest in the resolution.

By order of the Board.  
**For ADF FOODS LTD.**

**Shalaka Ovalekar**  
**Company Secretary**

**Registered Office:**

83/86 GIDC Industrial Estate, Nadiad 387 001, Gujarat  
Mumbai, 16<sup>th</sup> June, 2011.

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Twenty First Annual Report together with the Audited Financial Statement for the year ended 31<sup>st</sup> March 2011.

### FINANCIAL RESULTS

The performance of the Company for the financial year ended 31<sup>st</sup> March 2011 is summarized below:

(Rs. in Lakhs)

Particulars	2010-11	2009-10
Net sales/Income from operation	11,177.98	10,289.22
Other Income	432.24	654.87
<b>Total Income</b>	<b>11,610.22</b>	<b>10,944.09</b>
Add: Increase/ (Decrease) in Stock in trade	289.99	(309.90)
	<b>11,900.21</b>	<b>10,634.19</b>
<b>Less: Total expenditure</b>		
Manufacturing & Other Expenses	9,286.27	8,072.40
Depreciation	450.25	418.65
Financial Expenses	163.01	181.06
<b>Profit (+)/Loss (-) before tax</b>	<b>2,000.68</b>	<b>1,962.08</b>
Provision for taxation	359.89	352.51
Deferred tax Assets / (Liabilities)	139.97	(44.23)
<b>Net Profit (+) / Loss (-)</b>	<b>1,780.76</b>	<b>1,565.34</b>
Prior Period Expenses/ Tax (Net off)	1.17	2.15
<b>Net Profit(+) / Loss(-)</b>	<b>1,779.59</b>	<b>1,563.19</b>
Balance brought forward	3,410.65	2,276.59
<b>Dividend declared/ paid</b>	<b>300.00</b>	<b>300.00</b>
Tax on dividend	49.83	50.97
Transfer to General Reserve	90.97	78.16
Balance Carried to the Balance Sheet	4,749.44	3,410.65
<b>EPS (Basic)</b>	<b>8.90</b>	<b>8.33</b>
<b>EPS (Diluted)</b>	<b>8.90</b>	<b>8.33</b>

### FINANCIAL PERFORMANCE

During the year under review, your Company has recorded a turnover of Rs. 111.78 Crore as against Rs. 102.89 Crore in the previous year. The Net profit (after tax and extra ordinary items) for the financial year ended 31<sup>st</sup> March 2011 increased to Rs. 17.79 Crore from Rs. 15.63 Crore in the previous year representing an increase of 13.82% profit after tax.

### DIVIDEND

Your Directors are pleased to recommend a Dividend of Rs. 1.50/- per share (i.e. @ 15%) for the year ended 31<sup>st</sup> March 2011. The dividend payout, if approved, will result in outflow of Rs. 349.83 Lakhs inclusive of Rs. 49.83 Lakhs on account of Dividend Distribution Tax.

## BUSINESS DEVELOPMENT

During the year your Company has completed expansion of its Nadiad Factory including significant increase in its cold storage facility.

During the previous year your Company introduced a wide range of ready to eat products and pickles under the brand 'ADF SOUL' in Mumbai and Pune. The same has met with an encouraging response especially pickles in virgin olive oil. The Company is gearing up to market the products under the brand 'ADF SOUL' throughout India.

During the year your Company has completed the acquisition of Elena's Food Specialties, Inc., a US based manufacturer and marketer of organic and natural food products. Your Company acquired all substantial assets and certain liabilities of Elena's including its intellectual property rights through its international subsidiaries. The integration of Company's new acquisition is going as planned. The Management has taken initiatives to bring down the losses since the acquisition and has taken various measures to cut expenses and ensure better sourcing of Raw Materials and Packing Materials. The Company will also be launching some new products in the Mexican Food Category under the PJ's Organics Brand and has also decided to launch in June some protein based Ethnic Indian Foods under its brand name 'ADF SOUL' in US markets.

## TECHNOLOGY AND QUALITY

Your Company is committed to deliver highest quality of products by continuous improvement in terms of product quality and achieving customer satisfaction and delight. Your Company has already obtained various quality certifications such as the Internationally recognized BRC (British Retail Consortium) Global Standard – Foods, ISO 22000/ HACCP & ISO 9001:2000 certifications for its plants located at Nadiad, Gujarat and Nashik, Maharashtra.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Director's Responsibility Statement, it is hereby confirmed:

- (i) that in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March 2011, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit of the Company for the year under review;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) that the Directors have prepared the accounts for the financial year ended 31<sup>st</sup> March 2011 on a 'going concern' basis.

## LISTING OF SHARES

The Company received approval from the National Stock Exchange of India Limited (NSE) for trading of shares with effect from 15<sup>th</sup> September, 2010. Thus Company's shares are actively traded on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE).

## CORPORATE GOVERNANCE

In compliance with the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges, a separate report on Corporate Governance along with Auditors' certificate on its compliance has been provided elsewhere in this Annual Report.

Report on Management Discussion and Analysis is provided in separate section and forming part of this Annual Report.

## DIRECTORS

The Company has 10 Directors out of which 6 are Non- Executive Independent Directors and 4 are Executive Promoter Directors.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Bhavesh R. Thakkar, Mr. Ravinder Kumar Jain and Mr. Yasir Varawala, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment.

The brief particulars of all the Directors, for which approval of Members for their re-appointment is sought, have been provided in the Notice of the Twenty First Annual General Meeting pursuant to the Clause 49 of the Listing Agreement relating to Corporate Governance.

Mr. D.E. Udwardia resigned from the Board Of Directors w.e.f. 21<sup>st</sup> October, 2010. The Board has placed on record its deep appreciation of Mr. Udwardia's immense contribution and valuable services during his long association with the Company and acknowledged Mr. Udwardia's outstanding experience and expertise.

## AUDITORS AND THEIR REPORT

M/s. V.P. Thacker & Co., Chartered Accountants, Mumbai were appointed as the Statutory Auditors jointly with M/s. D.P. Ghevaria & Co., Chartered Accountants by the Members at the last Annual General Meeting held on 28<sup>th</sup> July, 2010.

M/s. V.P. Thacker & Co., had tendered their resignation w.e.f. 09<sup>th</sup> October, 2010 and had expressed their inability to continue as Statutory Auditors of the Company. In view of this resignation, other joint Auditor M/s. D.P. Ghevaria & Co. continues as the sole Auditor till the ensuing Annual General Meeting.

For the financial year 2011-12, it is proposed to appoint M/s. B S R & Co., Chartered Accountants, Mumbai as Statutory Auditors alongwith M/s. D. P. Ghevaria & Co. A written certificate has been obtained from both M/s. B S R & Co. and M/s. D.P. Ghevaria & Co., to the effect that the said appointment, if made will be in accordance with regulations as specified under Section 224 (1B) of the Companies Act, 1956. The matter as such is being placed before the Members to consider appointment of M/s. B S R & Co., Chartered Accountants as Statutory Auditors jointly with M/s. D. P. Ghevaria & Co., Chartered Accountants to hold office from conclusion of the ensuing Annual General Meeting till the conclusion of next Annual General Meeting.

There are no qualifications contained, in the Auditors Report and therefore there are no further explanations to be provided for in this report.

## ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

Information required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is appended hereto and forms part of this report.

## PARTICULARS OF EMPLOYEES

There are no employees drawing remuneration exceeding the monetary ceiling of Rs. 60 Lakhs or more per annum or Rs. 5 Lakhs or more per month, if employed for a part of the year prescribed under Section 217 (2A) of the Companies Act, 1956 and the Rules made thereunder.

## SUBSIDIARY COMPANY

At the beginning of the year the Company had four subsidiaries namely ADF Foods UK Ltd, ADF Foods (Mauritius) Ltd., Power Brands (Foods) Pvt. Ltd. and ADF Foods (India) Ltd.

On 22<sup>nd</sup> September, 2010, your Company had set up two step down subsidiaries in U.S.A. viz. ADF Holdings (USA) Ltd. and ADF Foods (USA) Ltd.



Ministry Of Corporate Affairs vide its General Circular No.2/2011 dated 08.02.2011 has directed that provisions of Section 212(1) i.e. attaching the Annual Accounts of all the subsidiaries, shall not apply in relation to subsidiaries of those companies on fulfillment of certain conditions. Your Company has fulfilled the conditions including obtaining of the consent of the Board Of Directors of the Company for not attaching the Annual Accounts of the subsidiaries. The Company will make available the Annual Accounts of the subsidiaries and the related detailed information to any Member of the Company who may be interested in obtaining the same. The Annual Accounts of the subsidiary companies shall also be kept for inspection by any Members in the head office of the holding company and of the subsidiaries concerned. Further as required under Listing Agreement with the Stock Exchanges, a consolidated financial statement of the Company and all its subsidiaries is attached. We believe that the consolidated accounts present a full and fair picture of the state of affairs and the financial conditions and are globally accepted.

Further as required, the brief financial data of the subsidiaries has been furnished under the head “ Statement pursuant to Section 212(8) of the Companies Act, 1956”, related to subsidiary companies forming part of the Annual Report.

### **CONSOLIDATED ACCOUNTS**

In compliance with Clause 32 of the Listing Agreement with the Stock Exchanges and in accordance with the requirements of Accounting Standards AS-21 prescribed by the Institute of Chartered Accountants of India, the Consolidated Accounts of the Company and its subsidiaries are annexed to this Report.

### **DEPOSIT**

Your Company has not accepted any deposit within the meaning of Section 58A of the Companies Act, 1956 during the financial year 2010-11.

### **EMPLOYEE RELATIONS**

The Employee relations continue to be cordial at all the divisions of the Company. Your Directors place on record their deep appreciation for exemplary contribution of the employees at all levels. Their dedicated efforts and enthusiasm have been integral to your Company's impressive growth.

### **ACKNOWLEDGEMENTS**

Your Directors wish to express their sincere appreciation of the excellent support and co-operation extended by the Company's shareholders, customers, bankers, suppliers and all other stakeholders.

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

**Ramesh H Thakkar**  
**Chairman**

### **Registered Office:**

83/86, G.I.D.C. Industrial Estate, Nadiad- 387 001, Gujarat.

Mumbai, date 16<sup>th</sup> June, 2011

## ANNEXURE TO DIRECTORS' REPORT

### ANNEXURE I

**Information under section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31<sup>st</sup> March, 2011**

#### **A. Conservation of Energy**

The Company has been continuously attempting to create a conscious awareness against excessive consumption and wastage at all levels. The Company is taking all possible steps to conserve energy. Maximum efforts for this purpose will continue.

#### **FORM A**

Form for disclosure of particulars with respect to Conservation of Energy

#### **(A) Power and Fuel Consumption :-**

		<b>2010-11</b>	<b>2009-10</b>
<b>I</b>	<b>Electricity</b>		
	a. Purchased Units (KWH)	<b>2,570,095</b>	2,696,872
	Total Amount (Rs.)	<b>15,279,907</b>	16,076,351
	Average Rate/Unit (Rs.)	<b>5.95</b>	5.96
	b. Own Generation		
	i. Through Diesel Generator	<b>N.A.</b>	N.A.
	Units (KWH)		
	Units/Lt.of Diesel		
	Cost/Unit (Rs.)		
	ii. Through Steam Turbine/Generator	<b>N.A.</b>	N.A.
<b>2</b>	<b>Agro waste &amp; Fire Wood:</b>		
	Quantity (kgs)	<b>876,125</b>	1,146,930
	Total Amount (Rs.)	<b>3,380,462</b>	3,716,061
	Average Rate/KL (Rs.)	<b>3.86</b>	3.24
<b>3</b>	<b>Fuel Furnace Oil + Light Diesel</b>		
	Quantity (K.L.)	<b>308,851</b>	347,965
	Total Amount (Rs.)	<b>9,937,501</b>	9,571,124
	Average Rate/KL (Rs.)	<b>32.18</b>	27.51
<b>4</b>	<b>Others/internal Generation</b>	<b>N.A.</b>	N.A.

#### **(B) Consumption per unit of production:**

Products (with details) Unit ,  
Electricity, Furnace oil,  
Agro waste,  
Coal (specify quantity)

Since the Company manufactures several items viz. Pickles, chutneys, Pastes and other food stuffs, having regard to other books maintained by the Company, it is impracticable to apportion the utilities.

## B. Technology Absorption, Research and Development (R&D)

### FORM B

Form for disclosure of particulars with respect to absorption

#### Research and Development ( R & D)

##### 1. Specific areas in which R&D carried out by the Company

- Development of new recipes.
- Development of new products.
- Improvement in quality.
- Better packaging.
- Standardisation in packaging.

##### 2. Benefits derived as a result of the above R&D.

Benefits comprise of improved customer satisfaction, introduction of new brands, introduction of new products, meeting world class quality norms, enhancement of exports, reduced costs on packing.

##### 3. The Company will continue its efforts to develop new products, new recipes, reduce costs, improve technology and produce quality products.

##### 4. Expenditure on R&D

(In Rs.)

	2010-11	2009-10
(a) Capital	330,253	90,415
(b) Recurring	789,370	573,257
(c) Total	1,119,623	663,672
(d) Total R&D expenditure as a percentage of total turnover	0.1002%	0.0645%

#### Technology Absorption. Adaptation and Innovation

##### 1. Efforts, in brief, made towards technology absorption, adaptation and innovation:

The Company upgraded its technology at Nadiad to world class standards. At Nasik, the Company has improved state of the art machinery for manufacture of spices and masalas.

##### 2. Benefits derived as a result of the above efforts:

Satisfaction of customer needs, improvement in product quality, new product development.

## C. Foreign Exchange Earnings and outgo:

##### 1. The Company has maintained its focus on development of exports both in the ethnic and mainstream markets. The Company's products under the brand name 'ASHOKA' & 'AEROPLANE' are very popular in the U.S.A., U.K., Canada and Australia. While 'CAMEL' is popular in the Middle East. The Company will continue to make exports a thrust area.

##### 2. Total Foreign Exchange used and earned:

Rs. (in lacs)

	2010-11	2009-10
Total Foreign Exchange Earned	9,789.66	8,741.34
Total Foreign Exchange Used	860.33	1,139.90

For and on behalf of the Board of Directors

**RAMESH H. THAKKAR**  
Chairman

**BIMAL R. THAKKAR**  
Managing Director

Registered office : 83/86, G.I.D.C. Industrial Estate, Nadiad-387 001, Gujarat  
Date, 16<sup>th</sup> June, 2011

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **1. Industry Structure and Developments**

India is increasingly being looked at as a Worldwide sourcing hub for food products. Processed & Packaged Foods industry worldwide has witnessed a state of evolution over the years due to demographic changes, life styles, changing consumer tastes & preferences, improved technology and better quality standards. India is making an important mark in the global food arena both as a large producer and exporter of agricultural products and as a very large and growing market for Processed Foods.

Processed Food industry in India is witnessing favourable changes as well. According to an Ernst & Young (E&Y) study, the Indian domestic food market is expected to grow by nearly 40 per cent and touch \$258 billion by 2015. An extremely high growth was recorded in the Indian food industry between 2004 and 2008 - from \$141 billion to \$181 billion. While the sector's low productivity and shortages in supply were earlier seen as problems, investors are now sensing an opportunity of high growth.

Today, Multinational Companies are betting on India as a major sourcing hub to feed the world. Large investors and Corporations, both Indian and International, are considering India as an emerging market with twin opportunities, to cater to the growing Indian middle-class and to export premium processed food. According to data from VCCedge, 15 deals covering private equity and venture capital funds worth \$285 million were recorded in 2011 in the food sector, compared with 11 deals worth \$78 million in 2009 and 11 deals worth \$123 million in 2008.

### **2. Opportunities and Threats and General Business Outlook**

The Company is a significant emerging player in the processed food industry. It is engaged in the manufacturing and export of various Indian Processed Foods. The range of Company's products includes Pickles, Pastes, Chutney, Ready-to-eat Vegetables, Canned Vegetable in Brine, Frozen Foods, Spices in whole and ground form, IQF Indian Vegetables, Frozen Parathas, etc.

The Company is tapping new markets and constantly innovating and renovating the products in its portfolio to meet the changing tastes and preferences of the Global Consumer. The Company has established brands and strong distribution networks in Europe, US, Middle East Countries, Australia, Canada and Asia, which would ensure immediate distribution of the new variants.

The Company Management feels that the Indian Market presents a good opportunity considering the changing trends, such as growing number of nuclear families and women professionals have opened doors for the food processing industry as Processed Food is easy to cook and save ample time.

Further economic liberalization and rising income of middle class population have had a positive impact on consumer spending and consumption in both rural and urban areas. Indian consumer now spends a significant proportion of disposable income on food and other essential commodities. Several other factors like demographic and macro economic conditions have also given fillip to expenditure on food in the country.

During the previous year the company introduced a wide range of ready to eat products and pickles under the brand 'ADF SOUL' in Mumbai and Pune. The same has met with an encouraging response especially pickles in virgin olive oil. The Company is gearing up to market the products under the brand 'ADF SOUL' throughout India.

Further the integration of Company's new acquisition in the US is going as planned. The Management has taken initiatives to bring down the losses since the acquisition and has taken various measures to cut expenses and ensure better sourcing of Raw Materials and Packing Materials. The Company will also be launching some new products in the Mexican Food Category under the PJ's Organics Brand and has also decided to launch in June some protein based Ethnic Indian Foods under its brand name 'ADF SOUL' in US markets.



Certain major business threats are as under :

- Increase in the prices of raw materials, packing material and fuel
- Food inflation
- Non-availability of raw materials
- Exchange rate fluctuations
- Changes in fiscal benefits/laws
- Competitive environment with diverse players.

### 3. Segment-wise Performance

The Company's overall sales have increased to Rs. 11,177.98 Lakhs from Rs. 10,289.22 Lakhs as compared to the previous year.

(in Rs. Lakhs)

	FY 2010-11	FY 2009-10
<b>Segment Revenue</b>		
a) Processed and Preserved foods	10,582.04	9,735.22
b) Traded goods	595.94	554.00
<b>Total</b>	<b>11,177.98</b>	<b>10,289.22</b>
Less: Inter Segment revenue	-	-
<b>Net Sales /Income from operations</b>	<b>11,177.98</b>	<b>10,289.22</b>
<b>Segment results Profit /Loss before tax and interest from each segment:</b>		
a) Processed and Preserved foods	1,906.42	1,689.60
b) Traded goods	131.47	28.96
<b>Total</b>	<b>2,037.89</b>	<b>1,718.56</b>
Less:		
1) Interest	163.01	181.06
2) Other un allocated expenditure net off	306.44	230.29
Add: Unallocable income	432.24	654.87
<b>Total Profit before tax</b>	<b>2,000.68</b>	<b>1,962.08</b>
<b>Capital employed</b>		
a) Processed and Preserved foods	7,381.37	4,978.74
b) Traded goods	223.91	100.00
c) Other un-allocated	4,830.63	6,067.38
<b>Total Capital Employed</b>	<b>12,435.91</b>	<b>11,146.12</b>

### 4. Risks and Concerns

#### Exchange Rate Fluctuation

The Company being engaged in exports, derives approximately 94% of its revenue from export sales. An appreciation of the Indian Rupee can adversely impact the Company's exports. The Company manages this financial risk through forward contracts from time to time.

#### Cost of raw materials , packing material , fuel prices

Agricultural produce is always at the mercy of Mother Nature. Getting the raw materials in time and dispatching of the Finished Goods i.e. getting from Farm to Fork is always wary of any crop failure or shortages thus, putting pressure on the margins of the Company's products. Fuel prices continue to be a big area of concern as fuel is widely used in manufacturing and distribution operations and has a direct impact on total costs.

## **5. Internal control systems and their adequacy**

The Company has in place a comprehensive system of internal controls, overseen by the Management, aimed at achieving efficiency in operations, optimum utilization of resources and effective monitoring thereof and compliance with all applicable laws and regulations. External agencies conduct the internal audit of the Company to ensure effectiveness of internal controls and suggest areas of improvement and strengthening. The Audit Committee of the Board reviews the adequacy of internal controls.

## **6. Financial performance with respect to operational performance**

Tight budgetary control, over all key operational performance indicators and review of working capital is being exercised for continuous improvement of performance and profitability. Funds have been judiciously deployed to support high quantum of operations without resorting to additional borrowings, wherever possible.

## **7. Material developments in Human Resources/Industrial Relations front, including number of people employed**

The Company believes in the overall development and continuous growth of its employees. The Company continues to provide its employees the ideal workplace where they can give optimum results. This has resulted into team spirit and team work. The Company continues to equip its employees with the skill which would enable them to meet the growing organizational challenges.

The relationships with employees have been cordial and operations at the factory uninterrupted. Measures for safety of employees, welfare and development continue to receive top priorities.

## **8. CAUTIONARY STATEMENT**

Statements in this Management Discussion and Analysis describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices, cyclical demand and pricing in the Company's principal markets, competitive actions, changes in Government regulations, tax regimes, economic developments in India and in countries in which the Company conducts business and other incidental factors.

## REPORT ON CORPORATE GOVERNANCE

### I. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's philosophy on Corporate Governance enshrines the goal of achieving the highest levels of transparency, accountability and equity in all spheres of its operations and in all its dealings with the shareholders, employees, the Government and other parties. The Company believes that the Code on Corporate Governance provides a structure by which the rights and responsibilities amongst different participants in the organization, such as the Board, employees and shareholders are distributed. This helps to ensure that the Company's objectives are well defined and performance against those objectives are adequately measured and monitored.

In so far as compliance of Clause 49 of the Listing Agreement of the Stock Exchanges is concerned, the Company has complied in all material respects, with the requirements of Corporate Governance specified in the Listing Agreement of the Bombay Stock Exchange Limited as amended till date.

The Company presents a summary of the practices it followed during the year in deference to its commitment to fairness, transparency and accountability.

### II. BOARD OF DIRECTORS

#### A. COMPOSITION & MEETINGS

The Board of Directors of your Company represents an optimum mix of professionalism, knowledge and experience. As on 31<sup>st</sup> March 2011, the total strength of the Board of Directors of the Company was ten Directors comprising four Executive Directors and six Non-Executive Independent Directors. Your Company immensely benefits from the professional expertise of the Independent Directors in their individual capacity as Independent Professionals/ Entrepreneurs and through their valuable experience in achieving corporate excellence. The Non-Executive Directors are eminent Professionals/ Entrepreneurs with wide range of knowledge and experience in business, industry, finance and law.

The composition of the Board, their attendance at the Meeting, their Directorship and Memberships of Committees in other Companies as on 31<sup>st</sup> March 2011 are given below:

Name of the Director	Designation Executive/Non Executive Independent/ Promoter	Board Meetings held and attended by the Directors		Attendance at the last ANNUAL GENERAL MEETING	*Directorships in other Companies	* Memberships of Committees of other Companies
		Held	Attended			
Mr. Ramesh H Thakkar	Chairman Executive Director Promoter	5	5	YES	-	-
Mr. Ashok H Thakkar	Vice Chairman Executive Director Promoter	5	2	YES	1	-
Mr. D. E. Udawadia (resigned w.e.f. 21 <sup>st</sup> October, 2010)	Director Non-Executive Independent	3	0	NO	Not applicable	Not applicable
Mr. Nipun C Shah	Director Non Executive Independent	5	4	YES	1	-
Mr. Yasir J Varawala	Director Non Executive Independent	5	3	YES	1	-
Mr. Vikram Munshi	Director Non Executive Independent	5	1	NO	5	-
Mr. Jay M Mehta	Director Non Executive Independent	5	3	NO	7	2
Mr. Viren Merchant	Director Non Executive Independent	5	3	NO	-	-
Mr. Bimal R Thakkar	Managing Director Promoter	5	5	YES	3	1

Mr. Ravinder Kumar Jain	Director Non Executive Independent	5	5	NO	-	-
Mr. Bhavesh R Thakkar	Director Executive Promoter	5	2	YES	1	-

\*[1] Details of other Directorships and Committee memberships of all Directors are given by way of a separate Annexure.

\*[2] Number of Directorships held by the Directors, as mentioned above do not include alternate Directorships and Directorships held in foreign Companies, Section 25 Companies and Private Limited Companies incorporated in India.

\*[3] Committee membership of only Audit Committee and Shareholders' Grievance Committee of the Companies other than ADF Foods Limited is reckoned.

None of the above Directors is a Member in more than 10 Committees or acts as Chairman of more than 5 Committees across all Companies in which he is a Director.

Disclosure of the number of equity shares of the Company held by Non Executive Directors as on 31<sup>st</sup> March 2011:

Sr. No.	Name of the Non Executive Director	No. of shares held in the Company (as the first holder)
1	*Mr. Yasir J. Varawala	50,000
2	*Mr. Nipun C. Shah	54,450
3	Mr. Vikram S. Munshi	50,000
4	Mr. Jay M. Mehta	50,000
5	Mr. Viren A. Merchant	50,000
6	Mr. Ravinder Kumar Jain	50,000

\* In addition to the above Mr. Yasir Varawala holds 2,000 shares and Mr. Nipun C Shah holds 4,750 shares as a joint holder.

## **B. DETAILS OF SITTING FEES, REMUNERATION, ETC. PAID TO DIRECTORS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2011.**

Non-Executive Directors are eligible for only sitting fee not exceeding the limits prescribed under the Companies Act, 1956. The Independent Directors were paid sitting fees @ Rs. 10,000/- for attending every meeting of the Board and Rs. 5000/- for attending meetings of other Board Committees.

Name of Non Executive Director	Sitting fees paid for attending meetings of the Board and/or Audit Committee and/or other Committees
Mr. Nipun C. Shah	Rs.55,000/-
Mr. Yasir J. Varawala	Rs.70,000/-
Mr. Vikram S. Munshi	Rs.10,000/-
Mr. Jay M. Mehta	Rs.30,000/-
Mr. Viren A. Merchant	Rs.45,000/-
Mr. Ravinder Kumar Jain	Rs.50,000/-

The details of remuneration paid to the Executive Directors during the financial year ended 31<sup>st</sup> March 2011 are as under:

Sr. No.	Director	Salary (Rs.)	Perquisites (Rs.)	Total (Rs.)
1	Mr. Ramesh H Thakkar	24,99,000	1,86,319	26,85,319
2	Mr. Ashok H Thakkar	24,99,000	1,88,090	26,87,090
3	Mr. Bimal R Thakkar	24,99,000	1,17,848	26,16,848
4	Mr. Bhavesh R Thakkar	24,99,000	1,29,098	26,28,098



#### NOTES:

- (i) All appointments of Directors are non-contractual except those of Mr. Ramesh H. Thakkar, Chairman, Mr. Ashok H. Thakkar, Vice-Chairman, Mr. Bimal R. Thakkar, Managing Director and Mr. Bhavesh R Thakkar, Executive Director. Appointment of Mr. Ramesh H. Thakkar, Mr. Ashok H. Thakkar, Mr. Bimal R Thakkar and Mr. Bhavesh R Thakkar is for three years with effect from 1<sup>st</sup> October, 2008. The re-appointment of the above managerial personnel is conditional and subject to termination by six calendar months' notice in writing on either side but no severance fees of any other kind is payable.
- (ii) The remuneration paid to the above managerial personnel is excluding contribution to provident fund, gratuity and leave encashment as the same are provided in the books based on actuarial valuation report.
- (iii) Presently, the Company does not have any scheme for grant of Stock Options to its Directors, Managing Director or other employees.
- (iv) None of the employees except Mr. Mishal A Thakkar, Manager (Operations) is related to any of the Directors of the Company.

#### C. NUMBER OF BOARD MEETINGS HELD

The meetings of the Board of Directors are scheduled well in advance. The Board Members are presented in advance with the detailed agenda in respect of all Board meetings. During the year under review, 5 meetings of the Board of Directors were held on the following dates:

20<sup>th</sup> May 2010, 26<sup>th</sup> July 2010, 29<sup>th</sup> September 2010, 29<sup>th</sup> October 2010 and 31<sup>st</sup> January 2011.

### III. AUDIT COMMITTEE

#### A. CONSTITUTION & MEETINGS

The Audit Committee was constituted on 13<sup>th</sup> January 2001. All the members of Audit Committee are Non-Executive and Independent Directors. The Chairman of the Audit Committee is Mr. Nipun C. Shah. The other members of the Audit Committee are Mr. Yasir J. Varawala and Mr. Viren Merchant. The Company Secretary acts as the Secretary to the Committee.

During the year under review, four Audit Committee meetings were held on 18<sup>th</sup> May 2010, 23<sup>rd</sup> July 2010, 27<sup>th</sup> October 2010 and 27<sup>th</sup> January 2011.

The attendance of each Audit Committee member is given hereunder:

Sr. No.	Name of the Audit Committee Member	No. of Meetings attended
1	Mr. Nipun C. Shah – Chairman	3
2	Mr. Yasir J. Varawala	4
3	* Mr. Vikram S. Munshi	0
4	Mr. Viren Merchant	3

\* Mr. Vikram S. Munshi resigned from the Audit Committee w.e.f. 02<sup>nd</sup> May, 2011.

The Executive Directors, the General Manager – Finance & Accounts, Internal Auditors and the Statutory Auditors are invited to the Audit Committee Meetings.

#### B. THE TERMS OF REFERENCE OF THE AUDIT COMMITTEE

- It shall have the authority to investigate into any matter relating to accounts as referred to it by the Board and for this purpose, shall have full access to information contained in accounting records of the Company.
- Overview of the Company's financial reporting process and manner of disclosure of financial information to ensure that the financial statements are true and correct.
- Recommending the appointment and removal of Statutory Auditors, fixation of audit fees and also approval for payment for any other Services relating thereto.
- Reviewing the Company's financial and risk management policies.
- Reviewing with the Management the quarterly/yearly financial statement before submission to the Board.
- Reviewing the adequacy of internal control systems.

- Discussion with internal auditors, any significant findings and follow-up.
- Reviewing the financial statements of unlisted subsidiaries of the Company.
- Reviewing uses/applications of funds raised through preferential issue/rights issue/public issue.
- Looking into the reasons for substantial defaults, if any, in the payment to the shareholders (non – payment of declared dividends, etc.) and creditors, etc.
- And such other matters incidental or as may be delegated by the Board of Directors to the Committee from time to time.

#### **IV. SHAREHOLDERS' GRIEVANCE COMMITTEE**

##### **A. CONSTITUTION & MEETINGS**

The Shareholders' Grievance Committee was constituted on 2<sup>nd</sup> May 2001. The Committee comprises of Mr. Yasir J. Varawala, Chairman, Non – Executive Independent Director and Mr. Ramesh H. Thakkar, Chairman of the Company. The Company Secretary acts as the Compliance Officer for the Committee.

During the year, four meetings of the said Committee were held on 18<sup>th</sup> May 2010, 23<sup>rd</sup> July 2010, 27<sup>th</sup> October 2010 and 27<sup>th</sup> January 2011.

The attendance of each member is given hereunder:

<b>Sr. No.</b>	<b>Name of the Shareholders' Grievance Committee Member</b>	<b>No. of meetings attended</b>
1	Mr. Yasir J Varawala – Chairman	4
2	Mr. Ramesh H Thakkar	4

##### **B. THE TERMS OF REFERENCE OF THE SHAREHOLDERS' GRIEVANCE COMMITTEE**

The said Committee is entrusted with the same powers and scope as prescribed under Clause 49 of the Listing Agreement viz. Corporate Governance.

The Committee specifically looks into redressing of investors' complaints with respect to non-receipt of shares, non-receipt of declared dividends and ensure expeditious redressal. The Registrar and Share Transfer agents provides quarterly confirmation to the Committee on compliance of the requirements in respect of dealing with the transfers, transmissions, complaints and other shareholder related matters. The Committee also monitors and reviews the performance and service standards of the Registrar and Share Transfer Agent and provides continuous guidance to improve the service levels for investors.

##### **C. SHAREHOLDERS' COMPLAINTS**

26 complaints were received from the shareholders during the financial year ended 31<sup>st</sup> March 2011, which were attended to by the Registrar and Transfer Agents promptly. Most of the complaints were relating to transfer of shares and non-receipt of demat credit / dividend warrant / share certificate/s.

Apart from the said complaints, the Company also received certain requests / general intimations regarding change of address, revalidation of dividend warrants, sending annual reports, consolidation of multiple folios, transmission of shares, issue duplicate share certificate etc. There are no complaints pending to be replied / attended to as at the end of the year under consideration.

#### **V. REMUNERATION COMMITTEE**

The Remuneration Committee was constituted on 8<sup>th</sup> May, 2002 to recommend to the Board the remuneration package for managerial persons.

The Remuneration Committee comprises of three Non-Executive Independent Directors namely Mr. Yasir J. Varawala, Chairman of the Committee, Mr. Vikram S. Munshi and Mr. Nipun C. Shah.

During the year under review, there was no meeting of the Remuneration Committee held.

#### **VI. SHARE TRANSFER COMMITTEE**

The Share Transfer Committee comprises of Mr. Ramesh H. Thakkar, Chairman, Mr. Ashok H. Thakkar, Vice – Chairman and Mr. Bhavesh R. Thakkar, Executive Director.

The Registrar & Transfer Agents of the Company have been delegated authority to approve transfers in physical mode which is done every fortnight. The Committee meets every fortnight to review and ratify registration of transfer of shares received from shareholders in physical mode and to transact other share-related agenda.

## VII. GENERAL BODY MEETINGS

### A. Location, Time and Date when last three Annual General Meetings of the Company were held are given below:

Financial Year	Day & Date	Time	Location of the Meeting
2007-08	Wednesday, 09/07/2008	2.00 p.m.	Sheth Khushaldas Gokaldas, Municipal Town Hall, Station Road, Nadiad:387001, Gujarat
2008-09	Wednesday, 17/06/2009	2.00 p.m.	Sheth Khushaldas Gokaldas, Municipal Town Hall, Station Road, Nadiad:387001, Gujarat
2009-10	Wednesday, 28/07/2010	2.00 p.m.	Sheth Khushaldas Gokaldas, Municipal Town Hall, Station Road, Nadiad:387001, Gujarat

### B. SPECIAL RESOLUTIONS WHETHER PASSED BY POSTAL BALLOT / AT THE ANNUAL GENERAL MEETINGS

Special resolutions passed in the previous 3 Annual General Meetings:

Sr. No.	Annual General Meeting held on	Subject matter of the Special Resolution in brief
1	Wednesday, 09/07/2008	Nil
2	Wednesday, 17/06/2009	To appoint Mr. Mishal Thakkar as Manager (Operations) To consider, issuance and allotment of Warrants on Preferential Basis
3	Wednesday, 28/07/2010	To approve the increase in the Inter-corporate Investment limits upto Rs. 150 Crore.

## VIII. MEANS OF COMMUNICATION

The quarterly, half yearly and annual results are generally published in the “The Economic Times” (Ahmedabad edition in English and Gujarati) circulating in Nadiad and “The Economic Times” (Mumbai edition in Gujarati). The Annual Financial Results for the financial year ended 31<sup>st</sup> March 2011 and Notice of this Annual General Meeting has been published in “The Economic Times” (Ahmedabad edition in English and Gujarati) and “The Economic Times” (Mumbai edition in Gujarati).

The financial results and other information is displayed on the Company’s website viz. [www.adf-foods.com](http://www.adf-foods.com)

The Company does not have the system of intimating shareholders individually of its quarterly/half-yearly financial results. However, investors/shareholders desirous of getting the quarterly/half yearly financial results are given copies thereof after consideration of results by the Board and publication in the newspapers.

The Management Discussion and Analysis report is given separately in the Annual Report.

## IX. GENERAL SHAREHOLDERS’ INFORMATION

### A. ANNUAL GENERAL MEETING

Date & Time : Friday 15<sup>th</sup> July 2011

Venue : Sheth Khushaldas Gokaldas Municipal Town Hall, Station Road, Nadiad 387001, Gujarat

### B. FINANCIAL CALENDAR 2011-12

Schedule of Board Meetings (tentative)

First Quarter ending 30<sup>th</sup> June 2011 : on or before 14<sup>th</sup> August 2011

Half Year ending 30<sup>th</sup> September 2011 : on or before 14<sup>th</sup> November 2011

Third Quarter ending 31<sup>st</sup> December 2011 : on or before 14<sup>th</sup> February 2012

Year ending 31<sup>st</sup> March 2012 : on or before 30<sup>th</sup> May 2012

### C. DATES OF BOOK CLOSURE

The Share Transfer Register will remain closed from 2<sup>nd</sup> July 2011 to 15<sup>th</sup> July 2011 [both days inclusive].

## D. DIVIDEND

**Dividend Payment Date :** on or before 9<sup>th</sup> August 2011.

## E. LISTING ON STOCK EXCHANGES

The Equity Shares of the Company are presently listed at the Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001 and National Stock Exchange of India Limited, Exchange Plaza, Bandra Kurla Complex, Bandra –East, Mumbai – 400 051.

Listing fee has been paid to the aforesaid Stock Exchanges upto date including fees for the year 2011-12.

## F. STOCK CODE/SYMBOL

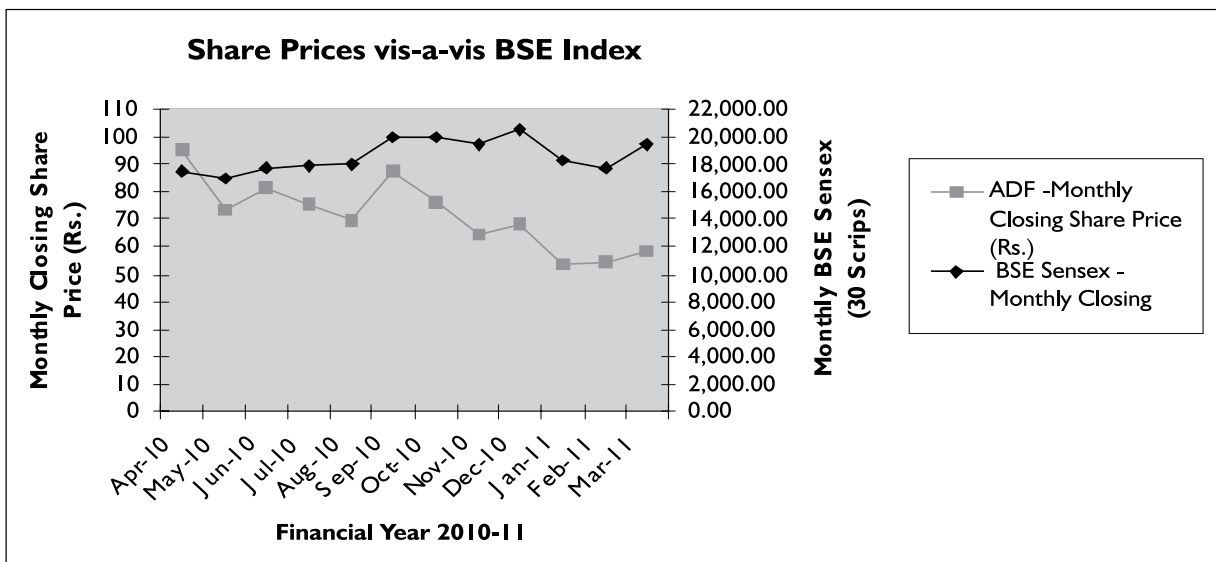
Bombay Stock Exchange Ltd. : 519183  
National Stock Exchange of India Ltd : ADF FOODS  
ISIN No. : INE982B01019

## G. MARKET PRICE DATA

The monthly high, low and closing price quotations of the Company's shares traded on the Bombay Stock Exchange Limited during financial year 2010-2011 are as under:

Month	High (Rs.)	Low (Rs.)	Close (Rs.)	Volume of shares (Nos.)
April 2010	118.60	92.00	95.70	25,11,514
May 2010	96.70	69.05	73.60	6,11,004
June 2010	92.45	71.00	81.30	5,10,210
July 2010	86.50	74.55	75.65	5,21,285
August 2010	84.00	69.10	69.55	6,26,118
September 2010	91.90	70.20	87.20	14,71,887
October 2010	89.70	75.10	76.05	5,52,386
November 2010	89.50	54.50	63.95	9,82,652
December 2010	74.90	53.15	68.10	7,99,359
January 2011	70.10	51.65	53.70	3,62,009
February 2011	59.50	52.40	54.65	95,095
March 2011	65.75	53.25	58.50	218,707

## H. PERFORMANCE IN COMPARISON TO BROAD BASED INDICES





## I. REGISTRAR & SHARE TRANSFER AGENTS

The Company's Registrar and Share Transfer Agents is LINK INTIME (INDIA) PRIVATE LIMITED. Their address and contact numbers remains the same as reproduced below:

C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai: 400 078, India

Tel.: 022-2596 3838 Fax.: 022-2594 6969

203, Davar House, 197/199 D N Road, Fort, Mumbai: 400 001

Tel.: 022-2269 4127 E-mail: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in) Website: [www.linkintime.co.in](http://www.linkintime.co.in)

## J. SHARE TRANSFER SYSTEM

Shares held in the dematerialised form are electronically traded in the Depositories and the Registrar and Share Transfer Agents of the Company, viz. Link Intime (India) Pvt. Ltd., periodically receive the beneficial holdings data from the Depositories so as to enable them to update their records and to send all corporate communications. Physical shares received for dematerialisation are processed and completed within a period of 15 days from the date of receipt provided they are in order in every respect. Bad deliveries are immediately returned to Depository Participants under advice to the shareholders within the aforesaid period.

## K. DISTRIBUTION PATTERN OF SHAREHOLDING AS ON 31<sup>ST</sup> MARCH 2011

Shareholding of Nominal Value of Rs.	No. of shareholders	% of Total	Face Value (Rs.)	% of Total
1 to 5000	17280	99.18	3,65,69,440	18.28
5001 to 10000	53	0.30	39,09,800	1.96
10001 to 20000	34	0.20	49,19,800	2.46
20001 to 30000	16	0.09	41,28,880	2.06
30001 to 40000	3	0.02	11,41,000	0.57
40001 to 50000	10	0.06	47,36,250	2.37
50001 to 100000	7	0.04	46,63,200	2.33
100001 & above	20	0.11	13,99,31,630	69.97
<b>Total</b>	<b>17423</b>	<b>100.00</b>	<b>20,00,00,000</b>	<b>100.00</b>

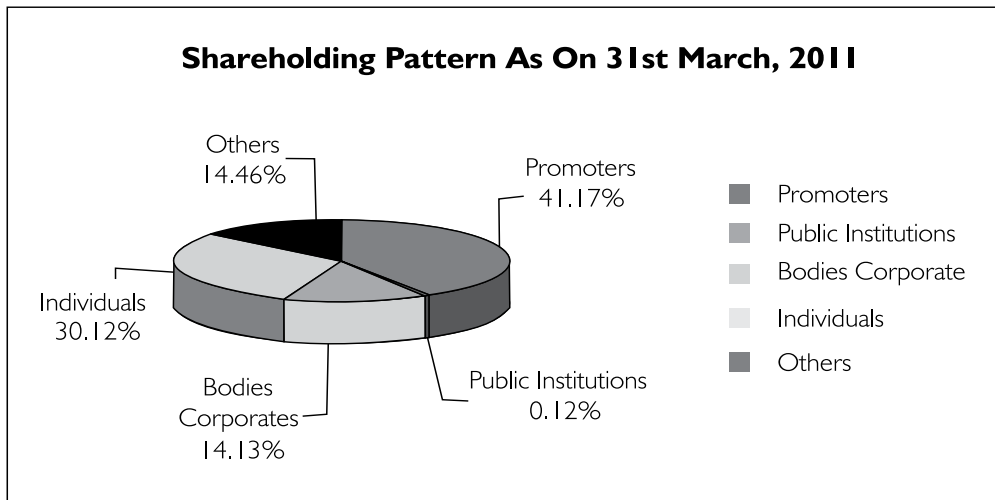
## L. DEMATERIALISATION OF EQUITY SHARES

The shares of the Company are compulsorily traded in dematerialised form and are available for trading under both the Depository Systems, viz. NSDL (National Securities Depository Limited) and CDSL (Central Depository Services (India) Limited). Nearly 92.67% of total equity shares of the Company are held in dematerialised form with NSDL & CDSL.

## M. SHAREHOLDING PATTERN AS ON 31<sup>ST</sup> MARCH 2011

Category	No. of Shares	% Holding
<b>A. Holding of the Promoter Group</b>		
(a) Individual / HUF	82,20,174	41.10
(b) Bodies Corporate	13,911	0.07
<b>Total (A)</b>	<b>82,34,085</b>	<b>41.17</b>
<b>B. Non-Promoters Holding</b>		
<b>1. Institutional Investors</b>		
(a) Mutual Funds / UTI	18,400	0.09
(b) Financial Institutions / Banks	800	0.01
(c) Any Others	5,300	0.02
<b>Sub Total (B 1)</b>	<b>24,500</b>	<b>0.12</b>
<b>2. Others</b>		
(a) Bodies Corporate	28,25,835	14.13
(b) Individual	60,23,167	30.12
(c) Clearing Member	74,162	0.37
(d) Non Resident Indian (Repat/Non Repat)	1,66,751	0.83
(e) Overseas Body Corporate/s	26,50,000	13.25
(f) Trust	1,500	0.01
<b>Sub Total (B 2)</b>	<b>1,17,41,415</b>	<b>58.71</b>
<b>Total B1 + B2 (B)</b>	<b>1,17,65,915</b>	<b>58.83</b>
<b>Grand Total (A)+(B)</b>	<b>2,00,00,000</b>	<b>100</b>

## SHAREHOLDING PATTERN



### N. OUTSTANDING GDRS/ADRS/WARRANTS OR ANY CONVERTIBLE INSTRUMENTS CONVERSION DATE AND LIKELY IMPACT ON EQUITY

The Company has not issued any GDRs/ADRs.

### O. PLANT LOCATIONS

- \* 77/84, GIDC Industrial Estate, Nadiad 387 001, Gujarat
- \* 83/86, GIDC Industrial Estate, Nadiad 387 001, Gujarat
- \* C I-40/2, GIDC Industrial Estate, Nadiad 387 001, Gujarat
- \* Plot no.5, MIDC Industrial Estate, Malegaon, Sinnar, Nashik 422 103, Maharashtra

### P. ADDRESS FOR INVESTOR CORRESPONDENCE

For any assistance regarding dematerialisation of shares, share transfers, transmissions, change of address or any other query relating to shares, please write to M/s. Link Intime (India) Pvt. Limited, at the addresses mentioned in point I above.

**For general correspondence, please send an email to [co\\_secretary@adf-foods.com](mailto:co_secretary@adf-foods.com) or write to:**

#### ADF Foods Limited

Registered office : 83/86, G.I.D.C. Industrial Estate, Nadiad 387 001, Gujarat  
 Corporate office : C-23/24, Acme Industrial Estate, 3rd Floor, Sewree Bunder Road,  
 Sewree (East), Mumbai: 400 015

Shareholders holding shares in the electronic form should address their correspondence (except those relating to dividend) to their respective Depository Participants.

### Q. DISCLOSURES

- (i) Disclosure regarding materially significant related party transactions:

No transaction of material nature has been entered into by the Company with its Promoters, Directors or the Management or Relatives etc. that may have potential conflict with the interest of the Company.

Transactions with related parties viz. Promoters, Directors or the Management, their subsidiaries or relatives are covered by contracts which govern the terms and conditions clearly. The Register of Contracts containing the transactions in which Directors are interested is placed before the Board regularly for its approval. Transactions with related parties are disclosed in point no. 10 of Notes to Accounts under Schedule 17 in the Annual Report.

- (ii) No penalties or strictures have been imposed on the Company by Stock Exchanges or SEBI or any other Statutory Authority on any matter related to capital market during last three years.
- (iii) The details of utilization of proceeds raised from the Preferential Issue of Warrants in December 2007, July 2009, September 2009 and October 2009 has been disclosed in the Financial Statements. The Company has not utilized the funds for purposes other than those stated in the notice convening the relevant General Meeting.
- (iv) The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement. Regarding the non-mandatory requirements:
  - \* A Remuneration Committee comprising of 3 Non-Executive Independent Directors has been constituted by the Board.
  - \* The Company publishes its quarterly financial statements in the newspapers. However, it has not adopted the non-mandatory requirement to send half-yearly declaration of financial performance to each household of shareholders.
  - \* The Board members are having adequate experience and expertise to deal with the business matters.
  - \* The Company has not established the Whistle Blower Policy.

## R. CODE OF CONDUCT

The Company has adopted the Code of Conduct and Ethics for Directors and General Management. As provided under Clause 49 of the Listing Agreement, relating to Corporate Governance, all the Board Members and the Senior Management Personnel of the Company have affirmed compliance with the Code and a declaration signed by the Managing Director is given below:

*"It is hereby declared that the Company has obtained from all members of the Board and Senior Management Personnel, an affirmation that they have complied with the Code of Conduct for the Board Members and Senior Management Personnel for the financial year ended 31<sup>st</sup> March, 2011"*

*Bimal R Thakkar*  
Managing Director

## S. CEO/CFO CERTIFICATION

A certificate duly signed by the Managing Director, Executive Director and General Manager – Accounts & Finance that the Financial Statements reflect true and fair view of the affairs of the Company was placed before the Board.

**For ADF Foods Limited**

**Ramesh H. Thakkar**  
Chairman

Mumbai, 16<sup>th</sup> June, 2011

**AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE****To the members of ADF Foods Limited**

We have examined the compliance of conditions of Corporate Governance by ADF Foods Limited for the year ended 31<sup>st</sup> March, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of conditions of Corporate Governance. It is neither an audit nor an expression of an 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, the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that in respect of Investors Grievances received during the year ended 31<sup>st</sup> March, 2011, no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company and as per the certificate of the Registrar & Transfer Agents of the Company.

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 has conducted the affairs of the Company.

**For D. P. GHEVARIA & CO.**

Chartered Accountants

Sd/-

**D. P. Ghevaria**

Proprietor

Membership No. 32431

Place: Mumbai

Date: 16<sup>th</sup> June, 2011

## ANNEXURE

### REPORT ON CORPORATE GOVERNANCE

DETAILS OF OTHER DIRECTORSHIPS AND COMMITTEE MEMBERSHIPS OF ALL THE DIRECTORS AS ON 31<sup>ST</sup> MARCH 2011:

#### [1] MR. RAMESH H. THAKKAR

##### Other Directorships

- Power Brands (Foods) Private Limited

##### Committee Memberships

- ADF Foods Limited – Share Transfer Committee
- ADF Foods Limited – Administrative Committee
- ADF Foods Limited – Shareholders' Grievance Committee

#### [2] MR. ASHOK H. THAKKAR

##### Other Directorships

- ADF Foods (India) Limited
- Mishal International (India) Private Limited
- Power Brands (Foods) Private Limited
- ADF Foods (Mauritius) Limited

##### Committee Memberships

- ADF Foods Limited – Administrative Committee
- ADF Foods Limited – Share Transfer Committee

#### [3] MR. BIMAL R. THAKKAR

##### Other Directorships

- Gujarat Sidhee Cement Limited
- Saurashtra Cement Limited
- ADF Foods (India) Limited
- ADF Foods U.K. Limited
- ADF Foods (Mauritius) Limited
- Power Brands (Foods) Private Limited
- ADF Holdings (USA) Limited
- ADF Foods (USA) Limited

##### Committee Memberships

- ADF Foods Limited – Administrative Committee
- Gujarat Sidhee Cement Limited – Audit Committee

#### [4] MR. NIPUN C. SHAH

##### Other Directorships

- ADF Foods (India) Limited
- Power Brands (Foods) Pvt. Ltd.
- Jush Investment Private Limited
- Nagarwalla Estates Private Limited
- Noshil Estates Private Limited
- Horwath Consultants (India) Private Limited

##### Committee Memberships

- ADF Foods Limited – Audit Committee
- ADF Foods Limited – Remuneration Committee
- Power Brands (Foods) Pvt. Ltd. – Audit Committee

#### [5] MR. YASIR J. VARAWALA

##### Other Directorships

- ADF Foods (India) Limited
- Abacus Investment Advisors Private Limited
- High Plains Professional Advisory Services Private Limited
- Power Brands (Foods) Private Limited

##### Committee Memberships

- ADF Foods Limited – Audit Committee
- ADF Foods Limited – Remuneration Committee
- ADF Foods Limited – Shareholders' Grievance Committee
- Power Brands (Foods) Pvt. Ltd. – Audit Committee

#### [6] MR. VIKRAM S. MUNSHI

##### Other Directorships

- Shamvik Containers Private Limited
- Shamvik Engineering Private Limited
- Shamvik Glasstech Private Limited
- K P Electricals Private Limited
- Colrige Limited
- General Can Private Limited
- General Glass Company Limited
- Ainamid Engineering and Metal Works Private Limited
- New Millenium Hospitality Limited
- Alco Tubes Private Limited



- Alco Tubes Private Limited
  - Colrige International Private Limited
  - India Containers Limited
  - Jyoti Records Manufacturing Company Limited
- Committee Memberships**
- ADF Foods Limited – Remuneration Committee

## [7] MR. VIREN A. MERCHANT

- Other Directorships**
- Encore Natural Polymers Private Limited
  - ZYG Pharma Private Limited
  - Saidarshan Business Centres Private Limited
  - Encore Healthcare Private Limited
  - Encore Business Centre Private Limited
  - Yuga Finvest Private Limited
- Committee Memberships**
- ADF Foods Limited – Audit Committee

## [8] MR. JAY M. MEHTA

- Other Directorships**
- Saurashtra Cement Limited
  - Gujarat Sidhee Cement Limited
  - Pranay Holdings Limited
  - Prachit Holdings Limited
  - Ria Holdings Limited
  - Reeti Investment Limited
  - Mehta Private Limited
  - Agrima Consultants International Limited
  - Sujata Motors (India) Private Limited
  - Villa Trading Company Private Limited
  - Galaxy Technologies Private Limited
  - Omna Exports Private Limited
  - Arclightz & Films Private Limited
  - Concorde Cement (Private) Limited
  - Good Karma Furnishings Pvt. Limited
  - Knight Riders Sports Pvt. Limited
- Committee Memberships**
- Gujarat Sidhee Cement Limited – Share Transfer & Investors' Grievance Committee
  - Saurashtra Cement Ltd. – Share Transfer & Investors' Grievance Committee

## [9] MR. RAVINDER KUMAR JAIN

- Other Directorships**
- Nector Ramco Trading Private Limited
  - Brovel Trading Private Limited
  - Noble New Era Milestone Trading and Investments Private Limited
  - Accra Investments Private Limited
  - Orange City Properties Private Limited
  - Aramaes Management Consultants Private Limited
  - Nobel Feedback Computers Private Limited
  - Vallee de Vin Private Limited
- Committee Memberships**
- Nil

## [10] MR. BHAVESH R. THAKKAR

- Other Directorships**
- ADF Foods (India) Limited
  - Power Brands (Foods) Private Limited
- Committee Memberships**
- ADF Foods Limited – Share Transfer Committee

**Note:** Membership of Audit Committee, Shareholders' Grievance Committee, Share Transfer Committee and Remuneration Committee as referred to in Listing Agreement have only been reckoned in collating the Committee Membership above.

The above details are not provided in respect of Mr. D.E. Udwadia as he ceased to be the Director of the Company with effect from 21<sup>st</sup> October, 2010.

## AUDITOR'S REPORT TO THE SHARE HOLDERS OF ADF FOODS LIMITED

1. We have audited the attached Balance Sheet of ADF Foods Limited, as at 31st March 2011 and the Profit and Loss Account and Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable.
4. Further to our comments in the Annexure referred to above, we report that:
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - v. On the basis of written representations received from the Directors as on 31 March 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31 March 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and also give a true and fair view in conformity with the accounting principles generally accepted in India:
    - a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2011;
    - b. in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
    - c. in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

**For D. P. GHEVARIA & CO.**  
**Chartered Accountants**  
**Firm Registration No. 103176W**

**D. P. Ghevaria**  
**Proprietor**  
**Membership No: 32431**

**Place: Mumbai**  
**Date: 19<sup>th</sup> May, 2011**

## ANNEXURE TO THE AUDITORS REPORT

Referred to in paragraph 3 of our report of even date

On the basis of such checks as considered appropriate and in terms of the information and explanations given to us, we state as under:

- (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 under a programme for phased verification of assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. We are informed that no material discrepancies were noticed on such verification.
- (c) During the year, the Company has not disposed off any substantial part of Fixed Assets.
- (ii) (a) The inventory has been physically verified by the management during the year. Having regard to the size of the Company and the nature of its business, in our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly adjusted in the books.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956.  
Accordingly, the provisions of clause (iii)(b) regarding terms and conditions of such loans, clause (iii)(c) regarding payment of principal amount and interest and clause (iii)(d) regarding steps for recovery of overdue amount of Para 4 of the Order are not applicable to the Company for the year.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for sale of goods.
- (v) (a) Based on the audit procedures applied by us and according to information and explanation provided by the management, we are of the opinion that the transactions which need to be entered into the register maintained u/s. 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained u/s 301 of the Companies Act, 1956 and exceeding Rs. 5,00,000 in value in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) During the year under review, the Company has not accepted any deposits from public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) As informed to us, the Central Government has not prescribed maintenance of cost records u/s 209(1) (d) the Companies Act 1956 in respect of any product.
- (ix) (a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection fund, Employees' State insurance, Income-tax, Sales-tax, Wealth-tax, Custom duty, Excise-duty, Service tax, Cess and other statutory dues. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection fund, Employees' State insurance, Income-tax, Sales-tax, Wealth-tax, Custom duty, Excise-duty, Service tax, Cess and other statutory dues were outstanding, as at 31st March, 2011 for a period of more than six months from the date they became payable.
- (b) Details in respect of amounts not deposited on account of disputes pending at various forums are given below:

Name of the Statute	Nature of dues	Amount (Rs. lakhs)	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax/Penalties	10.31	2003-2004	I.T.A.T. Mumbai
Income Tax Act, 1961	Income Tax/Penalty	73.56	2005-2006	C.I.T. (Appeals)

- (x) The Company has no accumulated losses and has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions or banks.
- (xii) According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
- (xiii) According to the information and explanations given to us, the Company is not a Chit Fund, Nidhi or Mutual benefit Fund or Society.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures or other investments.
- (xv) According to the information and explanations given to us and records made available to us, the Company has not given any guarantees for loans taken by others from Banks or financial institutions.
- (xvi) The Company has not raised any term loans during the year nor were any unapplied balances of previously raised term loans available.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
- (xviii) The Company has not made any preferential allotment of shares to Company, Firms or Parties covered in the register maintained under section 301 of the Companies Act 1956.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

**For D. P. GHEVARIA & CO.**  
**Chartered Accountants**  
**Firm Registration No. 103176W**

**D. P. Ghevaria**  
**Proprietor**  
**Membership No: 32431**

**Place: Mumbai**  
**Date: 19<sup>th</sup> May, 2011**

## BALANCE SHEET AS AT 31ST MARCH 2011

	Sch.	Rs. in lacs	As at 31-Mar-11 Rs. in lacs	As at 31-Mar-10 Rs. in lacs
<b>SOURCES OF FUNDS</b>				
<b>(1) Shareholders' Funds</b>				
Share Capital	1	2,037.83		2,037.83
Reserves & Surplus	2	10,097.74		8,667.98
			<b>12,135.57</b>	<b>10,705.81</b>
<b>(2) Loan Funds</b>				
Secured Loans	3		<b>706.90</b>	<b>115.07</b>
<b>(3) Deferred tax</b>				
Deferred tax liability (Net)	4		<b>300.34</b>	<b>440.31</b>
<b>TOTAL</b>			<b>13,142.81</b>	<b>11,261.19</b>
<b>APPLICATION OF FUNDS</b>				
<b>(1) Fixed Assets</b>				
Gross Block	5	7,567.26		6,879.37
Less : Depreciation		2,944.08		2,508.84
Net Block		4,623.18		<b>4,370.53</b>
Capital work-in-progress		96.99		91.61
			<b>4,720.17</b>	<b>4,462.14</b>
<b>(2) Investments</b>	6		<b>3,440.05</b>	<b>1,898.96</b>
<b>(3) (i) Current Assets, Loans &amp; Advances</b>				
Inventories	7	1,359.08		970.99
Sundry Debtors	8	1,831.23		994.23
Cash & Bank Balances	9	2,004.03		2,327.78
Loans & Advances	10	978.27		1,833.35
			<b>6,172.61</b>	<b>6,126.35</b>
Less :				
<b>(ii) Current Liabilities &amp; Provisions</b>				
Current Liabilities	11	650.03		804.54
Provisions		539.99		421.72
			<b>1,190.02</b>	<b>1,226.26</b>
<b>Net Current Assets (i) - (ii)</b>			<b>4,982.59</b>	<b>4,900.09</b>
<b>TOTAL</b>			<b>13,142.81</b>	<b>11,261.19</b>
Notes to Accounts	17			
Schedules referred to above form an integral part of the Balance Sheet				

As per our report of even date

For and on behalf of the Board of Directors

**For D. P. GHEVARIA & CO.**  
Chartered Accountants

**RAMESH H. THAKKAR**  
Chairman

**BIMAL R. THAKKAR**  
Managing Director

**D. P. GHEVARIA**  
Proprietor  
Membership No. 32431  
Mumbai,  
Date, 19th May 2011

**Shalaka Ovalekar**  
Company Secretary



## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

	Sch.	Rs. in lacs	31-Mar-11 Rs. in lacs	31-Mar-10 Rs. in lacs
<b>INCOME</b>				
Sales	12		11,177.98	10,289.22
Other Income	13		432.24	654.87
Increase/(Decrease) in stocks	14		289.99	(309.90)
<b>TOTAL</b>			<b>11,900.21</b>	<b>10,634.19</b>
<b>EXPENDITURE</b>				
Manufacturing & Other Expenses	15		9,286.27	8,072.40
Financial Expenses	16		163.01	181.06
Depreciation/Amortisation			450.25	418.65
<b>TOTAL</b>			<b>9,899.53</b>	<b>8,672.11</b>
Profit before tax			2,000.68	1,962.08
Less: Provision for taxation				
- Current tax		398.74		335.41
- Deferred tax (Net)		(139.97)		44.23
- Wealth tax		0.82		1.49
- Taxation for earlier years		(39.67)		15.61
			<b>219.92</b>	<b>396.74</b>
Profit after tax			1,780.76	1,565.34
Less: Prior Year's Adjustment (Net)			1.17	2.15
Balance brought forward			<b>3,410.65</b>	<b>2,276.59</b>
Balance available for appropriation			<b>5,190.24</b>	<b>3,839.78</b>
<b>LESS: APPROPRIATIONS</b>				
Proposed dividend			300.00	300.00
Dividend distribution tax			49.83	50.97
General Reserve			90.97	78.16
Balance carried to Balance Sheet			4,749.44	3,410.65
			<b>5,190.24</b>	<b>3,839.78</b>
EPS- Basic			8.90	8.33
EPS- Diluted			8.90	8.33
Notes to Accounts	17			
Schedules referred to above form an integral part of the Balance Sheet				

As per our report of even date

For and on behalf of the Board of Directors

**For D. P. GHEVARIA & CO.**  
Chartered Accountants

**RAMESH H. THAKKAR**  
Chairman

**BIMAL R. THAKKAR**  
Managing Director

**D. P. GHEVARIA**  
Proprietor  
Membership No. 32431  
Mumbai,  
Date, 19th May 2011

**Shalaka Ovalekar**  
Company Secretary



## SCHEDULES TO THE BALANCE SHEET

	As at 31-Mar-11 Rs. in lacs	As at 31-Mar-10 Rs. in lacs
<b>SCHEDULE 1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
2,50,00,000 (Previous year 2,50,00,000) Equity Shares of Rs. 10/- each	<b>2,500.00</b>	<b>2,500.00</b>
<b>Issued, Subscribed and Paid Up</b>		
2,00,00,000 (Previous year 2,00,00,000) Equity Shares of Rs. 10/- each fully paid up	2,000.00	2,000.00
<b>Of the above:</b>		
i) 50,00,490 (Previous year 50,00,490) Equity Shares were allotted to the Shareholders of the erstwhile Lustre Investments Pvt. Ltd., for consideration other than cash pursuant to a Scheme of Amalgamation		
ii) 26,50,000 (Previous year 26,50,000) Equity Shares were issued on preferential basis to investors.		
iii) 23,26,110 (Previous year 23,26,110) Equity Shares were issued on conversion of preferential warrants.		
Add: Shares Forfeited		
7,56,600 (Previous year 7,56,600) Equity Shares of Rs. 10/- each ; amount originally paid up there on @ Rs.5 per share.	37.83	37.83
	<b>2,037.83</b>	<b>2,037.83</b>
<b>SCHEDULE 2</b>		
<b>RESERVES &amp; SURPLUS</b>		
<b>General Reserve</b>		
Balance brought forward	318.00	239.84
Add: Transferred from Profit & Loss Account	90.97	78.16
	<b>408.97</b>	<b>318.00</b>
<b>Securities Premium Reserve</b>		
Balance brought forward	4,834.33	4,322.59
Add: Received during the year	-	511.74
	<b>4,834.33</b>	<b>4,834.33</b>
<b>Capital Reserve</b>		
Balance brought forward	105.00	-
Preferential Warrants forfeited during the year	-	105.00
	<b>105.00</b>	<b>105.00</b>
<b>Profit &amp; Loss Account</b>	<b>4,749.44</b>	<b>3,410.65</b>
	<b>10,097.74</b>	<b>8,667.98</b>

## SCHEDULES TO THE BALANCE SHEET

	Rs. in lacs	As at 31-Mar-11 Rs. in lacs	As at 31-Mar-10 Rs. in lacs
<b>SCHEDULE 3</b>			
<b>SECURED LOANS</b>			
<b>From Banks:</b>			
Cash Credit and Packing Credit (Secured by equitable mortgage of the Company's Factory, Land & Building situated at Nadiad and Nashik, Plant & Machinery and other Fixed Assets, present and future situated at Nadiad and Nashik and Current Assets, present and future situated at Nadiad, Nashik and Mumbai ranking pari passu in favour of the Company's bankers).		137.19	57.76
Loan from Tamilnadu Merchantile Bank Ltd. (Secured by pledging of fixed deposits with Tamilnadu Mercantile Bank Ltd. of Rs. 575 lacs)	500.00		-
Add: Interest Accrued and due	3.45		
		503.45	-
Due to bank under hire purchase agreement (secured by hypothecation of asset purchased under hire purchase agreement) [Repayable with in one year Rs. 9.65 lacs, (Previous year Rs.2.52 lacs)]		23.79	2.52
Due to others under hire purchase agreements (secured by hypothecation of assets purchased under hire purchase agreements) [Repayable with in one year Rs. 10.86 lacs,(Previous year Rs.12.32 lacs)]		42.47	54.79
		<b>706.90</b>	<b>115.07</b>
<b>SCHEDULE 4</b>			
<b>DEFERRED TAX</b>			
As per last Balance Sheet (Net)		440.31	396.08
Add: Adjusted for the year (Net)		(139.97)	44.23
		<b>300.34</b>	<b>440.31</b>

### SCHEDULE 5

#### FIXED ASSETS

Rs. in lacs

Description	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	As on 1st April 10	Additions during the year	Deduction/ Adj during the year	As on 31st Mar 11	As on 1st April 10	For the Period ended 31st Mar 11	Deduction/ Adj during the year	As on 31st Mar 11	As on 31st Mar 11	As on 31st Mar 10
<b>Tangible Assets:</b>										
Leasehold Land	35.49	-	-	35.49	4.86	0.35	-	5.21	30.28	30.63
Freehold Land	4.18	-	-	4.18	-	-	-	-	4.18	4.18
Factory Building	1,916.44	106.54	-	2,022.98	484.41	64.62	-	549.03	1,473.95	1,432.03
Office Premises	-	106.56	-	106.56	-	0.20	-	0.20	106.36	-
Plant & Machinery	2,718.59	397.34	0.03	3,115.90	959.94	141.87	0.03	1,101.78	2,014.12	1,758.65
Laboratory Equipment	20.14	3.30	-	23.44	9.08	1.19	-	10.27	13.17	11.06
Office Equipment	46.83	7.05	0.50	53.38	15.79	2.41	0.07	18.13	35.25	31.04
Computers	63.42	4.94	-	68.36	50.17	6.98	-	57.15	11.21	13.25
Furniture & Fixtures	81.48	22.01	-	103.49	44.43	4.30	-	48.73	54.76	37.05
Vehicles	284.76	58.92	18.24	325.44	63.91	28.61	14.91	77.61	247.83	220.85
<b>Intangible Assets:</b>										
Trade Marks/Brands	1,309.01	-	-	1,309.01	610.22	119.91	-	730.13	578.88	698.79
Goodwill	399.03	-	-	399.03	266.03	79.81	-	345.84	53.19	133.00
<b>TOTAL</b>	<b>6,879.37</b>	<b>706.66</b>	<b>18.77</b>	<b>7,567.26</b>	<b>2,508.84</b>	<b>450.25</b>	<b>15.01</b>	<b>2,944.08</b>	<b>4,623.18</b>	<b>4,370.53</b>
Previous year	6,176.61	848.91	146.15	6,879.37	2,176.79	418.65	86.60	2,508.84	4,370.53	3,999.82
Capital Work-in-Progress & Capital Advances	91.61	192.68	187.30	96.99	-	-	-	-	96.99	91.61
<b>TOTAL</b>									<b>4,720.17</b>	<b>4,462.14</b>

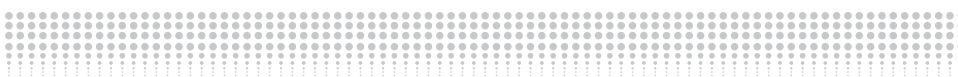
**SCHEDULES TO THE BALANCE SHEET**

	As at 31-Mar-11 Rs. in lacs	As at 31-Mar-10 Rs. in lacs
<b>SCHEDULE 6</b>		
<b>INVESTMENTS</b>		
<b>LONG TERM: UNQUOTED (At Cost)</b>		
<b>In Subsidiary Companies:</b>		
9,43,823 Equity Shares (Previous year 10,000) of £1/- each fully paid up in ADF Foods UK Limited.	673.89	7.80
1,88,10,000 Equity Shares (Previous year 1,88,10,000) of Rs. 10 each fully paid up in Power Brands (Foods) Pvt. Ltd.	1,881.00	1,881.00
10,000 Equity Shares (Previous year 10,000) of \$1/- each fully paid up in ADF Foods Mauritius Limited.	5.16	5.16
50,000 Equity Shares (Previous year 50,000) of Rs. 10/- each fully paid up in ADF Foods (India) Limited.	5.00	5.00
	<b>2,565.05</b>	<b>1,898.96</b>
<b>LONG TERM: IN UNITS - QUOTED (At Cost)</b>		
25,00,000 Units (Previous year Nil) of Rs. 10/- each fully paid up in Reliance Fixed Horizon Fund - XVI Series 6 (Market value as on 31st March 2011 Rs. 256.02 lacs)	250.00	-
10,00,000 Units (Previous year Nil) of Rs. 10/- each fully paid up in IDFC Fixed Maturity Plan - Quarterly Series 6 (Market value as on 31st March 2011 Rs. 101.02 lacs)	100.00	-
2,50,000 Units (Previous year Nil) of Rs. 10/- each fully paid up in Birla Sun Life Fixed term Plan-Series CJ (Market value as on 31st March 2011 Rs. 25.27 lacs)	25.00	-
10,00,000 Units (Previous year Nil) of Rs. 10/- each fully paid up in Axis Fixed term Plan-Series 13 (370 Days) (Market value as on 31st March 2011 Rs. 100.80 lacs)	100.00	-
5,00,000 Units (Previous year Nil) of Rs. 10/- each fully paid up in Kotak FMP Series 33 Growth (Market value as on 31st March 2011 Rs. 50.62 lacs)	50.00	-
35,00,000 Units (Previous year Nil) of Rs. 10/- each fully paid up in Kotak FMP Series 29 (Market value as on 31st March 2011 Rs. 355.63 lacs)	350.00	-
	<b>875.00</b>	-
(The above Units are pledged in favour of HDFC Bank Limited, Mumbai against term loan of US \$ 4 million granted by HDFC Bank Limited, Bahrain Branch to the Company's indirect subsidiary, viz. ADF Holdings (USA) Ltd.)	<b>3,440.05</b>	<b>1,898.96</b>
<b>SCHEDULE 7</b>		
<b>INVENTORIES</b>		
(As valued & certified by the Management)		
Raw Materials	99.04	125.71
Stores, Spares, Packing Materials, etc.	524.61	394.71
Finished Goods	45.09	72.31
Semi-finished goods	652.36	339.52
Traded goods	29.74	34.87
Licenses on hand	8.24	3.87
	<b>1,359.08</b>	<b>970.99</b>

## SCHEDULES TO THE BALANCE SHEET

			As at 31-Mar-11 Rs. in lacs	As at 31-Mar-10 Rs. in lacs
<b>SCHEDULE 8</b>				
<b>SUNDRY DEBTORS (Unsecured)</b>				
Debts due for more than six months				
Considered Good [Includes Rs. Nil lacs due from Wholly Owned Subsidiary Company,(Previous year Rs. 14.29 lacs)]			-	22.28
Considered Doubtful			16.49	11.98
			<b>16.49</b>	<b>34.26</b>
Others debts, Considered Good [Includes Rs. 149.14 lacs due from a Wholly Owned Subsidiary Company,(Previous year Rs. Rs. 5.45)]			2,695.39	2,357.00
			<b>2,711.88</b>	<b>2,391.26</b>
Less Provision for Doubtful Debts			16.49	11.98
			<b>2,695.39</b>	<b>2,379.28</b>
Less: Bills discounted with banks			864.16	1,385.05
			<b>1,831.23</b>	<b>994.23</b>
<b>SCHEDULE 9</b>				
<b>CASH AND BANK BALANCES</b>				
Cash on Hand (Includes Cheques on hand of Rs. 10.54 lacs (previous year Rs. Nil)			13.46	3.34
Balances with Scheduled Banks:				
in Current Accounts [Includes Rs. 58.96 lacs (previous year Rs. 50.63 lacs) on account of unclaimed dividend]			349.61	162.35
in Fixed Deposits (Out of this, fixed deposits worth Rs. 998 lacs are pledged in favour of HDFC Bank Limited, Mumbai against term loan of US \$ 4 million granted by HDFC Bank Limited, Bahrain Branch to the Company's indirect subsidiary, viz. ADF Holdings (USA) Ltd.)			1,640.96	2,162.09
			<b>2,004.03</b>	<b>2,327.78</b>
	Rs. in lacs	Rs. in lacs		
<b>SCHEDULE 10</b>				
<b>LOANS &amp; ADVANCES (Unsecured Considered Good unless otherwise stated)</b>				
Interest receivable			5.69	54.02
Advance recoverable in cash or in kind or for value to be received-Considered Good (Refer Note No: 6 A of Schedule 17)			582.06	515.86
Considered Doubtful			44.23	44.23
			626.29	560.09
Staff Loan				
Considered Good			32.77	36.54
			659.06	596.63
Less: provision for doubtful advances			44.23	44.23
			614.83	552.40
Inter corporate deposit			-	850.00
Advance payment of Tax (net of Tax Provisions)			-	18.20
Other Deposits (Refer Note No: 6 B of Schedule 17)			357.75	358.73
			<b>978.27</b>	<b>1,833.35</b>





## SCHEDULES TO THE BALANCE SHEET

	31-Mar-11 Rs. in lacs	31-Mar-10 Rs. in lacs
<b>SCHEDULE II</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>Current Liabilities</b>		
Sundry Creditors	192.11	229.14
Other Liabilities (includes due to a Subsidiary Company Rs. Nil (Previous year Rs. 1.72 lacs)	385.38	506.32
Temporary bank overdraft	13.48	18.35
Deposits received	0.10	0.10
Unclaimed dividend	58.96	50.63
	<b>650.03</b>	<b>804.54</b>
<b>Provisions</b>		
For leave encashment	21.54	15.40
For gratuity	65.05	55.35
For taxation	103.57	-
For proposed dividend	300.00	300.00
For dividend distribution tax	49.83	50.97
	<b>539.99</b>	<b>421.72</b>
	<b>1,190.02</b>	<b>1,226.26</b>

## SCHEDULE TO THE PROFIT & LOSS ACCOUNT

	Rs. in lacs	31-Mar-11 Rs. in lacs	31-Mar-10 Rs. in lacs
<b>SCHEDULE 12</b>			
<b>SALES</b>			
Export	10,305.85		9,154.66
Local	444.32		606.66
Import licences	208.03		407.22
		<b>10,958.20</b>	<b>10,168.54</b>
Less: Excise Duty		0.59	—
		<b>10,957.61</b>	<b>10,168.54</b>
Exchange Rate Difference (Net)		220.37	120.68
		<b>11,177.98</b>	<b>10,289.22</b>
<b>SCHEDULE 13</b>			
<b>OTHER INCOME</b>			
<b>Interest received</b>			
On Fixed Deposits with Banks (Tax deducted at source Rs. 13.27 lacs, Previous year Rs.23.06 lacs)		130.30	194.68
From Others (Tax deducted at source Rs. Nil, Previous year Rs. Nil)		6.61	5.84
		<b>136.91</b>	<b>200.52</b>
Miscellaneous Income (Tax deducted at source Rs. 0.15 lacs, Previous year Rs. 0.34 lacs)		199.82	69.59
Exchange Rate Differences (Net)		95.51	384.76
		<b>432.24</b>	<b>654.87</b>
<b>SCHEDULE 14</b>			
<b>INCREASE/(DECREASE) IN STOCKS</b>			
<b>Closing Stock</b>			
Semi-finished goods	652.36		339.52
Finished Goods	45.09		72.31
Licences on hand	8.24		3.87
		<b>705.69</b>	<b>415.70</b>
<b>Opening stock</b>			
Semi-finished goods	339.52		601.62
Finished Goods	72.31		33.17
Licences on hand	3.87		90.81
		<b>415.70</b>	<b>725.60</b>
		<b>289.99</b>	<b>(309.90)</b>
<b>SCHEDULE 15</b>			
<b>MANUFACTURING &amp; OTHER EXPENSES</b>			
<b>Raw Materials Consumed</b>			
Opening Stock	125.71		113.64
Add : Purchases	3,957.29		2,873.42
Carriage Inward	45.43		44.44
	4,128.43		3,031.50
Less : Closing Stock	99.04		125.71
		4,029.39	2,905.79
Cost of sale of traded goods		423.26	477.07
<b>Consumption of Stores &amp; Packing Materials</b>			
Opening Stock	394.71		426.33
Add : Purchases	1,604.30		1,454.24
	1,999.01		1,880.57
Less : Closing Stock	524.61		394.71
		1,474.40	1,485.86

**SCHEDULE TO THE PROFIT & LOSS ACCOUNT**

	Rs. in lacs	31-Mar-11 Rs. in lacs	31-Mar-10 Rs. in lacs
Excise Duty		1.49	0.64
Power & Fuel		285.98	293.64
Other Manufacturing Expenses		248.05	225.67
Freezing & preservation Charges		29.09	45.00
Payments to & Provisions for Employees :			
Salaries, Wages & other allowances	467.63		427.17
Contribution to Provident & Other Funds	50.20		65.10
Staff Welfare Expenses	21.14		19.86
		538.97	512.13
Repairs			
Building	49.14		45.45
Plant & Machinery	65.73		43.69
Others	52.65		39.90
		167.52	129.04
Rent		70.41	60.12
Rates & Taxes		14.72	14.15
Insurance		19.96	28.11
Water Charges		8.55	10.11
Electricity		10.97	13.43
Communication Expenses		41.00	41.31
Printing and Stationery		10.57	11.30
Traveling & Conveyance Expenses		273.35	252.09
Motor Car Expenses		24.89	20.49
Professional Fees		93.68	119.75
Clearing & Forwarding		105.97	101.32
Carriage Outward & Octroi		184.77	182.31
Steamer Freight		515.80	412.51
Discount, Commission & Claims		160.00	225.19
Advertisement		195.68	320.78
Sales Expenses		85.49	74.08
Exchange Rate Differences (Net)		160.73	–
Donation		4.22	9.76
Registration & Filing Fees		1.81	1.37
Directors Sitting Fees		2.60	3.00
Loss on Sale of Assets		1.14	4.44
Bad debts		3.09	–
Provision for Doubtful debts & Advances		4.51	6.38
Miscellaneous Expenses (net)		94.21	85.56
		<b>9,286.27</b>	<b>8,072.40</b>
<b>SCHEDULE 16</b>			
<b>FINANCIAL EXPENSES</b>			
Interest to			
Banks		111.08	123.54
Others		5.67	3.11
		<b>116.75</b>	<b>126.65</b>
Bank Charges		46.26	54.41
		<b>163.01</b>	<b>181.06</b>

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31-03-2011

### SCHEDULE 17

#### SIGNIFICANT ACCOUNTING POLICIES:

**a. Basis of Preparation:**

The financial statements are prepared under the historical cost convention on accrual basis of accounting to comply with the accounting standards prescribed in the Companies (Accounting standards) Rules, 2006 and with the relevant the provisions of the Companies Act, 1956.

**b. Use of Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) in India requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of financial statements.

**c. Fixed Assets:**

**Tangible assets:**

Tangible fixed assets are carried at cost less accumulated depreciation. Cost comprises the purchase price or construction cost including any attributable cost of bringing the asset to its working condition for its intended use

**Intangible assets:**

Intangible fixed assets are carried at cost less accumulated depreciation. Cost comprises the purchase consideration paid for brands and goodwill and any attributable cost of bringing internally generated asset to its working condition for its intended use.

**Capital Work in progress:**

Capital work in progress includes the acquisition/commissioning cost of assets under expansion/acquisition and pending commissioning. Expenditure of revenue nature related to such acquisition/expansion is also treated as capital work in progress and capitalised along with the asset on completion of the expansion project or otherwise on commencement of commercial use of the asset.

**d. Depreciation:**

**Tangible Assets:**

Depreciation has been provided under the straight-line method on all Fixed Assets at the rates specified as per Schedule XIV of the Companies Act, 1956. Depreciation on additions to assets or where any asset has been sold, discarded etc. is calculated on a prorata basis from the date of such addition or up to the date of such sale etc. as the case may be. Additional depreciation is provided, if required, to cover any impairment in the value of fixed assets.

**Intangible Assets:**

Intangible assets are amortized over a period of 5 years in the case of Goodwill and over a period of 10 years in the case of Brands purchased. In the case of internally generated Brand, the same is amortized over a period of 3 years including the year in which it is capitalised. Additional depreciation is provided, if required, to cover any impairment in the value of intangible assets.

**Leasehold land:**

Cost of leasehold land is amortised over the balance period of the lease.

**e. Valuation of Stock:**

- In determining cost of raw materials, packing materials, traded items, stores, spares and consumables, weighted average cost method is used. Cost of inventory comprises all costs pf purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition. Damaged, unserviceable and inert stocks are suitable depreciated.
- Traded goods and finished goods are valued at cost or net realisable value whichever is lower. Cost of finished goods and Semi-finished goods includes the cost of raw materials, packing materials, an appropriate share of fixed and variable production overheads, excise duty, as applicable and other costs incurred in bringing the inventories to their present location and condition.

**f. Staff Retirement Benefits:**

**a) Defined benefit plan:**

The Company accounts for the defined benefit plans such as gratuity, leave encashment, medical reimbursement and leave travel assistance reimbursement on accrual basis. Gratuity in respect of unqualified employees and leave encashment liabilities of all employees have been determined by an actuarial valuation report obtained as at 31<sup>st</sup> March. 2011 and the same is based on Accounting Standard 15 (Revised) issued by the Institute of Chartered Accountants of India.

**b) Defined contribution plan:**

The Company contributes to provident fund scheme and group gratuity scheme for all its employees who are eligible for the benefit.

**g. Foreign Currency transactions:**

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the Profit and Loss Account if the year except in cases where they relate to acquisition of fixed asset, in which case they are adjusted to the carrying cost of such assets.

Monetary assets and liabilities denominated in foreign currencies, which are out standing as at the year end are translated at the closing exchange rate and the resultant exchange differences are recognised in the Profit and Loss Account.

The Company uses foreign exchange forward contracts to hedge its exposure to movements in foreign exchange rates. The difference between the year end rate and rate on the date of the contract is recognised as exchange difference in Profit and Loss Account and the premium paid / received on forward contracts is recognised over the life of the contract as loss or income as the case may be, in the Profit and Loss Account.

**h. Revenue Recognition:**

Revenue from sale of goods is recognised on transfer of all significant risk and rewards of ownership to the buyer which is on dispatch of goods and is net of sales returns, taxes and excise duty.

Scrap sale is accounted upon sale.

Dividend income is recognised when the right to receive payment is established.

Interest and other income are recognised on accrual basis.

**i. Research and Development:**

Research and Development costs (other than the cost of fixed assets acquired) are charged as expenses in the year in which these are incurred.

**j. Provisions and Contingencies:**

The Company creates a provision when there exists a present obligation as a result of past events that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not required and outflow of resources. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources is remote, no provision or disclosure is made.

**k. Investments:**

Long-term investments are stated at cost. Provision for diminution in the value of long term investment is made only if such a decline is other than temporary in the opinion of the management. Current investments are stated at lower of cost and fair value computed separately in respect of each category of investment.

Profit and Loss on sale of investments is determined on a first in first out (FIFO) basis.

**l. Lease Accounting:**

In respect of operating leases, lease rentals are recognised as an expense in the Profit and Loss Account on an accrual basis over the lease term.

**m. Borrowing costs:**

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying fixed asset are capitalised as part of the cost of that asset till the date it is put to use. Other borrowing costs are recognised as expense in the Profit and Loss Account on accrual basis.

**n. Government Grants:**

Government grants are recognised when there is reasonable assurance that the same will be received. Revenue grants are recognised in the Profit & Loss account. Capital grants relating to specific fixed assets are reduced from the gross value of the respective fixed assets. Other Capital grants are credited to capital reserve.

**o. Taxation:**

Tax expense comprises of current tax (that is amount of tax for the period determined in accordance with the Income Tax Act, 1961), and deferred tax charge or credit (reflecting the tax effects of the timing differences between accounting income and taxable income for the period).



The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed as at each Balance Sheet date to reassess realisation.

## NOTES TO ACCOUNTS:

### I. Share Warrants / Share Capital:

- a. Pursuant to the members' approval in the Extra Ordinary General Meeting of the Company held on 14<sup>th</sup> November 2007, the Company had issued 15,00,000 Convertible Warrants of Rs.70/- each to the Promoters, their friends & relatives and independent Directors of the Company. The Company had received a part payment of Rs.7/- per warrant from the warrant holders. The Warrant holders had an option to convert the warrants into fully paid equity shares of Rs 10 each at a premium of Rs.60 per Share, not later than 23<sup>rd</sup> June 2009. As the option for conversion of warrants into equity shares was not exercised by the specified date, the Company has forfeited the initial subscription of Rs.7/- per warrant, aggregating to Rs.105 lakhs, received from the warrant holders and transferred the same to Capital Reserve Account.
- b. Pursuant to the members' approval in the Extra Ordinary General Meeting of the Company held on 14<sup>th</sup> November 2007, the Company had issued 26,50,000 fully paid up equity shares at Rs. 70 per share on private placement basis. The aggregate consideration of Rs. 1855 lacs was received.
- c. Further, pursuant to the members' approval in the Annual General Meeting held on 17<sup>th</sup> June, 2009, the Company issued on 29<sup>th</sup> July 2009 a second series of preferential issue of 23,26,110 Convertible Warrants of Rs.32/- each, at a part payment of Rs.8/- per Warrant, to the Promoters, their friends & relatives and independent Directors of the Company. These Warrants were convertible, in one or more tranches at any time within a period of eighteen months from the date of issue, into equivalent number of fully paid equity shares of Rs. 10/- each at a premium of Rs. 22/- per share upon the Warrant holders paying the balance consideration.

Accordingly, 8,20,222 equity shares were issued on 11<sup>th</sup> September 2009 and 15,05,888 equity shares were issued on 27<sup>th</sup> October 2009 upon receipt of balance consideration in respect of these convertible warrants. Consequent upon the conversion of 23,26,110 Convertible Warrants, the Share Capital and Security Premium Reserve have increased by Rs.232.61 lakhs and Rs.511.74 lakhs respectively.

Out of the total amount of Rs. 2,704.35 lacs received from the preferential allotment of the Shares and Warrants as mentioned above have been utilized in the manner summarized below:

	Rs. in lacs
For expansion / acquisition of fixed assets	1,948.74
Unutilised balance held as Fixed deposits with banks	755.61
<b>Total</b>	<b>2,704.35</b>

### 2a. Contingent Liabilities:

	2010-11	2009-10
Letters of Credit issued by the banks (net of margin money)	15.04	4.79
Guarantees issued by the banks (net of margin money)	31.58	30.29
Claims against the Company not acknowledged as debts (net of deposits)	30.16	30.90
Disputed Income tax demands of earlier years (net of deposits)	83.87	10.27
Foreign bills purchase	844.60	1282.05

### 2b. Unexpired Capital Commitments (net of advances)

8.54 19.98

3. In the opinion of the Board, all Current Assets, Loans and Advances are approximately of the values stated, if realised in the ordinary course of business. The provisions for all known liabilities are adequate and are not in excess of the amounts considered reasonably necessary.
4. The Company has reviewed the valuation of its intangible assets and investments, based on management estimates. Such valuation does not reflect any impairment of value requiring provision of additional asset amortisation amounts.

Brands owned by one of the subsidiary companies in which the parent company has made direct investment, are depreciated by that Subsidiary in accordance with the policy adopted by it, resulting in negative net worth in the Balance Sheet of that subsidiary Company. However, management estimates of valuation of brands of that subsidiary Company do not reflect any permanent diminution in

the value of Company's investments in that Subsidiary. As a result, no further provision is considered necessary in relation to the diminished net worth of that Subsidiary. The brand depreciation provided by the subsidiary company is charged to Profit & Loss Account in the consolidated accounts.

5. There are no Micro Small & Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31<sup>st</sup> March 2011. This information as required to be disclosed under the Micro Small & Medium Enterprises Development Act, 2006 as been determined to the extent such parties have been identified on the basis of information available with the Company.

## 6. Loans and advances:

### A. Advances recoverable include advances to direct/indirect subsidiaries:

- Power Brands (Foods) Pvt. Ltd, Rs. Nil, (Previous year Rs. 0.65 lacs) [Maximum balance outstanding during the year Rs. 0.65 lacs (Previous year Rs. 0.65 lacs)].
- ADF Foods India Ltd, Rs. 0.01 lacs, (Previous year Rs. 11.48 lacs) [Maximum balance outstanding during the year Rs. 22.57 lacs (Previous year Rs. 11.62)]
- ADF Foods Mauritius Ltd, Rs. 3.56 lacs, (Previous year Rs. 0.78 lacs) [Maximum balance outstanding during the year Rs. 354.54 lacs (Previous year Rs. 0.78 lacs)]
- ADF Foods (UK) Ltd, Rs. 35.51 lacs (Previous year Rs. Nil) [Maximum balance outstanding during the year Rs. 669.36 lacs (previous year Rs. Nil)]
- ADF Holdings (USA) Ltd, Rs. 30.85 lacs (Previous year Rs. Nil) [Maximum balance outstanding during the year Rs. 31.55 lacs (previous year Rs. Nil)]

### B. Deposits include:

- Interest free lease deposit of Rs. 125.00 lacs, (Previous year Rs. 125.00 lacs) [Maximum balance outstanding during the year Rs. 125.00 lacs, (Previous year Rs. 125.00 lacs)] paid for office premises taken on lease from a Subsidiary Company in which some of the Directors of the Company are interested as Directors.
- Interest free deposit of Rs. 175.00 lacs (Previous year Rs. 175 lacs) [Maximum balance outstanding during the year Rs. 175.00 lacs, (Previous year Rs. 175 lacs)] paid for Brand utilisation to a Subsidiary Company in which some of the Directors of the Company are interested as Directors..
- Interest free security deposit of Rs. 14.00 lacs (Previous year Rs. 15 lacs) [Maximum balance outstanding during the year Rs. 15.00 lacs, (Previous year Rs. 15 lacs)] paid for guest house taken on lease from the Chairman of the Company.

7. On 22<sup>nd</sup> September, 2010, ADF Holdings (USA) Ltd. – a Wholly Owned Subsidiary of ADF Foods (UK) Ltd. (an existing Wholly Owned Subsidiary of ADF foods Ltd.), was incorporated under the Laws of the State of Delaware in USA.

During the year under review, ADF Holdings (USA) Ltd. acquired 89% holding in ADF Foods (USA) Ltd. – a Company duly incorporated in Delaware on 22<sup>nd</sup> September 2010. Pursuant to an Asset Purchase Agreement dated 3<sup>rd</sup> November 2010, ADF Foods (USA) Ltd. purchased the inventory, plant, equipment and certain rights from M/S Elena's Foods Specialties, Inc., a California Corporation. Its head office is located in South San Francisco, California and is engaged in the production, marketing and sales of premium natural and organic food products and caters to the needs of its customers in the United States of America.

For the purpose of the acquisition of this new manufacturing unit in USA, the Company has pledged its fixed deposits worth Rs. 998 lacs and Mutual Funds' Units of the face value of Rs. 875 lacs with HDFC Bank, Mumbai Branch. Pursuant to a Stand By Letter of Credit issued by HDFC Bank, Mumbai Branch in its favour, HDFC Bank, Bahrain Branch has sanction a term loan of US \$ 4 million to ADF Foods Holdings (USA) Ltd.

## 8. Leasing of Premises:

The Company has taken certain premises on lease. The future minimum lease rental payments in respect of operating lease are as follows:

	2010-11 Rs. /Lacs	2009-10 Rs. /Lacs
i) Not later than one year	17.20	17.20
ii) Later than one year and not later than five years	35.41	2.00
iii) Later than five years	44.83	45.33

Lease payment of Rs. 17.20 lacs is recognised in the Profit & Loss Account for the year ended 31<sup>st</sup> March 2011 (Previous year Rs. 17.20 lacs).

## 9. Deferred Tax:

The deferred tax liability / (Asset) at the year end comprise timing differences on account of:

Particulars	2010-11 Rs. /Lacs	2009-10 Rs. /Lacs
Liability:		
Depreciation	529.25	504.37
<b>Total</b>	<b>529.25</b>	<b>504.37</b>
Assets:		
Un funded provision for gratuity and leave encashment	(28.76)	(24.04)
Doubtful advances and debts	(20.17)	(19.10)
Expenditure/provisions allowable	(10.42)	(20.92)
MAT Credit	(169.56)	-
	<b>(228.91)</b>	<b>(64.06)</b>
Deferred tax	<b>300.34</b>	<b>440.31</b>

## 10. Related Party Transactions:

List of related parties where control exists and related parties with whom transaction have taken place and relationships:

Sr. No.	Name of the Related Party	Relationship
I.	Power Brands (Foods) Pvt. Ltd.	Direct/Indirect Subsidiary Companies
I.	ADF Foods UK Limited	
I.	ADF Foods Mauritius Limited	
I.	ADF Foods India Limited	
I.	ADF Holdings (USA) limited	
I.	ADF Foods (USA) Limited	
2.	M.H. Foods Pvt. Ltd.	Some of the Directors of the Company are related to the Directors of the said Pvt. Ltd. Company
3.	Mr. Ramesh H. Thakkar – Chairman	Key Managerial Personnel
3.	Mr. Ashok H. Thakkar – Vice Chairman	
3.	Mr. Bimal R. Thakkar – Managing Director	
3.	Mr. Bhavesh R. Thakkar – Executive Director	
3.	Mr. Mishal A. Thakkar – Employee	Relative of Key Managerial Personnel

### Transactions during the year with Related Parties:

Related party	Relationship Refer note	Description of transaction	Opening balance (Rs.)	Sales/income during the Year (Rs.)	Receipts / adjustment during the year (Rs.)	Purchases/ expenses (Net) during the year (Rs.)	Payments/ adjustment during the year (Rs.)	Closing balance 31-03-2011 (Rs.)
Power Brands (Foods) Pvt. Ltd. (Erstwhile Power Brands (Foods))	I	Share of Profit from firm	65,000 (65,000)	- (-)	65,000 (-)	- (-)	- (-)	- (65,000)
Power Brands (Foods) Pvt. Ltd.	I	Rent	1,72,051 (-)	- (-)	- (-)	16,70,400 (18,42,451)	18,42,451 (16,70,400)	- (1,72,051)
Power Brands (Foods) Pvt. Ltd.	I	Security deposit for office	1,25,00,000 (1,25,00,000)	- (-)	- (-)	- (-)	- (-)	1,25,00,000 (1,25,00,000)
Power Brand (Foods) {Pvt. Ltd.	I	Security Deposit for Brands utilization	1,75,00,000 (1,75,00,000)	- (-)	- (-)	- (-)	- (-)	1,75,00,000 (1,75,00,000)
Power Brands (Foods) Pvt. Ltd.	I	Investment	18,81,00,000 (18,81,00,000)	- (-)	- (-)	- (-)	- (-)	18,81,00,000 (18,81,00,000)

Related party	Relationship Refer note	Description of transaction	Opening balance (Rs.)	Sales/income during the Year (Rs.)	Receipts / adjustment during the year (Rs.)	Purchases/ expenses (Net) during the year (Rs.)	Payments/ adjustment during the year (Rs.)	Closing balance 31-03-2011 (Rs.)
ADF Foods UK Limited	I	Equity Investment	7,79,791 (7,79,791)	- (-)	- (-)	- (-)	6,66,09,595 (-)	6,73,89,386 (7,79,791)
ADF Foods UK Limited	I	Sales	14,29,145 (82,23,709)	- (-)	14,29,145 (67,94,564)	- (-)	- (-)	- (14,29,145)
ADF Foods UK Limited	I	Expenses/ Advances	- (-)	- (-)	11,49,173 (-)	- (-)	46,99,678 (-)	35,50,505 (-)
ADF Foods Mauritius Limited	I	Equity Investment	5,15,500 (5,15,500)	- (-)	- (-)	- (-)	- (-)	5,15,500 (5,15,500)
ADF Foods Mauritius Limited	I	Expenses/ Advances	78,056 (-)	- (-)	17,75,90,000 (-)	- (-)	17,78,68,296 (78,056)	3,56,352 (78,056)
ADF Foods India Limited	I	Equity Investment	5,00,000 (-)	- (-)	- (-)	- (-)	- (5,00,000)	5,00,000 (5,00,000-)
ADF Foods India Limited	I	Sales	5,44,669 (-)	2,47,01,469 (10,38,114)	1,03,31,708 (4,93,445)	53,703 (-)	53,703 (-)	1,49,14,430 (5,44,669)
ADF Foods India Limited	I	Rent Received/ Payment made	11,48,374 (-)	- (254)	34,79,004 (54,803)	- (-)	23,31,842 (12,02,923)	1,212 (11,48,374)
ADF Holdings USA Limited	I	Expenses/ Advances	- (-)	-1 (-)	- (-)	- (-)	30,85,267 (-)	30,85,267 (-)
ADF Foods (USA) Limited	I	Sales	- (-)	98,410 (-)	98,410 (-)	- (-)	- (-)	- (-)
M.H. Foods Pvt. Ltd.	2	Purchase	- (-)	- (-)	- (-)	77,972 (36,667)	77,972 (36,667)	- (-)
Ramesh H. Thakkar	3	Deposit	15,00,000 (15,00,000)	- (-)	1,00,000 (-)	- (-)	- (-)	14,00,000 (15,00,000)
Ramesh H. Thakkar	3	Rent	50,000 (-)	- (-)	- (-)	50,000 (50,000)	1,00,000 (-)	- (50,000)
Key Managerial Personnel	3	Directors Remuneration	5,76,125 (-)	- (-)	- (-)	1,14,74,155 (97,50,272)	1,20,50,280 (91,74,147)	- (5,76,125)
Mishal A. Thakkar	3	Salary	- (-)	- (-)	- (-)	6,23,522 (4,68,486)	6,23,522 (4,68,486)	- (-)

Note: Previous year's figures are shown in brackets

## 11. Financial and derivative instruments:

Contracts entered into by the Company for hedging in US \$ and outstanding as on 31<sup>st</sup> March 2011 amounts to US \$ 95.00 lacs (previous year US \$ 72.70 lacs), equivalent to Rs 4,317.88 lacs (Previous year in Rs. 3,548.76 lacs)

Contracts entered into by the Company for hedging in UK £ and outstanding as on 31<sup>st</sup> March 2011 amounts to UK £ 9.00 lacs (previous year UK £ 6.00 lacs), equivalent to Rs 648.75 Lacs (Previous year Rs. 68.99 lacs).

All contracts entered by the Company are for hedging of exposures against receivables. The Company does not enter into any derivative instruments for trading or speculative purposes.

In respect of outstanding hedging contracts as given above, any net unrealized Profit/(Loss) on account of Mark to Market and/or Premium has been recognised in the Books of Accounts on their restatement at the year end exchange rate.

## 12. Disclosures required under Accounting Standard 15 (Revised) "Employee Benefits" notified in the Companies (Accounting Standards) Rules 2006, are given below:

Effective from the financial year 2009-10, the Company has offered its employees defined benefit plans in the form of Group Gratuity Scheme. Gratuity Scheme covers all qualifying employees as statutorily required under the Payment of Gratuity Act, 1972. The Company has made irrevocable contribution of funds to LIC of India.

The present value of the defined benefit obligation and the related current service cost were measured using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance sheet date.

### Defined Contribution Plan:

#### a) Net Asset/Liability recognised in the Balance Sheet as at 31<sup>st</sup> March 2011:

##### Funded:

Particulars	2010-11 Rs. /Lacs	2009-10 Rs. /Lacs
Present value of the obligation on 31 <sup>st</sup> March 11	78.98	67.74
Fair value of the plan assets	(86.83)	(78.98)
Net asset (liability) recognised in Balance Sheet	(7.85)	(11.24)

##### Unfunded:

Particulars	2010-11 Rs. /Lacs	2009-10 Rs. /Lacs
Present value of the obligation on 31 <sup>st</sup> March 11	(65.05)	(55.35)
Fair value of the plan assets	Nil	Nil
Net asset (liability) recognised in Balance Sheet	(65.05)	(55.35)

#### b) Expenses recognised during the year under the head personnel cost:

Particulars	Gratuity Rs. /Lacs (Unfunded)	Leave Encashment Rs. /Lacs (Unfunded)
Interest cost from 1 <sup>st</sup> April 10 to 31 <sup>st</sup> March 11	5.42	1.15
Service cost from 1 <sup>st</sup> April 10 to 31 <sup>st</sup> March 11	7.40	7.65
Expected return on plan assets	(7.33)	Nil
Gain / (Loss) recognised up to 31 <sup>st</sup> March 11	11.26	1.22
Net gain to be provided as income in Profit & Loss Account	16.75	7.58

#### c) Actuarial Assumptions:

##### Funded:

Particulars	Gratuity	Leave Encashment
Discount rate (per annum)	8%	-
Rate of increase in compensation level	7%	-

Particulars	Gratuity (Unfunded)	Leave Encashment (Unfunded)
Discount rate (per annum)	7%	7.5%
Rate of increase in compensation level	5%	5%
Expected average remaining working lives of employees (years)	16	16

### 13. Computation of earning per share:

Basic earning per share:	2010-11	2009-10
Number of Shares at the beginning of the year	2,00,00,000	1,76,73,890
Issued during the year	-	23,26,110
Number of Shares at the end of the year	2,00,00,000	2,00,00,000
Number of shares (Basic Weighted Average)	2,00,00,000	1,87,71,433
Profit for the year (Rs. in lacs)	Rs. 1,779.59	Rs. 1,563.19
Basic Earning per Share (Weighted average)	8.90	8.33
Number of shares (Diluted)	2,00,00,000	1,87,71,433
Diluted Earning per Share (Weighted average)	8.90	8.33

## 14. Sales:

	2010-11		2009-10	
Turnover	Qty. In M.T.	Rs./Lacs	Qty. in M.T.	Rs./Lacs
Processed & Preserved Food Products	14,021.53	9,850.24	13,072.90	8,889.24
Chilli Powder, Ground and Blended Spices	240.16	318.12	182.00	225.93
Traded Goods *		581.22		646.15
Sale of Import Licenses		208.03		407.22
<b>Total</b>		<b>10,957.61</b>		<b>10,168.54</b>

\* Quantities of traded goods are not indicated, as there are large numbers of items which cannot be quantified into metric tons.

## 15. Details of Raw Materials, Stores and Packing Materials Consumed:

	2010-11		2009-10	
	Qty. In M.T.	Rs./Lacs	Qty. In M.T.	Rs./Lacs
Mango, Lemon, Chilli, Vegetables, Oil, Whole Chilli, Tamarind, Salt, Sugar, & Other ingredients	18,947	4029.39	12,960	2,905.79
Packing Materials *		1,474.40		1,485.86
<b>Total</b>		<b>5,503.79</b>		<b>4,391.65</b>

\*Note: Quantities of packing materials are not indicated as there are too many items having Different-measuring units, which cannot be expressed into metric tons.

## 16. Value of Imported and indigenous Raw Materials, Packing Materials and Stores and Spare parts consumed:

	2010-11		2009-10	
	Rs./Lacs	% of Consumption	Rs./Lacs	% of Consumption
Raw Materials consumed:				
Imported	56.26	1.40	169.03	5.82
Indigenous	3,973.13	98.60	2,736.76	94.18
<b>Total</b>	<b>4,029.39</b>	<b>100.00</b>	<b>2,905.79</b>	<b>100.00</b>

	2010-11		2009-10	
	Rs./Lacs	% of Consumption	Rs./Lacs	% of Consumption
Stores & Packing Materials consumed:				
Imported	180.77	12.26	169.65	11.42
Indigenous	1,293.63	87.74	1,316.21	88.58
<b>Total</b>	<b>1,474.40</b>	<b>100.00</b>	<b>1,485.86</b>	<b>100.00</b>

## 17. Information of each class of goods manufactured:

### Licensed Capacity, Installed Capacity and Actual Production:

#### a) I) Licensed Capacity (See note no. I)

	2010-11 Quantity in M.T.	2009-10 Quantity in M.T.
II) Installed Capacity	21,450.00	21,450.00
III) Actual Production:		
Processed & Preserved Food Products	13,952.60	13,156.51
Chilly Powder, Ground Spices	238.19	181.52

### Notes:

- (1) As the Company is in the Agro based industry category no license is required to be obtained for its installed capacity.
- (2) The above figures are as certified by the management and relied upon by the auditor.



**b) Opening & Closing Stock of Finished Goods :**

	2010-11				2009-10			
	Opening Stock		Closing Stock		Opening Stock		Closing Stock	
	Qty/M.T.	Rs./Lacs	Qty/M.T.	Rs./Lacs	Qty/M.T.	Rs./Lacs	Qty/M.T.	Rs./Lacs
Processed & Preserved food Products	158.65	71.10	89.72	45.05	75.04	30.36	158.65	71.10
Chilly Powder, Ground Spices	2.00	1.21	0.03	0.04	2.48	2.81	2.00	1.21
Traded Goods *		34.87		29.74		26.63		34.87
<b>Total</b>	<b>160.65</b>	<b>107.18</b>	<b>89.75</b>	<b>74.83</b>	<b>77.52</b>	<b>59.80</b>	<b>160.65</b>	<b>107.18</b>

\* Quantities of Opening & Closing stock of traded goods are not indicated as there are too many items having different measuring units, which cannot be translated into metric tons.

**c) Purchase of Traded Goods:**

	2010-11 Rs./Lacs	2009-10 Rs./Lacs
Traded Goods *	418.13	485.31
<b>Total</b>	<b>418.13</b>	<b>485.31</b>

\* Quantities of Purchase of traded goods are not indicated as there are too many items having different measuring units, which cannot be translated into metric tons.

**18. Managerial Remuneration:**
**A. Remuneration to Chairman, Vice Chairman, Managing Director, Executive Director:**

	2010-11 Rs./Lacs	2009-10 Rs./Lacs
Salaries, Allowances & Commission	99.96	86.52
Contribution to Provident and family pension funds	8.57	7.42
Perquisites	6.21	3.57
<b>Total</b>	<b>114.74</b>	<b>97.51</b>

Note:

The above remuneration does not include provisions for gratuity and leave encashment, as these are lump sum amounts based on actuarial valuation.

**19. Miscellaneous expenditure includes Auditors' Remuneration**

	2010-11 Rs./Lacs	2009-10 Rs./Lacs
For Audit Fees	6.00	4.50
For Tax Audit Fees	0.50	0.50
For Other Matters	0.42	0.53
For Service Tax	0.69	0.54
<b>Total</b>	<b>7.61</b>	<b>6.07</b>

**20. Value of Imports Calculated on C.I.F. Basis:**

	2010-11 Rs./Lacs	2009-10 Rs./Lacs
Raw Materials / Packing Materials / Traded Goods	253.15	374.37
Capital Goods/ Consumables/ imported parts for machinery repairs	28.27	113.28
<b>Total</b>	<b>281.42</b>	<b>487.65</b>

## 21. Expenditure in Foreign Currency:

	2010-11 Rs./Lacs	2009-10 Rs./Lacs
Traveling Expenses	108.76	120.57
Advertisement	158.56	127.94
Legal & Professional Fees	21.08	31.96
Bank Interest	-	7.35
Sales expenses	42.24	57.97
Claims	44.12	82.51
Commission	88.76	89.93
Steamer Freight	156.73	176.00
Others	4.01	6.21
<b>Total</b>	<b>624.26</b>	<b>700.44</b>

## 22. Remittance in foreign Currency on account of dividend:

During the year, the Company has not made any remittance in foreign Currency on account of dividend payable to its Non Resident Shareholders. However the details of dividend paid to the Non Resident Shareholders during the financial year is given below.

Particulars	Dividend 2009-10
No. of non-resident Share holders	77
No. of shares held by them	2,830,219
Amount of dividend (15 % i.e. Rs. 1.50 Per Share)	4,245,329

## 23. Earnings in Foreign Currency:

	2010-11 (Rs. in lacs)	2009-10 (Rs. in lacs)
F.O.B. Value of Exports	9,789.66	8,741.34

## 24. Segment wise information for the year ended 31<sup>st</sup> March 2011:

Segments have been identified in line with the "Accounting standard on Segment reporting" (AS-17), taking into account, the nature of products and services, the organization and internal reporting structure as well as differential risk of these segments.

(A) Information about Primary Business Segments is given in Annexure 1:

Notes:

(i) The Company is organized into two main segments. Namely:

- Processed & Preserved Foods.
- Trading Goods.

(ii) Segment revenue includes sales and Export incentives (Duty Draw back, Sales of Licence).

(B) Information about Secondary Business Segments is given in Annexure 2:

Notes:

(i) The Company is organized into two main segments. Namely:

- India.
- Out of India.



(ii) Segment revenue in geographical segments considered for disclosure is as follows:

- Revenue with in India includes sales to customers located with in India and earning in India.
- Revenue outside India includes located outside India and earning outside India.

(C) Segment Revenue, Results, Assets and Liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.

**25.** Previous year's figures have been regrouped and recast wherever considered necessary.

**26.** Figures have been rounded off to the nearest lacs.

**Schedules referred to above form an integral part of the Balance Sheet and Profit & Loss Account.**

For and on behalf of the Board of Directors

**RAMESH H. THAKKAR**  
Chairman

**BIMAL R. THAKKAR**  
Managing Director

**Shalaka Ovalekar**  
Company Secretary

Mumbai,  
Date, 19th May 2011

**SEGMENT REPORTING FOR THE YEAR ENDED**

Particulars	31-Mar-11 Rs. in lacs	31-Mar-10 Rs. in lacs
<b>Segment Revenue</b>		
a) Processed and preserved foods	10,582.04	9,735.22
b) Traded goods	595.94	554.00
<b>Total</b>	<b>11,177.98</b>	<b>10,289.22</b>
Less: Inter Segment revenue	—	—
<b>Net Sales/Income from Operations</b>	<b>11,177.98</b>	<b>10,289.22</b>
<b>Segment Results</b>		
<b>Profit(+)/Loss(-) before tax and interest from each Segment wise:</b>		
Processed and preserved foods	1,906.42	1,689.60
Traded goods	131.47	28.96
<b>Total</b>	<b>2,037.89</b>	<b>1,718.56</b>
Less: Interest	163.01	181.06
Other un-allocated expenditure net off	306.44	230.29
Un-allocable income	432.24	654.87
<b>Total Profit before Tax</b>	<b>2,000.68</b>	<b>1,962.08</b>
<b>Capital employed:</b>		
Processed and preserved foods	7,381.37	4,978.74
Traded goods	223.91	100.00
Others un allocated	4,830.63	6,067.38
<b>Total</b>	<b>12,435.91</b>	<b>11,146.12</b>

**Note on segment information:**

- 1) Regarding Segment-wise results, business segment, as given below, have been identified as reportable Primary Segments in accordance with AS-17, issued by the ICAI, taking in to account the organisational and the internal reporting structure as well as evaluation of risks and returns from these segments.
  - a) Processed and preserved foods
  - b) Traded goods
- 2) Segment Revenue and Results include the respective amounts identifiable to each of the business segments. Other unallocable expenditure (Net of unallocable income) represents expenses incurred on common/regional/corporate services not directly identifiable to individual segments.
- 3) Segment assets and liabilities include all operating assets directly identified to the business segments. "Others un allocated" represent common assets and liabilities which cannot be allocated to any of the segments.

**Annexure - 2**
**SEGMENT REPORTING FOR THE YEAR ENDED**

Particulars	31-Mar-11 Rs. in lacs	31-Mar-10 Rs. in lacs
<b>Segment Revenue</b>		
a) Domestic	651.76	1,013.88
b) Exports	10,526.22	9,275.34
<b>Total</b>	<b>11,177.98</b>	<b>10,289.22</b>
Less: Inter Segment revenue	—	—
<b>Net Sales/Income from Operations</b>	<b>11,177.98</b>	<b>10,289.22</b>
<b>Segment Results</b>		
<b>Profit(+)/Loss(-) before tax and interest from each Segment wise:</b>		
a) Domestic	245.94	233.41
b) Exports	1,791.95	1,485.15
<b>Total</b>	<b>2,037.89</b>	<b>1,718.56</b>
Less: 1) Interest	163.01	181.06
Other un-allocated expenditure net off	306.44	230.29
Un-allocable income	432.24	654.87
<b>Total Profit before Tax</b>	<b>2,000.68</b>	<b>1,962.08</b>
<b>Capital employed:</b>		
a) India	12,435.91	11,146.12
b) Out side India	—	—
<b>Total</b>	<b>12,435.91</b>	<b>11,146.12</b>

**Note on segment information:**

- 1) Segment has been identified in line with the “Accounting Standard on Segment Reporting (AS-17)”, taking in to account, the organisation and internal reporting structure as well as differential risk of this segment.
- 2) The Company’s tangible fixed Assets are located entirely in India

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	31-Mar-11 Rs.(in Lacs)	31-Mar-10 Rs.(in Lacs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit/(Loss) before tax and extraordinary items.	2,000.68	1,962.08
Adjustment for :		
Depreciation	450.25	418.65
Sale of assets	3.76	59.55
	454.01	478.20
Operating Profit before working capital charges	2,454.69	2,440.28
Adjustment for :		
Trade and other receivables	18.08	(518.93)
Inventories	(388.09)	321.21
Trade Payables	(36.24)	(225.53)
	(406.25)	(423.25)
Cash generated from operations	2,048.44	2,017.03
Direct taxes paid	(398.74)	(335.41)
Adjustment of tax of earlier year	39.67	(15.61)
Previous year's adjustments	(1.17)	(2.15)
Wealth tax	(0.82)	(1.49)
	(361.06)	(354.66)
Cash Flow before extraordinary items	1,687.38	1,662.37
Extraordinary items	—	—
<b>Net cash from operating activities ( A )</b>	<b>1,687.38</b>	<b>1,662.37</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed Assets (including capital work in progress)	(712.04)	(585.06)
Inter corporate deposit	—	(850.00)
Investment in Mutual Funds Units	(875.00)	—
Investment in subsidiary company	(666.09)	(5.00)
<b>Net Cash used in investing activities ( B )</b>	<b>(2,253.13)</b>	<b>(1,440.06)</b>
<b>C. CASH FLOW FINANCING ACTIVITIES</b>		
Proceeds from borrowings from banks & Others (Net of payment)	591.83	(43.26)
Increase of Share Capital	—	232.61
Security premium	—	511.74
Dividend & Corporate Dividend Tax Paid	(349.83)	(350.97)
<b>Net cash used in financing activities ( C )</b>	<b>242.00</b>	<b>350.12</b>
Net increase in cash and cash equivalents (A + B + C)	<b>(323.75)</b>	<b>572.43</b>
Cash and cash equivalents at beginning of the year	01-04-2010	01-04-2009
(Opening Balance)	2,327.78	1,755.35
Cash and cash equivalents acquired on amalgamation		
Cash and cash equivalents as at	31-03-2011	31-03-2010
Cash and cash equivalents at end of the year	2,004.03	2,327.78

For and on behalf of the Board of Directors

Mumbai,  
Date, 19th May 2011

**RAMESH H. THAKKAR**  
Chairman

**BIMAL R. THAKKAR**  
Managing Director

**Shalaka Ovalekar**  
Company Secretary

We have verified the above cash flow statement of ADF FOODS LIMITED derived from the audited financial statements for the year ended 31st March 2011 and for the year ended 31st March 2010 and found the same to be drawn in accordance there with and also with the requirements of Clause 32 of the listing agreement with StockExchange.

**For D.P. GHEVARIA & CO.**  
Chartered Accountants

**D. P. GHEVARIA**  
Proprietor  
Membership No : 32431  
Mumbai, Date, 19th May 2011



**ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.**
**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**
**I. REGISTRATION DETAILS**

Registration No.	1 4 2 6 5	State Code	0 4
Balance Sheet Date	3 1 - 03 - 11		

**II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN Rs.THOUSANDS)**

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil
Conversion of Bonds	Nil	Warrants	Nil

**III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN Rs.THOUSANDS)**

Total Liabilities	14,33,283	Total Assets	14,33,283
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**SOURCES OF FUNDS**

Paid-up Capital	203,783
Issue of warrants	-
Reserves & Surplus	10,09,774
Secured Loans	70,690
Unsecured Loans	-
Deferred Tax Liability	30,034
Current Liabilities	1,19,002

**APPLICATION OF FUNDS**

Net Fixed Assets	4,72,017
Investments	3,44,005
Net Current Assets	6,17,261
Misc. Expenditure	-
Accumulated Losses	-

**IV. PERFORMANCE OF COMPANY (AMOUNT IN Rs.THOUSANDS)**

Turnover	11,17,798	Total Expenditure	9,60,954
Profit Before Tax	2,00,068	Profit After Tax	1,78,076
Earning per share in Rs.	8.90	Dividend %	15%

**V. GENERIC NAMES OF PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY (AS PER MONETARY TERMS)**
**ITEM CODE NO. (ITC CODE)**
**PRODUCT DESCRIPTION**

2005	other vegetables, preserved or otherwise than by vinegar.
2006	fruits, nuts, fruitpeel & other products, preserved by sugar.
0904	pepper of genus piper dried or crushed or the genus pimenta.

## STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

1	Name of the Subsidiary	ADF Foods UK Limited	ADF Holdings (USA) Limited	ADF Foods (USA) Limited	Power Brands (Foods) Private Limited	ADF Foods (Mauritus) Limited	ADF Foods (India) Limited
2	The Financial year of the company ended on	31.03.2011	31.03.2011	31.03.2011	31.03.2011	31.03.2011	31.03.2011
3	Holding company	ADF Foods Limited	ADF Foods UK limited	ADF Holdings (USA) Limited	ADF Foods Limited	ADF Foods Limited	ADF Foods Limited
4	Holding Company's interest	100%	100%	89%	99%	100%	100%
5	Shares held by the holding company in the subsidiary	9,43,823 Equity Shares of £ 1/- each	12,000 Equity Shares of \$ 0.001/- each	89 Equity Shares of \$0.001/-each	1,88,10,000 equity shares of Rs. 10/- each	10,000 Equity Shares of \$1/- each	50,000 Equity Shares of Rs 10/- each
6	The aggregate of profits or losses for the current financial year of the subsidiary so far as it concerns the members of the holding company						
	a) dealt with or provided for in the accounts of the holding company	NIL	NIL	NIL	NIL	NIL	NIL
	b) not dealt with or provided for in the accounts of the company	(£ 4578)	(\$69,243.00)	(\$239,440.00)	Rs. (200.66) Lacs	(\$9,170.00)	Rs. (16.64) Lacs
7	The aggregate of profits or losses for the previous financial year of the subsidiary so far as it concerns the members of the holding company						
	a) dealt with or provided for in the accounts of the holding company	NIL	NIL	NIL	NIL	NIL	NIL
	b) not dealt with or provided for in the accounts of the company	£ 6736	–	–	Rs. (201.92) Lacs	(\$5,096.00)	Rs. (17.35) Lacs

## AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF ADF FOODS LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF ADF FOODS LIMITED AND ITS SUBSIDIARIES

We have examined the attached Consolidated Balance Sheet of ADF FOODS LIMITED and its subsidiaries as at 31<sup>st</sup> March 2011, the Consolidated Profit and Loss Account and the Cash Flow Statement for the year then ended.

These Consolidated financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We have conducted our audit of ADF FOODS LIMITED in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We have not audited the financial statements of subsidiaries mentioned in annexure to this report whose total assets (net) and total revenues (before giving effect to the consolidated adjustments) are mentioned in the annexure to this report.

These financial statements have been audited by other auditors whose reports have been furnished to us for the purpose of consolidation, and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries, is based solely on reports of the other auditors.

The financial statements of Power Brand (Foods) Pvt. Ltd. (an Indian subsidiary) which reflect total assets (net) of Rs. 1,100.90 lacs as at 31<sup>st</sup> March 2011 and total revenue of Rs. 19.44 lacs (before giving effect to the consolidation adjustments) for the year ended on that date, have been audited by us.

These financial statements have been approved by the Board of Directors of these subsidiaries and in our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, are based solely on these approved financial statements.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standards (AS) 21 "Consolidated Financial Statements", issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of ADF FOODS LIMITED and the certified financial statements of its Subsidiaries.

On the basis of the information and explanation given to us, we are of the opinion that the attached consolidated financial statements give a true & fair view in conformity with the accounting principles generally accepted in India:

1. in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of ADF FOODS LIMITED and its Subsidiaries as at 31<sup>st</sup> March 2011,
2. in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of ADF FOODS LIMITED and its Subsidiaries for the year then ended and
3. in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of ADF FOODS LIMITED and its Subsidiaries for the year then ended.

**For D.P. GHEVARIA & CO.**  
**Chartered Accountants**  
**Firm Registration No. 103176W**

**D.P. Ghevaria**  
**Proprietor**  
**Membership No. 32431**  
**Place: Mumbai, 19<sup>th</sup> May 2011**

### ANNEXURE

The following subsidiaries of ADF Foods Limited:

(Rs. in lacs)

Name of the Company	Accounting Period	Subsidiary	Total Assets	Total Revenues	Name of the Auditor
ADF Foods (India) Limited	April 10 to March 11	Direct	(28.99)	319.51	B S R & Co.
ADF Foods (Mauritius) Limited	April 10 to March 11	Direct	(4.52)	-	Nexia Baker & Arenson
ADF Foods (UK) Limited	April 10 to March 11	Direct	693.35	33.48	Nagle James
ADF Holdings (USA) Limited	22 <sup>nd</sup> September 10 to March 11	Indirect	2,297.28	63.18	Funaro & Company
ADF Foods (USA) Limited	22 <sup>nd</sup> September 10 to March 11	Indirect	224.40	1,643.04	Funaro & Company

**For D.P. GHEVARIA & CO.**  
**Chartered Accountants**  
**Firm Registration No. 103176W**

**D.P. Ghevaria**  
**Proprietor**  
**Membership No: 32431**  
**Place: Mumbai, 19<sup>th</sup> May 2011**

## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2011

	Sch.	Rs. in lacs	As at 31-Mar-11 Rs. in lacs	As at 31-Mar-10 Rs. in lacs
<b>SOURCES OF FUNDS</b>				
<b>(1) Shareholders' Funds</b>				
Share Capital	1	2,037.83		2,037.83
Reserves & Surplus	2	9,127.37		8,050.65
		<b>11,165.20</b>	<b>11,165.20</b>	<b>10,088.48</b>
Minority interest			<b>(2.69)</b>	<b>12.86</b>
<b>(2) Loan Funds</b>				
Secured Loans	3	2,381.28		115.07
Unsecured Loans	4	15.45		24.85
			<b>2,396.73</b>	<b>139.92</b>
<b>(3) Deferred tax</b>				
Deferred tax liability (Net)	5		<b>227.54</b>	<b>440.29</b>
<b>TOTAL</b>			<b>13,786.78</b>	<b>10,681.55</b>
<b>APPLICATION OF FUNDS</b>				
<b>(1) Fixed Assets</b>				
(a) Gross Block	6	11,864.04		9,080.33
(b) Less : Depreciation		3,789.02		3,121.86
(c) Net Block		<b>8,075.02</b>		<b>5,958.47</b>
(d) Capital work-in-progress		96.99		91.61
			<b>8,172.01</b>	<b>6,050.08</b>
<b>(2) Investments</b>	7		<b>875.00</b>	<b>-</b>
<b>(3) (i) Current Assets, Loans &amp; Advances</b>				
(a) Inventories	8	1,661.87		980.82
(b) Sundry Debtors	9	2,213.64		1,014.82
(c) Cash & Bank Balances	10	2,083.50		2,343.68
(d) Loans & Advances	11	655.58		1,539.24
			<b>6,614.59</b>	<b>5,878.56</b>
Less :				
<b>(ii) Current Liabilities &amp; Provisions</b>				
Current Liabilities	12	1,342.82		835.45
Provisions		540.64		421.72
			<b>1,883.46</b>	<b>1,257.17</b>
<b>Net Current Assets (i) – (ii)</b>			<b>4,731.13</b>	<b>4,621.39</b>
<b>(4) MISCELLANEOUS EXPENDITURE</b>				
(to the extent not written off or adjusted)				
Pre-operative expenses pending capitalisation			<b>8.64</b>	<b>10.08</b>
<b>TOTAL</b>			<b>13,786.78</b>	<b>10,681.55</b>
Notes to Accounts	21			
Schedules referred to above form an integral part of the Balance Sheet				

As per our report of even date

For and on behalf of the Board of Directors

**For D. P. GHEVARIA & CO.**  
Chartered Accountants

**RAMESH H. THAKKAR**  
Chairman

**BIMAL R. THAKKAR**  
Managing Director

**D. P. GHEVARIA**  
Proprietor  
Membership No. 32431  
Mumbai,  
Date, 19th May 2011

**Shalaka Ovalekar**  
Company Secretary

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

	Sch.	31-Mar-11 Rs. in lacs	31-Mar-10 Rs. in lacs
<b>INCOME</b>			
Sales	14	12,939.90	10,450.33
Other Income	15	434.98	655.12
Increase/(Decrease) in stocks	16	516.40	(309.90)
<b>TOTAL</b>		<b>13,891.28</b>	<b>10,795.55</b>
<b>EXPENDITURE</b>			
Manufacturing & Other Expenses	17	11,484.63	8,241.69
Financial Expenses	18	183.92	181.38
Depreciation/Amortisation		682.17	623.28
Unrealised profit on inventory	19	–	4.28
Translation difference	20	(14.10)	3.17
<b>TOTAL</b>		<b>12,336.62</b>	<b>9,053.80</b>
Profit before tax		1,554.66	1,741.75
Less: Provision for taxation			
- Current tax		399.39	336.98
- Deferred tax (Net)		(212.75)	44.21
- Wealth tax		0.82	1.49
- Taxation for earlier years		(40.82)	15.61
		146.64	398.29
Profit after tax		1,408.02	1,343.46
Less: Prior Year's Adjustment (Net)		1.17	10.08
Net profit before Minority Interest		1,406.85	1,333.38
Minority Interest in the Loss of Consolidated subsidiary		15.55	2.10
Net profit after Minority Interest		1,422.40	1,335.48
Balance brought forward		2,721.00	1,814.65
<b>BALANCE AVAILABLE FOR APPROPRIATION</b>		<b>4,143.40</b>	<b>3,150.13</b>
<b>LESS: APPROPRIATIONS</b>			
Proposed dividend		300.00	300.00
Tax on Dividend		49.83	50.97
General Reserve		90.97	78.16
Balance carried to Balance Sheet		3,702.60	2,721.00
		<b>4,143.40</b>	<b>3,150.13</b>
EPS – Basic		6.97	7.03
EPS – Diluted		6.97	7.03
Notes to Accounts	21		
Schedules referred to above form an integral part of the Balance Sheet			

As per our report of even date

For and on behalf of the Board of Directors

**For D. P. GHEVARIA & CO.**  
Chartered Accountants

**RAMESH H. THAKKAR**  
Chairman

**BIMAL R. THAKKAR**  
Managing Director

**D. P. GHEVARIA**  
Proprietor  
Membership No. 32431  
Mumbai,  
Date, 19th May 2011

**Shalaka Ovalekar**  
Company Secretary

**SCHEDULES TO THE CONSOLIDATED BALANCE SHEET**

	As at 31-Mar-11 Rs. in lacs	As at 31-Mar-10 Rs. in lacs
<b>SCHEDULE 1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
2,50,00,000 ( Previous period 2,50,00,000) Equity Shares of Rs. 10/- each	<u>2,500.00</u>	<u>2,500.00</u>
<b>Issued, Subscribed and Paid Up</b>		
2,00,00,000 (Previous year 2,00,00,000) Equity Shares of Rs. 10/- each fully paid up	2,000.00	2,000.00
<b>Of the above:</b>		
i) 50,00,490 (Previous year 50,00,490) Shares were allotted to the Shareholders of the erstwhile Lustre Investments Pvt. Ltd., for consideration other than cash pursuant to a Scheme of Amalgamation		
ii) 26,50,000 (Previous year 26,50,000) Equity Shares were issued on preferential basis to investors.		
iii) 23,26,110 (Previous year 23,26,110) Equity Shares were issued on conversion of preferential warrants.		
<b>Add: Shares Forfeited</b>		
7,56,600 (Previous period 7,56,600) Equity Shares of Rs. 10/- each ; amount originally paid up there on @ Rs.5 per share.	37.83	37.83
	<u>2,037.83</u>	<u>2,037.83</u>
<b>SCHEDULE 2</b>		
<b>RESERVES &amp; SURPLUS</b>		
<b>General Reserve</b>		
Opening balance	318.00	239.84
Add: Transfer from profit & loss account	90.97	78.16
	<u>408.97</u>	<u>318.00</u>
<b>Securities Premium Reserve</b>		
Balance brought forward	4,834.33	4,322.59
Add: Received during the year	–	511.74
	<u>4,834.33</u>	<u>4,834.33</u>
<b>Capital Reserve</b>		
Balance brought forward	105.00	–
Warrants forfeited during the year	–	105.00
	<u>105.00</u>	<u>105.00</u>
<b>Profit &amp; Loss Account</b>		
Translation Reserve	3,702.60	2,721.00
	<u>76.47</u>	<u>72.32</u>
	<u>9,127.37</u>	<u>8,050.65</u>



## SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

	Rs. in lacs	As at 31-Mar-11 Rs. in lacs	As at 31-Mar-10 Rs. in lacs
<b>SCHEDULE 3</b>			
<b>SECURED LOANS</b>			
<b>From Banks:</b>			
Cash Credit and Packing Credit (Secured by equitable mortgage of the Company's Factory, Land & Building situated at Nadiad and Nashik, Plant & Machinery and other Fixed Assets, present and future situated at Nadiad and Nashik and Current Assets, present and future situated at Nadiad, Nashik and Mumbai ranking pari passu in favour of the Company's bankers).		137.19	57.76
Loan from Tamilnadu Mercantile Bank Ltd. (Secured by pledging of fixed deposits with Tamilnadu Mercantile Bank Ltd. of Rs. 575 lacs)	500.00		—
Add: Interest Accrued and due	3.45		—
		503.45	—
Term loan (ADF Foods Ltd. has has pledged fixed deposits worth Rs. 998 lacs and mutual funds units worth Rs. 875 lacs are pledged in favour of HDFC Bank Limited, Mumbai against term loan of US \$ 4 million granted by HDFC Bank Limited, Bahrain Branch to the Company's indirect subsidiary, viz. ADF Holdings (USA) Ltd.)		1,674.38	—
Due to bank under hire purchase agreement (secured by hypothecation of asset purchased under hire purchase agreement) [Repayable with in one year Rs. 9.65 lacs, (Previous year Rs.2.52 lacs)]		23.79	2.52
Due to others under hire purchase agreements (secured by hypothecation of assets purchased under hire purchase agreements) [Repayable with in one year Rs. 10.86 lacs,(Previous year Rs.12.32 lacs)]		42.47	54.79
		<b>2,381.28</b>	<b>115.07</b>
<b>SCHEDULE 4</b>			
<b>UNSECURED LOANS</b>			
From Others		15.45	24.85
		<b>15.45</b>	<b>24.85</b>
<b>SCHEDULE 5</b>			
<b>DEFERRED TAX</b>			
As per last Balance Sheet (Net)		440.29	394.58
Add: Adjusted for the year (Net)		212.75	(45.71)
		<b>227.54</b>	<b>440.29</b>

## SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

### SCHEDULE 6 FIXED ASSETS

Rs. in lacs

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 1st April 10	Additions during the year	Deduction/ Adj during the year	As on 31st Mar 11	As on 1st April 10	For the year ended 31st Mar 11	Deduction/ Adj during the year	As on 31st Mar 11	As on 31st Mar 11	As on 31st Mar 10
<b>Tangible Assets:</b>										
Leasehold Land	35.49	–	–	35.49	4.86	0.35	–	5.21	30.28	30.63
Freehold Land	4.18	–	–	4.18	–	–	–	–	4.18	4.18
Factory Building	2,142.64	106.54	–	2,249.18	506.29	72.17	–	578.46	1,670.72	1,636.35
Office Premises	–	106.56	–	106.56	–	0.21	–	0.21	106.35	–
Plant & Machinery	2,719.01	701.58	0.03	3,420.56	959.99	168.79	0.03	1,128.75	2,291.81	1,759.02
Laboratory Equipment	20.14	3.30	–	23.44	9.08	1.19	–	10.27	13.17	11.06
Office Equipment	46.83	7.05	0.50	53.38	15.79	2.41	0.07	18.13	35.25	31.04
Computers	63.44	10.52	–	73.96	50.18	7.37	–	57.55	16.41	13.26
Furniture & Fixtures	91.80	22.01	–	113.81	46.31	4.95	–	51.28	62.53	45.49
Vehicles	284.76	58.92	18.24	325.44	63.91	28.61	14.91	77.59	247.85	220.85
<b>Intangible Assets:</b>										
Trade Marks/Brands	3,273.01	1,786.00	–	5,059.01	1,199.42	316.31	–	1,515.73	3,543.28	2,073.59
Goodwill	399.03	–	–	399.03	266.03	79.81	–	345.84	53.19	133.00
<b>TOTAL</b>	<b>9,080.33</b>	<b>2,802.48</b>	<b>18.77</b>	<b>11,864.04</b>	<b>3,121.86</b>	<b>682.17</b>	<b>15.01</b>	<b>3,789.02</b>	<b>8,075.02</b>	<b>5,958.47</b>
Previous year	8,377.57	848.91	146.15	9,080.33	2,585.18	623.28	86.60	3,121.86	5,958.47	5,792.39
Capital Work-in-Progress & Capital Advances	91.61	192.68	187.30	96.99	–	–	–	–	96.99	91.61
<b>TOTAL</b>									<b>8,172.01</b>	<b>6,050.08</b>

	As at 31-Mar-11 Rs. in lacs	As at 31-Mar-10 Rs. in lacs
<b>SCHEDULE 7</b>		
<b>INVESTMENTS</b>		
<b>LONG TERM: IN UNITS - QUOTED (At Cost)</b>		
25,00,000 Units (Previous year Nil) of Rs. 10/- each fully paid up in Reliance Fixed Horizon Fund – XVI Series 6 (Market value as on 31st March 2011 Rs. 256.02 lacs)	250.00	–
10,00,000 Units (Previous year Nil) of Rs. 10/- each fully paid up in IDFC Fixed Maturity Plan – Quarterly Series 6 (Market value as on 31st March 2011 Rs. 101.02 lacs)	100.00	–
2,50,000 Units (Previous year Nil) of Rs. 10/- each fully paid up in Birla Sun Life Fixed term Plan-Series CJ (Market value as on 31st March 2011 Rs. 25.27 lacs)	25.00	–
10,00,000 Units (Previous year Nil) of Rs. 10/- each fully paid up in Axis Fixed term Plan-Series 13 (370 Days) (Market value as on 31st March 2011 Rs. 100.80 lacs)	100.00	–
5,00,000 Units (Previous year Nil) of Rs. 10/- each fully paid up in Kotak FMP Series 33 Growth (Market value as on 31st March 2011 Rs. 50.62 lacs)	50.00	–
35,00,000 Units (Previous year Nil) of Rs. 10/- each fully paid up in Kotak FMP Series 29 (Market value as on 31st March 2011 Rs. 355.63 lacs)	350.00	–
(The above Units are pledged in favour of HDFC Bank Limited, Mumbai against term loan of US \$ 4 million granted by HDFC Bank Limited, Bahrain Branch to the Company's indirect subsidiary, viz. ADF Holdings (USA) Ltd.)	–	–
	<b>875.00</b>	<b>–</b>

## SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

	As at 31-Mar-11 Rs. in lacs	As at 31-Mar-10 Rs. in lacs
<b>SCHEDULE 8</b>		
<b>INVENTORIES</b>		
(As valued & certified by the Management)		
Raw Materials	153.54	125.71
Stores, Spares, Packing Materials, etc.	546.49	394.71
Finished Goods	271.50	72.31
Semi-finished goods	652.36	339.52
Trading goods	29.74	44.70
Licences on hand	8.24	3.87
	<b>1,661.87</b>	<b>980.82</b>
<b>SCHEDULE 9</b>		
<b>SUNDRY DEBTORS ( Unsecured)</b>		
Debts due for more than six months		
Considered Good	–	7.99
Considered Doubtful	19.08	14.57
	<b>19.08</b>	<b>22.56</b>
Others debts, Considered Good	3,077.80	2,391.88
	<b>3,096.88</b>	<b>2,414.44</b>
Less Provision for Doubtful Debts	19.08	14.57
	<b>3,077.80</b>	<b>2,399.87</b>
Less: Bills discounted with banks	864.16	1,385.05
	<b>2,213.64</b>	<b>1,014.82</b>
<b>SCHEDULE 10</b>		
<b>CASH AND BANK BALANCES</b>		
Cash on Hand	15.01	5.61
Balances with Scheduled Banks		
in Current Accounts	427.53	175.98
in Fixed Deposits (Out of this, fixed deposits worth Rs. 998 lacs are pledged in favour of HDFC Bank Limited, Mumbai against term loan of US \$ 4 million granted by HDFC Bank Limited, Bahrain Branch to the Company's indirect subsidiary, viz. ADF Holdings (USA) Ltd.)	1,640.96	2,162.09
	<b>2,083.50</b>	<b>2,343.68</b>

**SCHEDULES TO THE CONSOLIDATED BALANCE SHEET**

	Rs. in lacs	Rs. in lacs	As at 31-Mar-11 Rs. in lacs	As at 31-Mar-10 Rs. in lacs
<b>SCHEDULE 11</b>				
<b>LOANS &amp; ADVANCES (Unsecured Considered Good unless otherwise stated)</b>				
Interest receivable			5.69	54.02
Advance recoverable in cash or in kind or for value to be received-Considered Good	558.97			525.33
Considered Doubtful	44.23			44.23
		603.20		569.56
Staff loan				
Considered Good		32.77		36.54
		635.97		606.10
Less: provided for doubtful advances		44.23		44.23
			591.74	561.87
Inter corporate deposit			–	850.00
Advance payment of Tax net of provisions			–	14.62
Other deposits			58.15	58.73
			<b>655.58</b>	<b>1,539.24</b>
<b>SCHEDULE 12</b>				
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>				
<b>Current Liabilities</b>				
Sundry Creditors			761.48	251.83
Other Liabilities			508.80	514.54
Temporary overdrawn bank balance (as per books)			13.48	18.35
Dealers' Deposits			0.10	0.10
Unclaimed dividend			58.96	50.63
			<b>1,342.82</b>	<b>835.45</b>
<b>Provisions</b>				
For leave encashment			21.54	15.40
For gratuity			65.05	55.35
For taxation			104.22	–
For Proposed dividend			300.00	300.00
For dividend distribution tax			49.83	50.97
			<b>540.64</b>	<b>421.72</b>
			<b>1,883.46</b>	<b>1,257.17</b>
<b>SCHEDULE 13</b>				
<b>MISCELLANEOUS EXPENDITURE</b>				
(to the extent not written off or adjusted)				
Pre-operative expenses			8.64	10.08
			<b>8.64</b>	<b>10.08</b>

## SCHEDULE TO THE CONSOLIDATED PROFIT & LOSS ACCOUNT

	Rs. in lacs	31-Mar-11 Rs. in lacs	31-Mar-10 Rs. in lacs
<b>SCHEDULE 14</b>			
<b>SALES</b>			
Export	11,982.14		9,154.66
Local	529.95		767.77
Import licences	208.03		407.22
		<b>12,720.12</b>	<b>10,329.65</b>
Less: Excise Duty		0.59	-
		<b>12,719.53</b>	<b>10,329.65</b>
Exchange Rate Difference (Net)		220.37	120.68
		<b>12,939.90</b>	<b>10,450.33</b>
<b>SCHEDULE 15</b>			
<b>OTHER INCOME</b>			
<b>Interest received</b>			
On Fixed Deposits with Banks (Tax deducted at source Rs. 13.27 lacs, Previous year Rs.23.06 lacs)		130.30	194.68
From Others (Tax deducted at source Rs. Nil, Previous year Rs. Nil)		24.20	22.79
Dividend from Investments		0.15	-
		<b>154.65</b>	<b>217.47</b>
Miscellaneous Income (Tax deducted at source Rs.0.15 lacs, Previous year Rs. 0.34 lacs)		184.82	52.89
Exchange Rate Differences (Net)		95.51	384.76
		<b>434.98</b>	<b>655.12</b>
<b>SCHEDULE 16</b>			
<b>INCREASE/(DECREASE) IN STOCKS</b>			
<b>Closing Stock</b>			
Semi-finished goods	652.36		339.52
Finished Goods	271.50		72.31
Licences on hand	8.24		3.87
		<b>932.10</b>	<b>415.70</b>
<b>Opening stock</b>			
Semi-finished goods	339.52		601.62
Finished Goods	72.31		33.17
Licences on hand	3.87		90.81
		<b>415.70</b>	<b>725.60</b>
		<b>516.40</b>	<b>(309.90)</b>
<b>SCHEDULE 17</b>			
<b>MANUFACTURING &amp; OTHER EXPENSES</b>			
<b>Raw Materials Consumed</b>			
Opening Stock	125.71		113.64
Add : Purchases	4,642.52		2,873.42
Carriage Inward	45.43		44.44
	4,813.66		3,031.50
Less : Closing Stock	153.54		125.71
		4,660.12	2,905.79
Cost of sale of traded goods		464.64	607.65
<b>Consumption of Stores &amp; Packing Materials</b>			
Opening Stock	394.71		426.33
Add : Purchases	1,794.28		1,454.24
	2,188.99		1,880.57
Less : Closing Stock	546.49		394.71
		1,642.50	1,485.86
Excise Duty		1.49	0.64
Power & Fuel		285.98	293.64
Other Manufacturing Expenses		759.43	225.67
Freezing & preservation Charges		29.09	45.00

**SCHEDULE TO THE CONSOLIDATED PROFIT & LOSS ACCOUNT**

	Rs. in lacs	31-Mar-11 Rs. in lacs	31-Mar-10 Rs. in lacs
Payments to & Provisions for Employees :			
Salaries, Wages & other allowances	653.86		435.95
Contribution to Provident & Other Funds	52.63		65.52
Staff Welfare Expenses	21.14		19.86
		727.63	521.33
Repairs			
Building	49.14		45.45
Plant & Machinery	65.73		43.69
Others	52.65		42.07
		167.52	131.21
Rent		115.79	53.62
Rates & Taxes		22.63	14.33
Insurance		28.36	28.17
Water Charges		8.55	10.11
Electricity		10.97	13.43
Communication expenses		47.43	41.73
Printing and Stationery		10.76	11.37
Travelling & Conveyance Expenses		281.52	252.09
Motor Car Expenses		24.89	20.49
Professional Fees		263.18	125.66
Clearing & Forwarding		105.97	101.32
Carriage Outward & Octroi		199.72	185.83
Steamer Freight		515.80	412.51
Discount, Commission & Brokerage		235.61	225.19
Advertisement		372.91	321.03
Sales Expenses		210.97	76.95
Exchange Rate Differences (Net)		160.73	—
Donation		4.24	9.76
Registration & Filing Fees		1.81	1.37
Directors Sitting Fees		3.00	3.40
Loss on Sale of Assets		1.14	4.44
Bad debts		3.09	4.20
Provision for Doubt ful debts & Advances		4.52	8.97
Miscellaneous Expenses (net)		112.64	98.93
		<b>11,484.63</b>	<b>8,241.69</b>
<b>SCHEDULE 18</b>			
<b>FINANCIAL EXPENSES</b>			
Interest to			
Banks		131.64	123.59
Others		5.67	3.11
		<b>137.31</b>	<b>126.70</b>
Bank Charges		46.61	54.68
		<b>183.92</b>	<b>181.38</b>
<b>SCHEDULE 19</b>			
<b>UNREALISED PROFIT ON INVENTORY</b>			
Unrealized profit on inventory		—	4.28
		<b>—</b>	<b>4.28</b>
<b>SCHEDULE 20</b>			
<b>TRANSLATION DIFFERENCE</b>			
Translation difference		(14.10)	3.17
		<b>(14.10)</b>	<b>3.17</b>

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31-03-2011

### SCHEDULE 21

Details of direct and indirect subsidiaries:

- I. The accompanying consolidated financial statements include the accounts of ADF Foods limited and it's following subsidiaries:

#### Direct Subsidiaries:

Name of the Company	Country of Incorporation	% of Holding as on 31st March, 2011	Accounting period
Power Brands (Foods) Pvt. Ltd.	India	99 % Subsidiary	1st April 2010 To 31st March 2011
ADF Foods (India) Ltd.	India	100 % Subsidiary	1st April 2010 To 31st March 2011
ADF Foods UK Ltd.	UK	100 % Subsidiary	1st April 2010 To 31st March 2011
ADF Foods (Mauritius) Ltd.	Mauritius	100 % Subsidiary	1st April 2010 To 31st March 2011

#### Indirect Subsidiaries:

##### Subsidiary of ADF Foods (UK) Ltd.:

Name of the Company	Country of Incorporation	% of Holding as on 31st March, 2011	Accounting period
ADF Holdings (USA) Ltd.	USA	100 % Subsidiary	22nd September 2010 To 31st March 2011

##### Subsidiary of ADF Holdings (USA) Ltd.:

Name of the Company	Country of Incorporation	% of Holding as on 31st March, 2011	Accounting period
ADF Foods (USA) Ltd.	USA	89 % Subsidiary	22nd September 2010 To 31st March 2011

All significant inter company balances and transactions between the Company and its subsidiaries have been eliminated in consolidation.

### 2. Principles of Consolidation:

- The Consolidated financial statements of ADF foods Ltd. together with audited financial statements of its subsidiaries as described in Note No. I have been considered for the purpose of consolidation. The audited financial statements of foreign subsidiaries have been prepared in accordance with the Generally Accepted Accounting Principles of their countries of incorporation or International Financial Reporting Standards.
- To the financial statements of the Parent Company and its subsidiaries as described in Note No. I have been combined to the extent possible on a line by line basis by adding together like items of assets, liabilities, income and expenses. The results of subsidiaries acquired or disposed off during the year are included in the consolidated profit and loss account from the effective date of acquisition or up to the effective date of disposal, as the case may be. All significant intra group balances and transactions have been eliminated on consolidation. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the Balance Sheet of the Parent Company and its share in the post-acquisition increase/decrease in the relevant reserves of the subsidiaries.
- The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the parent company's financial statements.
- Minority interest in the net income and net assets of the consolidated financial statements are computed and shown separately. Losses applicable to minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the group.
- The unamortised carrying value of goodwill/brands is tested for impairment as at each balance sheet date.

### SIGNIFICANT ACCOUNTING POLICIES:

#### a. Basis of Preparation:

The financial statements are prepared under the historical cost convention on accrual basis of accounting to comply with the accounting standards prescribed in the Companies (Accounting standards) Rules, 2006 and with the relevant the provisions of the Companies Act, 1956.



## b. Use of Estimates:

The preparation of consolidated financial statements in conformity with generally accepted accounting principles (GAAP) in India requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of financial statements.

## c. Fixed Assets:

**Tangible assets:**

Tangible fixed assets are carried at cost less accumulated depreciation. Cost comprises the purchase price or construction cost including any attributable cost of bringing the asset to its working condition for its intended use

**Intangible assets:**

Intangible fixed assets are carried at cost less accumulated depreciation. Cost comprises the purchase consideration paid for brands and goodwill and any attributable cost of bringing internally generated asset to its working condition for its intended use.

**Capital Work in progress:**

Capital work in progress includes the acquisition/commissioning cost of assets under expansion/acquisition and pending commissioning. Expenditure of revenue nature related to such acquisition/expansion is also treated as capital work in progress and capitalised along with the asset on completion of the expansion project or otherwise on commencement of commercial use of the asset.

## d. Depreciation:

**Tangible Assets:**

Depreciation on fixed assets is provided under Straight Line Method and at rates permissible under applicable local laws or at such rates so as to write off the value of assets over their useful life. Depreciation on additions to assets or where any asset has been sold, discarded etc. is calculated on a prorata basis from the date of such addition or up to the date of such sale etc. as the case may be. Additional depreciation is provided, if required, to cover any impairment in the value of fixed assets.

**Intangible Assets:**

Intangible assets are amortized over their estimated useful life or as per local laws as may be applicable. Additional depreciation is provided, if required, to cover any impairment in the value of intangible assets.

**Leasehold Assets:**

Cost of leased assets is amortised over the balance period of the lease or lesser of the lease term as applicable.

## e. Valuation of Stock:

- a) In determining cost of raw materials, packing materials, traded items, stores, spares and consumables, weighted average cost method is used. Cost of inventory comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition. Damaged, unserviceable and inert stocks are suitably depreciated.
- b) Traded goods and finished goods are valued at cost or net realisable value whichever is lower. Cost of finished goods and Semi-finished goods includes the cost of raw materials, packing materials, an appropriate share of fixed and variable production overheads, excise duty, as applicable and other costs incurred in bringing the inventories to their present location and condition.

## f. Staff Retirement Benefits:

### a) Defined benefit plan:

The Parent Company and its Indian Subsidiaries account for the defined benefit plans such as gratuity, leave encashment, medical reimbursement and leave travel assistance reimbursement on accrual basis. Gratuity in respect of unqualified employees and leave encashment liabilities of all employees have been determined by an actuarial valuation report obtained as at 31st March 2011 and the same is based on Accounting Standard 15 (Revised) issued by the Institute of Chartered Accountants of India.

### b) Defined contribution plan:

The Parent Company, its Indian Subsidiaries and one of the foreign subsidiaries contribute to provident fund scheme, group gratuity scheme and such other related scheme, as applicable, for all its employees who are eligible for the benefit.

**g. Foreign Currency transactions:**

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the Profit and Loss Account if the year except in cases where they relate to acquisition of fixed asset, in which case they are adjusted to the carrying cost of such assets.

Monetary assets and liabilities denominated in foreign currencies, which are out standing as at the year end are translated at the closing exchange rate and the resultant exchange differences are recognised in the Profit and Loss Account.

The Company uses foreign exchange forward contracts to hedge its exposure to movements in foreign exchange rates. The difference between the year end rate and rate on the date of the contract is recognised as exchange difference in Profit and Loss Account and the premium paid / received on forward contracts is recognised over the life of the contract as loss or income as the case may be, in the Profit and Loss Account.

The Parent Company and its Indian/Foreign Subsidiaries have adopted the same Balance sheet date. In translating the financial statements of foreign entities for incorporation in the consolidated financial statements, the assets and liabilities are translated at the exchange rate prevailing at the Balance Sheet date and the income and expenses items are translated at the average rates of exchange for the year. The resulting exchange differences are classified as foreign currency translation reserve.

**h. Revenue Recognition:**

Revenue from sale of goods is recognised on transfer of all significant risk and rewards of ownership to the buyer which is on dispatch of goods and is net of sales returns, taxes and excise duty.

Scrap sale is accounted upon sale.

Dividend income is recognised when the right to receive payment is established.

Interest and other income are recognised on accrual basis.

**i. Research and Development:**

Research and Development costs (other than the cost of fixed assets acquired) are charged as expenses in the year in which these are incurred.

**j. Provisions and Contingencies:**

The group creates a provision when there exists a present obligation as a result of past events that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not required and outflow of resources. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources is remote, no provision or disclosure is made.

**k. Investments:**

Long-term investments are stated at cost. Provision for diminution in the value of long term investment is made only if such a decline is other than temporary in the opinion of the management. Current investments are stated at lower of cost and fair value computed separately in respect of each category of investment.

Profit and Loss on sale of investments is determined on a first in first out (FIFO) basis.

**l. Lease Accounting:**

In respect of operating leases, lease rentals are recognised as an expense in the Profit and Loss Account on an accrual basis over the lease term.

In respect of assets obtain on finance leases, assets are recognised at their fair value at the date of acquisition or if lower, at the present value of the minimum lease payments. Corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

**m. Borrowing costs:**

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying fixed asset are capitalised as part of the cost of that asset till the date it is put to use. Other borrowing costs are recognised as expense in the Profit and Loss Account on accrual basis.

**n. Government Grants:**

Government grants are recognised when there is reasonable assurance that the same will be received. Revenue grants are recognised in the Profit & Loss account. Capital grants relating to specific fixed assets are reduced from the gross value of the respective fixed assets. Other Capital grants are credited to capital reserve.

## o. Taxation:

Tax expense comprises of current tax (that is amount of tax for the period determined in accordance with applicable taxation laws), and deferred tax charge or credit (reflecting the tax effects of the timing differences between accounting income and taxable income for the period).

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed as at each Balance Sheet date to reassess realisation.

## NOTES TO ACCOUNTS:

### 1. Share Warrants / Share Capital:

- Pursuant to the members' approval in the Extra Ordinary General Meeting of the Company held on 14th November 2007, the Company had issued 15,00,000 Convertible Warrants of Rs.70/- each to the Promoters, their friends & relatives and independent Directors of the Company. The Company had received a part payment of Rs.7/- per warrant from the warrant holders. The Warrant holders had an option to convert the warrants into fully paid equity shares of Rs 10 each at a premium of Rs.60 per Share, not later than 23rd June 2009. As the option for conversion of warrants into equity shares was not exercised by the specified date, the Company has forfeited the initial subscription of Rs.7/- per warrant, aggregating to Rs.105 lakhs, received from the warrant holders and transferred the same to Capital Reserve Account.
- Pursuant to the members' approval in the Extra Ordinary General Meeting of the Company held on 14th November 2007, the Company had issued 26,50,000 fully paid up equity shares at Rs. 70 per share on private placement basis. The aggregate consideration of Rs. 1855 lacs was received.
- Further, pursuant to the members' approval in the Annual General Meeting held on 17th June, 2009, the Company issued on 29th July 2009 a second series of preferential issue of 23,26,110 Convertible Warrants of Rs.32/- each, at a part payment of Rs.8/- per Warrant, to the Promoters, their friends & relatives and independent Directors of the Company. These Warrants were convertible, in one or more tranches at any time within a period of eighteen months from the date of issue, into equivalent number of fully paid equity shares of Rs. 10/- each at a premium of Rs. 22/- per share upon the Warrant holders paying the balance consideration.

Accordingly, 8,20,222 equity shares were issued on 11th September 2009 and 15,05,888 equity shares were issued on 27th October 2009 upon receipt of balance consideration in respect of these convertible warrants. Consequent upon the conversion of 23,26,110 Convertible Warrants, the Share Capital and Security Premium Reserve have increased by Rs.232.61 lakhs and Rs.511.74 lakhs respectively.

Out of the total amount of Rs. 2,704.35 lacs received from the preferential allotment of the Shares and Warrants as mentioned above have been utilized in the manner summarized below:

	Rs. in lac
For expansion / acquisition of fixed assets	1,948.74
Unutilised balance held as Fixed deposits with banks	755.61
Total	2,704.35

### 2 a. Contingent Liabilities:

	2010-11	2009-10
Letters of Credit issued by the banks (net of margin money)	15.04	4.79
Guarantees issued by the banks (net of margin money)	31.58	30.29
Claims against the Company not acknowledged as debts (net of deposits)	30.16	30.90
Disputed Income tax demands of earlier years (net of deposits)	83.87	10.27
Foreign bills purchase	844.60	1282.05

2 b. Unexpired Capital Commitments (net of advances) 8.54 19.98

3. In the opinion of the Board, all Group Current Assets, Loans and Advances are approximately of the values stated, if realised in the ordinary course of business. The provisions for all known Group Liabilities are adequate and are not in excess of the amounts considered reasonably necessary.
4. The Company has reviewed the valuation of its group intangible assets and investments, based on management estimates. Such valuation does not reflect any impairment of value requiring provision of additional asset amortisation amounts.

Brands owned by one of the subsidiary companies in which the parent company has made direct investment, are depreciated by that Subsidiary in accordance with the policy adopted by it, resulting in negative net worth in the Balance Sheet of that subsidiary Company. However, management estimates of valuation of brands of that subsidiary Company do not reflect any permanent diminution in the value of Company's investments in that Subsidiary. As a result, no further provision is considered necessary in relation to the diminished net worth of that Subsidiary. The brand depreciation provided by the subsidiary company is charged to Profit & Loss Account in the consolidated accounts.

5. There are no Micro Small & Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31<sup>st</sup> March 2011. This information as required to be disclosed under the Micro Small & Medium Enterprises Development Act, 2006 as been determined to the extent such parties have been identified on the basis of information available with the Company.

#### 6. Loans and advances:

##### A. Advances recoverable include advances to direct/indirect subsidiaries:

- a) Power Brands (Foods) Pvt. Ltd, Rs. Nil, (Previous year Rs. 0.65 lacs) [Maximum balance outstanding during the year Rs. 0.65 lacs (Previous year Rs. 0.65 lacs)].
- b) ADF Foods India Ltd, Rs. 0.01 lacs, (Previous year Rs. 11.48 lacs) [Maximum balance outstanding during the year Rs. 22.57 lacs (Previous year Rs. 11.62)]
- c) ADF Foods Mauritius Ltd, Rs. 3.56 lacs, (Previous year Rs. 0.78 lacs) [Maximum balance outstanding during the year Rs. 354.54 lacs (Previous year Rs. 0.78 lacs)]
- d) ADF Foods (UK) Ltd, Rs. 35.51 lacs (Previous year Rs. Nil) [Maximum balance outstanding during the year Rs. 669.36 lacs (Previous year Rs. Nil)]
- e) ADF Holdings (USA) Ltd, Rs. 30.85 lacs (Previous year Rs. Nil) [Maximum balance outstanding during the year Rs. 31.55 lacs (Previous year Rs. Nil)]

##### B. Deposits include:

- a) Interest free lease deposit of Rs. 125.00 lacs, (Previous year Rs. 125.00 lacs) [Maximum balance outstanding during the year Rs. 125.00 lacs, (Previous year Rs. 125.00 lacs)] paid for office premises taken on lease from a Subsidiary Company in which some of the Directors of the Company are interested as Directors.
- b) Interest free deposit of Rs. 175.00 lacs (Previous year Rs. 175 lacs) [Maximum balance outstanding during the year Rs. 175.00 lacs, (Previous year Rs. 175 lacs)] paid for Brand utilisation to a Subsidiary Company in which some of the Directors of the Company are interested as Directors..
- c) Interest free security deposit of Rs. 14.00 lacs (Previous year Rs. 15 lacs) [Maximum balance outstanding during the year Rs. 15.00 lacs, (Previous year Rs. 15 lacs)] paid for guest house taken on lease from the Chairman of the Company.

7. On 22<sup>nd</sup> September, 2010, ADF Holdings (USA) Ltd. – a Wholly Owned Subsidiary of ADF Foods (UK) Ltd. (an existing Wholly Owned Subsidiary of ADF Foods Ltd.), was incorporated under the Laws of the State of Delaware in USA.

During the year under review, ADF Holdings (USA) Ltd. acquired 89% holding in ADF Foods (USA) Ltd. – a Company duly incorporated in Delaware on 3<sup>rd</sup> November 2010. Pursuant to an Asset Purchase Agreement dated 3<sup>rd</sup> November 2010, ADF Foods (USA) Ltd. purchased the inventory, plant, equipment and certain rights from M/S Elena's Foods Specialties, Inc., a California Corporation. Its head office is located in South San Francisco, California and is engaged in the production, marketing and sales of premium natural and organic food products and caters to the needs of its customers in the United States of America.

For the purpose of the acquisition of this new manufacturing unit in USA, the Company has pledged its fixed deposits worth Rs. 998 lacs and Mutual Funds' Units of the face value of Rs. 875 lacs with HDFC Bank, Mumbai Branch. Pursuant to a Stand By Letter of Credit issued by HDFC Bank, Mumbai Branch in its favour, HDFC Bank, Bahrain Branch has sanctioned a term loan of US \$ 4 million to ADF Foods Holdings (USA) Ltd.

**8. Leasing of Premises:**

The Company has taken certain premises on lease. The future minimum lease rental payments in respect of operating lease are as follows:

	2010-11	2009-10
	Rs. /Lacs	Rs. /Lacs
i) Not later than one year	17.20	17.20
ii) Later than one year and not later than five years	35.41	2.00
iii) Later than five years	44.83	45.33

Lease payment of Rs. 17.20 lacs is recognised in the Profit & Loss Account for the year ended 31st March 2011 (Previous year Rs. 17.20 lacs).

The Company acquired certain equipments under the financial lease. The future minimum lease rental payments in respect of financial lease are as follows:

	2010-11	2009-10
	Rs. /Lacs	Rs. /Lacs
i) Not later than one year	22.86	-
ii) Later than one year and not later than five years	22.86	-
iii) Later than five years	-	-

Lease payment of Rs. 2.60 lacs is recognised in the Profit & Loss Account for the year ended 31st March 2011 (Previous year Rs. Nil).

**9. Deferred Tax:**

Particulars	2010-11 Rs. /Lacs	2009-10 Rs. /Lacs
Liability		
Depreciation	529.25	504.35
<b>Total</b>	<b>529.25</b>	<b>504.37</b>
Assets:		
Un funded provision for gratuity and leave encashment	(28.76)	(24.04)
Doubtful advances and debts	(20.17)	(19.10)
Expenditure/provisions allowable	(10.42)	(20.92)
Tax Credit	(242.36)	-
	<b>(301.71)</b>	<b>(64.06)</b>
	<b>227.54</b>	<b>440.29</b>

**10. Related Party Transactions:**

List of related parties where control exists and related parties with whom transaction have taken place and relationships:

Sr. No.	Name of the Related Party	Relationship
I	M.H. Foods Pvt. Ltd.	Some of the Directors of the Company are related to the Directors of the said Pvt. Ltd. Company
2 a	Mr. Ramesh H. Thakkar – Chairman	Key Managerial Personnel - for ADF Foods Ltd.
2 a	Mr. Ashok H. Thakkar – Vice Chairman	
2 a	Mr. Bimal R. Thakkar – Managing Director	
2 a	Mr. Bhavesh R. Thakkar – Executive Director	
2 b	Mrs. Mahalaxmi R. Thakkar – Director	Key Managerial Personnel - for Power Brands (Foods) Pvt. Ltd.
2 c	Mr. Mishal A. Thakkar – Employee	Relative of Key Managerial Personnel

**Transactions during the year with Related Parties:**

Related party	Relationship Refer note	Description of transaction	Opening balance (Rs.)	Sales/ income during the Year (Rs.)	Receipts / adjustment during the year (Rs.)	Purchases/ expenses (Net) during the year (Rs.)	Payments/ adjustment during the year (Rs.)	Closing balance 31-03-2011 (Rs.)
M.H. Foods Pvt. Ltd.	1	Purchase	- (-)	- (-)	- (-)	77,972 (36,667)	77,972 (36,667)	- (-)
Ramesh H. Thakkar	2	Deposit	15,00,000 (15,00,000)	- (-)	1,00,000 (-)	- (-)	- (-)	14,00,000 (15,00,000)
Ramesh H. Thakkar	2	Rent	50,000 (-)	- (-)	- (-)	50,000 (50,000)	1,00,000 (-)	- (50,000)
Key Managerial Personnel	2 a & b	Directors Remuneration	5,78,625 (-)	- (-)	- (-)	1,15,88,155 (98,64,272)	1,21,66,780 (92,85,647)	- (5,78,625)
Mishal A. Thakkar	2 c	Salary	- (-)	- (-)	- (-)	6,23,522 (4,68,486)	6,23,522 (4,68,486)	- (-)

Note: Previous year's figures are shown in brackets

**11. Financial and derivative instruments:**

Contracts entered into by the Company for hedging in US \$ and outstanding as on 31st March 2011 amounts to US \$ 95.00 lacs (previous year US \$ 72.70 lacs), equivalent to Rs 4,317.88 lacs (Previous year in Rs. 3,548.76 lacs)

Contracts entered into by the Company for hedging in UK £ and outstanding as on 31st March 2011 amounts to UK £ 9.00 lacs (previous year UK £ 6.00 lacs), equivalent to Rs 648.75 Lacs (Previous year Rs. 68.99 lacs).

All contracts entered by the Company are for hedging of exposures against receivables. The Company does not enter into any derivative instruments for trading or speculative purposes.

In respect of outstanding hedging contracts as given above, any net unrealized Profit/(Loss) on account of Mark to Market and/or Premium has been recognised in the Books of Accounts on their restatement at the year end exchange rate.

**12. Disclosures required under Accounting Standard 15 (Revised) "Employee Benefits" notified in the Companies (Accounting Standards) Rules 2006, are given below:**

Effective from the financial year 2010-11, the Company has offered its employees defined benefit plans in the form of Group Gratuity Scheme. Gratuity Scheme covers all qualifying employees as statutorily required under the Payment of Gratuity Act, 1972. The Company has made irrevocable contribution of funds to LIC of India.

The present value of the defined benefit obligation and the related current service cost were measured using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance sheet date.

**Defined Contribution Plan:**
**a) Net Asset/Liability recognised in the Balance Sheet as at 31<sup>st</sup> March 2011:**
**Funded:**

Particulars	2010-11 Rs. /Lacs	2009-10 Rs. /Lacs
Present value of the obligation on 31 <sup>st</sup> March 11	78.98	67.74
Fair value of the plan assets	(86.83)	(78.98)
Net asset (liability) recognised in Balance Sheet	(7.85)	(11.24)

**Unfunded:**

Particulars	2010-11 Rs. /Lacs	2009-10 Rs. /Lacs
Present value of the obligation on 31 <sup>st</sup> March 11	(65.05)	(55.35)
Fair value of the plan assets	Nil	Nil
Net asset (liability) recognised in Balance Sheet	(65.05)	(55.35)

**b) Expenses recognised during the year under the head personnel cost:**

Particulars	Gratuity Rs. /Lacs (Unfunded)	Leave Encashment Rs. /Lacs (Unfunded)
Interest cost from 1 <sup>st</sup> April 10 to 31 <sup>st</sup> March 11	5.42	1.15
Service cost from 1 <sup>st</sup> April 10 to 31 <sup>st</sup> March 11	7.40	7.65
Expected return on plan assets	(7.33)	Nil
Gain / (Loss) recognised up to 31 <sup>st</sup> March 11	11.26	1.22
Net gain to be provided as income in Profit & Loss Account	16.75	7.58

**c) Actuarial Assumptions:**
**Funded:**

Particulars	Gratuity	Leave Encashment
Discount rate (per annum)	8%	-
Rate of increase in compensation level	7%	-

Particulars	Gratuity (Unfunded)	Leave Encashment (Unfunded)
Discount rate (per annum)	7%	7.5%
Rate of increase in compensation level	5%	5%
Expected average remaining working lives of employees (years)	16	16

**13. Computation of earning per share:**

Basic earning per share:	2010-11	2009-10
Number of Shares at the beginning of the year	2,01,90,000	1,78,63,890
Issued during the year	-	23,26,110
Number of Shares at the end of the year	2,01,90,000	2,01,90,000
Number of shares (Basic Weighted Average)	2,01,90,000	1,89,61,433
Profit for the year (Rs. in lacs)	Rs. 1,406.85	Rs. 1,333.38
Basic Earning per Share (Weighted average)	6.97	7.03
Number of shares (Diluted)	2,01,90,000	1,89,61,433
Diluted Earning per Share (Weighted average)	6.97	7.03

**14. Sales:**

	2010-11		2009-10	
Turnover	Qty.	Rs./Lacs	Qty. in M.T.	Rs./Lacs
Processed & Preserved Food Products (kgs. /in M.T.)	13,467.46	9,614.65	13,058.13	8,879.06
Processed & Preserved Food Products (in cases/in '000.)	166.78	1,642.80	-	-
Chilli Powder, Ground and Blended Spices (kgs. /in M.T.)	240.16	318.12	182.00	225.93
Traded Goods *		935.93		817.44
Sale of Import Licenses		208.03		407.22
		12,719.53		10,329.65

\* Quantities of traded goods are not indicated, as there are large numbers of items which cannot be quantified into metric tons.

**15. Details of Raw Materials, Stores and Packing Materials Consumed:**

	2010-11		2009-10	
	Qty. In M.T.	Rs./Lacs	Qty. In M.T.	Rs./Lacs
Mango, Lemon, Chilli, Vegetables, Oil, Whole Chilli, Tamarind, Salt, Sugar, & Other ingredients	18,947	4,660.12	12,960	2,905.79
Packing Materials *		1,642.50		1,485.86
<b>Total</b>		<b>6,302.62</b>		<b>4,391.65</b>



\*Note: Quantities of packing materials are not indicated as there are too many items having Different-measuring units, which cannot be expressed into metric tons.

Quantitative information for raw material consumption does not include for subsidiary Companies.

**16. Value of Imported and indigenous Raw Materials, Packing Materials and Stores and Spare parts consumed:**

	2010-11		2009-10	
	Rs./Lacs	% of Consumption	Rs./Lacs	% of Consumption
Raw Materials consumed:				
Imported	56.26	1.21	169.03	5.82
Indigenous	4,603.86	98.79	2,736.76	94.18
<b>Total</b>	<b>4,660.12</b>	<b>100.00</b>	<b>2,905.79</b>	<b>100.00</b>

	2010-11		2009-10	
	Rs./Lacs	% of Consumption	Rs./Lacs	% of Consumption
Stores & Packing Materials consumed:				
Imported	180.77	11.00	169.65	11.42
Indigenous	1,461.73	89.00	1,316.21	88.58
<b>Total</b>	<b>1,642.50</b>	<b>100.00</b>	<b>1,485.86</b>	<b>100.00</b>

**17. Information of each class of goods manufactured:**

**Licensed Capacity, Installed Capacity and Actual Production:**

**a) I) Licensed Capacity** (See note no. I)

	2010-11 Quantity in M.T.	2009-10 Quantity in M.T.
II) Installed Capacity	21,450.00	21,450.00
III) Actual Production:		
Processed & Preserved Food Products	13,952.60	13,156.51
Chilly Powder, Ground Spices	238.19	181.52

**Notes:**

- (1) As the Company is in the Agro based industry category no license is required to be obtained for its installed capacity.
- (2) The above figures are as certified by the management and relied upon by the auditor.

**b) Opening & Closing Stock of Finished Goods :**

	2010-11				2009-10			
	Opening Stock		Closing Stock		Opening Stock		Closing Stock	
	Qty.	Rs./Lacs	Qty.	Rs./Lacs	Qty.	Rs./Lacs	Qty.	Rs./Lacs
Processed & Preserved Food Products (kgs. /in M.T.)	158.65	71.10	89.72	45.05	75.04	30.36	158.65	71.10
Processed & Preserved Food Products (in cases/in '000.)	** 24.12	** 119.00	36.81	226.41				
Chilly Powder, Ground Spices	2.00	1.21	0.03	0.04	2.48	2.81	2.00	1.21
Traded Goods *		44.70		29.74		26.63		44.70
<b>Total</b>		<b>117.01</b>		<b>301.24</b>		<b>59.80</b>		<b>117.01</b>

\* Quantities of Opening & Closing stock of traded goods are not indicated as there are too many items having different measuring units, which cannot be translated into metric tons.

\*\* One of the indirect subsidiaries in USA has acquired on 3rd November 2010 and hence opening quantity is effective from that date.

## c) Purchase of Traded Goods:

	2010-11 Rs./Lacs	2009-10 Rs./Lacs
Traded Goods *	449.68	564.17
<b>Total</b>	<b>449.68</b>	<b>564.17</b>

\* Quantities of Purchase of traded goods are not indicated as there are too many items having different measuring units, which cannot be translated into metric tons.

## 18. Managerial Remuneration:

### A. Remuneration to Chairman, Vice Chairman, Managing Director, Executive Director:

	2010-11 Rs./Lacs	2009-10 Rs./Lacs
Salaries, Allowances & Commission	101.10	87.66
Contribution to Provident and family pension funds	8.57	7.42
Perquisites	6.21	3.57
<b>Total</b>	<b>115.88</b>	<b>98.65</b>

Note:

The above remuneration does not include provisions for gratuity and leave encashment, as these are lump sum amounts based on actuarial valuation.

## 19. Miscellaneous expenditure includes Auditors' Remuneration:

	2010-11 Rs./Lacs	2009-10 Rs./Lacs
For Audit Fees	19.34	7.47
For Tax Audit Fees	0.50	0.50
For Other Matters	0.53	0.53
For Service Tax	0.75	0.54
<b>Total</b>	<b>21.12</b>	<b>9.04</b>

## 20. Value of Imports Calculated on C.I.F. Basis:

	2010-11 Rs./Lacs	2009-10 Rs./Lacs
Raw Materials / Packing Materials / Traded Goods	254.13	374.37
Capital Goods/ Consumables/ imported parts for machinery repairs	28.27	113.28
<b>Total</b>	<b>282.40</b>	<b>487.65</b>

## 21. Expenditure in Foreign Currency:

	2010-11 Rs./Lacs	2009-10 Rs./Lacs
Traveling Expenses	108.76	120.57
Advertisement	158.56	127.94
Legal & Professional Fees	21.08	31.96
Bank Interest	-	7.35
Sales expenses	42.24	57.97
Claims	44.12	82.51
Commission	88.76	89.93
Steamer Freight	156.73	176.00
Others	4.01	6.21
<b>Total</b>	<b>624.26</b>	<b>700.44</b>

## 22. Remittance in foreign Currency on account of dividend:

During the year, the Company has not made any remittance in foreign Currency on account of dividend payable to its Non Resident Shareholders. However the details of dividend paid to the Non Resident Shareholders during the financial year is given below.

Particulars	Dividend 2009-10
No. of non-resident Share holders	77
No. of shares held by them	2,830,219
Amount of dividend (15 % i.e. Rs. 1.50 Per Share)	4,245,329

## 23. Earnings in Foreign Currency:

	2010-11 (Rs. in lacs)	2009-10 (Rs. in lacs)
F.O.B. Value of Exports	9,789.66	8,741.34

## 24. Segment wise information for the year ended 31<sup>st</sup> March 2011:

Segments have been identified in line with the "Accounting standard on Segment reporting" (AS-17), taking into account, the nature of products and services, the organization and internal reporting structure as well as differential risk of these segments.

(A) Information about Primary Business Segments is given in Annexure 1:

Notes:

- (i) The Company is organized into two main segments. Namely:
  - Processed & Preserved Foods.
  - Trading Goods.
- (ii) Segment revenue includes sales and Export incentives (Duty Draw back, Sales of Licence).

(B) Information about Secondary Business Segments is given in Annexure 2:

Notes:

- (i) The Company is organized into two main segments. Namely:
  - India.
  - Out of India.
- (ii) Segment revenue in geographical segments considered for disclosure is as follows:
  - Revenue with in India includes sales to customers located with in India and earning in India.
  - Revenue outside India includes located outside India and earning outside India.

(C) Segment Revenue, Results, Assets and Liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.

25. Previous year's figures have been regrouped and recast wherever considered necessary.

26. Figures have been rounded off to the nearest lacs.

**Schedules referred to above form an integral part of the Balance Sheet and Profit & Loss Account.**

For and on behalf of the Board of Directors

**RAMESH H. THAKKAR**  
Chairman

**BIMAL R. THAKKAR**  
Managing Director

**Shalaka Ovalekar**  
Company Secretary  
Mumbai,  
Date, 19th May 2011

**CONSOLIDATED SEGMENT REPORTING FOR THE YEAR ENDED**
**Annexure – I**

Particulars	31-Mar-11 Rs. in lacs	31-Mar-10 Rs. in lacs
<b>Segment Revenue</b>		
a) Processed and preserved foods	11,989.26	9,743.95
b) Traded goods	950.64	706.38
<b>Total</b>	<b>12,939.90</b>	<b>10,450.33</b>
Less: Inter Segment revenue	–	–
<b>Net Sales/Income from Operations</b>	<b>12,939.90</b>	<b>10,450.33</b>
<b>Segment Results</b>		
<b>Profit(+)/Loss(-) before tax and interest from each Segment wise:</b>		
a) Processed and preserved foods	1,700.59	1,689.68
b) Traded goods	110.04	29.12
<b>Total</b>	<b>1,810.63</b>	<b>1,718.80</b>
Less: Interest	183.92	181.38
Other un-allocated expenditure net off	507.03	450.79
Un-allocable income	434.98	655.12
<b>Total Profit before Tax</b>	<b>1,554.66</b>	<b>1,741.75</b>
<b>Capital employed:</b>		
a) Processed and preserved foods	4,587.89	4,958.22
b) Traded goods	888.27	75.06
c) Others un allocated	5,913.89	5,508.35
<b>Total</b>	<b>11,390.05</b>	<b>10,541.63</b>

**Note on segment information:**

- Regarding Segment-wise results, business segment, as given below, have been identified as reportable Primary Segments in accordance with AS-17, issued by the ICAI, taking in to account the organisational and the internal reporting structure as well as evaluation of risks and returns from these segments.
  - Processed and preserved foods
  - Traded goods
- Segment Revenue and Results include the respective amounts identifiable to each of the business segments. Other unallocable expenditure (Net of unallocable income) represents expenses incurred on common/regional/corporate services not directly identifiable to individual segments.
- Segment assets and liabilities include all operating assets directly identified to the business segments. “Others un allocated “ represent common assets and liabilities which cannot be allocated to any of the segments.
- The Consolidated Financial statement have been prepared in accordance with Accounting Standards AS-21 “Consolidated Financial Statement” issued by the Institute of Chartered Accountants of India. Consolidated financial statement of the Company includes the Financial statement of it's 100% Subsidiary Company, ADF Foods UK Limited., 99% Subsidiary Company, Power Brands (Foods) Pvt. Ltd., 100% Subsidiary company, ADF Foods (Mauritius) Ltd, 100% Subsidiary company, ADF Foods (India) Ltd. 100% step down subsidiary of ADF Holdings (USA) Ltd. and 89% subsidiary of ADF Foods (USA) Ltd.

## CONSOLIDATED SEGMENT REPORTING FOR THE YEAR ENDED

Annexure – 2

Particulars	31-Mar-11 Rs. in lacs	31-Mar-10 Rs. in lacs
<b>Segment Revenue</b>		
a) Domestic	737.39	1,174.99
b) Exports	12,202.51	9,275.34
	<b>12,939.90</b>	<b>10,450.33</b>
Less: Inter Segment revenue	—	—
<b>Net Sales/Income from Operations</b>	<b>12,939.90</b>	<b>10,450.33</b>
<b>Segment Results</b>		
<b>Profit(+)/Loss(-) before tax and interest</b>		
<b>from each Segment wise:</b>		
a) Domestic	231.02	233.49
b) Exports	1,579.61	1,485.31
<b>Total</b>	<b>1,810.63</b>	<b>1,718.80</b>
Less: Interest	183.92	181.38
Other un-allocated expenditure net off	507.03	450.79
Un-allocable income	434.98	655.12
<b>Total Profit before Tax</b>	<b>1,554.66</b>	<b>1,741.75</b>
<b>Capital employed:</b>		
a) India	11,522.35	10,529.66
b) Out side India	(132.30)	11.97
<b>Total</b>	<b>11,390.05</b>	<b>10,541.63</b>

### Note on segment information:

- Segment have been identified in line with the "Accounting Standard on Segment Reporting (AS-17)", taking in to account, the organisation and internal reporting structure as well as differential risk of these segments.
- The Consolidated Financial statement have been prepared in accordance with Accounting Standards AS-21 "Consolidated Financial Statement" issued by the Institute of Chartered Accountants of India. Consolidated financial statement of the Company includes the Financial statement of its 100% Subsidiary Company, ADF Foods UK Limited., 99% Subsidiary Company, Power Brands (Foods) Pvt. Ltd., 100% Subsidiary company, ADF Foods (Mauritius) Ltd, 100% Subsidiary company, ADF Foods (India) Ltd. 100% step down subsidiary of ADF Holdings (USA) Ltd. and 89% subsidiary of ADF Foods (USA) Ltd.

**CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31st MARCH 2011**

	31-Mar-11 Rs. (in Lacs)	31-Mar-10 Rs.(in Lacs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit/(Loss) before tax and extraordinary items.	1,554.66	1,741.75
Adjustment for :		
Depreciation	682.17	623.28
Sale of assets	3.76	59.55
	685.93	682.83
Operating Profit before working capital charges	2,240.59	2,424.58
Adjustment for :		
Trade and other receivables	(315.16)	(593.38)
Inventories	(681.05)	372.94
Trade Payables	626.29	(221.20)
	(369.92)	(441.64)
Cash generated from operations	1,870.67	1,982.94
Direct taxes paid	(399.39)	(336.98)
Adjustment of tax of earlier year	40.82	(15.61)
Previous year's adjustments	(1.17)	(8.58)
Wealth tax	(0.82)	(1.49)
	(360.56)	(362.66)
Cash Flow before extraordinary items	1,510.11	1,620.28
Extraordinary items	—	—
	1,510.11	1,620.28
Pre-operative expenses	1.44	1.58
	1.44	1.58
<b>Net cash from operating activities ( A )</b>	<b>1,511.55</b>	<b>1,621.86</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed Assets (including capital work in progress)	(2,807.86)	(585.06)
Inter corporate deposit	—	(850.00)
Translation reserve	4.15	27.09
Investment in Mutual Funds Units	(875.00)	—
<b>Net Cash used in investing activities ( B )</b>	<b>(3,678.71)</b>	<b>(1,407.97)</b>
Effect of Consolidated Reserves		
<b>C. CASH FLOW FINANCING ACTIVITIES</b>		
Proceeds from borrowings from banks & financial institutions (Net of repayments)	2,266.21	(43.26)
Increase of Share Capital	—	232.61
Security Premium	—	511.74
Unsecured loans from Directors	(9.40)	—
Dividend & Corporate Dividend Tax Paid	(349.83)	(350.97)
Net cash used in financing activities ( C )	<b>1,906.98</b>	<b>350.12</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(260.18)</b>	<b>564.01</b>
Cash and cash equivalents at the beginning of the year	1-Apr-10	1-Apr-09
(Opening Balance)	2,343.68	1,779.67
Cash and cash equivalents as at	31-Mar-11	31-Mar-10
(Closing Balance)	2,083.50	2,343.68

We have verified the above cash flow statement of ADF FOODS LIMITED derived from the audited financial statements for the year ended 31st March 2011 and for the year ended 31st March 2010 and found the same to be drawn in accordance there with and also with the requirements of Clause 32 of the listing agreement with StockExchange.

As per our report of even date

For and on behalf of the Board of Directors

**For D.P. GHEVARIA & CO.**  
Chartered Accountants

**RAMESH H. THAKKAR**  
Chairman

**BIMAL R. THAKKAR**  
Managing Director

**D.P.GHEVARIA**  
Proprietor  
Membership No. 32431  
Mumbai, Date, 19th May 2011

**Shalaka Ovalekar**  
Company Secretary

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

Rs. in lacs

Sr. No.	Name of subsidiary Company	Reporting Currency	Capital	Reserves	Total Assets	Total Liabilities	Investments*	Turnover/ Total Income	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend	Country
1	ADF Foods (India) Limited	INR	5.00	(33.99)	(28.99)	(28.99)	Nil	319.51	(16.62)	0.02	(16.64)	Nil	India
2	Power Brands (Foods) Pvt. Ltd.	INR	1,900.00	(814.55)	1,100.90	1,100.90	Nil	19.44	(200.27)	0.39	(200.66)	Nil	India
3	ADF Foods UK Ltd.	GBP	678.61	14.74	693.35	693.35	Nil	33.48	(3.03)	(0.86)	(2.17)	Nil	UK
4	ADF Foods Mauritius Ltd.	USD	4.47	(8.99)	(4.52)	(4.52)	Nil	-	(4.05)	-	(4.05)	Nil	Mauritius
5	ADF Holdings (USA) Ltd.	USD	669.75	(30.92)	2,297.28	2,297.28	Nil	63.18	(46.87)	(15.93)	(30.94)	Nil	USA
6	ADF Foods (USA) Ltd.	USD	401.86	(107.14)	224.40	224.40	Nil	1,643.04	(177.55)	(56.89)	(120.66)	Nil	USA

Exchange rate as on 31.03.2011 | 1.GBP = Rs. 71.90 | 2. USD = Rs. 44.65

The above figures are stated before giving effect to the Consolidation adjustments.

\* Investments in the Subsidiaries are excluded as per directions given by Ministry Of Corporate Affairs vide its General Circular No.2/2011 dated 08.02.2011





## ADF FOODS LIMITED

Registered office: 83/86 GIDC Industrial Estate, Nadiad – 387001, Gujarat

### Proxy Form

**Twenty First Annual General Meeting- 15<sup>th</sup> July, 2011 at 2.00 P.M.**

Folio No. ....

I/We .....

of .....in the district of

.....being a member /members of the above named Company hereby appoint

.....of .....in the district of

.....or failing him .....

of .....in the district of .....

as my/our proxy to vote for me/us on my/our behalf at the Twenty First Annual General Meeting of the Company to be held on 15<sup>th</sup> July, 2011 at 2.00 PM and at any adjournment thereof.

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

Signature .....

Affix  
Revenue  
Stamp

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

## ADF FOODS LIMITED

Registered office: 83/86 GIDC Industrial Estate, Nadiad – 387001, Gujarat

### Attendance Slip

**Twenty First Annual General Meeting- 15<sup>th</sup> July, 2011 at 2.00 P.M.**

Folio No .....

I certify that I am a Registered Shareholder / Proxy for the registered shareholder of the Company. (Members' /proxy's name and address in block letters to be furnished below)

I hereby record my presence at the TWENTY FIRST ANNUAL GENERAL MEETING of the Company at Sheth Khushaldas Gokaldas Patel Municipal Town Hall, Nadiad – 387001, Gujarat on Friday, 15<sup>th</sup> July, 2011 at 2.00 PM.

.....  
Member's / Proxy's Name in block letters

.....  
Members' / Proxy's Signature

Note: Please fill in this attendance slip and hand it over at the ENTRANCE OF THE MEETING HALL





What sets ADF apart from competitors are product development and innovation. These two main factors in sync with the innate ability to understand changing consumer needs and preferences have been behind the success of the new products developed in the recent past. Moving ahead, ADF is extremely optimistic about the future. Mentioned below are some of the company's plans for the future.

- ADF's goal is to become 5 times its size in the next 5 years
- The Company aims to have a Pan India presence in the next 2 years
- ADF intends to introduce a wide range of products comprising of Indian and International cuisines under the brand "SOUL". The product portfolio under SOUL will be innovative, keeping in mind the changing tastes and lifestyles of the consumer. While preserving the authentic taste of our products the emphasis will also remain on the health and wellness of our consumer
- The company will be making sizeable investments in terms of brand building and setting up a stronger distribution network in India
- The company is also on the look-out for more acquisitions in significant markets to grow its international business



BOOK-POST



If undelivered please return to:

83/86 G.I.D.C. Industrial Estate  
Nadiad - 387 001, Gujarat, INDIA

[www.adf-foods.com](http://www.adf-foods.com)