

ADF FOODS LTD.

22nd Annual Report 2011-2012



0% Transfat. 0% Cholesterol. 100% Health.
Made in Extra Virgin Olive Oil.

ADF
SOUL™
Dil Ki Khwaish Bhi. Dil Ka Khayaal Bhi.



From The Chairman's Desk

Dear Shareholders,

At the outset, I would like to extend a word of appreciation to you for the continued support over the years, leading to your Company's continuous growth and success.

During the previous year, the Company's U.S. subsidiary acquired substantial assets of Elena's Food Specialties Inc., a U.S. based manufacturer and marketer of organic and natural food products. Elena's business broke even in the very first year, through the implementation of various cost control measures, efficient business operations and rationalization of the product range. I am optimistic about our U.S. Subsidiary's business growth and I am hopeful that it would start contributing to the Company's bottom line from here on.

The Company also introduced certain Ethnic Indian wraps in the U.S., under its brand 'ADF SOUL', made in the U.S. Facility. These products are now listed and sold at major supermarkets and natural grocery chains all across USA.

Internationally, we have a strong foothold in over 45 countries and the Company's business targets not only the Indian population abroad, but also the mainstream consumers from across the globe. We foresee excellent growth prospects in the ethnic food industry internationally, and shall continue to spread our business worldwide.

The Company's domestic business is spreading pan India. Having received a very encouraging response in Mumbai and Pune, the Company expanded its product distribution channels to Gujarat and Madhya Pradesh. It also saw a remarkable growth in the supermarket business. There has been an addition of new products such as Kesar Mango Pulp, Pizza Sauces and Pasta Sauces, all under the umbrella brand of 'ADF SOUL'.

To keep up with the growing popularity, the Company strengthened its distribution network and also increased the sales force with a focus on rolling out aggressive strategies for its domestic business, in order to establish a strong position in the growing processed foods industry in India.

With the 'always improving' lifestyle amongst the strong Indian Middle Class, the demand for Ready-to-Eat foods and convenience foods is poised to show a robust growth in packaged foods. In order to embrace this opportunity, the Company plans to expand further and reach out to all major cities by the end of this year, by adding many exciting products to its current range. This year, a major thrust and emphasis is planned for 'ADF SOUL' through advertising and promotional support in the domestic market.

It is a privilege for me to announce that even this year, the Board has recommended a 15% dividend in appreciation of your continuous support towards our growth.

The financial year 2011-12 has been a challenging year, due to economic uncertainty across the globe and steep food inflation. But despite these factors, the Company managed to sustain its market position through concerted efforts and a better product mix. To achieve all that the Company has, it takes discipline, focus and an enjoyable work culture. The Company has, time and again, proved that with its performance-driven work culture and passion for a higher level of productivity, greater heights and milestones can be achieved.

With complete belief in doing better in the coming year, I once again want to thank all the stakeholders personally for sharing this very belief. Together we will ensure that your Company experiences further growth in the years to come.

With warm regards,

Ramesh H. Thakkar
Chairman

BOARD OF DIRECTORS

BOARD OF DIRECTORS	Mr. Ramesh H. Thakkar	Chairman
	Mr. Ashok H. Thakkar	Vice-Chairman
	Mr. Bimal R. Thakkar	Managing Director
	Mr. Bhavesh R. Thakkar	Executive Director
	Mr. Nipun C. Shah	Director
	Mr. Yasir J. Varawala	Director
	Mr. Vikram S. Munshi	Director
	Mr. Jay M. Mehta	Director
	Mr. Viren A. Merchant	Director
	Mr. Ravinder Kumar Jain	Director
SENIOR MANAGEMENT	Mr. Dilip S. Golwala	General Manager - Finance & Accounts
	Mr. Dinesh Jaiswal	General Manager - Works (Nashik)
	Mr. R. R. Singh	General Manager - Works (Nadiad)
	Mr. Vinayak Vetekar	National Sales Manager
COMPANY SECRETARY	Ms. Shalaka Ovalekar	
COUNTRY MANAGERS	Mr. Steve Pezzack	Food Service –UK
	Mr. Upinder Thakur	Ethnic Division- UK & Europe
	Mr. Amresh Sawant	Ethnic Division – UK & Europe
	Mr. Vimal Bhalla	North America
	Mr. Prashant Patil	Asia Pacific & Africa
STATUTORY AUDITORS	M/s D. P. Ghevaria & Co. Chartered Accountants M/s. B S R & Co. Chartered Accountants	
INTERNAL AUDITORS	M/s. Suresh Gandhi & Associates, Surat M/s. Pipalia Singhal & Associates	
SOLICITORS	M/s. Legasis Partners, Mumbai	
BANKERS	State Bank Of Hyderabad Bank Of Baroda	
REGISTERED OFFICE	83/86 GIDC Industrial Estate, Nadiad- 387 001, Gujarat, India Tel.: 0268-2551381 / 2 Fax. : 0268-2565068 E-mail: nadiadfactory@adf-foods.com	
CORPORATE OFFICE	Sadhana House, Unit 2 B, 2 nd Floor, 570 PB. Road, Worli, Mumbai 400 018, India Tel.:022-6141 5555 Fax: 022-6141 5577 E-mail.: info@adf-foods.com website: www.adf-foods.com	
REGISTRAR AND SHARE TRANSFER AGENTS	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 E-mail.: rnt.helpdesk@linkintime.co.in website : www.linkintime.co.in	

CONTENTS	
Board of Directors	1
Notice	2
Directors' Report	13
Management Discussion and Analysis Report	19
Report on Corporate Governance	22
Auditors' Report	35
Balance Sheet	38
Profit & Loss Account.....	39
Notes on Financial Statments	40
Note on Significant Accounting Policies forming part of the Financial Statments	53
Cash Flow Statement	62
Balance Sheet abstract.....	63
Statement Pursuant to Section-212.....	64
Auditor's Report on the Consolidated Financial Statements....	65
Consolidated Balance Sheet	66
Consolidated Profit & Loss Account	67
Notes on consolidated Financial Statements	68
Note on Significant Accounting policies forming part of the Consolidated Financial Statements.....	81
Consolidated Cash Flow Statement	91
Statement Pursuant to Section-212(8)	93
Attendance Slip/Proxy Form	

22nd Annual General Meeting

Wednesday, 8th August, 2012 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 22ND ANNUAL GENERAL MEETING

NOTICE is hereby given that the **Twenty Second Annual General Meeting** of **ADF FOODS LIMITED** will be held at Sheth Khushaldas Gokaldas Patel Municipal Town Hall, Nadiad 387 001, Gujarat on Wednesday, 8th August, 2012 at 2.00 P.M to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2012 and the Profit and Loss Account for the year ended on that date along with the Reports of the Directors and Auditors thereon.
2. To declare dividend on equity shares for the year ended 31st March 2012.
3. To appoint a Director in place of Mr. Nipun Shah who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Vikram Munshi who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr. Jay Mehta who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint Auditors and to authorise the Board of Directors to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as an **Ordinary Resolution** :

“RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 1956, M/s. D. P. Ghevaria & Co. Chartered Accountants (Registration No. 103176W) and M/s. B S R & Co., Chartered Accountants (Registration no. 101248W) be and are hereby appointed as Statutory auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration to be fixed by the Board of Directors of the Company.”

SPECIAL BUSINESS

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

“RESOLVED THAT pursuant to the provisions of Section 314 (1B) of the Companies Act, 1956 read with Directors (Office or Place of Profit) Rules, 2011 and other applicable provisions, if any, or any statutory modification(s) or re-enactments thereof and subject to such changes/modifications as the Central Government may stipulate and as acceptable to the appointee, the approval of the Company be and is hereby accorded to the re-appointment of Mr. Mishal A Thakkar as Manager (Operations), for a further period of 3 years with effect from 17th June, 2012 on terms and conditions including remunerations as set out in the explanatory statement annexed to the Notice convening this meeting and to his holding and continuing to hold an office or place of profit as such in the Company.

RESOLVED FURTHER THAT Mr. Ramesh H. Thakkar, Chairman, Mr. Ashok H. Thakkar, Vice-Chairman, Mr. Bimal R. Thakkar, Managing Director, Mr. Bhavesh R. Thakkar, Executive Director, and Ms. Shalaka Ovalekar, Company Secretary of the Company be and are hereby authorized to execute any statement, declaration, undertaking and do all such acts, deeds and things as are necessary to give effect to the aforesaid resolution”.

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

“RESOLVED THAT in partial modification of Ordinary Resolution passed at the Annual General Meeting held on 15th July, 2011 in respect of appointment Mr. Ramesh H. Thakkar as Chairman and pursuant to recommendation of Remuneration Committee and pursuant to provision of section 198, 269 and 309 read with schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment for the time being in force) & pursuant to Article No. 116 of Articles of Association of the Company, and subject to such further approval of applicable Authority(ies), if any, as may be required, the members of the Company do hereby approve the variation in the terms of remuneration payable to Mr. Ramesh H. Thakkar , from 1st June 2012 till the remaining of his term upto 30th September, 2014 in the manner as set out in detail in the Explanatory Statement attached to this notice convening the 22nd Annual General Meeting.

RESOLVED FURTHER THAT the draft supplementary agreement to be entered into between the Company and Mr. Ramesh H. Thakkar as tabled at the meeting and initialed by the Chairman for the purpose of identification be and is hereby approved 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 Schedule XIII of the Companies Act, 1956 or any other statutory modification or re-enactment thereof.

RESOLVED FURTHER THAT if in any financial year during the currency of the tenure of Mr. Ramesh H. Thakkar, Chairman , if the Company has no profits or its profits are inadequate unless otherwise approved by Central Government, the remuneration to be paid to Mr. Ramesh H. Thakkar, Chairman shall be as per monetary ceiling prescribed in Section II of Part II of Schedule XIII of the Companies Act, 1956 or as may be modified from time to time or such monetary limits as may be prescribed by the Central Government from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company 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 in partial modification of Ordinary Resolution passed at the Annual General Meeting held on 15th July, 2011 in respect of appointment Mr. Ashok H. Thakkar as Vice Chairman and pursuant to recommendation of Remuneration Committee and pursuant to provision of section 198, 269 and 309 read with schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment for the time being in force) & pursuant to Article No. 116 of Articles of Association of the Company, and subject to such further approval of applicable Authority(ies), if any, as may be required, the members of the Company do hereby approve the variation in the terms of remuneration payable to Mr. Ashok H. Thakkar , from 1st June 2012 till the remaining of his term upto 30th September, 2014 in the manner as set out in detail in the Explanatory Statement attached to this notice convening the 22nd Annual General Meeting.

RESOLVED FURTHER THAT the draft supplementary agreement to be entered into between the Company and Mr. Ashok H. Thakkar as tabled at the meeting and initialed by the Chairman for the purpose of identification be and is hereby approved 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 Schedule XIII of the Companies Act, 1956 or any other statutory modification or re-enactment thereof.

RESOLVED FURTHER THAT if in any financial year during the currency of the tenure of Mr. Ashok H. Thakkar, Vice Chairman , if the Company has no profits or its profits are inadequate unless otherwise approved by Central Government, the remuneration to be paid to Mr. Ashok H. Thakkar, Vice Chairman shall be as per monetary ceiling prescribed in Section II of Part II of Schedule XIII of the Companies Act, 1956 or as may be modified from time to time or such monetary limits as may be prescribed by the Central Government from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company 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 in partial modification of Ordinary Resolution passed at the Annual General Meeting held on 15th July, 2011 in respect of appointment Mr. Bimal R. Thakkar as Managing Director and pursuant to recommendation of Remuneration Committee and pursuant to provision of section 198, 269 and 309 read with schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment for the time being in force) & pursuant to Article No. 116 of Articles of Association of the Company, and subject to such further approval of applicable Authority(ies), if any, as may be required, the members of the Company do hereby approve the variation in the terms of remuneration payable to Mr. Bimal R. Thakkar , from 1st June 2012 till the remaining of his term upto 30th September, 2014 in the manner as set out in detail in the Explanatory Statement attached to this notice convening the 22nd Annual General Meeting.

RESOLVED FURTHER THAT the draft supplementary agreement to be entered into between the Company and Mr. Bimal R. Thakkar as tabled at the meeting and initialed by the Chairman for the purpose of identification be and is hereby approved 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 Schedule XIII of the Companies Act, 1956 or any other statutory modification or re-enactment thereof.

RESOLVED FURTHER THAT if in any financial year during the currency of the tenure of Mr. Bimal R Thakkar, Managing Director, if the Company has no profits or its profits are inadequate, unless otherwise approved by Central Government, the remuneration to be paid to Mr. Bimal R Thakkar, Managing Director shall be as per monetary ceiling prescribed in Section II of Part II of Schedule XIII of the Companies Act, 1956 or as may be modified from time to time or such monetary limits as may be prescribed by the Central Government from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company 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 an Ordinary Resolution:

“**RESOLVED THAT** in partial modification of Ordinary Resolution passed at the Annual General Meeting held on 15th July, 2011 in respect of appointment Mr. Bhavesh R. Thakkar as Executive Director and pursuant to recommendation of Remuneration Committee and pursuant to provision of section 198, 269 and 309 read with schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment for the time being in force) & pursuant to Article No. 116 of Articles of Association of the Company, and subject to such further approval of applicable Authority(ies), if any, as may be required, the members of the Company do hereby approve the variation in the terms of remuneration payable to Mr. Bhavesh R. Thakkar , from 1st June 2012 till the remaining of his term upto 30th September, 2014 in the manner as set out in detail in the Explanatory Statement attached to this notice convening the 22nd Annual General Meeting.

RESOLVED FURTHER THAT the draft supplementary agreement to be entered into between the Company and Mr. Bhavesh R. Thakkar as tabled at the meeting and initialed by the Chairman for the purpose of identification be and is hereby approved 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 Schedule XIII of the Companies Act, 1956 or any other statutory modification or re-enactment thereof.

RESOLVED FURTHER THAT if in any financial year during the currency of the tenure of Mr. Bhavesh R Thakkar, Executive Director, if the Company has no profits or its profits are inadequate, unless otherwise approved by Central Government, the remuneration to be paid to Mr. Bhavesh R Thakkar, Executive Director shall be as per monetary ceiling prescribed in Section II of Part II of Schedule XIII of the Companies Act, 1956 or as may be modified from time to time or such monetary limits as may be prescribed by the Central Government from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company 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.”

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, 28th July, 2012 to Wednesday, 8th August, 2012 (both days inclusive)

4. The dividend, if any, which may be declared, shall be payable on or before Monday, 3rd September, 2012 to those Members of the Company whose names appear:-
 - a) as Beneficial Owners as at the close of the business hours on Friday, 27th July, 2012 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, 27th July, 2012 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 mandatorily 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 details for crediting the future dividend payment directly to their respective bank accounts. The Company shall be able to co-ordinate with their bankers only on receipt of necessary information. The Members holding shares in electronic form may instruct their DPs accordingly.
6. Members are hereby informed that dividends for the Financial Year 2004-05, 2005-06, 2006-07 (Interim), 2006-07 (Final), 2007-08 (Interim), 2007-08 (Final), 2008-09, 2009-10 and 2010-11 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 Sections 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
2004-05	Final	Re. 1	3 rd November 2005	5 th December, 2012
2005-06	Final	Re. 1	16 th August 2006	14 th September, 2013
2006-07	Interim	Re. 1	21 st March 2007	21 st April, 2014
2006-07	Final	Re. 1	29 th September 2007	30 th October, 2014
2007-08	Interim	Re. 1	30 th November 2007	29 th December, 2014
2007-08	Final	Re. 1	9 th June 2008	09 th July, 2015
2008-09	Final	Rs. 1.50	17 th June 2009	16 th July, 2016
2009-10	Final	Rs. 1.50	28 th July 2010	28 th August, 2017
2010-11	Final	Rs. 1.50	15 th July 2011	17 th August, 2018

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.

As per the recent notification issued by the Ministry of Corporate Affairs, henceforth the Company shall display on its Website the list of Shareholders whose dividend has been determined as unpaid/ unclaimed pertaining to various Dividend accounts maintained by the Company from the Financial Year 2004-05 onwards. The said list shall be updated every year upto the date of Annual General Meeting and be uploaded on the Company's website within 90 days.

7. Members holding shares in the same set of names under different ledger folios are requested to apply for consolidation of such folios alongwith 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. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/Registrar & Transfer Agents.

10. 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.
11. 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, 29th May, 2012

ANNEXURE TO NOTICE DATED 29TH MAY, 2012

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) Mr. Nipun C. Shah

Mr. Nipun Shah (age 49) is a fellow member of Institute of Chartered Accountants of India. He has been in practice as a Chartered Accountant since 1988. His area of practice covers Management Consultancy, Portfolio Management, Taxation and Auditing. He is a senior partner in Shah & Nair Associates, Chartered Accountants.

Presently, Mr. Nipun Shah holds 54,450 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) Limited	Director	Nil	Nil
Power Brands (Foods) Pvt. Ltd.	Director	Audit Committee	Member
Jush Investment Private Limited	Director	Nil	Nil
Nagarwalla Estates Private Limited	Director	Nil	Nil
Noshil Estates Private Limited	Director	Nil	Nil
Crowe Horwath (India) Private Limited	Director	Nil	Nil

(2) Mr. Vikram S. Munshi

Mr. Vikram Munshi (age 37) is a commerce graduate. He is the Managing Director of Shamvik Glasstech Pvt. Ltd., pioneer in the packing industry. He has been successful in promoting his Company's products in Latin America, Middle East and C.I.S. countries. He has an overall experience of 15 years. He has an expertise in the field of Business Management.

Presently, Mr. Munshi holds 99,315 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
Shamvik Containers Private Limited	Director	Nil	Nil
Shamvik Glasstech Private Limited	Director	Nil	Nil
K P Electricals Private Limited	Director	Nil	Nil
Colrige Limited	Director	Nil	Nil

General Can Private Limited	Director	Nil	Nil
General Glass Company Limited	Director	Nil	Nil
Ainamid Engineering and Metal Works Private Limited	Director	Nil	Nil
New Millenium Hospitality Limited	Director	Nil	Nil
Alco Tubes Private Limited	Director	Nil	Nil
Colrige International Private Limited	Director	Nil	Nil
India Containers Limited	Director	Nil	Nil
Jyoti Records Manufacturing Company Limited	Director	Nil	Nil

(3) Mr. Jay Mehta

Mr. Jay Mehta (age 51) is an Engineering Graduate from Columbia University with a MBA from IMD, Lausanne, Switzerland. Mr. Mehta is the Executive Vice Chairman of Gujarat Sidhee Cement Limited and Saurashtra Cement Limited and is on the Board of various other private and public limited companies.

Presently, Mr. Jay Mehta 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
Saurashtra Cement Limited	Director	Share Transfer and Investor Grievances Committee	Chairman
Gujarat Sidhee Cement Limited	Director	Share Transfer and Investor Grievances Committee	Chairman
Pranay Holdings Limited	Director	Nil	Nil
Prachit Holdings Limited	Director	Nil	Nil
Ria Holdings Limited	Director	Nil	Nil
Reeti Investment Limited	Director	Nil	Nil
Mehta Private Limited	Director	Nil	Nil
Agrima Consultants International Limited	Director	Nil	Nil
Sujata Motors (India) Private Limited	Director	Nil	Nil
Villa Trading Company Private Limited	Director	Nil	Nil
Galaxy Technologies Private Limited	Director	Nil	Nil
Omna Exports Private Limited	Director	Nil	Nil
Arclightz & Films Private Limited	Director	Nil	Nil
Concorde Cement (Private) Limited	Director	Nil	Nil
Good Karma Hospitality Pvt. Ltd.	Director	Nil	Nil
Knight Riders Sports Pvt. Limited	Director	Nil	Nil
UB Qool Futuretech 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, 29th May, 2012

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) 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 11 of the Notice.

Item No. 7 :

Mr. Mishal A. Thakkar was appointed as Manager (Operations) in the Company for a period of three years from 17th June, 2009. The said appointment was approved by the members in the Annual General Meeting held on 17th June, 2009 and also by the Central Government.

Mr. Mishal A Thakkar holds a Business Management Degree from the University of Central Lancashire, UK and joined the company as a Trainee Officer in February 2007. Currently he is holding the position of Manager (Operations) since June 2009. His job profile includes the processing and managing orders & their dispatch, sourcing and importing material and dealing with international Vendors.

At the meeting of Board Of Directors of the Company held on 29th May, 2012 it was decided to renew employment agreement of Mr. Mishal Thakkar as Manager (Operations) for a further period of three years with effect from 17th June, 2012. As Mr. Mishal A. Thakkar is the son of Mr. Ashok H. Thakkar, Vice Chairman of the Company, his appointment is subject to approval of the members by way of a special resolution under Section 314 of the Companies Act, 1956. However the approval of the Central Government would not be required as the remuneration proposed to be payable to Mr. Mishal A. Thakkar is within the ceiling limits prescribed under Section 314 (1B) of the Companies Act, 1956 and Director's Relative (Office or Place of Profit) Rules, 2011.

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

1. Monthly basic Salary in the range of Rs. 38,200- 5,000- Rs. 43,200- 5,500- Rs. 48,700;
2. House Rent Allowance: 40 % of Basic Salary;
3. Leave Travel Allowance for himself and his family in accordance with the rules of the Company subject to a ceiling of half months basic salary in a year;
4. Reimbursement of Medical expenses incurred by him and his family subject to a ceiling of half months basic salary in a year;
5. Ex- gratia to be given at the time of Diwali after completion of the financial year subject to a ceiling of one month's basic salary;
6. Contribution to the Company's Provident Fund in accordance with the rules of the Funds;
7. Gratuity payable in accordance with Company's scheme;
8. Provision of a car for use on Company's business and other perquisites not exceeding Rs. 2,400/- per month;
9. Reimbursement of expenses actually and properly incurred by him for the business of the Company and the same shall not be considered as perquisite.

The aggregate monetary value of such salary, allowance and perquisites being limited to Rs. 66,900/- per month for the first year of employment term; Rs. 75,300/- per month for the second year of employment term; Rs. 84,600/- per month for the third year of employment term.

The above material terms of the draft agreement with Mr. Mishal A. Thakkar may be treated as an abstract as required under Section 302 of the Companies Act, 1956.

Copies of the aforesaid draft agreement 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, Mr. Ashok H. Thakkar , Mr. Bimal R. Thakkar and Mr. Bhavesh R. Thakkar are interested in the resolution , they being related to Mr. Mishal A. Thakkar.

The Board recommends the resolution as set out at Item No. 7 of the notice for your approval.

Item Nos. 8, 9, 10 and 11 :

At present, the Managing Director Mr. Bimal R. Thakkar and Whole Time Directors of the Company viz. Mr. Ramesh H. Thakkar, Chairman, Mr. Ashok H. Thakkar, Vice Chairman and Mr. Bhavesh R. Thakkar, Executive Director are being paid remuneration pursuant to their employment agreements effective from 1st October, 2011 till 30th September, 2014. The terms of these employment agreements have been approved by the shareholders by way of ordinary resolutions passed in the Annual General Meeting of the Company held on 15th July, 2011.

In order to conserve the financial resources of the Company for the purpose of future expansion and growth, the Managing Director and Whole Time Directors expressed their willingness to vary their remuneration terms.

At the meeting of the Board of Directors of the Company held on 29th May, 2012, it was decided to vary the remuneration terms of employment contracts 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 w.e.f. 1st June, 2012 till the remaining term of their tenure upto 30th September, 2014 keeping the other employment terms Unchanged.

The variation in the terms of remuneration of the Managing Director and the Whole Time Directors will require approval of the members in the General Meeting pursuant to Section 269 read with schedule XIII of the Companies Act, 1956 and Section 198, 309 of the said Act.

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

- a) Monthly basic salary in the range of Rs.2,00,000 (from 1st June, 2012 upto 30th September, 2013)- 60,000- Rs.2,60,000 (from 1st October, 2013 upto 30th September, 2014);
- b) house rent allowance at 5% of basic salary;
- c) reimbursement of medical expenses incurred by him and his family subject to a ceiling of half month's basic salary in a year, or one and half month's basic salary over a period of three years;
- d) leave encashment as per the Company's policy. In case leave is not availed of, encashment of the same will be done at the end of his tenure under the Agreement;
- e) contribution to the Company's Provident Fund, Superannuation Fund and Annuity Fund, as may be applicable, in accordance with the rules of the Funds;
- f) Gratuity payable in accordance with the Company's scheme;
- g) 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 for official purpose will not to be considered as a perquisite;
- h) reimbursement of expenses actually and properly incurred by him for the business of the Company and will not be considered as perquisite;
- i) Commission on Net Profit as calculated u/s. 349,350 of the Companies Act, 1956 at such rate as may be fixed by the Board of Directors for every financial year subject to over all ceiling as fixed u/s. 198,309 of the Companies Act, 1956.

In any financial year during the currency of the tenure of Mr. Ramesh H. Thakkar, Chairman, if the Company has no profits or its profits are inadequate, unless otherwise approved by Central Government, the remuneration to be paid to Mr. Ramesh H. Thakkar, Chairman shall be as per monetary ceiling prescribed in Section II of Part II of Schedule XIII of the Companies Act, 1956 or as may be modified from time to time or such monetary limits as may be prescribed by the Central Government from time to time.

Approval is also requested for 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.

Save and except above, all other terms of appointment of Mr. Ramesh H. Thakkar as approved by the shareholders in the Annual General Meeting held on 15th July, 2011 would remain unchanged.

The material terms of draft supplementary agreement between the Company and Mr. Ashok H. Thakkar as referred to in the resolution at item no. 9 of the notice are as under :

- a) Monthly basic salary in the range of Rs.2,00,000 (from 1st June, 2012 upto 30th September, 2013)-60,000- Rs.2,60,000 (from 1st October, 2013 upto 30th September, 2014) ;
- b) house rent allowance at 5% of basic salary ;
- c) reimbursement of medical expenses incurred by him and his family subject to a ceiling of half month's basic salary in a year, or one and half month's basic salary over a period of three years;
- d) leave encashment as per the company's policy. In case leave is not availed of, encashment of the same will be done at the end of his tenure under the Agreement ;
- e) contribution to the Company's Provident Fund, Superannuation Fund and Annuity Fund, as may be applicable, in accordance with the rules of the Funds ;
- f) Gratuity payable in accordance with the Company's scheme ;
- g) 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 for official purpose will not to be considered as a perquisite ;
- h) reimbursement of expenses actually and properly incurred by him for the business of the Company and will not be considered as perquisite ;
- i) Commission on Net Profit as calculated u/s.349,350 of the Companies Act, 1956 at such rate as may be fixed by the Board of Directors for every financial year subject to over all ceiling as fixed u/s. 198,309 of the Companies Act, 1956.

In any financial year during the currency of the tenure of Mr. Ashok H. Thakkar, Vice Chairman , if the Company has no profits or its profits are inadequate, unless otherwise approved by Central Government, the remuneration to be paid to Mr. Ashok H. Thakkar, Vice Chairman shall be as per monetary ceiling prescribed in Section II of Part II of Schedule XIII of the Companies Act, 1956 or as may be modified from time to time or such monetary limits as may be prescribed by the Central Government from time to time.

Approval is also requested for 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.

Save and except above, all other terms of appointment of Mr. Ashok H. Thakkar as approved by the shareholders in the Annual General Meeting held on 15th July, 2011 would remain unchanged.

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

- a) Monthly basic salary in the range of Rs.200,000 (from 1st June, 2012 upto 30th September, 2013)-60,000- Rs.2,60,000 (from 1st October, 2013 upto 30th September, 2014) ;
- b) house rent allowance at 5% of basic salary ;
- c) reimbursement of medical expenses incurred by him and his family subject to a ceiling of half month's basic salary in a year, or one and half month's basic salary over a period of three years;
- d) leave encashment as per the Company's policy. In case leave is not availed of, encashment of the same will be done at the end of his tenure under the Agreement ;
- e) contribution to the Company's Provident Fund, Superannuation Fund and Annuity Fund, as may be applicable, in accordance with the rules of the Funds ;
- f) Gratuity payable in accordance with the Company's scheme ;
- g) 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 for official purpose will not to be considered as a perquisite ;
- h) reimbursement of expenses actually and properly incurred by him for the business of the Company and will not be considered as perquisite ;

- i) Commission on Net Profit as calculated u/s.349,350 of the Companies Act, 1956 at such rate as may be fixed by the Board of Directors for every financial year subject to over all ceiling as fixed u/s. 198,309 of the Companies Act, 1956.

In any financial year during the currency of the tenure of Mr. Bimal R. Thakkar, Managing Director, if the Company has no profits or its profits are inadequate, unless otherwise approved by Central Government, the remuneration to be paid to Mr. Bimal R. Thakkar, Managing Director shall be as per monetary ceiling prescribed in Section II of Part II of Schedule XIII of the Companies Act, 1956 or as may be modified from time to time or such monetary limits as may be prescribed by the Central Government from time to time.

Approval is also requested for 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.

Save and except above, all other terms of appointment of Mr. Bimal R. Thakkar as approved by the shareholders in the Annual General Meeting held on 15th July, 2011 would remain unchanged.

The material terms of draft supplementary agreement between the Company and Mr. Bhavesh R. Thakkar as referred to in the resolution at item no. 11 of the notice are as under :

- a) Monthly basic salary in the range of Rs.2,00,000 (from 1st June, 2012 upto 30th September, 2013)-60,000- Rs.2,60,000 (from 1st October, 2013 upto 30th September, 2014) ;
- b) house rent allowance at 5% of basic salary ;
- c) reimbursement of medical expenses incurred by him and his family subject to a ceiling of half month's basic salary in a year, or one and half month's basic salary over a period of three years;
- d) leave encashment as per the Company's policy. In case leave is not availed of, encashment of the same will be done at the end of his tenure under the Agreement ;
- e) contribution to the Company's Provident Fund, Superannuation Fund and Annuity Fund, as may be applicable, in accordance with the rules of the Funds ;
- f) Gratuity payable in accordance with the Company's scheme ;
- g) 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 for official purpose will not to be considered as a perquisite ;
- h) reimbursement of expenses actually and properly incurred by him for the business of the Company and will not be considered as perquisite ;
- i) commission on Net Profit as calculated u/s.349,350 of the Companies Act, 1956 at such rate as may be fixed by the Board of Directors for every financial year subject to over all ceiling as fixed u/s. 198,309 of the Companies Act, 1956.

In any financial year during the currency of the tenure of Mr. Bhavesh R. Thakkar, Executive Director, if the Company has no profits or its profits are inadequate, unless otherwise approved by Central Government, the remuneration to be paid to Mr. Bhavesh R. Thakkar, Executive Director shall be as per monetary ceiling prescribed in Section II of Part II of Schedule XIII of the Companies Act, 1956 or as may be modified from time to time or such monetary limits as may be prescribed by the Central Government from time to time.

Approval is also requested for 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.

Save and except above, all other terms of appointment of Mr. Bhavesh R. Thakkar as approved by the shareholders in the Annual General Meeting held on 15th July, 2011 would remain unchanged.

The above remuneration terms of the draft supplementary 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 supplementary agreements will be available for inspection by the members at the registered office of the Company on any working day (except Saturdays) between 11.00 a.m. to 2.00 p.m.

Mr. Ramesh H. Thakkar is interested in the resolution at item no.8 of the notice since it relates to the variation in his remuneration terms. 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 no.9 of the notice since it relates to the variation in his remuneration terms. 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 no.10 of the notice since it relates to the variation in his remuneration terms. 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 no.11 of the notice since it relates to the variation in his remuneration terms. 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.

The Board recommends the resolutions as set out at Item Nos. 8,9,10 and 11 of the notice for your approval.

By order of the Board
For ADF FOODS LTD

Shalaka Ovalekar
Company Secretary

Regd. Office :
83/86 GIDC Industrial Estate,
Nadiad 387001, Gujarat
Mumbai, 29th May, 2012

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Twenty Second Annual Report together with the Audited Financial Statements for the year ended 31st March 2012.

FINANCIAL RESULTS

The performance of the Company for the financial year ended 31st March 2012 is summarized below:

(Rs. in Lakhs)

Particulars	2011-12	2010-11
Net sales/Income from operation	11,248.25	11,137.67
Other Income	262.76	313.42
Total Income	11,511.01	11,451.09
Less: Total expenditure		
Manufacturing & Other Expenses	9,198.53	8,837.97
Depreciation	467.23	450.25
Financial Expenses	124.35	163.01
Profit (+)/Loss (-) before tax	1,720.90	1,999.86
Provision for taxation	362.12	359.07
Deferred tax (Assets) / Liabilities	195.75	(139.97)
Net Profit (+) / Loss (-)	1,163.03	1,780.76
Prior Period adjustments (Net off)	3.18	(1.17)
Net Profit(+) / Loss(-)	1,166.21	1,779.59
Balance brought forward	4,749.44	3,410.65
Dividend declared/ paid	303.00	300.00
Tax on dividend	49.16	49.83
Transfer to General Reserve	60.00	90.97
Balance Carried to the Balance Sheet	5,503.49	4,749.44
EPS (Basic)	5.77	8.90
EPS (Diluted)	5.45	8.90

Previous years figures have been re-grouped wherever necessary

FINANCIAL PERFORMANCE

During the year under review, your Company has recorded a turnover of Rs. 112.48 Crore as against Rs. 111.37 Crore in the previous year. The Net profit (after tax and extra ordinary items) for the financial year ended 31st March 2012 is Rs. 11.66 Crore as against Rs. 17.79 Crore in the previous year.

WARRANTS

During the year, the Company allotted 20,00,000 (Twenty Lakh) warrants convertible into equivalent number of equity shares of Rs. 10/- each at an issue price of Rs. 65/- per warrant to certain members of the promoter group on preferential basis on receipt of the minimum subscription amount of 25% of issue price i.e. Rs. 16.25/- per warrant. Of the above, 200,000 (Two Lakh) warrants were converted into equity shares by the warrant holders on 28th March, 2012 by payment of balance 75% of the Issue Price. The said allotment was done in compliance with Chapter VII of SEBI (ICDR) Regulations, 2009. The option to covert remaining 18,00,000 warrants, if not exercised, would expire on 28th January, 2013. The proceeds of the warrants/Equity Shares issued by Company are being used for the purpose for which they were raised.

DIVIDEND

Your Directors are pleased to recommend a Dividend of Rs. 1.5/- per share (i.e. @ 15 %) for the year ended 31st March 2012. The dividend payout, if approved, will result in outflow of Rs. 352.16 Lakhs inclusive of Rs. 49.16 Lakhs on account of Dividend Distribution Tax.

BUSINESS DEVELOPMENT

The Domestic market:

During the year, your Company has expanded its distribution in Gujarat and Madhya Pradesh in addition to its existing presence in Mumbai and Pune. The products are being sold in traditional grocery stores and also in major supermarkets. The Modern trade (supermarket business) has shown a remarkable growth during the year. There has been an addition of new products such as Kesar Mango pulp, Pizza Sauces and Pasta Sauces, all under the umbrella brand 'ADF SOUL'. The domestic division of the Company has equipped itself with strong distribution network and a motivated sales force to accomplish the targeted growth. The Company is constantly focusing to roll out aggressive strategies for its domestic business in order to establish a strong position in the growing processed foods industry in India.

Your Company has acquired a plot adjacent to its existing factory at Nadiad and is in the process of setting up a new factory on the said plot. The new set up would increase manufacturing capacity of the Company's core products such as pickles, pastes and chutneys.

US Operations:

During the previous financial year the Company's US based subsidiary acquired substantial assets of Elena's Food Specialties, Inc. a US based manufacturer and marketer of organic and natural food products. The acquisition has provided the Company with a USDA approved manufacturing facility and a complimentary business and distribution network in the USA. Apart from this your company also got well established brands such as NATES, PJs Organics and Elena's Kitchen with this acquisition.

Elena's business achieved break-even in the very first year itself through the implementation of various cost control measures, efficient business operations and rationalization of the product range. Your Company also introduced certain Ethnic Indian wraps in the US under its brand 'ADF SOUL', made in the U.S. Facility. The products are listed and sold at major supermarket chains and natural grocery chains all across USA.

Your Company's core international business has a strong business foothold in over 45 countries. In addition to the growth of the existing business your Company is continuously exploring the opportunities of complimentary acquisitions in both domestic as well as international markets in order to accelerate its growth.

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 31st March 2012, 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 31st March 2012 on a 'going concern' basis.

LISTING OF SHARES :

The 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. Nipun Shah, Mr. Vikram Munshi and Mr. Jay Mehta, 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 reappointment is sought, have been provided in the Notice of the Twenty Second Annual General Meeting pursuant to the Clause 49 of the Listing Agreement relating to Corporate Governance.

AUDITORS AND THEIR REPORT

M/s. D.P. Ghevaria & Co., Chartered Accountants and M/s. B S R & Co., Chartered Accountants, both Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

The Company has received certificates from them to the effect that their re-appointment, if made, would be within the prescribed limits under Section 224 (1B) of the Companies Act, 1956 and that they are not disqualified for re-appointment within the meaning of Section 226 of the said Act.

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

COST ACCOUNTING RECORDS AND COST AUDIT

As per the provisions of Companies (Cost Accounting Records) Rules, 2011, the Company is required to maintain cost records and to submit a compliance report duly certified by a cost accountant to the Central Government in the prescribed form in respect of each of its financial year commencing on or after 1st April, 2011. The Company has been complying with the provisions of the said Rules.

Further, as per the Central Government Order dated 24th January, 2012, the Company is required to get its cost accounting records, in respect of each of its financial years commencing on or after 1st day of April, 2012, audited by a cost auditor.

In order to comply with the said Order, the Company has appointed M/s. N. Ritesh & Associates, Cost Accountants to conduct Cost Audit for the financial year 2012-13 pursuant to the provisions of Section 233B of the Companies Act, 1956.

A written certificate has been obtained from M/s. N. Ritesh & Associates, 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.

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.

TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividends pertaining to financial year 2003-04 amounting to Rs. 545,417/- which remained unpaid or unclaimed for a period of 7 years was transferred by the Company to the Investor Education and Protection Fund.

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 COMPANIES

Your Company has four subsidiaries namely ADF Foods UK Ltd, ADF Foods (Mauritius) Ltd., Power Brands (Foods) Pvt. Ltd. and ADF Foods (India) Ltd. and two step down subsidiaries viz. ADF Holdings (USA) Ltd. and ADF Foods (USA) Ltd.

In the meeting of the Board Of Directors of the Company held on 29th May, 2012 it has been decided to voluntarily wind up the Mauritius subsidiary of the Company i.e. ADF Foods (Mauritius) Ltd. in view of no business operations. The said subsidiary would be wound up in compliance with the applicable Mauritius Laws.

In accordance with the general circular issued by the Ministry Of Corporate Affairs, Government Of India, the annual accounts of the subsidiary companies are not being attached with the financial statements of the Company. 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 shareholders 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.

CASH FLOW STATEMENT

The Cash Flow Statement pursuant to Clause 32 of the Listing agreement is annexed to this 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 2011-12.

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 steady performance.

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 29th May, 2012

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 31st March, 2012

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 :-

	2011-12	2010-11
I Electricity		
a. Purchased Units (KWH)	2,848,576	2,570,095
Total Amount (Rs.)	19,013,116	15,279,907
Average Rate/Unit (Rs.)	6.67	5.95
b. Own Generation		
i. Through Diesel Generator	N.A.	N.A.
Units (KWH)		
Units/Lt.of Diesel		
Cost/Unit (Rs.)		
ii. Through Steam Turbine/Generator	N.A.	N.A.
2 Agro waste & Fire Wood:		
Quantity (kgs)	865,755	876,125
Total Amount (Rs.)	3,639,093	3,380,462
Average Rate/KL (Rs.)	4.20	3.86
3 Fuel Furnace Oil + Light Diesel		
Quantity (K.L.)	310,397	308,851
Total Amount (Rs.)	10,845,350	9,937,501
Average Rate/KL (Rs.)	34.94	32.18
4 Others/internal Generation	N.A.	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

	2011-12	2010-11
	Rs.	Rs.
(a) Capital	7,345	330,253
(b) Recurring	863,723	789,370
(c) Total	871,068	1,119,623
(d) Total R&D expenditure as a percentage of total turnover	0.0774%	0.1006%

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 standard.

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:

	2011-12	2010-11
	Rs. (in lacs)	Rs. (in lacs)
Total Foreign Exchange Earned	9767.47	9,789.66
Total Foreign Exchange Used	783.69	860.33

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

Date, 29th May, 2012

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

I. Industry Structure and Developments

India is among the leading countries which have brought a revolution in the way the world perceives Processed & Packaged Food industry. Accounting for 16% of the world population and 12% of the world food production, India is one of the largest producers and consumers of food in the world. Indians spend around 35% of their total earnings on food - \$300 billion annually that will grow to about \$900 billion by 2020, a Boston Consulting Group report 'India Food Processing: Mission 2020' said.

With the 'always improving' lifestyle among the Indian Middle class, the demand for Ready-to-eat food and convenience food has shown a robust growth. Now-a-days, the consumers not only want to eat but also have an enriching experience at home by using different types of cuisines available which are good and quality products. According to the renowned consulting firm McKinsey & Co, the retail food sector in India is likely to grow from \$ 70 billion now to \$ 150 billion by 2025 with 60% of this market belonging to the convenience food category. (Source: Modern food processing Feb-2012).

The shape of the global food industry is constantly changing and evolving, thereby reinforcing the key themes of health, convenience and value. Trade liberalisation policies through multi-lateral and regional trade agreements have led to a rapid growth in this field. Many of the large global players primarily from developed countries are now targeting developing countries in the quest for new opportunities. Developing countries across the globe are now set to account for most of the growth in future food demand.

2. Opportunities and Threats and General Business Outlook

The Company is constantly focusing to establish a strong position in the growing processed foods industry in India and abroad. It is engaged in the manufacturing and export of various Indian Processed foods (Ready-to-eat). The range of Company's products includes Pickles, Pastes, Chutneys, Ready-to-eat Vegetables, Canned Vegetable in Brine, Frozen Foods, Spices in whole and ground form, IQF Indian Vegetables, Frozen Parathas, Frozen Continental and Mexican Foods, etc.

The Domestic Market:

During the year the Company has expanded its distribution in Gujarat and Madhya Pradesh in addition to its existing presence in Mumbai and Pune. The products are being sold in traditional grocery stores and also in major supermarkets. The Modern trade (supermarket business) has shown remarkable volume growth during the year. Some new products such as Kesar Mango Pulp, Pizza and Pasta sauces have been added under the umbrella brand of 'ADF SOUL'.

US Operations:

During the year the Company introduced certain Ethnic Indian Wraps in the US under its brand 'ADF SOUL'. These products are made in the US Facility and these products are listed and sold at major supermarket chains and natural grocery chains all across USA.

The Company's aim to reach the zenith is consistently driven by the **strengths** of having well established and well differentiated brands to accommodate diverse preferences of various consumer groups. The Company presents on its shelf a wide range of products from treats to healthy eats at affordable price. The Company is equipped with a dedicated team force working round the clock towards ongoing product up-gradation based on feedback on consumer insights. The Company's strong distribution network allows wide reach and coverage in target markets.

The only **concerning factors or road blocks** for the Company are the complex supply chain configuration and the Labour intensive operations. In spite of these roadblocks, the Company maintains its balance and lives up to consumer expectations.

The Company's Management feels that the Food Industry presents a good **opportunity** primarily due to growing per capita income, favourable changes in consumption pattern – people prefer instant food which is great in taste and rich in

nutritional value. The Company is constantly exploring opportunities to develop more products that provide nutrition, health and wellness at affordable prices and to capture new international and domestic markets.

The Company has been facing certain major business **threats** such as lack of adequate infrastructure, increase in the prices of raw materials, packing material and fuel, non availability of raw materials, exchange rate fluctuations, changes in fiscal benefits/laws. Also, the industry growth is largely affected by lack of integrated supply chain. The intense competition faced from established brands, from organized sector and numerous players in unorganized sector may pose as a challenge to the business.

3. Product-wise Performance

In accordance with the requirements of Accounting Standard AS-17, "Segmental Reporting", the Company has determined its business segment as 'Processed and Preserved Foods'. Since the entire business of the Company is from Processed and Preserved Foods, there are no other primary reportable segments.

The Product-wise Performance of the Company is as follows:

Product description	Current year – 31.03.2012		Previous year -31.03.2011	
	Quantity	Value	Quantity	Value
Finished goods	In Kgs	In Rs. (Lacs)	In Kgs	In Rs. (Lacs)
Meal accompaniments	9,545,953	5,914.74	10,625,277	6,308.19
Frozen foods	1,013,661	1,174.88	1,092,998	1,096.93
Ready to eat	1,191,166	1,618.05	1,304,398	1,564.05
Spices and condiments	495,543	608.09	714,597	763.68
Others	507,677	516.30	524,447	436.10
Total - Sale of finished goods (A)	12,754,000	9,832.06	14,261,717	10,168.95
		In Rs. (Lacs)		In Rs. (Lacs)
Total sale of traded goods (B)		882.13		581.22
Total sale (A+B)		10,714.19		10,750.17

4. Risks and Concerns

The Company continuously works towards de-risking its business by adopting preventive measures. The Company continuously monitors the risk factors to mitigate them from time to time. The details of key risks as perceived by the management of the Company have been enumerated below:

- Consumer spendings and general economic and market conditions**

The prime influencer for the Company's business is the quantum of demand for its products by the consumers. Factors such as consumer confidence and spending pattern, changes in consumer preferences, prevalent economic scenario and levels of discretionary spendings are major influences for the Company's growth.

The risk faced by the Company is significant inflation in commodities that could impact the business profitability.

Furthermore, factors such as political uncertainty, taxation, stock market performance and unemployment, influence income levels and eventually determine the consumer's purchasing patterns and will continue to be factors affecting the Company's growth.

- Raw Material prices and operating expenses**

Raw Material is a very crucial cost for the Company's products. Any increase in the prices of core raw materials, would adversely affect the Company's operating results. The Company is adopting best possible measures to keep operating expenses as much under control without compromising the quality and safety of its products.

- **Competition**

The food industry in India continues to witness entry of several players both in the organized as well as unorganized sector. The increase in competition can lead to pressure on pricing strategies, demand for Company's products and thus an overall growth too. However, since the Food Processing industry is still at a very nascent stage in India and is a sunrise industry the Company's management feel confident of overall growth.

- **Exchange Rate Fluctuation**

The Company being engaged in exports, derives approximately 96% 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.

- **Financial instability in the economy**

Financial instability in Indian economy could impact on the Company's future financial performance and the prices of equity shares of the Company.

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

The Company believes strongly in the critical role that internal control systems play in an organization. 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. The Company has 221 employees as on 31st March, 2012.

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 reference 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 31st March, 2012, 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 meetings, their Directorship and Memberships of Committees in other Companies as on 31st March, 2012 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	7	4	YES	-	-
Mr. Ashok H Thakkar	Vice Chairman Executive Director Promoter	7	5	NO	1	-
Mr. Nipun C Shah	Director Non Executive Independent	7	5	YES	1	-
Mr. Yasir J Varawala	Director Non Executive Independent	7	5	NO	1	-
Mr. Vikram Munshi	Director Non Executive Independent	7	1	NO	5	-
Mr. Jay M Mehta	Director Non Executive Independent	7	7	NO	7	2

Mr. Viren Merchant	Director Non Executive Independent	7	2	NO	-	-
Mr. Ravinder Kumar Jain	Director Non Executive Independent	7	6	NO	-	-
Mr. Bimal R Thakkar	Managing Director Promoter	7	7	YES	3	1
Mr. Bhavesh R Thakkar	Executive Director Promoter	7	6	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 31st March 2012:

Sr. No.	Name of the Non Executive Director	No. of Shares held in the Company (as first holder)
1	Mr. Yasir J Varawala*	50,000
2	Mr. Nipun C Shah*	54,450
3	Mr. Vikram Munshi	99,315
4	Mr. Jay Mehta	50,000
5	Mr. Viren Merchant *	50,000
6	Mr. Ravinder Kumar Jain	50,000

* In addition to the above, Mr. Yasir Varawala holds 2,000 shares, Mr. Viren Merchant holds 18,500 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 31ST MARCH 2012.

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. 15,000/- for attending every meeting of the Board and Rs. 10,000/- for attending meetings of other Board Committees. (For the Board Meeting and other Committee Meetings held in the month of May, 2011 the fees were paid at the rate of Rs. 10,000/- per Board meeting and Rs.5,000/- per Committee meeting).

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. 1,20,000
Mr. Yasir J. Varawala	Rs. 1,50,000
Mr. Vikram S. Munshi	Rs. 15,000
Mr. Jay M. Mehta	Rs. 1,00,000
Mr. Viren A. Merchant	Rs. 40,000
Mr. Ravinder K. Jain	Rs. 90,000

The details of remuneration paid to the Executive Directors during the financial year ended 31st March 2012 are as under:

Sr. No.	Director	Salary (Rs.)	Perquisites (Rs.)	Total (Rs.)
1	Mr. Ramesh H Thakkar	31,77,000	11,62,199	43,39,199
2	Mr. Ashok H Thakkar	31,77,000	11,09,748	42,86,748
3	Mr. Bimal R Thakkar	31,77,000	10,29,905	42,06,905
4	Mr. Bhavesh R Thakkar	31,77,000	11,09,382	42,86,382

NOTES:

- 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 1st October 2011. 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.
- Presently, the Company does not have any scheme for grant of Stock Options to its Directors, Managing Director or other employees.
- 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, 7 meetings of the Board of Directors were held on the following dates:

19th May, 2011, 16th June, 2011, 29th July, 2011, 12th August, 2011, 10th November, 2011, 09th February, 2012 and 28th March, 2012.

III. AUDIT COMMITTEE

A. CONSTITUTION & MEETINGS

The Audit Committee was constituted on 13th 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 18th May 2011, 11th August, 2011, 08th November, 2011, 7th February, 2012.

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	4
2	Mr. Yasir J. Varawala	3
3	Mr. Viren Merchant	2

The Executive Directors, the General Manager -Finance & Accounts 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 of payment for any other Services relating thereto.
- 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 for follow up.
- Reviewing the uses/ application 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 2nd May 2001. The Committee comprises of Mr. Yasir J. Varawala, Chairman, Non- Executive Independent Director and Mr. Ramesh H. Thakkar, Member. The Company Secretary acts as the Compliance Officer for the Committee.

During the year, four meetings of the said Committee were held on 11th May 2011, 11th August, 2011, 08th November, 2011 and 07th February, 2012.

The attendance of each member is given hereunder:

Sr. No.	Name of the Shareholders' Grievance Committee Member	No. of meetings attended
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 provide 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 Agents and provides continuous guidance to improve the service levels for investors.

C. SHAREHOLDERS' COMPLAINTS

29 complaints were received from the shareholders during the financial year ended 31st March 2012, 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, 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 8th May 2002 to recommend to the Board the remuneration terms 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, one meeting of the said Committee was held on 14th June, 2011.

Sr. No.	Name of the Remuneration Committee Member	No. of meetings attended
1	Mr. Yasir J Varawala – Chairman	1
2	Mr. Vikram Munshi	0
3	Mr. Nipun C. Shah	1

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
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
2010-11	Friday, 15/07/2011	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, 17/06/2009	1. To appoint Mr. Mishal Thakkar as Manager (Operations) 2. To consider, issuance and allotment of Warrants on Preferential Basis
2	Wednesday, 28/07/2010	To approve the increase in the Inter-corporate Investment limits upto Rs. 150 crore.
3	Friday, 15/07/2011	1. To approve the re-appointment of Mr. Ramesh H. Thakkar as the Chairman of the Company, for a period of three years w.ef. 1 st October, 2011 on the revised terms. 2. To approve the re-appointment of Mr. Ashok H. Thakkar as the Vice-chairman of the Company, for a period of three years w.ef. 1 st October, 2011 on the revised terms. 3. To approve the re-appointment of Mr. Bimal R. Thakkar as the Managing Director of the Company, for a period of three years w.ef. 1 st October, 2011 on the revised terms. 4. To approve the re-appointment of Mr. Bhavesh R. Thakkar as the Executive Director of the Company, for a period of three years w.ef. 1 st October, 2011 on the revised terms. 5. Issue and allotment of 20,00,000 convertible warrants to the Promoter group on preferential basis. 6. Appointment of M/s. B S R & Co., as the joint statutory auditors of the Company.

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 31st March 2012 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

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 : 08th August , 2012 at 2.00 p.m.

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

B. FINANCIAL CALENDAR 2012-13

Schedule of Board Meetings (tentative)

First Quarter ending 30th June 2012 : on or before 14th August 2012

Half Year ending 30th September 2012 : on or before 14th November 2012

Third Quarter ending 31st December 2012 : on or before 14th February 2013

Year ending 31st March 2013 : on or before 30th May 2013

C. DATES OF BOOK CLOSURE

The Share Transfer Register will remain closed from Saturday, 28th July, 2012 to Wednesday, 8th August, 2012 [both days inclusive].

D. DIVIDEND

Dividend Payment Date : on or before 03rd September, 2012

E. LISTING ON STOCK EXCHANGES

The Equity Shares of the Company are presently listed on 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 2012-13.

F. STOCK CODE/SYMBOL

Bombay Stock Exchange Ltd. : 519183

National Stock Exchange of India Ltd : ADF FOODS

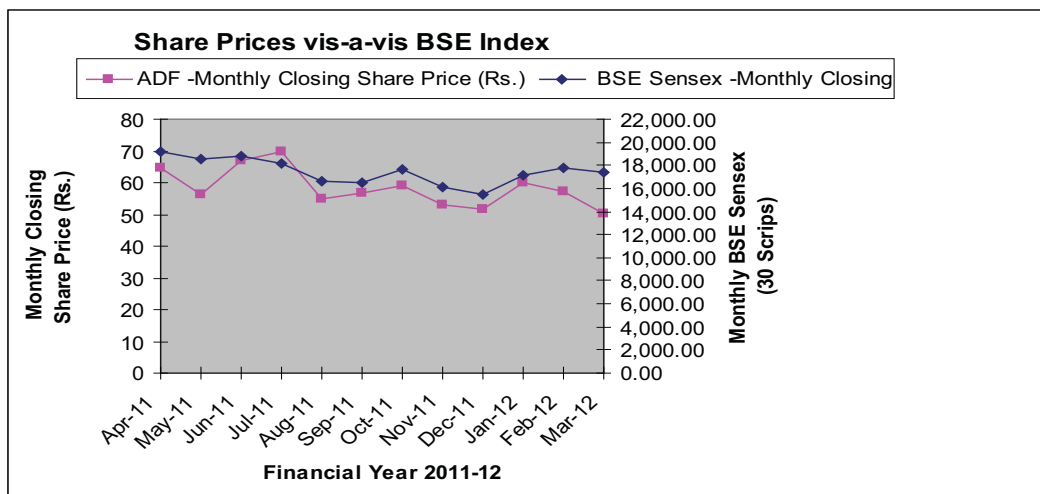
ISIN : INE982B01019

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 2011-2012 are as under:

Month	High (Rs.)	Low (Rs.)	Close (Rs.)	Volume of shares (Nos.)
April 2011	71.45	58.55	64.50	1,56,181
May 2011	65.95	53.90	56.05	91,312
June 2011	86.35	54.00	66.80	28,21,012
July 2011	78.40	65.50	69.70	4,84,200
August 2011	70.70	50.25	55.10	2,13,545
September 2011	66.75	54.10	56.80	1,31,486
October 2011	61.60	54.85	58.90	48,237
November 2011	59.55	42.30	53.20	1,03,903
December 2011	59.00	45.50	51.70	2,87,597
January 2012	62.00	52.25	59.80	1,65,080
February 2012	68.50	53.20	57.00	2,15,442
March 2012	57.00	44.00	50.30	1,00,524

H. PERFORMANCE IN COMPARISON TO BROAD BASED INDICES



I. REGISTRAR & SHARE TRANSFER AGENTS

The Company's Registrar and Share Transfer Agents are LINK INTIME (INDIA) PRIVATE LIMITED. Their address and contact numbers are 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

E-mail: rnt.helpdesk@linkintime.co.in Website: 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 31ST MARCH, 2012

Shareholding of Nominal Value of Rs.	No. of shareholders	% of Total	Face Value (Rs.)	% of Total
1 to 5000	16444	93.48	2,17,90,910	10.79
5001 to 10000	561	3.19	46,16,510	2.28
10001 to 20000	244	1.39	37,47,380	1.86
20001 to 30000	98	0.56	25,64,570	1.27
30001 to 40000	45	0.26	16,17,990	0.80
40001 to 50000	47	0.27	22,21,920	1.10
50001 to 100000	57	0.32	41,59,750	2.06
100001 & above	90	0.53	16,12,80,970	79.84
Total	17586	100	*20,20,00,000	100

*During the year, the paid up capital has been increased by Rs. 20,00,000/- on account of conversion of 2,00,000 warrants out of 20,00,000 warrants issued to the promoter group on preferential basis in compliance with SEBI(ICDR) Regulations, 2009. The warrants have been converted into equivalent number of equity shares of Rs. 10/- each.

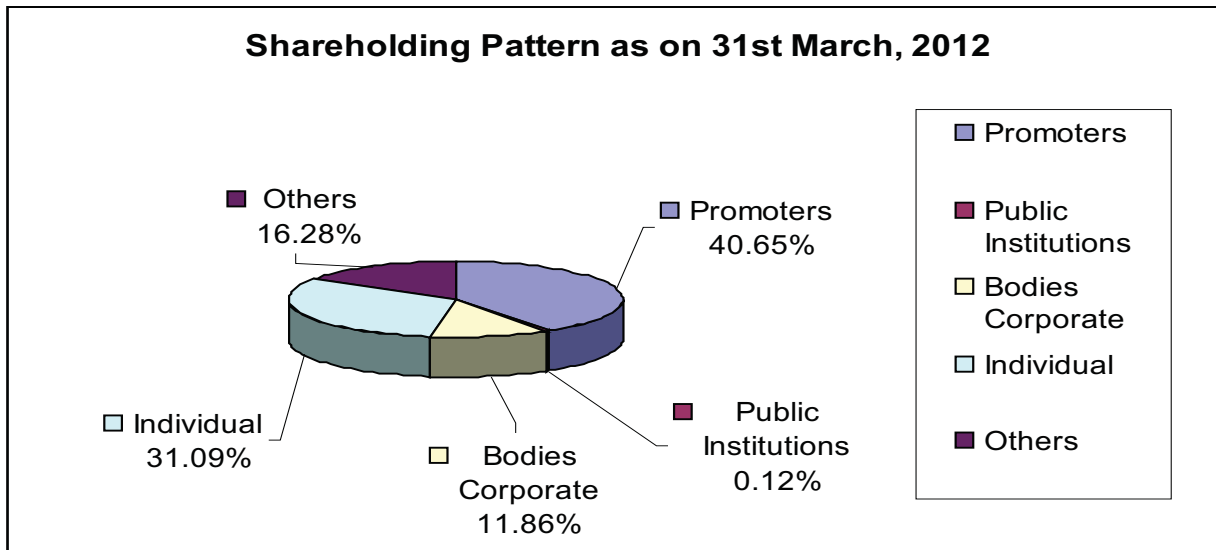
L. DEMATERIALISATION OF EQUITY SHARES

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 92.96% of total equity shares of the Company are held in dematerialised form with NSDL & CDSL.

M. SHAREHOLDING PATTERN AS ON 31ST MARCH, 2012

Category	No. of Shares	% Holding
A. Holding of the Promoter Group		
(a) Individual / HUF	79,73,183	39.47
(b) Bodies Corporate	2,38,399	1.18
Total (A)	82,11,582	40.65
B. Non-Promoters Holding		
1. Institutional Investors		
(a) Mutual Funds / UTI	18,400	0.09
(b) Financial Institutions / Banks	800	0.01
(c) Any Others	5,300	0.02
Sub Total (B 1)	24,500	0.12
2. Others		
(a) Bodies Corporate	23,95,180	11.86
(b) Individual	62,80,167	31.09
(c) Clearing Member	4,67,535	2.31
(d) Non Resident Indian (Repat/Non Repat)	1,69,536	0.84
(e) Overseas Body Corporate/s	26,50,000	13.12
(f) Trust	1,500	0.01
Sub Total (B 2)	1,19,63,918	59.23
Total B1 + B2 (B)	1,19,88,418	59.35
Grand Total (A)+(B)	202,00,000	100

SHAREHOLDING PATTERN



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

During the financial year the Company had issued 20,00,000 convertible warrants to certain members of the Promoter group on Preferential basis. Out of these, 2,00,000 warrants were converted into equivalent number of equity shares of face value Rs. 10/- each on 28th March, 2012. Accordingly, the paid-up equity share capital has been increased by Rs. 20,00,000/-. The allottees of warrants have an option to opt for conversion of remaining 18,00,000 warrants on or before 28th January, 2013.

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 at (I) above.

For general correspondence, please write to:

ADF Foods Limited

Registered office: 83/86, G.I.D.C. Industrial Estate, Nadiad 387 001, Gujarat

Corporate office: Sadhana House, Unit No. 2B, 2nd Floor, 570 P.B. Road, Worli, Mumbai- 400 018

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 note no. 27(9) of the Financial Statements.

- (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, October 2009, July, 2011 and March, 2012 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 Senior 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 31st March, 2012"

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.

Mumbai, 29th May, 2012

For ADF Foods Limited
Ramesh H. Thakkar
Chairman

Certificate Of Compliance With The Corporate Governance Requirement Under Clause 49 Of The Listing Agreement

To the members of ADF Foods Limited

We have examined the compliance of conditions of Corporate Governance by ADF Foods Limited ('the Company') for the year ended on 31st March, 2012 as stipulated in clause 49 of the Listing Agreement entered in to by the Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the 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, and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that in respect of Investors Grievances received during the year ended 31st March, 2012, 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 M/s D. P. GHEVARIA & CO.

Chartered Accountants
Firm's Registration No. 103176W

D. P. Ghevaria
Proprietor
Membership No. 32431

Place: Mumbai

Date: 29th May, 2012

For M/s B S R & Co.

Chartered Accountants
Firm's Registration No. 101248W

Sanjay Aggarwal
Partner
Membership No. 40780

ANNEXURE

REPORT ON CORPORATE GOVERNANCE

DETAILS OF OTHER DIRECTORSHIPS AND COMMITTEE MEMBERSHIPS OF ALL THE DIRECTORS AS ON 31ST MARCH 2012:

[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] 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
- Crowe Horwath Consultants Private Limited

Committee Memberships

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

[5] YASIR 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 Ltd- Remuneration Committee
- ADF Foods Ltd- Shareholder's Grievance Committee
- Power Brands (Foods) Pvt. Ltd.- Audit Committee

[6] MR. VIKRAM S. MUNSHI

Other Directorships

- Shamvik Containers Private Limited
- Shamvik Glasstech Private Limited
- Shamvik Agrotech 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
- Colrige International Private Limited
- India Containers Limited
- Jyoti Records Manufacturing Company Limited

Committee Memberships

ADF Foods Ltd- 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
- Delphinium Realtors Pvt. Ltd

Committee Memberships

ADF Foods Ltd. –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
- UB Qool Futuretech Pvt. Ltd.

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
- 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.

AUDITORS' REPORT TO THE SHAREHOLDERS OF ADF FOODS LIMITED

We have audited the attached Balance Sheet of ADF Foods Limited ('the Company') as at 31 March 2012, and also the Statement of Profit and Loss and the 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.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report as follows:

- I. As required by the Companies (Auditor's Report) Order, 2003 ('the Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('the Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to above, we report that:
 - (a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) 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;
 - (c) the Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the directors of the Company as on 31 March 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as at 31 March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act; and
 - (f) in our opinion, and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2012;
 - (ii) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **D.P. Ghevaria & Co**
 Chartered Accountant
 Firm Registration No. 103176W

D.P. Ghevaria
 Proprietor
 Membership No: 32431

Mumbai
 29 May 2012

For **B S R & Co.**
 Chartered Accountant
 Firm's Registration No: 101248W

Sanjay Aggarwal
 Partner
 Membership No: 40780

Annexure to the Auditors' Report – 31 March 2012

(Referred to in our report of even date)

We report as follows:

- (i) (a) The Company has maintained proper records showing full particulars including, quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with the programme, fixed assets were verified by management during the year and no material discrepancies were noticed on such verification.
- (c) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.
- (ii) (a) The inventory, except stocks lying with third parties, have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. For stocks lying with third parties at the year end written confirmations, have been obtained.
- (b) The procedures for physical verification of inventories followed by management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) The Company has maintained proper records of inventory. The discrepancies noticed on verification between physical stocks and book stocks 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 or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 ('the Act').
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods and services. We have not observed any major weaknesses in the internal control system during the course of our audit.
- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of the contracts or arrangements referred in Section 301 of the Act have been entered in the register maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of Rs. 5 lakh with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 209(1)(d) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State insurance, Income tax, Sales tax, Wealth tax, Service tax, Excise duty, Customs duty and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities.

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, Service tax, Excise duty,

Customs duty and other material statutory dues were in arrears as at 31 March 2012, for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are dues of Income tax and Service tax which have not been deposited with the appropriate authorities on account of dispute as given below:

Name of the statute	Nature of dues	Amount (Rs in Lacs)	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax/Penalty	68.56	A.Y. 2005-06	C.I.T. (Appeal)
Finance Act, 1994	Service tax, penalty etc	440.00	F.Y.2006-07 to F.Y. 2010-11	CESTAT

- (x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institution or banks during the year. The Company did not have any outstanding debentures during the year.
- (xii) The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund / society.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.
- (xviii) The Company has made preferential allotment of shares to four parties covered in the register maintained under Section 301 of the Act. In our opinion, the price as which shares have been issued is not prejudicial to the interest of the Company.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by public issues.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **D.P. Ghevaria & Co**
Chartered Accountant
Firm Registration No. 103176W

For **B S R & Co.**
Chartered Accountant
Firm's Registration No: 101248W

D.P. Ghevaria
Proprietor
Membership No: 32431

Sanjay Aggarwal
Partner
Membership No: 40780

Mumbai
29 May 2012

BALANCE SHEET AS AT 31ST MARCH 2012

PARTICULARS	Note No.	As at 31-Mar-12 Rs. in lacs	As at 31-Mar-11 Rs. in lacs
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	1	2,057.83	2,037.83
(b) Reserves and surplus	2	10,750.89	10,097.74
(c) Money received against share warrants	3	292.50	-
		13,101.22	12,135.57
Non- current liabilities			
(a) Long-term borrowing	4	24.37	45.75
(b) Deferred tax liabilities (net)	5	496.09	300.34
(c) Long-term provisions	6	101.67	81.65
		622.13	427.74
Current liabilities			
(a) Short-term borrowings	7	1,613.87	1,504.83
(b) Trade payables	8	408.28	411.42
(c) Other current liabilities	9	263.83	259.13
(d) Short-term provisions	10	638.79	445.81
		2,924.77	2,621.19
TOTAL		16,648.12	15,184.50
ASSETS			
Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11	3,961.95	3,991.11
(ii) Intangible assets	11	458.97	632.07
(iii) Capital work in progress	11	68.15	96.99
		4,489.07	4,720.17
(b) Non-current investments	12	2,565.05	2,565.05
(c) Long-term loans and advances	13	476.20	381.09
(d) Other non-current assets	14	500.00	0.85
		8,030.32	7,667.16
Current assets			
(a) Current investments	15	1,800.00	875.00
(b) Inventories	16	1,749.35	1,359.08
(c) Trade receivables	17	2,686.52	2,695.39
(d) Cash and bank balances	18	1,831.50	2,003.18
(e) Short-term loans and advances	19	550.43	584.69
		8,617.80	7,517.34
TOTAL		16,648.12	15,184.50
See accompanying notes forming integral part of the financial statements	27		

In terms of our report attached

For and on behalf of the Board of Directors

For D. P. GHEVARIA & CO.
Chartered Accountants
Firm's Registration Number: 103176W

For B S R & Co.
Chartered Accountants
Firm's Registration Number: 101248W

RAMESH H. THAKKAR
Chairman

BIMAL R. THAKKAR
Managing Director

D. P. GHEVARIA
Proprietor
Membership No: 32431

SANJAY AGGARWAL
Partner
Membership No: 40780

Shalaka Ovalekar
Company Secretary

Mumbai,
Date, 29th May 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2012

Particulars	Note No.	31-Mar-12 Rs. in lacs	31-Mar-11 Rs. in lacs
CONTINUING OPERATIONS:			
Revenue from operations (gross)	20	11,306.08	11,138.26
Less: Excise duty	20	57.83	0.59
Revenue from operations (net)		11,248.25	11,137.67
Other income	21	262.76	313.42
Total Revenue		11,511.01	11,451.09
Expenses			
(a) Cost of materials consumed	22 (a)	5,087.79	5,503.79
(b) Cost of traded goods sold	22 (b)	637.18	423.26
(c) Increase in inventories of finished goods and work-in-progress	22 (c)	(328.38)	(289.99)
(d) Employee benefits expenses	23	694.16	538.97
(e) Finance cost	24	124.35	163.01
(f) Depreciation and amortisation expenses	25	467.23	450.25
(g) Other expenses	26	3,107.78	2,661.94
Total expenses		9,790.11	9,451.23
Profit before tax		1,720.90	1,999.86
Tax expenses			
(a) Current tax expenses for current year		375.42	398.74
(b) Current tax expenses related to prior year		(13.30)	(39.67)
(c) Net current tax expense		362.12	359.07
(d) Deferred tax	5	195.75	(139.97)
		557.87	219.10
Profit for the year		1,163.03	1,780.76
Earning per share (of Rs. 10/- each):			
(a) basic		5.77	8.90
(b) diluted		5.45	8.90
See accompanying notes forming integral part of the financial statements	27		

In terms of our report attached

For D. P. GHEVARIA & CO.
 Chartered Accountants
 Firm's Registration Number: 103176W

D. P. GHEVARIA
 Proprietor
 Membership No: 32431

Mumbai,
 Date, 29th May 2012

For B S R & Co.
 Chartered Accountants
 Firm's Registration Number: 101248W

SANJAY AGGARWAL
 Partner
 Membership No: 40780

For and on behalf of the Board of Directors

RAMESH H. THAKKAR
 Chairman

BIMAL R. THAKKAR
 Managing Director

Shalaka Ovalekar
 Company Secretary

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Amounts in the financial statements are presented in Rs. Lacs, except for per share data and otherwise stated.

Note I

Share capital	31-Mar-12 Rs. in lacs	31-Mar-11 Rs. in lacs
Authorized shares		
2,50,00,000 (Previous year 2,50,00,000) equity shares of Rs. 10/- each	2,500.00	2,500.00
Issued and subscribed		
2,02,00,000 (Previous year 2,00,00,000) equity shares of Rs. 10/- each	2,020.00	2,000.00
Paid-up		
2,02,00,000 (Previous year 2,00,00,000) equity shares of Rs. 10/- each	2,020.00	2,000.00
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
Total	2,057.83	2,037.83

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity shares	31st March 2012		31st March 2011	
	No. of shares	Rs. in lacs	No. of shares	Rs. in lacs
At the beginning of the period	20,00,000	2,000	20,00,000	2,000
Add: Shares issued on exercise of conversion of warrants' option	200,000	20	-	-
Outstanding at the end of the period	20,20,000	2,020	20,00,000	2,000

Of the above

50,00,490 (Previous year 50,00,490) equity shares were allotted to the shareholders of the erstwhile Lustre Investments Private Limited, for consideration other than cash pursuant to a Scheme of Amalgamation.

26,50,000 (Previous year 26,50,000) equity shares were issued on preferential basis to investors.

25,26,110 (Previous year 23,26,110) equity shares were issued on conversion of preferential warrants. Out of these, 2,00,000 equity shares carry restriction on transfer for a period of three years from the date of their issue i.e. up to 27th March 2015.

b. Terms/rights attached to equity shares

Company has only one class of shares referred to as Equity Shares having a par value of Rs. 10/-. Each holder of equity shares is entitled to one vote per share.

The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting.

The Board of Directors, in their board meeting held on 29th May 2012, proposed a dividend of Rs. 1.50 per equity share. The total dividend appropriation for the year ended 31st March 2012 amounted to Rs. 352.16 lacs including corporate dividend tax of Rs. 49.16 lacs. The proposal is subject to approval of the shareholders at the Annual General Meeting to be held on 8th August 2012.

During the year ended 31st March 2011, amount of dividend per share distributed to equity share holders was Rs. 1.50. The total dividend appropriation for the year ended 31st March 2011 amounted to Rs. 349.83 lacs including corporate dividend tax of Rs. 49.83 lacs.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amount exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

c. Details of shareholders holding more than 5% shares of the company

Class of shares / name of shareholder	As on 31st March 2012		As on 31st March 2011	
	No. of shares held	% holding in that class of shares	No. of shares held	% holding in that class of shares
Credit Renaissance fund, Limited	2,200,000	10.89%	2,200,000	11.00%
Mr. Ashok H. Thakkar	1,836,354	9.09%	2,023,354	10.12%
Top Class Capital Markets Pvt. Ltd.	1,806,032	8.94%	2,022,258	10.11%
Mr. Bimal R. Thakkar	1,506,320	7.46%	1,466,320	7.33%
Mr. Bhavesh R. Thakkar	1,449,450	7.18%	1,646,696	8.23%
Mr. Mishal A. Thakkar	1,101,098	5.45%	1,021,098	5.11%
Mr. Ramesh H. Thakkar	1,045,500	5.18%	1,145,500	5.73%
Total	10,944,754	54.19%	11,525,226	57.63%

Note 2

Reserves and surplus	31-Mar-12 Rs. in lacs	31-Mar-11 Rs. in lacs
Capital reserve		
Balance as per the last financial statements	105.00	105.00
Additions/Created during the year	-	-
Deductions during the year	-	-
Closing balance	105.00	105.00
Securities premium reserve		
Balance as per the last financial statements	4,834.33	4,834.33
Additions/Created during the year	110.00	-
Deductions during the year	-	-
Closing balance	4,944.33	4,834.33
General reserve		
Balance as per the last financial statements	408.97	318.00
Add: amount transferred from surplus balance in the statement of profit and loss	60.00	90.97
Deduction during the year	-	-
Closing balance	468.97	408.97
Hedging reserve		
Balance as per the last financial statements	-	-
Additions/Created during the year	(270.90)	-
Deductions during the year	-	-
Closing balance	(270.90)	-
Surplus in statement of profit & loss (Refer note A given below)		
Balance as per the last financial statements	4,749.44	3,410.65
Profit for the year as per note A given below	754.05	1,338.79
Deductions during the year	-	-
Closing balance	5,503.49	4,749.44
Total	10,750.89	10,097.74
Note A		
Profit for the year	1,163.03	1,780.76
Prior year's adjustment (net)	(3.18)	1.17
Less:		
Preliminary expenses	-	-
Dividend proposed to be distributed to equity shareholders (Rs. 1.50 per share)	303.00	300.00
Tax on dividend	49.16	49.83
Transfer to general reserve	60.00	90.97
	412.16	440.80
Total	754.05	1,338.79

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 3

Share warrants	31-Mar-12 Rs. in lacs	31-Mar-11 Rs. in lacs
Issued during the year		
2,00,000 (Previous year nil) share warrants, fully paid up @ Rs. 65/- per share warrant (refer note i below)	130.00	-
18,00,000 (Previous year nil) share warrants, partly paid up @ Rs. 16.25 per share warrant (refer note i below)	292.50	-
Less: Conversion of fully paid share warrants into equity shares (refer note ii below)	130.00	-
Closing balance	292.50	-

Monies received against share warrants:
Note:

- i) The Board of Directors of the Company at their meeting held on 16th June 2011 and as approved at its Annual General Meeting held on 15th July, 2011, had resolved to create, offer, issue and allot up to 20,00,000 warrants of Rs. 65/- each, convertible into 20,00,000 equity shares of Rs. 10/- each on a preferential allotment basis, pursuant to Section 81(IA) of the Companies Act, 1956, at a conversion price of Rs. 65/- per equity share of the Company, arrived at in accordance with the SEBI Guidelines in this regard. Subsequently, these warrants were allotted on 29th July 2011 to the promoters and 25% application money amounting to Rs. 325 lacs was received from them. The said warrants are convertible into equivalent number of shares upon payment of the balance 75% amount at any time on or before 28th January 2013. If the warrants are not fully subscribed within the said period, the Company shall forfeit the amounts received towards warrants.
- ii) Warrants holders have partly exercised their rights during the year. Accordingly, on 28th March 2012, the Company has converted 2,00,000 share warrants into equivalent number of equity shares on receipt of the balance amount of Rs. 48.75 per share warrant, aggregating to Rs. 97.50 lacs. Of the total consideration of Rs. 130 lacs received against 2,00,000 share warrants, Rs. 20 lacs have been transferred to Share capital account and Rs. 110 lacs have been transferred to Securities premium reserve.

Note 4

Long term borrowing	31-Mar-12 Rs. in lacs	31-Mar-11 Rs. in lacs
Secured		
Long term maturities of car finance		
Due to a bank under car loan agreement (secured by hypothecation of asset purchased, repayable in 36 installments)	3.68	14.14
Due to others under car loan agreements (secured by hypothecation of assets purchased, repayable in 60 installments)	20.69	31.61
Total	24.37	45.75

Note 5

Deferred tax liability (net)	31-Mar-12 Rs. in lacs	31-Mar-11 Rs. in lacs
Deferred tax liability at the year end comprises timing differences on account of:		
Tax effect of items constituting deferred tax liability:		
On difference between book balance and tax balance of fixed assets	526.92	529.25
	526.92	529.25
Tax effect of items constituting deferred tax assets:		
Provision for compensated absences, gratuity and other employee benefits	(12.93)	(28.76)
Provision for doubtful advances / debts	(17.90)	(20.17)
Expenditure / provisions allowable	-	(10.42)
MAT credit	-	(169.56)
	(30.83)	(228.91)
Net deferred tax liability	496.09	300.34

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 6

Long-term provisions	31-Mar-12 Rs. in lacs	31-Mar-11 Rs. in lacs
(a) Provision for employees' benefits (refer note 27 (11)):		
(i) Provision for compensated absences	12.08	16.60
(ii) Provision for gratuity	89.59	65.05
Total	101.67	81.65

Note 7

Short-term borrowings	31-Mar-12 Rs. in lacs	31-Mar-11 Rs. in lacs
(a) Loans repayable on demand		
From banks		
Secured		
(i) State bank of Hyderabad (refer note A below)	705.06	530.00
(ii) Bank of Baroda (refer note A below)	791.55	471.38
(iii) Tamilnadu Mercantile Bank Ltd. (refer note B below)	-	503.45
	1,496.61	1,504.83
b) Loans and advances from related parties (refer note 27 (9) for disclosure of their relationship):		
(i) ADF (Holdings) USA Limited	101.04	-
(ii) ADF Foods (India) Limited	0.96	-
(iii) ADF foods (UK) limited	15.26	-
	117.26	-
Total	1,613.87	1,504.83

Note

- A) 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.
- B) Secured by pledge of fixed deposits of Rs. Nil (previous year of Rs. 575 lacs) held with Tamilnadu Mercantile Bank Limited.

Note 8

Trade payables	31-Mar-12 Rs. in lacs	31-Mar-11 Rs. in lacs
Due to Micro and Small Enterprises (refer note 27 (6))	-	-
Other than acceptance	408.28	411.42
Total	408.28	411.42

Note 9

Other current liabilities	31-Mar-12 Rs. in lacs	31-Mar-11 Rs. in lacs
(a) Short term maturities of car finance (refer note 4 - long term borrowings)	21.38	20.51
(b) Unclaimed dividend	62.55	58.96
(c) Other payables		
(i) Statutory remittance (PF, E.S.I.C, Withholding Tax, VAT, Service Tax etc)	100.54	41.34
(ii) Advances from customers	26.54	70.35
(iii) Others	52.82	67.97
Total	263.83	259.13

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 10

Short-term provisions	31-Mar-12 Rs. in lacs	31-Mar-11 Rs. in lacs
(a) Provision for employees' benefits (Refer note 27(I I)):		
(i) Provision for compensated absences	4.03	4.94
	4.03	4.94
(b) Provisions Others:		
(i) Provisions for tax (net of advance tax Rs. Nil (Previous year Rs. 408.88 lacs))	-	91.04
(ii) Provision for proposed equity dividend	303.00	300.00
(iii) Provision for tax on proposed equity dividend	49.16	49.83
(iv) Provision for mark-to-market losses on derivative contracts	282.60	-
	634.76	440.87
Total	638.79	445.81

Note 11
Fixed assets

Rs. in lacs

DESCRIPTIONS	Gross block				Depreciation / amortization				Net block	
	As at 1st April 11	Additions/ adjustments during the year	Deduction/ adjustment during the year	As at 31st March 2012	As at 1st April 11	For the year	* Deduction/ adjustment during the year	As at 31st March 12	As at 31st March 12	As at 31st March 11
Tangible assets:										
Leasehold land	35.49	-	-	35.49	5.21	0.35	-	5.56	29.93	30.28
Freehold land	4.18	-	-	4.18	-	-	-	-	4.18	4.18
Factory building	2,022.98	22.34	-	2,045.32	549.03	67.83	-	616.86	1,428.46	1,473.95
Office premises	106.56	-	-	106.56	0.20	1.74	-	1.94	104.62	106.36
Plant and machinery	3,115.90	217.71	5.32	3,328.29	1,101.78	169.25	5.02	1,266.01	2,062.28	2,014.12
Laboratory equipment	23.44	0.07	0.12	23.39	10.27	1.32	0.12	11.47	11.92	13.17
Office equipment	53.38	7.63	15.84	45.17	18.13	12.72	15.30	15.55	29.62	35.25
Computers	68.36	8.80	3.08	74.08	57.15	5.10	3.08	59.17	14.91	11.21
Furniture and fixtures	103.49	0.45	25.52	78.42	48.73	5.69	25.52	28.90	49.52	54.76
Vehicles	325.44	11.77	6.16	331.05	77.61	30.13	3.20	104.54	226.51	247.83
	5,859.22	268.77	56.04	6,071.95	1,868.11	294.13	52.24	2,110.00	3,961.95	3,991.11
Intangible assets:										
Trade marks	1,309.01	-	-	1,309.01	730.13	119.91	-	850.04	458.97	578.88
Goodwill	399.03	-	-	399.03	345.84	53.19	-	399.03	-	53.19
	1,708.04	-	-	1,708.04	1,075.97	173.10	-	1,249.07	458.97	632.07
Total	7,567.26	268.77	56.04	7,779.99	2,944.08	467.23	52.24	3,359.07	4,420.92	4,623.18
Previous year	6,879.37	706.66	18.77	7,567.26	2,508.84	450.25	15.01	2,944.08	4,623.18	4,370.53
Capital work-in-progress (Tangible)	96.99	190.24	219.08	68.15	-	-	-	-	68.15	96.99
TOTAL	7,664.25	459.01	275.12	7,848.14	2,944.08	467.23	52.24	3,359.07	4,489.07	4,720.17

* Deduction / adjustment during the year includes loss due to scrap / discard of assets of Rs. 15.54 lacs

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 12

Non-current investments	31-Mar-12 Rs. in lacs	31-Mar-11 Rs. in lacs
Investments (At cost)		
Other Investments		
Unquoted:		
Investment in equity instruments of subsidiaries:		
a) ADF Foods (UK) Limited		
9,43,823 (Previous year 9,43,823) equity shares of £1/- each fully paid.	673.89	673.89
b) Power Brands (Foods) Pvt. Limited		
1,88,10,000 (Previous year 1,88,10,000) equity shares of Rs. 10 each fully paid.	1,881.00	1,881.00
c) ADF Foods (Mauritius) limited		
10,000 (Previous year 10,000) equity shares of \$1/- each fully paid.	5.16	5.16
d) ADF Foods (India) limited		
50,000 (Previous year 50,000) equity shares of Rs. 10/- each fully paid.	5.00	5.00
Total	2,565.05	2,565.05

Note 13

Long-term loans and advances	31-Mar-12 Rs. in lacs	31-Mar-11 Rs. in lacs
Unsecured:		
(a) Capital advance		
Considered good		
Doubtful	14.63	14.63
Less: Provision for doubtful advances	14.63	14.63
	-	-
(b) Other deposits		
Considered good	124.69	57.75
(Includes deposit of Rs. 13.50 lacs (Previous year Rs. 14 lacs) paid to a Director, refer note 27 (7))		
(c) Loans and advances to related parties (refer note 27 (7))		
Considered good		
Power Brands (Foods) Pvt. Limited	300.00	300.00
(d) Loans and advances to employees		
Considered good	39.13	23.34
(e) Others		
Considered good		
Advance income tax (net of provision of Rs. 364.41 lacs, (Previous year Nil))	12.38	-
Total	476.20	381.09

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 14

Other non-current assets	31-Mar-12 Rs. in lacs	31-Mar-11 Rs. in lacs
(a) Advances to suppliers	27.84	29.60
Less: Considered doubtful	27.84	29.60
	-	-
(b) Others		
(i) in deposit accounts	500.00	-
(ii) balances held as margin money or security against borrowings / guarantees and other commitments.	-	0.85
Total	500.00	0.85
Aggregate amount of non-current investment in mutual funds (market value)	500.00	-

Note 15

Current investment	31-Mar-12 Rs. in lacs	31-Mar-11 Rs. in lacs
Quoted		
Investment in mutual funds (At lower of cost or market value):		
Birla Sunlife fixed term plan series dioi	100.00	-
IDFC fixed maturity plan yearly series 45	100.00	-
Reliance fixed horizon fund XX series	100.00	-
SBI debt fund series 367 days 5 growth	100.00	-
ICICI prudential fmpl series 60 - 1 year plan j cumulative yld	250.00	-
ICICI prudential fmpl series 61 - 1 year plan j cumulative ytd	200.00	-
SBI debt fund series 13 months 12 growth	450.00	-
ICICI prudential fmp series 63 270 days plan D	400.00	-
LIC nomura mf fixed maturity plan series 52	100.00	-
Reliance Fixed Horizon Fund - XVI Series 6	-	250.00
IDFC Fixed Maturity Plan - Quarterly Series 6	-	100.00
Birla Sun Life Fixed term Plan-Series Cj	-	25.00
Axis Fixed term Plan-Series 13 (370 Days)	-	100.00
Kotak FMP Series 33 Growth	-	50.00
Kotak FMP Series 29	-	350.00
Total	1,800.00	875.00
Aggregate amount of current investment (market value)	1,835.71	889.36

The above investments in mutual funds have been pledged in favour of HDFC Bank Limited, Mumbai against term loan of US \$ 5 million granted by HDFC Bank Limited, Bahrain Branch to the Company's indirect subsidiary - ADF Holdings (USA) Limited. On the maturity of the said units, the Company has agreed to provide fresh security to HDFC Bank Limited, Mumbai as and when required.

Note 16

Inventories	31-Mar-12 Rs. in lacs	31-Mar-11 Rs. in lacs
(At lower of cost and net realizable value)		
Raw materials	144.34	99.04
Semi-finished goods	869.75	652.36
Finished goods	107.32	45.09
Traded goods	16.13	29.74
Stores, spares, packing materials, etc.	554.81	524.61
Licenses on hand	57.00	8.24
Total	1,749.35	1,359.08

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 17

Trade receivable	31-Mar-12 Rs. in lacs	31-Mar-11 Rs. in lacs
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered Good	-	-
Doubtful	12.69	16.49
	12.69	16.49
Less: provision for doubtful trade receivables	12.69	16.49
	-	-
Other trade receivables		
Unsecured, considered good	2,686.52	2,695.39
Less: provision for doubtful trade receivables	-	-
	2,686.52	2,695.39
Total	2,686.52	2,695.39
Above includes debts due from related parties: (refer note 27(9) for disclosure of their relationship)		
ADF Foods (India) Limited	152.01	149.14
ADF Foods (UK) Limited	10.55	-

Note 18

Cash and bank balances:	31-Mar-12 Rs. in lacs	31-Mar-11 Rs. in lacs
Cash and cash equivalent		
(a) Cash on hand	6.63	2.91
(b) Cheques, drafts on hand	9.50	10.54
(c) Balance with banks		
(i) in Current accounts	115.27	172.64
(ii) in EEFC accounts	280.23	88.31
(iii) in deposit accounts		
- with original maturity of less than 3 months	-	375.00
	411.63	649.40
Other bank balances		
(i) in deposit accounts		
- with original maturity for more than 3 months but less than 12 months (refer note 1 below)	1,198.00	1,198.00
(ii) in earmarked accounts		
- Unclaimed dividend accounts	62.55	88.66
- held as margin money deposits or security against borrowings and guarantees commitments. (refer note 2):		
(a) with original maturity of less than 3 months	46.07	-
(b) with original maturity for more than 3 months but less than 12 months	113.25	67.12
	1,419.87	1,353.78
Total	1,831.50	2,003.18

Note:

- The bank fixed deposits aggregating to Rs. 1,198 lacs have been pledged in favour of HDFC Bank Limited, Mumbai against term loan of US \$ 5 million granted by HDFC Bank Limited, Bahrain Branch to the Company's indirect subsidiary - ADF Holdings (USA) Limited. On the maturity of the said deposits, the Company has agreed to provide fresh security to HDFC Bank Limited, Mumbai as and when required.
- Margin money deposits are kept with banks for issue of letters of credit, bank guarantees and for forward contracts.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
Note 19

Short- term loans and advances	31-Mar-12 Rs. in lacs	31-Mar-11 Rs. in lacs
Unsecured		
(a) Loans and advances to related parties		
Considered good (refer note 27 (7) for disclosure of their relationship)		
- ADF Foods (India) Limited	-	0.01
- ADF Foods (Mauritius) Limited	7.22	3.56
- ADF Holdings (USA) Limited	-	30.85
- ADF Foods (UK) Limited	-	35.51
(b) Loans and advances to employees		
Considered good	17.41	9.43
(c) Prepaid expenses	26.75	18.77
(d) Balances with government authorities - considered good		
(i) CENVAT credit receivable	36.70	0.03
(ii) VAT credit receivable	128.71	105.81
(iii) Service tax credit receivable	143.09	100.22
(e) Inter corporate deposit		
Considered good	100.00	-
(f) Others		
Considered good		
(i) Advances to suppliers for goods	8.84	133.95
(ii) Advances to suppliers for expenses	13.23	11.34
(iii) Interest receivable	13.59	7.09
(iv) Others	54.89	128.12
Total	550.43	584.69

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 20

Revenue from operations	31-Mar-12 Rs. in lacs	31-Mar-11 Rs. in lacs
Sale of products	10,714.20	10,750.17
Manufactured goods	9,832.06	10,168.95
Traded goods	882.14	581.22
Other operating revenue	591.88	388.09
	11,306.08	11,138.26
Less: Excise duty	57.83	0.59
Total	11,248.25	11,137.67
Sale of products comprises		
Manufactured goods		
Meal accompaniments	5,914.74	6,308.19
Frozen foods	1,174.88	1,096.93
Ready to eat	1,618.05	1,564.05
Spices and condiments	608.09	763.68
Others	516.30	436.10
Total - Sale of manufactured goods (A)	9,832.06	10,168.95
Traded goods		
Tamarind	483.58	244.27
Canned foods	234.81	206.66
Snacks	74.50	39.99
Others	89.25	90.30
Total - Sale of traded goods (B)	882.14	581.22
Total - Sale of products (A + B)	10,714.20	10,750.17
Other operating revenues comprise:		
Sale of import licences	443.41	208.03
Steamer freight assistance	75.40	130.15
Duty drawback	11.06	-
Sale of scrap	10.23	4.68
Central excise duty refund	11.23	30.78
Insurance claim	40.55	14.45
Total - Other operating revenues	591.88	388.09

Note 21

Other income	31-Mar-12 Rs. in lacs	31-Mar-11 Rs. in lacs
Interest income (Refer Note (i) below)	156.64	136.91
Net gain on sale of long term investments	83.39	10.33
Net gain on foreign currency transactions and translations (Other than considered as finance cost)	-	156.76
Other non-operating income (net of expenses directly attributable to such income) (Refer Note (ii) below)	22.73	9.42
Total	262.76	313.42
Note (i)		
Interest income comprises:		
Interest from banks on:		
deposits	146.90	130.30
Interest on loans and advances	2.45	-
Other interest	7.29	6.61
Total - Interest income	156.64	136.91
Note (ii)		
Other non-operating income comprises:		
Liabilities / provisions no longer required written back	11.37	6.10
Miscellaneous income	11.36	3.32
Total - Other non-operating income	22.73	9.42

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
Note 22

(a) Cost of materials consumed:	31-Mar-12 Rs. in lacs	31-Mar-11 Rs. in lacs
Raw materials consumed :		
Opening Stock	99.04	125.71
Add : Purchases	3,738.20	3,957.29
Add: Carriage inward	24.22	45.43
	<u>3,861.46</u>	<u>4,128.43</u>
Less: Loss of stock due to fire	41.05	-
Less : Closing stock	<u>144.34</u>	<u>99.04</u>
Cost of raw materials consumed	3,676.07	4,029.39
Raw materials consumed comprises:		
Brined fruits and vegetables	1,100.52	1,451.62
Sugar	927.36	1,027.61
Spices	438.14	405.54
Fresh vegetables	464.03	390.66
Oil	237.05	205.00
Milk and milk products	228.82	198.89
Others	<u>280.15</u>	<u>350.07</u>
	3,676.07	4,029.39
Packing materials consumed :		
Opening stock	524.61	394.71
Add : Purchases	<u>1,441.92</u>	<u>1,604.30</u>
	<u>1,966.53</u>	<u>1,999.01</u>
Less : Closing stock	<u>554.81</u>	<u>524.61</u>
Cost of packing materials consumed	1,411.72	1,474.40
Packing materials consumed comprises:		
Glass bottles	309.77	340.25
Carboys	240.15	170.44
Cartons	125.79	135.19
Printed boxes	116.25	109.04
Others	<u>619.76</u>	<u>719.48</u>
	1,411.72	1,474.40
Total Consumption of materials	5,087.79	5,503.79
(b) Cost of sale of traded goods:	31-Mar-12 Rs. in lacs	31-Mar-11 Rs. in lacs
Opening stock	29.74	34.87
Add : Purchases	<u>623.57</u>	<u>418.13</u>
	<u>653.31</u>	<u>453.00</u>
Less : Closing stock	<u>16.13</u>	<u>29.74</u>
Cost of traded goods sold	637.18	423.26
Traded goods comprises:		
Tamarind	358.90	200.62
Canned foods	153.43	137.32
Snacks	42.08	23.88
Others	<u>82.77</u>	<u>61.44</u>
	637.18	423.26

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 22

(c) Changes in inventories of finished goods and work-in-progress	31-Mar-12 Rs. in lacs	31-Mar-11 Rs. in lacs
Inventories at the end of the year		
Finished goods	107.32	45.09
Work-in-progress	869.75	652.36
Licences on hand	57.00	8.24
	1,034.07	705.69
Inventories at the beginning of the year		
Finished goods	45.09	72.31
Work-in-progress	652.36	339.52
Licences on hand	8.24	3.87
	705.69	415.70
Net (increase) / decrease	(328.38)	(289.99)

Note 23

Employees' benefit expenses	31-Mar-12 Rs. in lacs	31-Mar-11 Rs. in lacs
Salaries and wages	534.17	438.85
Contribution to PF & other funds: (refer note 27 (11))		
Gratuity - unfunded	34.53	9.71
Others	47.79	40.49
Staff welfare	77.67	49.92
Total	694.16	538.97

Note 24

Finance costs	31-Mar-12 Rs. in lacs	31-Mar-11 Rs. in lacs
(a) Interest expenses on:		
(i) Borrowings	66.08	111.08
(ii) Others:		
- Interest on delayed / deferred payment of income tax	3.13	-
- Interest on delayed payment of service tax	0.84	-
- Interest expense on car finance	4.68	5.50
- Others	0.08	0.17
(b) Other borrowing cost	49.54	46.26
Total	124.35	163.01

Note 25

Depreciation and amortization	31-Mar-12 Rs. in lacs	31-Mar-11 Rs. in lacs
Tangible assets	294.13	250.53
Intangible assets	173.10	199.72
Total	467.23	450.25

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 26

Other expenses	31-Mar-12 Rs. in lacs	31-Mar-11 Rs. in lacs
Excise duty	2.93	1.49
Loss of stock due to fire	41.05	-
Other manufacturing expenses	257.56	248.05
Freezing and preservation charges	10.89	29.09
Power and fuel	334.98	285.98
Electricity	11.99	10.97
Water charges	7.82	8.55
Rent including lease rent	69.28	70.41
Repairs and maintenance - building	40.78	49.14
Repairs and maintenance - machinery	79.68	65.73
Repairs and maintenance - others	92.99	52.65
Insurance	23.54	19.96
Rates and taxes	21.84	15.54
Communication expenses	40.28	41.00
Traveling and conveyance expenses	300.86	273.35
Motor car expenses	26.43	24.89
Printing and stationery	11.46	10.57
Freight and forwarding	751.72	806.54
Sales commission and claims	109.44	160.00
Advertisement	314.60	195.68
Business promotion	127.48	85.49
Donations	7.14	4.22
Legal and professional fees	186.47	86.76
Payment to auditors:		
Payment to auditors comprise:		
As auditors - statutory audit	12.00	6.00
For taxation matters	0.50	0.50
For other service	0.48	0.42
Total	12.98	6.92
Registration and filing fees	2.41	1.81
Directors sitting fees	5.15	2.60
Bad debts written off	-	3.09
Loss on foreign currency transactions and translations (other than considered as finance cost) (net)	87.77	-
Loss on sale of fixed assets	2.46	1.14
Provision for doubtful trade and other receivables, loans and advances (net)	1.47	4.51
Miscellaneous expenses (net)	124.33	95.81
Total	3,107.78	2,661.94

Notes on Significant Accounting Policies forming part of the financial statements

Note 27

I. Corporate information:

ADF Foods Limited is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on Bombay Stock Exchange and National Stock Exchange in India. The company is engaged in the manufacturing and selling of food products like pickles, chutneys, ready to eat items, paste and sauces, frozen foods, spices etc. The company caters mainly to International markets and in domestic market.

2. Significant accounting policies:

a. Basis of preparation:

The financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting and in accordance with the provisions of the Companies Act, 1956 ('the Act') and the accounting principles generally accepted in India and comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the 'National Advisory Committee' on Accounting Standards.

Current / non-current classification:

The Revised Schedule VI to the Act requires assets and liabilities to be classified as either Current or Non-current.

An asset is classified as current when it satisfies any of the following criteria:

- (a) it is expected to be realized in, or is intended for sale or consumption in, the entity's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is expected to be realized within twelve months after the balance sheet date; or
- (d) it is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the balance sheet date.

All other assets are classified as non-current.

A liability is classified as current when it satisfies any of the following criteria:

- (a) it is expected to be settled in, the entity's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is due to be settled within twelve months after the balance sheet date; or
- (d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

All other liabilities are classified as non-current.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out above which are in accordance with the revised Schedule VI to the Act.

Based on the nature of services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

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. Changes in estimates are recognized in the year these arise.

c. Fixed Assets:

i) 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

ii) 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.

iii) 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 capitalized along with the asset on completion of the expansion project or otherwise on commencement of commercial use of the asset.

d. Depreciation:

i) 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 or discarded is calculated on a prorata basis from the date of such addition or up to the date of such sale or discarded as the case may be. Additional depreciation is provided, if required, to cover any impairment in the value of fixed assets.

ii) 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 capitalized. Additional amortization is provided, if required, to cover any impairment in the value of intangible assets.

iii) Leasehold land:

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

e. Valuation of stock:

i) In determining cost of raw materials, packing materials, traded items, semi-finished goods, finished goods, 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 written down.

ii) Traded goods and finished goods are valued at cost or net realizable 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.

f. Staff retirement benefits:

Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The company has no obligation, other than the contribution payable to the provident fund.

The company operates defined benefit plan for its employees, viz., gratuity. The costs of providing benefit under these plans are determined on the basis of actuarial valuation at each year-end. Separate actuarial valuation is carried out for each plan using the projected unit credit method. Actuarial gains and losses for both defined benefit plans are recognized in full in the period in which they occur in the statement of profit and loss.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

g. Foreign Currency transactions:

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Exchange differences arising on foreign exchange transaction settled during the year are recognized in statement of profit and loss of the year.

Monetary assets and liabilities denominated in foreign currencies which are outstanding as at the year-end are translated at the closing exchange rate and the resultant exchange differences are recognized in the statement of Profit and Loss.

Forward contracts, other than those entered in to hedge foreign currency risk on unexecuted firm commitments or highly probable forecast transactions, are treated as foreign currency transactions and accounted accordingly as per Accounting Standard 11 ["The effect of changes in foreign exchange rates"]. Exchange differences arising on such contracts are recognized in the period in which they arise.

The premium / discount on a foreign currency forward contract is accounted as expense / income over the period of the contract.

Gains and losses arising on account of roll over / cancellation of forward contracts are recognized as income / expenses of the period in which such rollover / cancellation takes place.

The company has adopted Accounting Standard 30, Financial Instruments; Recognition and Measurement (AS 30) issued by ICAI to the extent the adoption of AS 30 does not conflict with existing Accounting Standards prescribed by Companies (Accounting Standards) Rules, 2006 and other authoritative pronouncements.

Accordingly, the resultant gain or losses on fair valuation / settlement of the derivative contracts covered under Accounting Standard (AS) 30 ["Financial instruments; Recognition and Measurement"] are recognized in the statement of profit and loss or balance sheet as the case may be after applying the test of hedge effectiveness. Where the hedge is effective, the gains or losses are recognized in the "Hedging Reserve" which forms part of "Reserves and Surplus" in the Balance Sheet, while the same is recognized in the statement of Profit and Loss where the hedge is ineffective. The amount recognized in the "Hedging Reserve" is transferred to the statement of Profit and Loss in the period in which the underlined Hedge item affects the statement of profit and loss.

h. Revenue recognition:

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

Scrap sales are accounted upon sales.

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

Interest and other income are recognized 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 exist a present obligation as a result of past events and 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 require an outflow of resources. When there is a possible obligation or present obligation in respect of which likelihood of outflow of resources is remote, no provision or disclosure is made.

k. Investments:

Investments which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as non-current investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of Profit and Loss.

l. Lease accounting:

i) Where the company is lessee:

leases, which effectively transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in Schedule XIV to the Companies Act, 1956, whichever is lower. However, if there is no reasonable certainty that the company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset, the lease term or the useful life envisaged in Schedule XIV to the Companies Act, 1956.

Where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, such leases are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

ii) Where the company is the lessor:

Leases in which the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

m. Borrowing costs:

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

n. Government grants and subsidies:

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

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 charges or credits (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 recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognized only to that 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 recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed as at balance sheet date to reassess realization.

P. Contingent liabilities:

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

NOTES TO ACCOUNTS:

3. Share warrants / share capital:

- During the financial year 2007-08, the company had issued convertible warrants to the Promoters, their friends and relatives and independent Directors of the Company. As the options for conversion of warrants into equity shares was not exercised by the specified date, the company forfeited the initial subscription amount aggregating to Rs. 105 lacs and the same was transferred to Capital Reserve Account. At the same time, the Company had also issued preferential equity shares on a Private Placement basis aggregating to Rs. 1,855 lacs.
- During the financial year 2009-10, the company made a second series of preferential issue of convertible warrants to the Promoters, their friends and relatives and independent Directors of the Company. Upon their conversion, the company received Rs. 232.61 lacs towards share capital and Rs. 511.74 lacs towards Securities Premium Reserve, in all aggregating to Rs. 744.35 lacs.
- Pursuant to the members' approval in the Annual General Meeting held on 15th July, 2011, the Company issued to the promoters 20,00,000 convertible warrants of Rs. 65/- each at a part payment of Rs. 16.25 per warrant on allotment, aggregating to Rs. 325 lacs. 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. 55/- per share, upon the Warrant holders paying the balance consideration.

On the warrants holders exercising their right partially, the Company has, on 28th March 2012, converted 2,00,000 share warrants into equivalent number of equity shares on receiving the balance amount of Rs. 48.75 per share warrant, aggregating to Rs. 97.50 lacs. Of the total consideration of Rs. 130 lacs received against 2,00,000 share warrants, Rs. 20 lacs have been transferred to Share Capital and Rs. 110 lacs have been transferred to Securities Premium Reserve.

Out of the total amount of Rs. 3,126.85 lacs thus received from the preferential allotment of the Shares and Warrants issued from time to time, the company has utilized these funds in the manner summarized below:

	Rs. in lacs
For expansion / acquisition of fixed assets	2,159.95
Unutilized balance held as Fixed deposits with banks	966.90
Total:	3,126.85

4 a. Contingent Liabilities:

	2011-12	2010-11
Letter of credit issued by the banks (net of margin money)	6.37	15.04
Guarantees issued by the banks (net of margin money)	28.43	31.58
Claims against the Company not acknowledged as debts (net of deposits)	15.25	30.16
Disputed Service tax demands of earlier years	440.00	-
Disputed Income tax demands of earlier years	68.56	83.87

4 b. Capital commitments (net of advances):

	2011-12	2010-11
Capital commitments (net of advances)	2.93	8.54

- 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 amortization 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 recognized to the statement of Profit and Loss in the consolidated accounts.

6. There are no Micro Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March 2012. This information as required to be disclosed under the Micro Small and Medium Enterprises Development Act, 2006 has been determined as below to the extent such parties have been identified on the basis of information available with the Company.

	31 March 2012	31 March 2011
Principal amount remaining unpaid to any supplier as at the period/year end	Nil	Nil
Interest due thereon	Nil	Nil
Amount of interest paid by the Company in terms of section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting period/year	Nil	Nil
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period/year) but without adding the interest specified under the MSMED	Nil	Nil
Amount of interest accrued and remaining unpaid at the end of the accounting period/year	Nil	Nil

7. Loans and advances includes:

a. Short term loans and advances recoverable include advances to subsidiaries:

- ADF Foods India Limited, Rs. Nil, (Previous year Rs. 0.01 lacs), Maximum balance during the year Rs. 10.02 lacs (Previous year Rs. 22.57 lacs)
- ADF Foods Mauritius Limited, Rs. 7.22 lacs, (Previous year Rs. 3.56 lacs), Maximum balance during the year Rs. 7.22 lacs (Previous year Rs. 354.54 lacs)]
- ADF Foods (UK) Limited, Rs. Nil (Previous year Rs. 35.51 lacs), maximum balance during the year Rs. 184.43 lacs (previous year Rs. 669.36 lacs)
- ADF Holdings (USA) Limited, Rs. Nil (Previous year Rs. 30.85 lacs), maximum balance during the year Rs. 31.55 lacs (previous year Rs. 31.55 lacs)

b. Deposits paid to related parties:

- Interest free lease deposit of Rs. 125.00 lacs, (Previous year Rs. 125.00 lacs), maximum balance during the year Rs. 125.00 lacs (Previous year Rs. 125 lacs) paid for office premises taken on lease from a Subsidiary Company in which some of the Directors are interested as Directors.
- Interest free deposit of Rs. 175.00 lacs (previous year Rs. 175.00 lacs) , maximum balance during the year Rs. 175 lacs (Previous year Rs. 175 lacs) paid for Brand utilization to a Subsidiary Company in which some of the Directors are interested as Directors.
- Interest free security deposit of Rs. 13.50 lacs (Previous year Rs. 14 lacs) , maximum balance during the year Rs. 14.00 lacs (Previous year Rs. 15.00 lacs) paid for guest house taken on lease from the Chairman of the Company.

8. Company has taken office premises on lease:

The future minimum lease rental payments, in respect of operating lease are as follows:

	2011-12 Rs. /Lacs	2010-11 Rs. /Lacs
i) Not later than one year	149.20	17.20
ii) Later than one year and not later than five years	414.70	35.41
iii) Later than five years	44.33	44.83

Lease payment recognized in the statement of Profit and Loss for the year ended Rs. 33.70 lacs, (Previous year Rs. 17.20 lacs).

9. Related party disclosures:

Related parties with whom transactions have taken place during the year:

Sr. No.	Name of the Related Parties	Related party relationship
I	Power Brands (Foods) Pvt. Limited	Direct / Indirect Subsidiaries 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. Limited	Some of the Directors of the Company are related to the Directors of the said Pvt. Limited 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	
4.	Mr. Mishal A. Thakkar – Employee	Relative of Key Managerial Personnel

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

Related party	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 during the year (Rs.)	Closing balance 31-03-2012 (Rs.)
Power Brands (Foods) Pvt. Ltd. (Erstwhile Power Brands (Foods))	Advance	- (0.65)	- (-)	- (0.65)	- (-)	- (-)	- (-)
Power Brands (Foods) Pvt. Ltd.	Rent	- (1.72)	- (-)	0.01 (-)	23.32 (16.70)	23.33 (18.42)	- (-)
Power Brands (Foods) Pvt. Ltd.	Security deposit for office	125.00 (125.00)	- (-)	- (-)	- (-)	- (-)	125.00 (125.00)
Power Brands (Foods) Pvt. Ltd.	Security Deposit for Brands utilization	175.00 (175.00)	- (-)	- (-)	- (-)	- (-)	175.00 (175.00)
Power Brands (Foods) Pvt. Ltd.	Investment	1,881.00 (1,881.00)	- (-)	- (-)	- (-)	- (-)	1,881.00 (1,881.00)
ADF Foods UK Limited	Equity Investment	673.89 (7.80)	- (-)	- (-)	- (-)	- (666.09)	673.89 (673.89)
ADF Foods UK Limited	Sales / receivable	- (14.29)	10.55 (-)	- (14.29)	- (-)	- (-)	10.55 (-)
ADF Foods UK Limited	Expenses/ Advances	35.51 (-)	- (-)	199.74 (11.49)	- (-)	148.97 (47.00)	15.26 Cr (35.51)
ADF Foods Mauritius Limited	Equity Investment	5.16 (5.16)	- (-)	- (-)	- (-)	- (-)	5.16 (5.16)
ADF Foods Mauritius Limited	Expenses/ Advances	3.56 (0.78)	- (-)	- (1,775.90)	- (-)	3.66 (1,778.68)	7.22 (3.56)
ADF Foods India Limited	Equity Investment	5.00 (5.00)	- (-)	- (-)	- (-)	- (-)	5.00 (5.00)
ADF Foods India Limited	Sales / receivables	149.14 (5.45)	489.97 (247.01)	483.45 (103.32)	3.65 (0.54)	- (0.54)	152.01 (149.14)
ADF Foods India Limited	Rent Received/ Payment made	0.01 (11.48)	9.38 (-)	42.86 (34.79)	- (-)	32.50 (23.32)	0.96 Cr (0.01)
ADF Holdings (USA) Limited	Expenses/ Advances	30.85 (-)	- (-)	131.89 (-)	- (-)	- (30.85)	101.04 Cr (30.85)
ADF Foods (USA) Limited	Sales	- (-)	28.00 (0.98)	28.00 (0.98)	- (-)	- (-)	- (-)
M.H. Foods Pvt. Ltd.	Purchase	- (-)	- (-)	- (-)	0.58 (0.78)	0.58 (0.78)	- (-)
Ramesh H. Thakkar	Deposit	14.00 (15.00)	- (-)	(0.50) (1.00)	- (-)	- (-)	13.50 (14.00)
Ramesh H. Thakkar	Rent	- (0.50)	- (-)	- (-)	0.50 (0.50)	0.50 (1.00)	- (-)
Key Managerial Personnel	Directors Remuneration	- (5.76)	- (-)	- (-)	171.19 (114.74)	171.19 (120.50)	- (-)
Mishal A. Thakkar	Salary	- (-)	- (-)	- (-)	7.06 (6.23)	7.06 (6.23)	- (-)

Note: Previous year's figures are shown in brackets

During the year, the Company has issued preferential share warrants / equity shares to some of the key managerial personnel and their relatives.

10. Financial and derivative instruments:

- i) Contracts entered into by the Company for hedging in US \$ and outstanding as on 31st March 2012 amounts to US \$ 112.50 lacs (Previous year US \$ 95 lacs), equivalent to Rs 5,658.91 lacs (Previous year in Rs. 4,317.88 lacs).

Contracts entered into by the Company for hedging in UK £ and outstanding as on 31st March 2012 amounts to UK £ 12.00 lacs (Previous year UK £ 9.00 lacs), equivalent to Rs 948.35 lacs (Previous year in Rs. 648.75 lacs).

- ii) All contracts entered by the Company are for hedging of exposures against receivables.

The company has not entered into any derivative instruments for trading or speculative purpose.

All outstanding forward contracts are recognized in the financial statements at fair value as on the balance sheet date, in pursuance of the adoption of AS 30.

Accordingly, the resultant gain or losses or fair valuation / settlement of the outstanding forward contracts are recognized in the statement of Profit and Loss or Balance Sheet as the case may be after applying the test of hedge effectiveness. Where the hedge is effective, the gains or losses are recognized in the "Hedging Reserve" which forms part of "Reserves and Surplus" in the Balance Sheet" while the same is recognized in the statement of Profit and Loss where the hedge is ineffective. The amount recognized in the "Hedging Reserve" is transferred to statement of profit and loss account in the period in which the underlined Hedge item affects the statement of Profit and Loss.

11. 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.

There being no short term liability in respect of unfunded gratuity provision, the entire amount of Rs. 89.59 lacs (Previous year Rs. 65.05 lacs) pertaining to unfunded gratuity payable to restricted employees is shown under long-term provision.

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 benefit plan:

a. Net Asset/Liability recognized in the Balance Sheet as at 31st March 2012:

Funded:

Particulars	2011-12 Rs. Lacs	2010-11 Rs. Lacs
Present value of the obligation on 31 st March 12	83.00	78.98
Fair value of the plan assets	(87.05)	(86.83)
Net (asset) / liability not recognized	(4.05)	(7.85)

Unfunded:

Particulars	2011-12 Rs. Lacs	2010-11 Rs. Lacs
Present value of the obligation on 31 st March 12	(89.59)	(65.05)
Fair value of the plan assets	Nil	Nil
Net asset / (liability) recognized in Balance Sheet	(89.59)	(65.05)

b. Expenses recognized during the year under the head personnel cost:

Particulars	Gratuity		Leave Encashment	
	2011-12 Rs. Lacs (Unfunded)	2010-11 Rs. Lacs (Unfunded)	2011-12 Rs. Lacs (Unfunded)	2010-11 Rs. Lacs (Unfunded)
Interest cost from 1 st April 11 to 31 st March 12	(11.09)	(5.42)	(1.72)	(1.15)
Service cost from 1 st April 11 to 31 st March 12	(14.30)	(7.40)	(9.63)	(7.65)
Expected return on plan assets	6.34	7.33	Nil	Nil
Gain / (Loss) recognized up to 31 st March 12	(28.46)	(11.26)	(1.49)	1.22
Net Gain / (Loss) to be provided as income in Profit & Loss Account	(47.51)	(16.75)	(12.84)	(7.58)

c) Actuarial Assumptions:

Particulars	Gratuity (funded)		Leave Encashment (funded)	
	2011-12	2010-11	2011-12	2010-11
Discount rate (per annum)	8%	8%	-	-
Rate of increase in compensation level	5%	7%	-	-

Particulars	Gratuity		Leave encashment	
	2011-12 (Unfunded)	2010-11 (Unfunded)	2011-12 (Unfunded)	2010-11 (Unfunded)
Discount rate (per annum)	8%	7%	8%	7.5%
Rate of increase in compensation level	5%	5%	5%	5%
Expected average remaining working lives of employees (years)	16	16	16	16

12. Computation of earnings per share:

Basic earnings per share:	2011-12	2010-11
Number of shares at the beginning of the year	2,00,00,000	2,00,00,000
Issued during the year	2,00,000	-
Number of shares at the end of the year	2,02,00,000	2,00,00,000
Number of shares (basic weighted average)	2,02,00,000	2,00,00,000
Profit for the year (Rs. in lacs)	Rs. 1,163.03	Rs. 1,780.76
Basic earnings per share (weighted average)	5.77	8.90
Number of shares (diluted)	2,14,13,151	2,00,00,000
Diluted earnings per Share (weighted average)	5.45	8.90

13. Value of Imported and indigenous raw materials and packing materials consumed:

Raw materials:

	2011-12		2010-11	
	Rs. Lacs	% of Consumption	Rs. Lacs	% of Consumption
Imported	92.67	2.52	56.26	1.40
Indigenous	3,583.40	97.48	3,973.13	98.60
	3,676.07	100.00	4,029.39	100.00

Packing materials:

	2011-12		2010-11	
	Rs. Lacs	% of Consumption	Rs. Lacs	% of Consumption
Imported	199.73	14.15	180.77	12.26
Indigenous	1,211.99	85.85	1,293.63	87.74
	1,411.72	100.00	1,474.40	100.00

Traded goods:

	2011-12		2010-11	
	Rs. Lacs	% of Consumption	Rs. Lacs	% of Consumption
Imported	18.29	2.87	16.12	3.81
Indigenous	618.89	97.13	407.14	96.19
Total	637.18	100.00	423.26	100.00

14. Value of Imports Calculated on C.I.F basis:

	2011-12 Rs. Lacs	2010-11 Rs. Lacs
Capital Goods/ Consumables/ imported parts for machinery repairs	32.46	28.27
Total	32.46	28.27

15. Expenditure in foreign currency:

	2011-12 Rs. Lacs	2010-11 Rs. Lacs
Travelling	156.69	108.76
Advertisement	102.99	158.56
Legal and professional fees	103.94	21.08
Business promotion	33.94	42.24
Sales commission and claims	97.01	132.88
Freight and forwarding charges	1.99	156.73
Repairs and maintenance - machinery	11.18	3.04
Others	0.57	0.96
Total	508.31	624.25

16. 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 of 2010-11	Dividend of 2009-10
No. of non-resident Share holders	84	77
No. of shares held by them	28,07,976	28,30,219
Amount of dividend (15 % i.e. Rs. 1.50 Per Share)	42,11,970	42,45,329

17. Earnings in Foreign Currency:

	2011-12 Rs. lacs	2010-11 Rs. lacs
F.O.B. Value of Exports	9,767.46	9,789.66

- 18.** The Company is engaged mainly in the business of manufacturing and exporting food products like pickles, chutneys, ready to eat items, paste and sauces, frozen foods, spices, etc. local and overseas, which is the only business segment of the Company. The local turnover being less than 10% of the total turnover of the Company, separate geographical segment information has not been given in the financial statements. Hence there are no separate reportable segments, as required by the Accounting Standard 17 on "Segment Reporting" as prescribed by the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards.
- 19.** The financial statements for the year ended 31 March 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Act. Consequent to the notification of Revised Schedule VI under the Act, the financial statements for the year ended 31 March 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year's figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed in preparation of financial statements.
- 20.** 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.

In terms of our report attached

For and on behalf of the Board of Directors

For D. P. GHEVARIA & CO.
Chartered Accountants
Firm's Registration Number: 103176W

For B S R & Co.
Chartered Accountants
Firm's Registration Number: 101248W

RAMESH H. THAKKAR
Chairman

BIMAL R. THAKKAR
Managing Director

D. P. GHEVARIA
Proprietor
Membership No: 32431

SANJAY AGGARWAL
Partner
Membership No: 40780

Shalaka Ovalekar
Company Secretary

Mumbai,
Date, 29th May 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2012

Particulars	For the year ended 31 March, 2012		For the year ended 31 March, 2011	
A. Cash flow from operating activities				
Net Profit / (Loss) before tax		1,720.90		1,999.86
Adjustments for:				
Depreciation and amortisation	467.23		450.25	
(Profit) / loss on sale / write off of assets	2.46		1.14	
prior year adjustment	3.18		(1.17)	
Finance costs	124.35		163.01	
Interest income	(156.64)		(136.91)	
Net (gain) / loss on sale of investments	(83.39)		(10.33)	
Provision for estimated losses on forward contracts	(270.90)			
		86.29		465.99
Operating profit / (loss) before working capital changes		1,807.19		2,465.85
Changes in working capital:				
Adjustments for (increase) / decrease in operating assets:				
Inventories	(390.27)		(388.09)	
Trade receivables	8.88		(316.11)	
Short-term loans and advances	34.26		889.93	
Long-term loans and advances	(95.11)		(22.36)	
Other non-current assets				
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	(3.14)		182.28	
Other current liabilities	4.70		(316.27)	
Short-term provisions	190.64		80.58	
Long-term provisions	20.02		26.30	
		(230.02)		136.26
Cash generated from operations		1,577.17		2,602.11
Net income tax (paid) / refunds		362.12		359.07
Net cash flow from / (used in) operating activities (A)		1,215.05		2,243.04
B. Cash flow from investing activities				
Capital expenditure on fixed assets, including capital advances	(239.93)		(712.04)	
Proceeds from sale of fixed assets	1.34		2.62	
Inter-corporate deposits (net)				
Other non-current assets	(499.15)		(0.85)	
Bank balances not considered as Cash and cash equivalents	(66.08)		858.94	
Current investments not considered as Cash and cash equivalents				
- Purchased	(925.00)		(875.00)	
- Proceeds from sale				
Purchase of long-term investments				
- Subsidiaries	-		(666.09)	
Proceeds from sale of long-term investments				
- Others	83.39		10.33	
Interest received				
- Others	156.64		136.91	
Net cash flow from / (used in) investing activities (B)		(1,488.79)		(1,245.18)
C. Cash flow from financing activities				
Proceeds from issue of equity shares	130.00		-	
Proceeds from issue of share warrants	292.50		-	
Proceeds from long-term borrowings	(21.39)		(11.56)	
Proceeds from other short-term borrowings	109.04		62.02	
Finance cost	(124.35)		(163.01)	
Dividends paid	(300.00)		(300.00)	
Tax on dividend	(49.83)		(50.97)	
Net cash flow from / (used in) financing activities (C)		35.97		(463.52)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		(237.77)		534.34
Cash and cash equivalents at the beginning of the year		649.40		115.06
Cash and cash equivalents at the end of the year		411.63		649.40

See accompanying notes forming part of the financial statements

In terms of our report attached

For D. P. GHEVARIA & CO.
Chartered Accountants
Firm's Registration Number: 103176W

D. P. GHEVARIA
Proprietor
Membership No: 32431

Mumbai,
Date, 29th May 2012

For B S R & Co.
Chartered Accountants
Firm's Registration Number: 101248W

SANJAY AGGARWAL
Partner
Membership No: 40780

For and on behalf of the Board of Directors

RAMESH H. THAKKAR
Chairman

BIMAL R. THAKKAR
Managing Director

Shalaka Ovalekar
Company Secretary

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	-	0	3	-	1	2

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	2000

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

TOTAL OF EQUITY AND LIABILITIES	1,664,812	ASSETS	1,664,812
Share capital	205,783	Fixed assets	448,907
Reserves and surplus	1,075,089	Non-current investments	256,505
Money received against share warrants	29,250	Long-term loans and advances	47,620
Long-term borrowing	2,437	Other non-current assets	50,000
Deferred tax liabilities (net)	49,609	Current investments	180,000
Long-term provisions	10,167	Inventories	174,935
Short-term borrowings	161,387	Trade receivables	268,652
Trade payables	40,828	Cash and bank balances	183,150
Other current liabilities	26,383	Short-term loans and advances	55,043
Short-term provisions	63,879		

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

Total revenue	1,151,101	Total expenses	979,011
Profit before tax	172,090	Profit after tax	116,303
Earning per share in Rs.	5.77	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	31.03.2012	31.03.2012	31.03.2012	31.03.2012	31.03.2012	31.03.2012
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	89,094 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	(£ 2,258)	(\$1,51,322)	(\$6,38,183)	Rs. (2,02,88,547)	(\$6,365)	Rs. (1,00,49,721)
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	(£ 4,578)	(\$69,243)	(\$2,39,440)	Rs. (2,00,67,706)	(\$9,170)	Rs. (16,64,341)

AUDITORS' REPORT TO THE BOARD OF DIRECTOIRS OF ADF FOODS LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF ADF FOODS LIMITED AND ITS SUBSIDIARIES

We have audited the attached Consolidated Balance Sheet of ADF Foods Limited and its subsidiaries (collectively referred to as ADF Group) as at 31 March 2012, and also the Consolidated Statement of Profit and Loss and the Consolidated 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.

We conducted our audit in accordance with generally accepted auditing standards in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with and 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We have not audited the financial statements of foreign subsidiaries mentioned in Annexure to this report whose total assets and total revenues 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 the Power Brands (Foods) Private Limited (Indian subsidiary) for the year ended 31 March 2012 have been audited by one of the joint auditors, D.P. Ghevaria & Co, Chartered Accountants.

The financial statements of ADF Foods (India) Limited (Indian subsidiary) for the year ended 31 March 2012 have been audited by one of the joint auditors, B S R & Co, Chartered Accountants.

The Consolidated Financial Statements of ADF Group for the previous year ended 31 March, 2011 was audited by one of the joint Auditors, D. P. Ghevaria & Co., Chartered Accountants.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS 21) on Consolidated Financial Statements prescribed in the Companies (Accounting Standards) Rules, 2006 issued by Central Government, in consultation with the 'National Advisory Committee' on Accounting Standards and on the basis of separate Audited Financial statements of the Company and its subsidiaries.

On the basis of the information and explanations given to us and on the consideration of the separate audit report/report of other auditors as explained above, on individual audited financial statements of the Company and its aforesaid subsidiaries, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of Consolidated Balance Sheet, of the consolidated state of affairs of ADF Group as at 31 March 2012;
- (ii) in the case of Consolidated Statement of Profit and Loss account, of the consolidated profit for the ADF Group for the year ended on that date; and
- (iii) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the ADF Group for the year ended on that date.

For **D.P. Ghevaria & Co**
Chartered Accountant
 Firm Registration No. 103176W

For **B S R & Co.**
Chartered Accountant
 Firm's Registration No: 101248W

D.P. Ghevaria
Proprietor
 Membership No: 32431

Sanjay Aggarwal
Partner
 Membership No: 40780

Mumbai
 29 May 2012

Annexure to the Auditors' Report – 31 March 2012

Name of the Company	Accounting Period	Subsidiary	Total Assets	Total Revenues	Name of Auditor
ADF Foods (UK) Limited	April 11 to March 12	Direct	706.50	11.26	Nagle James Associates Limited
ADF Foods (Mauritius) Limited	April 11 to March 12	Direct	1.14	-	Nexia Baker & Arenson
ADF Holdings (USA) Limited	April 11 to March 12	Indirect	2,696.15	4,199.24	Funaro & Company

Consolidated Balance Sheet as at 31st March 2012

PARTICULARS	Note No.	31-Mar-12 Rs. in lacs	31-Mar-11 Rs. in lacs
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	1	2,057.83	2,037.83
(b) Reserves and surplus	2	9,249.81	9,127.37
(c) Money received against share warrants	3	292.50	-
		11,600.14	11,165.20
Minority interest	4	(28.22)	(2.69)
Non- current liabilities			
(a) Long-term borrowing	5	1,782.83	1,720.13
(b) Deferred tax liabilities (net)	6	287.30	227.54
(c) Long-term provisions	7	102.09	81.65
		2,172.22	2,029.32
Current Liabilities			
(a) Short-term borrowings	8	1,943.11	1,631.91
(b) Trade payables	9	600.20	828.39
(c) Other current liabilities	10	586.89	423.41
(d) Short-term provisions	11	638.84	445.81
		3,769.04	3,329.52
TOTAL		17,513.18	16,521.35
ASSETS			
Non-current assets			
(a) Fixed assets			
(i) Tangible assets	12	4,423.75	4,478.55
(ii) Intangible assets	12	2,955.80	3,596.47
(iii) Capital work in progress	12	68.15	96.99
		7,447.70	8,172.01
(b) Long term loans and advances	13	182.99	87.09
(c) Other non-current assets	14	500.00	9.49
		8,130.69	8,268.59
Current assets			
(a) Current investments	15	1,800.00	875.00
(b) Inventories	16	2,025.15	1,661.87
(c) Trade receivables	17	2,879.67	3,077.80
(d) Cash and bank balances	18	2,009.45	2,082.65
(e) Short-term loans and advances	19	668.22	555.44
		9,382.49	8,252.76
TOTAL		17,513.18	16,521.35
See accompanying notes forming integral part of the financial statements	27		

In terms of our report attached

For D. P. GHEVARIA & CO.
Chartered Accountants
Firm's Registration Number: 103176W

D. P. GHEVARIA
Proprietor
Membership No: 32431

For B S R & Co.
Chartered Accountants
Firm's Registration Number: 101248W

SANJAY AGGARWAL
Partner
Membership No: 40780

For and on behalf of the Board of Directors

RAMESH H. THAKKAR
Chairman

BIMAL R. THAKKAR
Managing Director

Shalaka Ovalekar
Company Secretary

Mumbai,
Date, 29th May 2012

Consolidated statement of profit and loss for the year ended 31st March 2012

	Note No.	31-Mar-12 Total Rs. In lacs	31-Mar-11 Total Rs. In lacs
CONTINUING OPERATIONS:			
Revenue from operations (gross)	20	15,645.89	12,900.18
Less: Excise duty	20	57.83	0.59
Revenue from operations (net)		15,588.06	12,899.59
Other Income	21	266.83	316.14
Total Revenue		15,854.89	13,215.73
Expenses			
(a) Cost Of material consumed	22 (a)	6,554.89	6,304.06
(b) Cost of traded goods sold	22 (b)	640.18	462.52
(c) Change in inventories of finished goods and work-in-progress	22 (c)	(299.03)	(516.40)
(d) Employee benefits expenses	23	1,850.19	1,083.80
(e) Finance cost	24	183.47	183.91
(f) Depreciation and amortisation expenses	25	1,016.23	682.17
(g) Other expenses	26	4,874.99	3,461.58
Total expenses		14,820.92	11,661.64
Profit before tax		1,033.97	1,554.09
Tax expenses:			
(a) Current tax expenses for current year		375.73	399.39
(b) Current tax expenses related to prior year		(13.30)	(40.82)
(c) Net current tax expense		362.43	358.57
(d) Deffered tax		59.76	(212.77)
		422.19	145.80
Profit for the year before minority interest		611.78	1,408.29
Minority interest		(25.53)	(15.55)
Profit for the year after minority interest		637.31	1,423.84
Earning per share (of Rs. 10/- each):			
(a) basic		3.02	6.97
(b) diluted		2.85	6.97
See accompanying notes forming integral part of the financial statements	27		

In terms of our report attached

For D. P. GHEVARIA & CO.
 Chartered Accountants
 Firm's Registration Number: 103176W

D. P. GHEVARIA
 Proprietor
 Membership No: 32431

For B S R & Co.
 Chartered Accountants
 Firm's Registration Number: 101248W

SANJAY AGGARWAL
 Partner
 Membership No: 40780

For and on behalf of the Board of Directors

RAMESH H. THAKKAR
 Chairman

BIMAL R. THAKKAR
 Managing Director

Shalaka Ovalekar
 Company Secretary

Mumbai,
 Date, 29th May 2012

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Amounts in the financial statements are presented in Rs. Lacs, except for per share data and otherwise stated.

Note I

Share Capital	As at 31-Mar-12 Total Rs. in lacs	As at 31-Mar-11 Total Rs. in lacs
Authorised		
ADF Foods Limited		
2,50,00,000 (Previous year 2,50,00,000) equity shares of Rs. 10/- each	<u>2,500.00</u>	<u>2,500.00</u>
Issued and subscribed		
ADF Foods Limited		
2,02,00,000 (Previous year 2,00,00,000) equity shares of Rs. 10/- each	<u>2,020.00</u>	<u>2,000.00</u>
Paid Up		
ADF Foods Limited		
2,02,00,000 (Previous year 2,00,00,000) equity shares of Rs. 10/- each	2,020.00	2,000.00
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
Total	<u>2,057.83</u>	<u>2,037.83</u>

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	31-Mar-12		31-Mar-11	
Equity shares	No. of shares	Rs. in lacs	No. of shares	Rs. in lacs
At the beginning of the period				
For ADF foods Limited	20,00,000	2,000	20,00,000	2,000
Add: Shares issued on exercise of conversion of warrants' option	200,000	20		-
Outstanding at the end of the period	<u>20,20,000</u>	<u>2,020</u>	<u>20,00,000</u>	<u>2,000</u>

Of the above in ADF Foods Limited:

- 50,00,490 (Previous year 50,00,490) equity shares were allotted to the Shareholders of the erstwhile Lustre Investments Pvt. Limited, for consideration other than cash pursuant to a Scheme of Amalgamation
- 26,50,000 (Previous year 26,50,000) equity shares were issued on preferential basis to investors.
- 25,26,110 (Previous year 23,26,110) equity shares were issued on conversion of preferential warrants. Of the above, 2,00,000 equity shares carry restriction on transfer for a period of three years from the date of their issue i.e. up to 27th March 2015.

b. Terms/rights attached to equity shares

ADF Foods Limited has only one class of shares referred to as equity shares having a par value of Rs. 10/-. Each holder of equity share is entitled to one vote per share.

The company declares and pays dividends in their respective reporting currency. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting.

The Board of Directors, in their board meeting held on 29th May 2012, proposed a dividend of Rs. 1.50 per equity share. The total dividend appropriation for the year ended 31st March 2012 amounted to Rs. 352.16 lacs including corporate dividend tax of Rs. 49.16 lacs. The proposal is subject to approval of the shareholders at the Annual General Meeting to be held on 8th August 2012.

During the year ended 31st March 2011, amount of dividend per share distributed to equity share holders was Rs. 1.50. The total dividend appropriation for the year ended 31st March 2011 amounted to Rs. 349.83 lacs including corporate dividend tax of Rs. 49.83 lacs.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amount exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

c. Details of shareholders holding more than 5% shares of the company

Class of shares / name of shareholder	As on 31st March 2012		As on 31st March 2011	
	No. of shares held	% holding in that class of shares	No. of shares held	% holding in that class of shares
Credit Renaissance fund, Limited	2,200,000	10.89%	2,200,000	11.00%
Mr. Ashok H. Thakkar	1,836,354	9.09%	2,023,354	10.12%
Top Class Capital Markets Pvt. Ltd.	1,806,032	8.94%	2,022,258	10.11%
Mr. Bimal R. Thakkar	1,506,320	7.46%	1,466,320	7.33%
Mr. Bhavesh R. Thakkar	1,449,450	7.18%	1,646,696	8.23%
Mr. Mishal A. Thakkar	1,101,098	5.45%	1,021,098	5.11%
Mr. Ramesh H. Thakkar	1,045,500	5.18%	1,145,500	5.73%
Total	10,944,754	54.19%	11,525,226	57.63%

Note 2

Reserves and surplus	31-Mar-12 Rs. In lacs	31-Mar-11 Rs. In lacs
Capital reserve:		
Balance as per the last financial statements	105.00	105.00
Additions/Created during the year	-	-
Deductions during the year	-	-
Closing balance	105.00	105.00
Securities premium reserve:		
Balance as per the last financial statements	4,834.33	4,834.33
Additions/Created during the year	110.00	-
Deductions during the year	-	-
Closing balance	4,944.33	4,834.33
General Reserve:		
Balance as per the last financial statements	408.97	318.00
Add: amount transferred from surplus balance in the statement of profit and loss	60.00	90.97
Deductions during the year	-	-
Closing balance	468.97	408.97
Hedging reserve:		
Balance as per the last financial statements	-	-
Additions/Created during the year	(270.90)	-
Deductions during the year	-	-
Closing balance	(270.90)	-
Foreign currency translation reserve:		
Balance as per the last financial statements	76.47	-
Additions/Created during the year	3.65	76.47
Deductions during the year	-	-
Closing balance	80.12	76.47
Surplus / (deficit) in Statement of Profit & Loss (Refer note A given below)		
Balance as per the last financial statements	3,702.60	2,722.17
Profit for the year as per note A given below	219.69	980.43
Deductions during the year	-	-
Closing balance	3,922.29	3,702.60
Total	9,249.81	9,127.37
Note A		
Profit for the year	637.31	1,423.84
Prior year's adjustment (net)	(3.18)	1.17
Less:		
Preliminary expenses written off	8.64	1.44
Dividend proposed to be distributed to equity shareholders (Rs. 1.50 per share)	303.00	300.00
Tax on dividend	49.16	49.83
Transfer to General Reserve	60.00	90.97
Total	219.69	980.43

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note 3

Share warrants	31-Mar-12 Rs. In lacs	31-Mar-11 Rs. In lacs
Issued during the year		
2,00,000 (Previous year nil) share warrants, fully paid up @ Rs. 65/- per share warrant (refer note i below)	130.00	-
18,00,000 (Previous year nil) share warrants, partly paid up @ Rs. 16.25 per share warrant (refer note i below)	292.50	-
Less: Conversion of fully paid share warrants into equity shares (refer note ii below)	130.00	-
As At 31st March 2012	292.50	-

Monies received against share warrants:

- The Board of Directors of the Company at their meeting held on 16th June 2011 and as approved at its Annual General Meeting held on 15th July, 2011, had resolved to create, offer, issue and allot up to 20,00,000 warrants of Rs. 65/- each, convertible into 20,00,000 equity shares of Rs. 10/- each on a preferential allotment basis, pursuant to Section 81(IA) of the Companies Act, 1956, at a conversion price of Rs. 65/- per equity share of the Company, arrived at in accordance with the SEBI Guidelines in this regard. Subsequently, these warrants were allotted on 29th July 2011 to the promoters and the 25% application money amounting to Rs. 325 lacs was received from them. The said warrants are convertible into equivalent number of shares upon payment of the balance amount at any time on or before 28th January 2013. If the warrants are not fully subscribed within the said period, the Company shall forfeit the amounts received towards warrants.
- Warrants holders have partly exercised their rights during the year. Accordingly, on 28th March 2012, the Company has converted 2,00,000 share warrants into equivalent number of equity shares on receipt of the balance amount of Rs. 48.75 per share warrant, aggregating to Rs. 97.50 lacs. Of the total consideration of Rs. 130 lacs received against 2,00,000 share warrants, Rs. 20 lacs have been transferred to Share capital account and Rs. 110 lacs have been transferred to Securities premium reserve.

Note 4

Minority interest:	31-Mar-12 Rs. In lacs	31-Mar-11 Rs. In lacs
Balance as per the last financial statements	(2.69)	12.84
Additions/Created during the year	(25.53)	(15.53)
Deductions during the year	-	-
Closing balance	(28.22)	(2.69)

Note 5

Long-term borrowing	31-Mar-12 Rs. In lacs	31-Mar-11 Rs. In lacs
Secured		
Term loan (refer note A below)	1,733.08	1,674.38
Long term maturities of car finance		
Due to a bank under car loan agreement (secured by hypothecation of asset purchased, repayable in 36 installments)	3.68	14.14
Due to others under car loan agreements (secured by hypothecation of asset purchased, repayable in 60 installments)	46.07	31.61
	49.75	45.75
Total Long Term Borrowings	1,782.83	1,720.13

Note A

The above term loan facility availed by Company's indirect subsidiary - ADF Holdings (USA) Limited and the same is secured against investments in mutual funds of Rs. 1,800 lacs and fixed deposits of Rs. 1,198 lacs. These securities have been pledged in favour of HDFC Bank Limited, Mumbai against term loan of US \$ 5 million granted by HDFC Bank Limited, Bahrain Branch. On the maturity of the said units, the Company has agreed to provide fresh security to HDFC bank Limited, Mumbai as and when required. Of the above loan US \$ 4 million is repayable in 4 years and US \$ 1 million is repayable in 5 years.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note 6

Deferred tax liability (net)	31-Mar-12 Rs. In lacs	31-Mar-11 Rs. In lacs
Deferred tax liability at the year end comprise timing differences on account of:		
Particulars		
Tax effect of items constituting deferred tax liability:		
On difference between book balance and tax balance of fixed assets	563.06	513.32
	563.06	513.32
Tax effect of items constituting deferred tax assets:		
Provision for compensated absences, gratuity and other employee benefits	(12.93)	(28.76)
Provision for doubtful advances / debts	(17.90)	(20.17)
Expenditure / provisions allowable	-	(10.42)
MAT credit	-	(169.56)
Carry forward loss	(244.93)	(56.87)
	(275.76)	(285.78)
Net deferred tax liability	287.30	227.54

Note 7

Long-term provisions	31-Mar-12 Rs. In lacs	31-Mar-11 Rs. In lacs
(a) Provision for employees' benefits (Refer note no: 27 (12)):		
(i) Provision for compensated absences	12.08	16.60
(ii) Provision for gratuity	90.01	65.05
Total	102.09	81.65

Note 8

Short-term borrowings	31-Mar-12 Rs. In lacs	31-Mar-11 Rs. In lacs
(a) Loans repayable on demand		
From banks		
Secured		
- State bank of Hyderabad (refer note A below)	705.06	530.00
- Bank of Baroda (refer note A below)	791.55	471.38
- Tamilnadu Mercantile Bank Limited. (refer note B below)	-	503.45
- HDFC bank, Bahrain (refer note C below)	446.50	111.63
	1,943.11	1,616.46
Loans and advances from related parties:		
Power Brands (Foods)		
Share holders'	-	15.45
	-	15.45
Total	1,943.11	1,631.91

- A) 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.
- B) Secured by pledge of fixed deposits of Rs. Nil (previous year of Rs. 575 lacs) held with Tamilnadu Mercantile Bank Limited.
- C) The above term loan facility availed by Company's indirect subsidiary - ADF Holdings (USA) Limited and the same is secured against investments in mutual funds of Rs. 1,300 lacs and fixed deposits of Rs. 1,198 lacs. These securities have been pledged in favour of HDFC Bank Limited, Mumbai against term loan of US \$ 5 million granted by HDFC Bank Limited, Bahrain Branch. On the maturity of the said units, the Company has agreed to provide fresh security to HDFC bank Limited, Mumbai as and when required. Of the above loan US \$ 4 million is repayable in 4 years and US \$ 1 million is repayable in 5 years.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note 9

Trade Payables	31-Mar-12 Rs. In lacs	31-Mar-11 Rs. In lacs
Other than acceptance (refer note 27 (7) for details of dues to Micro and Small Enterprises)		
others	600.20	828.39
Total	600.20	828.39

Note 10

Other Current Liabilities	31-Mar-12 Rs. In lacs	31-Mar-11 Rs. In lacs
(a) Short-term maturities of car finance	21.38	20.51
(b) Short-term maturities of capital lease arrangement	25.92	45.72
(c) Unclaimed dividend	62.55	58.96
(d) Other payables		
(i) Statutory remittance (P.F., E.S.I.C., withholding tax, VAT, service tax etc)	108.11	45.74
(ii) Advances from customers	27.93	70.35
(iii) Others	341.00	182.13
Total	586.89	423.41

Note 11

Short-term provisions	31-Mar-12 Rs. In lacs	31-Mar-11 Rs. In lacs
(a) Provision for employee benefits (Refer note no: 27 (12)):		
(i) Provision for compensated absences	4.03	4.94
(ii) Provision for gratuity	0.05	-
	4.08	4.94
(b) Provisions Others:		
(i) Provisions for tax (net of advance tax (As at 31st March 2011, Rs. 408.88 lacs))	-	91.04
(ii) Provision for proposed equity dividend	303.00	300.00
(iii) Provision for tax on proposed equity dividend	49.16	49.83
(iv) Provision for mark-to-market losses on derivative contract	282.60	-
	634.76	440.87
Total	638.84	445.81

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note 12

DESCRIPTION	GROSS BLOCK				DEPRECIATION AND AMORTIZATION				NET BLOCK	
	As at 1st April 11	Additions/ adjustments during the year	Deduction/ adjustment during the year	As at 31st March 2012	As at 1st April 11	For the year	Deduction/ adjustment during the year	As at 31st March 12	As at 31st March 12	As at 31st March 11
Tangible Assets:										
Leasehold Land	35.49	-	-	35.49	5.21	0.35	-	5.56	29.93	30.28
Freehold Land	4.18	-	-	4.18	-	-	-	-	4.18	4.18
Factory Building	2,249.18	22.34	-	2,271.52	578.46	75.39	-	653.85	1,617.67	1,670.72
Office Premises	106.56	-	-	106.56	0.21	1.74	-	1.95	104.61	106.35
Plant & Machinery	3,420.56	258.69	5.33	3,673.92	1,128.75	240.72	5.03	1,364.44	2,309.48	2,291.81
Laboratory Equipment	23.44	0.07	0.11	23.40	10.27	1.32	0.12	11.47	11.93	13.17
Office Equipment	53.38	7.63	15.84	45.17	18.13	12.73	15.30	15.56	29.61	35.25
Computers	73.96	15.29	3.08	86.17	57.55	6.46	3.08	60.93	25.24	16.41
Furniture & Fixtures	113.81	0.45	25.52	88.74	51.28	6.35	25.52	32.11	56.63	62.53
Vehicles	325.44	20.08	6.16	339.36	77.59	30.50	3.20	104.89	234.47	247.85
	6,406.00	324.55	56.04	6,674.51	1,927.45	375.56	52.25	2,250.76	4,423.75	4,478.55
Intangible Assets:										
Trade Marks/Brands	5,059.01	-	-	5,059.01	1,515.73	587.48	-	2,103.21	2,955.80	3,543.28
Goodwill	399.03	-	-	399.03	345.84	53.19	-	399.03	-	53.19
	5,458.04	-	-	5,458.04	1,861.57	640.67	-	2,502.24	2,955.80	3,596.47
TOTAL	11,864.04	324.55	56.04	12,132.55	3,789.02	1,016.23	52.25	4,753.00	7,379.55	8,075.02
Previous year	9,080.33	2,802.48	18.77	11,864.04	3,121.86	682.17	15.01	3,789.02	8,075.02	5,938.47
Capital Work-in-Progress (Tangible)	96.99	190.24	219.08	68.15	-	-	-	-	68.15	96.99
TOTAL	11,961.03	514.79	275.12	12,200.70	3,789.02	1,016.23	52.25	4,753.00	7,447.70	8,172.01

* Deduction / adjustment during the year includes loss due to scrap / discard of assets of Rs. 15.54 lacs

Note 13

Long-term loans and advances	31-Mar-12 Rs. In lacs	31-Mar-11 Rs. In lacs
Unsecured:		
(a) Capital advance		
Considered good	-	-
Doubtful	14.63	14.63
Less: Provision for doubtful advances	14.63	14.63
	-	-
(b) Other deposits	5.05	4.47
Considered good	126.42	59.28
(Includes deposit of Rs. 13.50 lacs (Previous year Rs. 14 lacs) paid to a Director, refer note 27 (8))		
(c) Loans and advances to employees		
Considered good	39.13	23.34
(d) Others		
Considered good		
(i) Advance income tax (net of provision of Rs. 364.41 lacs, (Previous year Nil))	12.39	-
Total	182.99	87.09

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note 14

Other non-current assets	31-Mar-12 Rs. In lacs	31-Mar-11 Rs. In lacs
(a) Advances to suppliers	27.84	29.60
Less: Considered doubtful	27.84	29.60
	-	-
(b) Preliminary expenses (to the extent not written of or adjusted)	-	8.64
(c) Others		
(i) in deposit accounts	500.00	-
(ii) balances held as margin money or security against borrowings / guarantees and other commitments.	-	0.85
	500.00	0.85
Total	500.00	9.49

Note 15

Current investment	31-Mar-12 Rs. In lacs	31-Mar-11 Rs. In lacs
Quoted		
Investment in Mutual funds (At lower of cost or market value):		
Birla sun life fixed term plan series dioi	100.00	-
IDFC fixed maturity plan yearly series 45	100.00	-
Reliance fixed horizon fund XX series	100.00	-
SBI debt fund series 367 days 5 growth	100.00	-
ICICI prudential fmpl series 60 - 1 year plan j cumulative yld	250.00	-
ICICI prudential fmpl series 61 - 1 year plan j cumulative ytd	200.00	-
SBI debt fund series 13 months 12 growth	450.00	-
ICICI prudential fmp series 63 270 days plan D	400.00	-
LIC nomura mf fixed maturity plan series 52	100.00	-
Reliance Fixed Horizon Fund - XVI Series 6	-	250.00
IDFC Fixed Maturity Plan - Quarterly Series 6	-	100.00
Birla Sun Life Fixed term Plan-Series CJ	-	25.00
Axis Fixed term Plan-Series 13 (370 Days)	-	100.00
Kotak FMP Series 33 Growth	-	50.00
Kotak FMP Series 29	-	350.00
Total	1,800.00	875.00
Aggregate amount of current investment (market value)	1,835.71	889.36

The above investments in mutual funds have been pledged in favour of HDFC Bank Limited, Mumbai against term loan of US \$ 5 million granted by HDFC Bank Limited, Bahrain Branch to the Company's indirect subsidiary - ADF Holdings (USA) Limited. On the maturity of the said units, the Company has agreed to provide fresh security to HDFC Bank Limited, Mumbai as and when required.

Note 16

Inventories	31-Mar-12 Rs. In lacs	31-Mar-11 Rs. In lacs
(At lower of cost and net realizable value)		
Raw materials	209.22	153.54
Semi-finished goods	869.75	652.36
Finished goods	304.38	271.50
Traded goods	16.13	29.74
Stores, spares, packing materials, etc.	568.67	546.49
Licenses on hand	57.00	8.24
Total	2,025.15	1,661.87

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note 17

Trade receivable	31-Mar-12 Rs. In lacs	31-Mar-11 Rs. In lacs
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered Good	-	-
Doubtful	15.28	19.08
	15.28	19.08
Less: provision for doubtful trade receivables	15.28	19.08
	-	-
Other trade receivables		
Unsecured, considered good	2,879.67	3,077.80
Less: provision for doubtful trade receivables	-	-
	2,879.67	3,077.80
Total	2,879.67	3,077.80

Note 18

Cash and bank balances	31-Mar-12 Rs. In lacs	31-Mar-11 Rs. In lacs
Cash and cash equivalents		
(a) Cash on hand	7.10	3.60
(b) Cheques, drafts on hand	9.50	55.19
(c) Balance with banks		
(i) in Current accounts	292.75	206.77
(ii) in EEFC accounts	280.23	88.31
(iii) in deposit accounts	-	-
- with original maturity of less than 3 months	-	375.00
	589.58	728.87
Other bank balances		
(i) in deposit accounts		
- with original maturity for more than 3 months but less than 12 months (refer note 1 below)	1,198.00	1,198.00
(iv) in earmarked accounts		
- Unclaimed dividend accounts	62.55	88.66
- Held as margin money or security against borrowings / guarantees and other commitments (refer note 2 below)	-	-
(a) with original maturity of less than 3 months	46.07	-
(b) with original maturity for more than 3 months but less than 12 months	113.25	67.12
	1,419.87	1,353.78
Total	2,009.45	2,082.65

Note:

- 1) The bank fixed deposits aggregating to Rs. 1,198 lacs have been pledged in favour of HDFC Bank Limited, Mumbai against term loan of US \$ 5 million granted by HDFC Bank Limited, Bahrain Branch to the Company's indirect subsidiary - ADF Holdings (USA) Limited. On the maturity of the said deposits, the Company has agreed to provide fresh security to HDFC bank Limited, Mumbai as and when required.
- 2) Margin money deposits are kept with banks for issue of letter of credit, bank guarantees and for forward contracts.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note 19

Short-term loans and advances	31-Mar-12 Rs. In lacs	31-Mar-11 Rs. In lacs
Unsecured		
(a) Loans and advances to employees		
Considered good	17.41	9.43
(b) Prepaid expenses	82.22	34.33
(c) Balances with government authorities - considered good		
(i) CENVATcredit receivable	36.70	0.03
(ii) VATcredit receivable	130.53	106.68
(iii) Service tax credit receivable	143.09	100.22
(d) Inter corporate deposit		
Considered good	100.00	-
(f) Others		
Considered good		
(i) Advance income tax (net of provision of Rs. 364.41 lacs)	1.76	6.09
(ii) Advance to suppliers for goods	17.61	136.45
(iii) Advance to suppliers for expenses	18.96	11.34
(iv) Interest receivable	15.24	7.09
(v) Others	104.70	143.78
Total	668.22	555.44

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note 20

Revenue from operations	31-Mar-12 Consolidated Rs. In lacs	31-Mar-11 Consolidated Rs. In lacs
Sale of products	15,054.01	12,512.09
Manufactured goods	13,520.12	11,576.17
Traded goods	1,533.89	935.92
Other operating revenue	591.88	388.09
	15,645.89	12,900.18
Less: Excise Duty	57.83	0.59
	15,588.06	12,899.59
Sale of products comprises @		
Manufactured goods		
Meal accompaniments	5,478.29	6,308.19
Frozen foods	5,370.05	1,096.93
Ready to eat	1,618.05	1,564.05
Spices and condiments	608.09	763.68
Others	445.64	1,843.32
Total - Sale of manufactured goods	13,520.12	11,576.17
Traded goods		
Tamarind	483.58	553.33
Canned foods	234.81	206.66
Snacks	74.50	39.99
Meal accompaniments	595.69	-
Others	145.31	135.94
Total - Sale of traded goods	1,533.89	935.92
Total - Sale of products	15,054.01	12,512.09
Other operating revenues comprise:		
Sale Of import Licences	443.41	208.03
Steamer freight assistance	75.40	130.15
Duty drawback	11.06	-
sale of scrap	10.23	4.68
Central excise duty refund	11.23	30.78
Insurance claim	40.55	14.45
Total - Other operating revenues	591.88	388.09

Note 21

Other income	31-Mar-12 Rs. In lacs	31-Mar-11 Rs. In lacs
Interest income (Refer Note (i) below)	156.65	137.78
Dividend income:		
Others	-	0.15
Net gain on:		
Sale of: long term investments	83.39	10.33
Foreign currency transactions and translations (Other than considered as finance cost)	-	156.76
Other non-operating income (net of expenses directly attributable to such income) (Refer Note (ii) below)	26.79	11.12
Total	266.83	316.14

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Other income	31-Mar-12 Rs. In lacs	31-Mar-11 Rs. In lacs
Note (i)		
Interest income comprises:		
Interest from banks on:		
deposits	146.90	130.30
Interest on loans and advances	2.45	-
Interest on income tax refund	-	0.87
Other interest	7.30	6.61
Total - Interest income	156.65	137.78
Note (ii)		
Other non-operating income comprises:		
Liabilities / provisions no longer required written back	11.37	6.10
Miscellaneous income	15.42	5.02
Total - Other non-operating income	26.79	11.12

Note 22

(a) Cost of materials consumed	31-Mar-12 Rs. In lacs	31-Mar-11 Rs. In lacs
Raw materials consumed :		
Opening stock	153.54	125.71
Add : Purchases	4,872.10	4,643.50
Carriage inward	38.60	45.43
	5,064.24	4,814.64
Less: Loss of stock due to fire	41.05	-
Less : Closing stock	209.22	153.54
Cost of raw material consumed	4,813.97	4,661.10
Raw material consumed comprises:		
Brine fruits and vegetables	1,100.52	1,451.62
Sugar	927.36	1,027.61
Spices	438.14	405.54
Fresh vegetables	464.03	390.66
Oil	313.26	205.00
Milk and milk products	228.82	198.89
Others	1,341.84	981.78
	4,813.97	4,661.10
Packing materials consumed :		
Opening stock	546.49	394.71
Add : Purchases	1,763.10	1,794.74
	2,309.59	2,189.45
Less : Closing stock	568.67	546.49
Cost of packing material consumed	1,740.92	1,642.96
Packing material consumed comprises:		
Glass bottles	309.77	340.25
Carboys	240.15	170.44
Cartons	160.59	150.19
Printed box and bags	174.02	134.04
Others	856.39	848.04
	1,740.92	1,642.96

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(a) Cost of materials consumed	31-Mar-12 Rs. In lacs	31-Mar-11 Rs. In lacs
Total Consumption of materials	6,554.89	6,304.06
(b) Cost of sale of traded goods:		
Opening stock	29.74	49.59
Add : Purchases	626.57	442.67
	656.31	492.26
Less : Closing stock	16.13	29.74
Cost of traded goods sold	640.18	462.52
Traded goods comprises:		
Tamarind	358.90	200.62
Canned foods	153.43	137.32
Snacks	42.08	23.88
Others	85.77	100.70
	640.18	462.52
(c) Changes in inventories of finished goods and work-in-progress		
Inventories at the end of the year.		
Finished Goods	304.38	271.50
Work-in-progress	869.75	652.36
Licences on hand	57.00	8.24
	1,231.13	932.10
Inventories at the beginning of the year.		
Finished Goods	271.50	72.31
Work-in-progress	652.36	339.52
Licences on hand	8.24	3.87
	932.10	415.70
Net (increase) / decrease	(299.03)	(516.40)

Note 23

Employee benefit expenses	31-Mar-12 Rs. In lacs	31-Mar-11 Rs. In lacs
Salaries and wages	1,679.09	980.62
Contribution to PF & other funds		
Gratuity - unfunded	35.00	9.71
Others	53.13	42.92
Staff welfare	82.97	50.55
Total	1,850.19	1,083.80

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note 24

Finance costs	31-Mar-12 Rs. In lacs	31-Mar-11 Rs. In lacs
(a) Interest expenses on:		
(i) Borrowings	117.58	128.38
(ii) Others		
- Interest on delayed / deferred payment of income tax	3.13	-
- Interest on delayed / deferred payment of service tax	0.84	-
- Interest expense on car finance	4.68	5.50
- Others	6.14	2.77
(b) Other borrowing cost	51.10	47.26
Total	183.47	183.91

Note 25

Depreciation and amortization	31-Mar-12 Rs. In lacs	31-Mar-11 Rs. In lacs
Tangible assets	375.56	286.05
Intangible assets	640.67	396.12
Total	1,016.23	682.17

Note 26

Other expenses	31-Mar-12 Rs. In lacs	31-Mar-11 Rs. In lacs
Excise duty	2.93	1.49
Loss of stock due to fire	41.05	-
Other manufacturing expenses	600.27	398.92
Freezing & preservation charges	10.89	29.09
Power and fuel	334.98	285.98
Electricity	11.99	10.97
Water charges	7.82	8.55
Rent including lease rent	192.65	115.79
Repairs and maintenance - building	40.78	49.14
Repairs and maintenance - machinery	79.68	65.73
Repairs and maintenance - others	95.69	52.65
Insurance	32.26	28.36
Rates and taxes	46.14	23.45
Communication expenses	56.29	47.43
Traveling and conveyance expenses	325.01	281.52
Motor car expenses	26.46	24.89
Printing and stationery	11.69	10.76
Freight and forwarding	791.36	823.52
Sales commission	251.25	235.61
Advertisement	689.39	372.91
Business promotion	582.13	210.97
Donations and contributions	9.14	4.24
Legal and professional Fees	282.61	258.58
Payment to auditors:		
As Auditors - statutory audit	43.25	8.19
For taxation matters	0.50	0.50
For other service	0.48	0.42
Total	44.23	9.11
Registration and filing fees	2.41	1.81
Directors Sitting fees	5.55	3.00
Bad trade and other receivables, loans and advances written off	-	3.09
Net loss on foreign currency transactions and translations (other than considered as finance cost)	122.10	(14.18)
Loss on fixed assets sold / scraped / written off	2.46	1.14
Provision for doubtful trade and other receivables, loans and advances (net)	1.47	4.51
Miscellaneous expenses (net)	174.31	112.55
Total	4,874.99	3,461.58

Notes on Significant Accounting Policies forming part of the Consolidated financial statements

Note 27

1. Corporate information:

ADF Foods Limited is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on Bombay Stock Exchange and National Stock Exchange in India. The company is engaged in the manufacturing and selling of food products like pickles, chutneys, ready to eat items, paste and sauces, frozen foods, spices etc. The company caters largely to International markets and partly to domestic market.

2. Details of direct and indirect subsidiaries:

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

i) Direct Subsidiaries:

Name of the Company	Country of Incorporation	% of Holding	Accounting period
Power Brands (Foods) Pvt. Ltd.	India	99 % Subsidiary	1 st April 2011 to 31 st March 2012
ADF Foods (India) Ltd.	India	100 % Subsidiary	1 st April 2011 to 31 st March 2012
ADF Foods UK Ltd.	UK	100 % Subsidiary	1 st April 2011 to 31 st March 2012
ADF Foods (Mauritius) Ltd.	Mauritius	100 % Subsidiary	1 st April 2011 to 31 st March 2012

ii) Indirect Subsidiaries:

Subsidiary of ADF Foods (UK) Ltd.:

Name of the Company	Country of Incorporation	% of Holding	Accounting period
ADF Holdings (USA) Ltd.	USA	100 % Subsidiary	1 st April 2011 to 31 st March 2012

Subsidiary of ADF Holdings (USA) Ltd.:

Name of the Company	Country of Incorporation	% of Holding	Accounting period
ADF Foods (USA) Ltd.	USA	89 % Subsidiary	1 st April 2011 to 31 st March 2012

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

b. Principles of consolidation:

- i) The Consolidated financial statements of ADF foods Ltd. together with audited financial statements of its subsidiaries as described in "a" above 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.
- ii) The financial statements of the Parent Company and its subsidiaries as described in "a" above 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 statement of profit and loss 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.
- iii) 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.
- iv) 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.
- v) The unamortised carrying value of goodwill/brands is tested for impairment as at each balance sheet date.

3. Significant accounting policies:

a. Basis of Preparation:

The financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting and in accordance with the provisions of the Companies Act, 1956 ('the Act') and the accounting principles generally accepted in India and comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the 'National Advisory Committee' on Accounting Standards.

Current / Non-current classification:

The Revised Schedule VI to the Act requires assets and liabilities to be classified as either Current or Non-current.

An asset is classified as current when it satisfies any of the following criteria:

- (a) it is expected to be realized in, or is intended for sale or consumption in, the entity's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is expected to be realized within twelve months after the balance sheet date; or
- (d) it is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the balance sheet date.

All other assets are classified as non-current.

A liability is classified as current when it satisfies any of the following criteria:

- (a) it is expected to be settled in, the entity's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is due to be settled within twelve months after the balance sheet date; or
- (d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

All other liabilities are classified as non-current.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out above which are in accordance with the revised Schedule VI to the Act.

Based on the nature of services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

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. Changes in estimates are recognized in the year these arise.

c. Fixed Assets:

i) 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

ii) 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.

iii) 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 capitalized along with the asset on completion of the expansion project or otherwise on commencement of commercial use of the asset.

d. Depreciation:

i) 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.

ii) 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 capitalized. Additional depreciation is provided, if required, to cover any impairment in the value of intangible assets.

iii) Leasehold land:

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

e. Valuation of Stock:

- i) In determining cost of raw materials, packing materials, traded items, semi- finished goods, finished goods, 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 written down.
- ii) Traded goods and finished goods are valued at cost or net realizable 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

f. Staff retirement benefits:

Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The company has no obligation, other than the contribution payable to the provident fund.

The company operates defined benefit plan for its employees, viz., gratuity. The costs of providing benefit under these plans are determined on the basis of actuarial valuation at each year-end. Separate actuarial valuation is carried out for each plan using the projected unit credit method. Actuarial gains and losses for both defined benefit plans are recognized in full in the period in which they occur in the statement of profit and loss.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

g. Foreign Currency transactions:

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Exchange differences arising on foreign exchange transaction settled during the year are recognized in statement of Profit and Loss of the year.

Monetary assets and liabilities denominated in foreign currencies which are outstanding as at the year-end are translated at the closing exchange rate and the resultant exchange differences are recognized in the statement of Profit and Loss.

Forward contracts, other than those entered in to hedge foreign currency risk on unexecuted firm commitments or highly probable forecast transactions, are treated as foreign currency transactions and accounted accordingly as per Accounting Standard 11 ["The effect of changes in foreign exchange rates"]. Exchange differences arising on such contracts are recognized in the period in which they arise.

The premium / discount on a foreign currency forward contract is accounted as expense / income over the period of the contract

Gains and losses arising on account of roll over / cancellation of forward contracts are recognized as income / expenses of the period in which such rollover / cancellation takes place.

The company has adopted Accounting Standard 30, Financial Instruments; Recognition and Measurement (AS 30) issued by ICAI to the extent the adoption of AS 30 does not conflict with existing Accounting Standards prescribed by Companies (Accounting Standards) Rules, 2006 and other authoritative pronouncements.

Accordingly, the resultant gain or losses or fair valuation / settlement of the derivative contracts covered under Accounting Standard (AS) 30 ["Financial instruments; Recognition and Measurement"] are recognized in the statement of profit and loss or balance sheet as the case may be after applying the test of hedge effectiveness. Where the hedge is effective, the gains or losses are recognized in the "Hedging Reserve" which forms part of "Reserves and Surplus" in the Balance Sheet, while the same is recognized in the statement of Profit and Loss where the hedge is ineffective. The amount recognized in the "Hedging Reserve" is transferred to the statement of Profit and Loss in the period in which the underlined Hedge item affects the statement of profit and loss.

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 recognized on transfer of all significant risk and rewards of ownership to the buyer on dispatch of goods and is net of sales return, taxes and excise duty.

Scrap sales are accounted upon sales.

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

Interest and other income are recognized 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 exist a present obligation as a result of past events and 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 require an outflow of resources. When there is a possible obligation or present obligation in respect of which likelihood of outflow of resources is remote, no provision or disclosure is made.

k. Investments:

Investments which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of Profit and Loss.

l. Lease Accounting:

i) Where the company is lessee:

Leases, which effectively transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in Schedule XIV to the Companies Act, 1956, whichever is lower. However, if there is no reasonable certainty that the company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset, the lease term or the useful life envisaged in Schedule XIV to the Companies Act, 1956.

Where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, such leases are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

ii) Where the company is the lessor:

Leases in which the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

m. Borrowing costs:

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

n. Government Grants and subsidies:

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of Profit and Loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

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 charges or credits (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 recognized using the tax rates that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognized only to that 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 recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed as at Balance Sheet date to reassess realization.

P. Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

4. Share Warrants / Share Capital:

- a. During the financial year 2007-08, the company had issued convertible warrants to the Promoters, their friends and relatives and independent Directors of the Company. As the options for conversion of warrants into equity shares was not exercised by the specified date, the company forfeited the initial subscription amount aggregating to Rs. 105 lacs and the same was transferred to Capital Reserve Account. At the same time, the Company had also issued preferential equity shares on a Private Placement basis aggregating to Rs. 1,855 lacs.
- b. During the financial year 2009-10, the company made a second series of preferential issue of convertible warrants to the Promoters, their friends and relatives and independent Directors of the Company. Upon their conversion, the company received Rs. 232.61 lacs towards share capital and Rs. 511.74 lacs towards Securities Premium Reserve, in all aggregating to Rs. 744.35 lacs.
- c. Pursuant to the members' approval in the Annual General Meeting held on 15th July, 2011, the Company issued to the promoters 20,00,000 convertible warrants of Rs. 65/- each at a part payment of Rs. 16.25 per warrant on allotment, aggregating to Rs. 325 lacs. 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. 55/- per share upon the Warrant holders paying the balance consideration.

On the warrants holders exercising their right partially, the Company has, on 28th March 2012, converted 2,00,000 share warrants into equivalent number of equity shares on receiving the balance amount of Rs. 48.75 per share warrant, aggregating to Rs. 97.50 lacs. Of the total consideration of Rs. 130 lacs received against 2,00,000 share warrants, Rs. 20 lacs have been transferred to Share Capital account and Rs. 110 lacs have been transferred to Securities Premium Reserve.

Out of the total amount of Rs. 3,126.85 lacs thus received from the preferential allotment of the Shares and Warrants issued from time to time, the company has utilized these funds in the manner summarized below:

	Rs. in lacs
For expansion / acquisition of fixed assets	2,159.95
Unutilized balance held as Fixed deposits with banks	966.90
Total:	3,126.85

5 a. Contingent Liabilities:

	2011-12	2010-11
Letter of credit issued by the banks (net of margin money)	6.37	15.04
Guarantees issued by the banks (net of margin money)	28.43	31.58
Claims against the Company not acknowledged as debts (net of deposits)	57.56	72.47
Disputed Service tax demands of earlier years	441.72	-
Disputed Income tax demands of earlier years	68.56	83.87

5 b. Capital commitments (net of advances):

	2011-12	2010-11
Capital commitments (net of advances)	2.93	8.54

Litigation:

On 16th February 2012, ADF Foods USA Limited was named as a defendant in a Law suit filed with the Superior Court of California, County of San Mateo, by a former employee (The "plaintiff"), alleging claims for wrongful discharge. The plaintiff is seeking compensatory and punitive damages including, but not limited to unpaid wages, benefits, compensation and reimbursement of expenses, etc. The Company's management intends to vigorously defend this matter and belief it has meritorious defenses to the Plaintiff's claims. At the present time, the outcome of the

claims is not subject to accurate determination and they are not considered to be material to the consolidated financial statements taken as a whole. Consequently, no provision has been made for any possible liability on the consolidated financial statement at 31st March 2012.

6. 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 amortization 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 recognized to the statement of Profit and Loss in the consolidated accounts.

7. There are no Micro Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March 2012. This information as required to be disclosed under the Micro Small and Medium Enterprises Development Act, 2006 has been determined as below to the extent such parties have been identified on the basis of information available with the Company.

	31 March 2012	31 March 2011
Principal amount remaining unpaid to any supplier as at the period/year end	Nil	Nil
Interest due thereon	Nil	Nil
Amount of interest paid by the Company in terms of section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting period/year	Nil	Nil
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period/year) but without adding the interest specified under the MSMED	Nil	Nil
Amount of interest accrued and remaining unpaid at the end of the accounting period/year	Nil	Nil

8 Loans and advances includes:

Deposits paid to related parties:

Interest free security deposit of Rs.13.50 lacs (Previous year Rs. 14 lacs) , Maximum balance during the year Rs. 14.00 lacs (Previous year Rs. 15.00 lacs) paid for guest house taken on lease from the Chairman of the Company.

9. Company has taken office premises on lease:

The future minimum lease rental payments, in respect of operating lease are as follows:

	2011-12 Rs. Lacs	2010-11 Rs. Lacs
i) Not later than one year	291.23	156.99
ii) Later than one year and not later than five years	506.15	257.84
iii) Later than five years	44.33	44.83

Lease payment recognized in the statement of Profit and Loss for the year ended Rs. 173.49 lacs, (Previous year Rs. 71.92 lacs).

10. Related party disclosures

Related parties with whom transactions have taken place during the year

Sr. No.	Name of the Related Parties	Related party relationship
1.	M.H. Foods Pvt. Limited	Some of the Directors of the Company are related to the Directors of the said Pvt. Limited Company
2.	Mr. Ramesh H. Thakkar – Chairman	Key Managerial Personnel – For ADF foods Limited
2.	Mr. Ashok H. Thakkar – Vice Chairman	
2.	Mr. Bimal R. Thakkar – Managing Director	
2.	Mr. Bhavesh R. Thakkar – Executive Director	
3.	Mrs. Mahalaxmi R. Thakkar - Director	Key Managerial Personnel – For Power Brands (Foods) Pvt. Ltd.
4.	Mr. Mishal A. Thakkar – Employee	Relative of Key Managerial Personnel

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year

Related party	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.	Purchase	- (-)	- (-)	- (-)	0.58 (0.78)	0.58 (0.78)	- (-)
Ramesh H. Thakkar	Deposit	14.00 (15.00)	- (-)	0.50 (1.00)	- (-)	- (-)	13.50 (14.00)
Ramesh H. Thakkar	Rent	- (0.50)	- (-)	- (-)	0.50 (0.50)	0.50 (1.00)	- (-)
Key Managerial Personnel	Directors Remuneration	- (5.79)	- (-)	- (-)	172.33 (115.88)	172.33 (121.67)	- (-)
Mishal A. Thakkar	Salary	- (-)	- (-)	- (-)	7.06 (6.23)	7.06 (6.23)	- (-)

Note: Previous year's figures are shown in brackets.

During the year, the Company has issued preferential share warrants / equity shares to some of the key managerial personnel and their relatives.

11. Financial and derivative instruments:

- i) Contracts entered into by the Company for hedging in US \$ and outstanding as on 31st March 2012 amounts to US \$ 112.50 lacs (Previous year US \$ 95 lacs), equivalent to Rs 5,658.91 lacs (Previous year in Rs. 4,317.88 lacs).

Contracts entered into by the Company for hedging in UK £ and outstanding as on 31st March 2012 amounts to UK £ 12.00 lacs (Previous year 9.00 lacs), equivalent to Rs 948.35 lacs (Previous year in Rs. 648.75 lacs).

- ii) All contracts entered by the Company are for hedging of exposures against receivables.

The company does not entered into any derivative instruments for trading or speculative purpose.

All outstanding forward contracts are recognized in the financial statements at fair value as on the balance sheet date, in pursuance of the adoption of AS 30.

Accordingly, the resultant gain or losses or fair valuation / settlement of the outstanding forward contracts are recognized in the statement of Profit and Loss or Balance Sheet as the case may be after applying the test of hedge effectiveness. Where the hedge is effective, the gains or losses are recognized in the "Hedging Reserve" which forms part of "Reserves and Surplus" in the Balance Sheet while the same is recognized in the statement of Profit and Loss where the hedge is ineffective. The amount recognized in the "Hedging Reserve" is transferred to statement of profit and loss account in the period in which the underlined Hedge item affects the statement of Profit and Loss.

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.

There being no short term liability in respect of unfunded gratuity provision, the entire amount of Rs. 90.05 lacs (Previous year Rs. 65.05 lacs) pertaining to unfunded gratuity payable to restricted employees is shown under long-term provision.

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 recognized in the Balance Sheet as at 31st March 2012:

Funded:

Particulars	2011-12 Rs. lacs	2010-11 Rs. lacs
Present value of the obligation on 31 st March 12	83.00	78.98
Fair value of the plan assets	(87.05)	(86.83)
Net (asset) /liability not recognized	(4.05)	(7.85)

Unfunded:

Particulars	2011-12 Rs. lacs	2010-11 Rs. lacs
Present value of the obligation on 31 st March 12	(90.05)	(65.05)
Fair value of the plan assets	Nil	Nil
Net asset (liability) recognized in Balance Sheet	(90.05)	(65.05)

b. Expenses recognized during the year under the head personnel cost:

Particulars	Gratuity		Leave Encashment	
	2011-12 Rs. Lacs (Unfunded)	2010-11 Rs. Lacs (Unfunded)	2011-12 Rs. Lacs (Unfunded)	2010-11 Rs. Lacs (Unfunded)
Interest cost from 1 st April 11 to 31 st March 12	(11.09)	(5.42)	(1.72)	(1.15)
Service cost from 1 st April 11 to 31 st March 12	(16.78)	(7.40)	(9.63)	(7.65)
Expected return on plan assets	6.34	7.33	Nil	Nil
Gain / (Loss) recognized up to 31 st March 12	(26.45)	(11.26)	(1.49)	1.22
Net Gain / (Loss) to be provided as income in Profit & Loss Account	(47.98)	(16.75)	(12.84)	(7.58)

c) Actuarial Assumptions:

Particulars	Gratuity (funded)		Leave Encashment (funded)	
	2011-12	2010-11	2011-12	2010-11
Discount rate (per annum)	8%	8%	-	-
Rate of increase in compensation level	5%	7%	-	-

Particulars	Gratuity		Leave encashment	
	2011-12 (Unfunded)	2010-11 (Unfunded)	2011-12 (Unfunded)	2010-11 (Unfunded)
Discount rate (per annum)	8%	7%	8%	7.5%
Rate of increase in compensation level	5%	5%	5%	5%
Expected average remaining working lives of employees (years)	16	16	16	16

13. Computation of earnings per share:

Basic earnings per share:	2011-12	2010-11
Number of shares at the beginning of the year	2,01,90,000	2,01,90,000
Issued during the year	2,00,000	-
Number of shares at the end of the year	2,03,90,000	2,01,90,000
Number of shares (basic weighted average)	2,03,90,000	2,01,90,000
Profit for the year (Rs. in lacs)	Rs. 611.78	Rs. 1408.29
Basic earnings per share (weighted average)	3.02	6.97
Number of shares (diluted)	2,16,03,151	2,01,90,000
Diluted earnings per Share (weighted average)	2.85	6.97

14. Value of Imported and indigenous raw materials and packing materials consumed:

Raw materials:

	2011-12		2010-11	
	Rs. Lacs	% of Consumption	Rs. Lacs	% of Consumption
Imported	92.67	1.92	56.26	1.21
Indigenous	4,721.30	98.08	4604.84	98.79
Total	4,813.97	100.00	4,661.10	100.00

Packing materials:

	2011-12		2010-11	
	Rs. Lacs	% of Consumption	Rs. Lacs	% of Consumption
Imported	199.73	11.47	180.77	11.00
Indigenous	1,541.19	88.53	1,462.19	89.00
Total	1,740.92	100.00	1,642.96	100.00

Traded goods:

	2011-12		2010-11	
	Rs. Lacs	% of Consumption	Rs. Lacs	% of Consumption
Imported	18.29	2.86	16.12	3.49
Indigenous	621.89	97.14	446.40	96.51
Total	640.18	100.00	462.52	100.00

15. Value of Imports Calculated on C.I.F. Basis:

	2011-12 Rs. Lacs	2010-11 Rs. Lacs
Capital Goods/ Consumables/ imported parts for machinery repairs	32.46	28.27
Total	32.46	28.27

16. Expenditure in Foreign Currency:

	2011-12 Rs. Lacs	2010-11 Rs. Lacs
Travelling	156.69	108.76
Advertisement	102.99	158.56
Legal and professional fees	103.94	21.08
Business promotion	33.94	42.24
Sales commission and claims	97.01	132.88
Freight and forwarding charges	1.99	156.73
Repairs and maintenance - machinery	11.18	3.04
Others	0.57	0.96
Total	508.31	624.25

17. 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 of 2010-11	Dividend of 2009-10
No. of non-resident Share holders	84	77
No. of shares held by them	28,07,976	28,30,219
Amount of dividend (15 % i.e. Rs. 1.50 Per Share)	42,11,970	42,45,329

18. Earnings in Foreign Currency:

	2011-12 Rs. lacs	2010-11 Rs. lacs
F.O.B. Value of Exports	9,767.46	9,789.66

- 19 The Company is engaged mainly in the business of manufacturing and exporting food products like pickles, chutneys, ready to eat items, paste and sauces, frozen foods, spices, etc. local and overseas, which is the only business segment of the Company. The local turnover being less than 10% of the total turnover of the Company, separate geographical segment information has not been given in the financial statements. Hence there are no separate reportable segments, as required by the Accounting Standard 17 on "Segment Reporting" as prescribed by the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards.
20. The financial statements for the year ended 31 March 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Act. Consequent to the notification of Revised Schedule VI under the Act, the financial statements for the year ended 31 March 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year's figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed in preparation of financial statements.
21. 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.

In terms of our report attached

For D. P. GHEVARIA & CO.
Chartered Accountants
Firm's Registration Number: 103176W

D. P. GHEVARIA
Proprietor
Membership No: 32431

For B S R & Co.
Chartered Accountants
Firm's Registration Number: 101248W

SANJAY AGGARWAL
Partner
Membership No: 40780

For and on behalf of the Board of Directors

RAMESH H. THAKKAR
Chairman

BIMAL R. THAKKAR
Managing Director

Shalaka Ovalekar
Company Secretary

Mumbai,
Date, 29th May 2012

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2012

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
A. Cash flow from operating activities		
Net Profit / (Loss) before tax	1,033.97	1,554.09
<i>Adjustments for:</i>		
Depreciation and amortisation	1,016.23	682.17
prior year adjustment	3.18	(1.17)
Prilimnary expenses written off	(8.64)	(1.44)
Finance costs	183.47	183.91
Interest income	(156.65)	(137.78)
Dividend income	-	(0.15)
Net (gain) / loss on sale of investments	(83.39)	(7.44)
Provision for estimated losses on forward contracts	(270.90)	-
Effect of exchange rate change	5.64	2.43
	688.94	720.53
Operating profit / (loss) before working capital changes	1,722.91	2,274.62
<i>Changes in working capital:</i>		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Inventories	(363.28)	(681.05)
Trade receivables	198.13	(677.93)
Short-term loans and advances	(112.78)	925.07
Long-term loans and advances	(98.32)	(28.36)
<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
Trade payables	(228.19)	576.56
Other current liabilities	163.48	(160.21)
Short-term provisions	190.70	80.59
Long-term provisions	20.85	26.31
	(229.41)	60.98
Cash generated from operations	1,493.50	2,335.60
Net income tax (paid) / refunds	362.43	358.57
Net cash flow from / (used in) operating activities (A)	1,131.07	1,977.03
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances	(295.70)	(2,807.86)
Proceeds from sale of fixed assets	3.79	3.76
Other non-current assets	(490.51)	0.59
Inter-corporate deposits (net)		
Bank balances not considered as Cash and cash equivalents	(66.08)	858.94
Current investments not considered as Cash and cash equivalents		
- Purchased	(925.00)	(875.00)
Proceeds from sale of long-term investments		
- Others	83.39	10.33
Interest received		
- Others	156.65	137.78
Dividend received		
- Others	-	0.15
	(1,533.46)	(2,671.31)
Net cash flow from / (used in) investing activities (B)	(1,533.46)	(2,671.31)

Particulars	For the year ended 31 March, 2012		For the year ended 31 March, 2011	
C. Cash flow from financing activities				
Proceeds from issue of equity shares	130.00		-	
Proceeds from issue of share warrants	292.50		-	
Proceeds from long-term borrowings	62.70		1,662.82	
Proceeds from other short-term borrowings	311.20		164.25	
Finance cost	(183.47)		(183.91)	
Dividends paid	(300.00)		(300.00)	
Tax on dividend	(49.83)		(50.97)	
		263.10		1,292.19
Net cash flow from / (used in) financing activities (C)		263.10		1,292.19
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		(139.29)		597.91
Cash and cash equivalents at the beginning of the year		728.87		130.96
Cash and cash equivalents at the end of the year		589.58		728.87

Notes:

- (i) The Cash Flow Statement reflects the combined cash flows pertaining to continuing and discounting operations.
- (ii) These earmarked account balances with banks can be utilised only for the specific identified purposes.

See accompanying notes forming part of the financial statements

In terms of our report attached

For D. P. GHEVARIA & CO.
Chartered Accountants
Firm's Registration Number: 103176W

D. P. GHEVARIA
Proprietor
Membership No: 32431

For B S R & Co.
Chartered Accountants
Firm's Registration Number: 101248W

SANJAY AGGARWAL
Partner
Membership No: 40780

For and on behalf of the Board of Directors

RAMESH H. THAKKAR
Chairman

BIMAL R. THAKKAR
Managing Director

Shalaka Ovalekar
Company Secretary

Mumbai,
Date, 29th May 2012

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*	Total Revenue	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend	Country
1	ADF Foods (India) Limited	INR	5.00	(134.49)	92.65	92.65	Nil	638.87	(100.50)	-	(100.50)	-	India
2	Power Brands (Foods) Pvt. Ltd.	INR	1,900.00	(1,007.36)	1,192.20	1,192.20	Nil	18.33	(193.93)	0.32	(194.25)	-	India
3	ADF Foods UK Ltd.	GBP	678.61	15.22	706.50	706.50	Nil	11.26	(2.15)	-	(2.15)	-	UK
4	ADF Foods Mauritius Ltd.	USD	4.47	(12.81)	1.14	1.14	Nil	0	(3.05)	-	(3.05)	-	Mauritius
5	**ADF Holdings (USA) Ltd.	USD	669.75	(363.97)	2,696.15	2,696.15	Nil	4,199.24	(389.62)	(135.99)	(253.63)	-	USA

Closing Exchange rate as on 31.03.2012 1.GBP = Rs.80.91 2. USD = Rs. 50.52

Average Exchange rate as on 31.03.2012 1.GBP = Rs.76.58 2. USD = Rs. 47.8533

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

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

** The financial data pertaining to ADF Holdings (USA) Ltd. is arrived at after consolidation with financial data of its subsidiary ADF Foods (USA) Ltd.

NOTES

[illegible]

ADF FOODS LIMITED

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

Proxy Form

Twenty Second Annual General Meeting- 8th August, 2012 at 2.00 P.M.

Folio No.

I/We

ofin the district of

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

.....ofin the district of

.....or failing him

ofin the district of

as my/our proxy to vote for me/us on my/our behalf at the Twenty Second Annual General Meeting of the Company to be held on 8th August, 2012 at 2.00 P.M. 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 Second Annual General Meeting- 8th August, 2012 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 SECOND ANNUAL GENERAL MEETING of the Company at Sheth Khushaldas Gokaldas Patel Municipal Town Hall, Nadiad 387 001, Gujarat on Wednesday, 8th August, 2012 at 2.00 P.M.

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

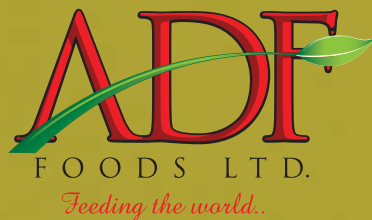
.....
Members' / Proxy's Signature

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

THE EXCITING RANGE OF NEW PRODUCTS, LAUNCHED LAST YEAR.



BOOK POST



If undelivered please return to:
ADF Foods Ltd., 83/86 GIDC Industrial Estate, Nadiad 387001, Gujarat, India.
Visit us at www.adf-foods.com