

## BOARD OF DIRECTORS

<b>BOARD OF DIRECTORS</b>	Mr. Ramesh H. Thakkar	Chairman
	Mr. Ashok H. Thakkar	Vice-Chairman
	Mr. Bimal R. Thakkar	Managing Director
	Mr. Bhavesh R. Thakkar	Executive Director
	Mr. D. E. Udawadia	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
<b>SENIOR MANAGEMENT</b>	Mr. Nagin C. Patel	Vice- President (Works)
	Mr. Dilip S. Golwala	General Manager- Finance & Accounts
	Mr. Dinesh Jaiswal	General Manager - Works (Nashik)
	Mr. R. R. Singh	General Manager - Works (Nadiad)

**COMPANY SECRETARY** Mr. Amit Bathia

**COUNTRY MANAGERS** Mr. Steve Pezzack UK- Food Service  
Mr. Upinder Thakur- Ethnic Division- UK & Europe  
Mr. Vimal Bhalla- North America  
Mr. Vishal Gautam- GCC

**STATUTORY AUDITORS** M/s. D.P. Ghevaria & Co.  
Chartered Accountants  
M/s. V.P. Thacker & Co.  
Chartered Accountants

**INTERNAL AUDITORS** M/s. Suresh Gandhi & Associates, Surat  
M/s. Govilkar & Associates, Nasik

**SOLICITORS** M/s. Udawadia & Udeshi  
M/s. DSK Legal

**BANKERS** State Bank of Hyderabad  
Bank of Baroda  
State Bank of India

**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](mailto:nadiadfactory@adf-foods.com)

**CORPORATE OFFICE** 3<sup>rd</sup> Floor, Acme Industrial Estate,  
Sewree Bunder Road, Sewree (East)  
Mumbai- 400 015, India  
Tel.:022-6141 5555  
Fax.:022-6141 5577, 022-24137373  
E-mail: [info@adf-foods.com](mailto:info@adf-foods.com)  
website: [www.adf-foods.com](http://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  
203, Davar House, 197/199 D.N.Road,  
Mumbai- 400 001,  
Tel.: 022-2269 4127  
E-mail: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)  
website : [www.linkintime.co.in](http://www.linkintime.co.in)

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### 20th Annual General Meeting

Wednesday, 28<sup>th</sup> July 2010 at 2.00 p.m.

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 20<sup>TH</sup> ANNUAL GENERAL MEETING

**NOTICE** is hereby given that the **Twentieth Annual General Meeting** of **ADF FOODS LIMITED** will be held at Sheth Khushaldas Gokaldas Patel Municipal Town Hall, Nadiad 387 001, Gujarat on **Wednesday, 28<sup>th</sup> July 2010 at 2.00 P.M.** to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2010 and the Profit and Loss Account for the year ended on that date alongwith the Reports of the Directors and Auditors thereon.
2. To declare dividend on equity shares for the year ended 31<sup>st</sup> March 2010.
3. To appoint a Director in place of Mr. Viren Merchant who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. D E Udwardia who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Statutory Auditors and to authorise the Board of Directors to fix their remuneration.

### SPECIAL BUSINESS

#### 6. To consider and approve the increase in Inter-corporate Investment limits upto Rs. 150 Crores

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 372A of the Companies Act, 1956 and other applicable provisions, if any of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and in accordance with the provisions of Articles of Association of the Company and subject to further approval of statutory and other authorities as may be necessary and subject to such terms, conditions, stipulation, alterations and modifications, if any, as may be prescribed and specified by such authorities while granting such approvals and which be agreed by the Board of Directors of the Company (hereinafter referred to as the ‘Board’ which expression shall include a Committee of directors or Managing Director or Whole-time Director or any of the Director(s) or Officer(s) of the Company duly authorized by the Company in this behalf), the consent of the Company be and is hereby accorded to the Board of directors of the Company for acquisition of businesses and/or Companies and/or Assets and/or make investment in excess of the 60% of the aggregate of the paid-up share capital and free reserves and/or upto 100% of the aggregate of free reserves of the Company as per the limits prescribed under section 372A in India and/or abroad as they may in their absolute discretion deem beneficial and in the interest of the Company subject to the maximum aggregate amount not exceeding Rs. 150 crores (Rupees One Hundred and Fifty Crores Only) at any time together with the existing investments.

**RESOLVED FURTHER THAT** the Board of directors of the Company be and is hereby authorised to take all actions and do all such deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient for giving effect to this resolution.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate all or any of the powers herein conferred, to any committee of Directors or Managing Director or Whole-time Director or any of the Director(s) or Officer(s) of the Company to give effect to this aforesaid 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 17<sup>th</sup> July 2010 to 28<sup>th</sup> July 2010 (both days inclusive)

4. The dividend, if any, which may be declared, shall be payable on or before 24<sup>th</sup> August 2010 to those Members of the Company whose names appear:-
  - a) as Beneficial Owners as at the close of the business hours on Friday, 16<sup>th</sup> July 2010 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, 16<sup>th</sup> July 2010 in respect of shares held in physical form.
5. The Securities and Exchange Board of India (SEBI) and Reserve Bank of India (RBI) have advised all listed companies to mandatory use the Electronic Clearing Services (ECS) mandate facility wherever possible for payment of dividend to the Members. In view of this stipulation, the Company has implemented the ECS facility. Members holding shares in physical form are requested to provide the Company with ECS mandate enclosed in the annual report for crediting the future dividend payment directly to the respective bank accounts. The Company shall be able to co-ordinate with the bankers only on receipt of necessary information. Please note that the ECS mandate should be signed by all the Members, as per the specimen signature recorded with the Company. The Members holding shares in electronic form may instruct their DP accordingly.
6. Members are hereby informed that dividends for the Financial Year 2003-04, 2004-05, 2005-06, 2006-07 (Interim), 2006-07 (Final), 2007-08 (Interim), 2007-08 (Final) and 2008-09 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 pursuant to Section 205A and 205C of the Companies Act, 1956. Members are requested to encash their Dividend Warrants for these years, if not already done after getting them revalidated from the Company.
7. Members holding shares in the same set of names under different ledger folios are requested to apply for consolidation of such folios and send relevant share certificates to the Company's Registrar & Transfer Agents.
8. Members holding shares in physical form are requested to send the change in address/status, if any, immediately to the Company's Registrar & Transfer Agents.
9. Members who would like to ask any questions on the accounts are requested to send their questions to the Registered Office of the Company atleast 10 days before the Annual General Meeting to enable the Company to answer their queries satisfactorily.
10. The Members or proxies are requested to bring the attendance slip duly filled in and signed for attending the meeting. They are also requested to bring their copies of Annual report to the Annual General Meeting.

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

**Amit Bathia**  
**Company Secretary**

**Regd. Office :**  
83/86 GIDC Industrial Estate, Nadiad 387001, Gujarat  
Mumbai, 20<sup>th</sup> May 2010

**ANNEXURE TO NOTICE DATED 20<sup>TH</sup> MAY 2010**

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, following information is furnished about the Directors proposed to be re-appointed.

**1) Mr. Viren Merchant**

Mr. Viren Merchant has an experience of over 15 years and has an expertise in Business Management. He is the Vice-Chairman & C.E.O of ZYG Pharma Pvt. Ltd., a leading manufacturer of Dermatological Creams, Ointments, Lotions and solutions manufactured in Technical Collaboration with Schering Plough Corporation, U. S. A. He is also the Vice-Chairman & C. E. O. of Encore Healthcare Pvt. Ltd., a leading manufacturer of tablets, capsules and syrups.

**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

**2) Mr. D E Udwadia**

Mr. D. E. Udwadia is a Solicitor and Advocate of the Bombay High Court and a Solicitor of the Supreme Court of England. Previously, he was a partner of M/s. Crawford Bayley & Co. Presently, he is a partner of M/s. Udwadia & Udeshi, Solicitors & Advocates. He holds directorships in 20 other companies. Mr. D E Udwadia does not hold any shares in the company.

**Other Directorships**

- ABB Limited
- AstraZeneca Pharma India Limited
- The Bombay Burmah Trading Corporation Limited
- Conservation Corporation of India Private Limited
- Development Credit Bank Limited
- Eureka Forbes Limited
- Habasit Lakoka Private Limited
- ITD Cementation India Limited
- JM Financial & Investment Consultancy Services Private Limited
- JM Financial Trustee Company Private Limited
- JM Financial Consultants Private Limited
- JM Financial Limited
- MPS Limited
- Mechanalysis (India) Limited
- Nitesh Estates Limited
- Quantum Advisors Private Limited
- Rossi Gearmotors (India) Private Limited
- R & P Management Communications Pvt. Ltd.
- Wyeth Limited
- WABCO-TVS (India) Limited

### **Committee Memberships**

- ABB Limited – Audit Committee & Shareholders’ Grievance Committee
- AstraZeneca Pharma India Limited- Audit Committee
- The Bombay Burmah Trading Corp. Limited - Audit Committee
- Development Credit Bank Limited - Audit Committee
- ITD Cementation India Limited - Audit Committee
- MPS Limited - Audit Committee
- Nitesh Estates Ltd. – Audit Committee
- Wyeth Limited - Audit Committee
- WABCO- TVS (India) Limited – Audit Committee

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

#### **ITEM NO. 6**

Your Company proposes to acquire businesses, companies and assets in India and abroad for the purpose of expansion. The desired investment may exceed the limits prescribed in section 372A of the Companies Act, 1956.

Section 372A of the Companies Act, 1956 requires approval of the shareholders by way of a special resolution for investment in other body corporate beyond the limits specified in the said section.

The special resolution set out at item no. 6 of the accompanying notice is recommended by the Board for the approval of shareholders.

None of the directors of the Company are interested or concerned in the resolution.

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

**Amit Bathia**  
**Company Secretary**

#### **Regd. Office :**

83/86 GIDC Industrial Estate, Nadiad 387001, Gujarat

Mumbai, 20<sup>th</sup> May 2010

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Twentieth Annual Report together with the Audited Financial Statement for the year ended 31<sup>st</sup> March 2010.

### FINANCIAL RESULTS

The performance of the Company for the financial year ended 31<sup>st</sup> March 2010 is summarized below:

	Rs. in Lakhs	
Particulars	2009-10	2008-09
Net sales/Income from operation	10,168.54	9,584.23
Other Income	775.55	382.77
<b>Total Income</b>	<b>10,944.09</b>	<b>9,967.00</b>
Add: Increase/ (Decrease) in Stock in trade	(309.90)	218.05
	<b>10,634.10</b>	<b>10,185.05</b>
<b>Less: Total expenditure</b>		
Manufacturing & Other Expenses	8,072.40	8,249.74
Depreciation	418.65	393.69
Financial Expenses	181.06	219.90
<b>Profit (+)/Loss (-) before tax</b>	<b>1,962.08</b>	<b>1,321.72</b>
Provision for taxation	336.90	269.76
Deferred tax Assets / (Liabilities)	44.23	32.41
<b>Net Profit (+) / Loss (-)</b>	<b>1,580.95</b>	<b>1,019.55</b>
Prior Period Expenses/ Tax (Net off)	17.76	39.70
<b>Net Profit(+) / Loss(-)</b>	<b>1,563.19</b>	<b>979.85</b>
Balance brought forward	2,276.59	1655.91
<b>Dividend declared/ paid</b>	<b>300.00</b>	<b>265.11</b>
Tax on dividend	50.97	45.06
Transfer to General Reserve	78.16	49.00
Balance Carried to the Balance Sheet	3,410.65	2276.59
<b>EPS (Basic)</b>	<b>8.33</b>	<b>5.54</b>
<b>EPS (Diluted)</b>	<b>8.33</b>	<b>5.11</b>

### FINANCIAL PERFORMANCE

During the year under review, your Company has recorded a turnover of Rs. 101.68 Crores as against Rs. 95.84 Crores in the previous year. The Net profit (after tax and extra ordinary items) for the financial year ended 31<sup>st</sup> March 2010 increased to Rs. 15.63 Crores from Rs. 9.80 Crores in the previous year representing an increase of 59.49 % profit after tax.

### WARRANTS

The Company had allotted 15,00,000 Convertible Warrants of Rs. 70/- each (Rs. 7.00 per warrant paid on allotment) on preferential basis to Promoters/Directors, their friends and relatives on 24<sup>th</sup> December 2007. None of the subscribers of the warrants had exercised their option and the same expired on 23<sup>rd</sup> June 2009. Rs. 1,05,00,000 received on allotment of warrants was credited to Capital Reserve Account.

The Company had allotted 23,26,110 Convertible warrants of Rs. 32/- each (Rs. 8.00 per warrant paid on allotment) on preferential basis to Promoters/Directors, their friends and relatives on 29<sup>th</sup> July 2009. Of the above, 8,20,222 warrants were converted on 11<sup>th</sup> September 2009 and balance warrants 15,05,888 were converted on 27<sup>th</sup> October 2009. The balance amount of Rs. 24 per warrant was duly received before exercise of warrants.

## DIVIDEND

Your Directors are pleased to recommend a Dividend of Rs. 1.50/- per share (i.e. @15%) for the year ended 31st March 2010. The dividend payout, if approved, will result in outflow of Rs. 350.97 Lakhs inclusive of Rs. 50.97 Lakhs on account of Dividend Distribution Tax.

## BUSINESS DEVELOPMENT

During the year under review, your Company has entered the domestic market through its wholly owned Subsidiary ADF Foods (India) Ltd and launched a range of products under the brand “ADF SOUL”. The initial product range which has been launched is the range of healthy Indian pickles made with Virgin Olive Oil, traditional pickles and select ready-to-eat recipes. The range has been initially introduced in Mumbai and Pune. The products are being sold in traditional grocery stores and also in some leading Supermarkets. The company is currently in the process of securing listing with the other Supermarket chains and also increasing its penetration in the traditional grocery outlets. The initial response for the products has been very encouraging and the Company is focusing on building its distribution network and expects to be pan India within next 2 years.

Despite global recession and economic slowdown last year your Company’s sales have increased for all its brands during the financial year ended 31<sup>st</sup> March 2010. Your Company has been widening its customer base and has also added new products to marginalize the impact of economic slowdown.

‘TRULY INDIAN’ Brand has been launched in Germany during the latter part of this financial year and the initial response has been positive. The company also obtained new listings in US Supermarkets and is poised to grow the main stream side of the business through TRULY INDIAN. Your Company continues to promote Indian Food Culture world over and takes pride in being an innovator in the Ethnic Indian Food Category.

Even though globally many countries are still struggling under the pressures of economic slowdown, we are cautiously optimistic and hope to grow the business in the new financial year. In addition to organic growth your company is also looking at growing its business through inorganic means and is scouting for businesses which have a strong distribution network in the mainstream markets in the ethnic foods space where there is synergy with its existing product line.

## TECHNOLOGY AND QUALITY

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

## DIRECTORS’ RESPONSIBILITY STATEMENT

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

- (i) that in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit of the Company for the year under review;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) that the Directors have prepared the accounts for the financial year ended 31<sup>st</sup> March 2010 on a ‘going concern’ basis.

## CORPORATE GOVERNANCE

In compliance with the requirements of Clause 49 of the Listing Agreement with the Stock Exchange, 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 11 Directors out of which 7 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. Viren Merchant and Mr. Darius E. Udawadia, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for reappointment.

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 Twentieth Annual General Meeting pursuant to the Clause 49 of the Listing Agreement relating to Corporate Governance.

## AUDITORS AND THEIR REPORT

The Statutory Auditors, M/s D. P. Ghevaria & Co., Chartered Accountants and M/s. V. P. Thacker & Co., Chartered Accountants retire at the ensuing Annual General Meeting and are eligible for re-appointment as Joint Statutory Auditors of the Company.

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

## ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

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

## PARTICULARS OF EMPLOYEES

There are no employees drawing remuneration exceeding the monetary ceiling prescribed under Section 217(2A) of the Companies Act, 1956, as amended upto date.

## SUBSIDIARY COMPANY

At the beginning of the year the Company had three subsidiaries namely: 'ADF Foods UK Ltd' (ADF UK), 'ADF Foods (Mauritius) Limited' (ADF M) and 'Power Brands (Foods) Pvt. Ltd.' (PBFPL).

On 7<sup>th</sup> December 2009 your Company set up a Wholly Owned Subsidiary viz. ADF Foods (India) Ltd (ADFIL). The certificate of commencement of Business was received for the same on 9<sup>th</sup> January 2010.

The Statement of Accounts of ADF UK, ADF-M, PBFPL and ADFIL together with the Report of the Director and the Auditors as required under section 212 of the Companies Act, 1956 are attached to this Annual Report.

## CONSOLIDATED ACCOUNTS

In compliance with Clause 32 of the Listing Agreement with the Stock Exchange 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 subsidiary 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 2009-10.

## EMPLOYEE RELATIONS

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

## ACKNOWLEDGEMENTS

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

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

**Ramesh H Thakkar**  
Chairman

## Registered Office:

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

Mumbai, 20<sup>th</sup> May 2010



## ANNEXURE TO DIRECTORS' REPORT

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, 2010

### 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:

	2009-10	2008-09
1) Electricity		
a) Purchased Units (KWH)	26,96,872	30,81,637
Total Amount (Rs)	16,076,351	15,945,943
Average Rate/Unit (Rs)	5.96	5.17
b) Own Generation		
i) Through Diesel Generator	-	-
Units (KWH)	-	-
Units/Lt. of Diesel	-	-
Cost/ Unit (Rs)	-	-
ii) Through Steam Turbine / Generator		
2) Agro waste		
Quantity (kgs)	535,720	1,458,641
Total Amount (Rs)	2,012,245	4,942,172
Average rate/ KL (Rs)	3.76	3.39
3) Fuel Furnace Oil + Light Diesel		
Quantity (K.L)	959,175	296,658
Total Amount (Rs)	11,274,940	9,022,893
Average rate/ KL (Rs)	11.75	30.42
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 quality)

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****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
- Standardization 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 packaging.

**3. Future plan of action:**

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

**4. Expenditure on R&D:**

(In Rs.)

	<b>2009-10</b>	<b>2008-09</b>
(a) Capital	90,415	46,600
(b) Recurring	573,257	567,764
(c) Total	663,672	614,364
(d) Total R&D Expenditure as a percentage of total turnover	0.0685%	0.0634%

**Technology Absorption, Adaptation and Innovation****1. Efforts, in brief, made towards technology absorption, adaptation and innovation:**

The Company upgraded its technology at Nadiad by installing an automatic pickle pouch filling machine.

**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 ethnic and mainstream markets. The Company is earning net foreign exchange on year-to-year basis. Company's sales are in multiple currencies like \$, £, €, etc.

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

Rs (in lakh)

	<b>2009-10</b>	<b>2008-09</b>
Total Foreign Exchange Earned	8,741.34	8,368.91
Total Foreign Exchange Used	1,139.90	1,085.96

For and on Behalf of the Board of Directors

**Ramesh H Thakkar**  
Chairman

**Bimal R Thakkar**  
Managing Director

Registered Office: 83/86, G.I.D.C Industrial Estate, Nadiad – 387 001, Gujarat  
Mumbai, 20<sup>th</sup> May 2010

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### 1. Industry Structure and Developments

India is increasingly looked at as a Worldwide sourcing hub for food products. Processed & packaged Foods industry worldwide has witnessed a state of evolution over the years due to demographic changes, life styles, changing consumer tastes & preferences, improved technology and better quality standards. India is making an important mark in the global food arena both as a large producer and exporter of agricultural products and as a very large and growing market for processed foods. The favorable policy environment and increasing interest of Corporates in agriculture and agri-food business augurs well for India.

India is the world's second largest producer of food next to China, but accounts for only 1.6 percent of international food trade. The Government aims at increasing this share to 3 percent in the next 8 years. This indicates vast potential for both investors and exporters.

India's agricultural sector, especially food processing and allied activities is going through a major transformation driven by improving policy environment, increasing public private participation and an increasing thrust on the improvement of rural infrastructure.

Today, Multinational Companies are betting on India as a source to feed the world. Large investors and Corporations, both Indian and International, are considering India as an emerging market with twin opportunities, to cater to the growing Indian middle-class and to export premium processed food. India could position itself as an agribusiness powerhouse and become a major exporter of fruits & vegetables, ready-to-eat food, dairy products, spices, wine, ice cream, meat, poultry, shrimp, fish and many other products.

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

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

The global food landscape is rapidly evolving as consumer needs shift with changing lifestyles. Food habits and tastes are amalgamating in the global melting pot. Food lovers from around the globe now want to try ethnic foods from different parts of the world and make it an integral part of their daily diet. The Company recognizes this evolution and is striving to cater authentic, ethnic cuisine from India to satisfy the taste buds of Indian food lovers across the globe.

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

The Global Trend in Food Processing Industry shows a paradigm shift in focus from developed markets to Low Cost Countries. Worlds' major food processors are looking for low cost sourcing partners with proven quality standards, strong backward and forward linkages with the agro-food system. However, in the Indian market, the biggest bottleneck in expanding the food processing sector is lack of adequate infrastructure. The Government and Export promotion organizations in India are emphasizing on improvement in infrastructure through public and private investment. This would put the growth of this industry on an upswing. The Company is gearing itself by constantly upgrading its facilities to International standards and increasing capacities to take advantage of these opportunities.

The Company Management feels that the Indian Market presents a good opportunity considering the changing attitudes and lifestyles of the new middle class Indian consumer. The entry of large corporates in organized retail and distribution has given the required fillip to accelerate the growth /acceptance of Packaged Food. After due evaluation, the Company has entered the Indian market with launch of its new brand ADF SOUL. Indian and International ethnic cuisines will be offered under this brand.

Ever increasing competition from established brands of organised sector and numerous players in unorganised sector may pose as a challenge to the business.

### 3. Segment-wise Performance

The company's overall sales have increased to 10,168.54 Lakhs from 9,584.23 lakhs as compared to the previous year.

Amt in Rs. Lakhs

	FY 2009-10	FY 2008-09
<b>Segment Revenue</b>		
a) Processed and Preserved foods	9,614.54	9,201.37
b) Traded goods	554.00	382.86
<b>Total</b>	<b>10,168.54</b>	<b>9,584.23</b>
Less: Inter Segment revenue	-	-
<b>Net Sales /Income from operations</b>	<b>10,168.54</b>	<b>9,584.23</b>
<b>Segment results Profit /loss before tax and interest from each segment:</b>		
a) Processed and preserved foods	1,561.25	1,953.45
b) Traded goods	28.96	100.99
<b>Total</b>	<b>1,590.21</b>	<b>2,054.44</b>
<b>Less:</b>		
1) Interest	181.06	219.90
2) Other un allocated expenditure net off	230.33	895.59
<b>Add: Unallocable income</b>	<b>775.50</b>	<b>382.77</b>
<b>Total Profit before tax</b>	<b>1,954.32</b>	<b>1,321.72</b>
<b>Capital employed</b>		
a) Processed and Preserved foods	4,971.07	4,785.11
b) Traded goods	100.00	65.11
c) Other un-allocated	6,406.08	4,605.27
<b>Total Capital Employed</b>	<b>11,477.15</b>	<b>9,455.49</b>

### 4. Risks and Concerns

#### Exchange Rate Fluctuation

The Company being engaged in exports, derives approximately 90% 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.

#### Recessionary Trend affecting consumption pattern globally

The global financial crisis is leading to a change in the consumer spending pattern which could impact the sales volumes. The Company is tapping new markets and adding new products which the Management expects would partially take care of any reductions in volumes.

#### Cost of raw materials & packing material prices

Agricultural produce is always at the mercy of Mother Nature. Getting the raw materials in time and dispatching of the Finished Goods i.e. getting from Farm to Fork is always wary of any crop failure or shortages thus, putting pressure on the margins of the Company's products. Company has developed strong supplier relationships who support us in procurement of raw materials.

### 5. Internal control systems and their adequacy

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

internal controls and suggest areas of improvement and strengthening. The Audit Committee of the Board reviews the adequacy of internal controls.

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

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

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

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

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

**8. CAUTIONARY STATEMENT**

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

## REPORT ON CORPORATE GOVERNANCE

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

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

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

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

### II. BOARD OF DIRECTORS

#### A. COMPOSITION & MEETINGS

The Board of Directors of your Company represents an optimum mix of professionalism, knowledge and experience. As on 31<sup>st</sup> March 2010, the total strength of the Board of Directors of the Company was eleven Directors comprising four Executive Directors and Seven Non-Executive Independent Directors. Your Company immensely benefits from the professional expertise of the Independent Directors in their individual capacity as Independent Professionals and through their invaluable experience in achieving corporate excellence. The Non-executive Directors are eminent professionals with wide range of knowledge and experience in business, industry, finance and law.

The composition of the Board, their attendance at the meeting, their Directorship and Memberships of Committees in other Companies as on 31<sup>st</sup> March 2010 are given below:

Name of the Director	Designation Executive/Non Executive Independent/ Promoter	Board Meetings held and attended by the Directors		Attendance at the last ANNUAL GENERAL MEETING	*Directorships in other Companies	* Memberships of Committees of other Companies
		Held	Attended			
Mr. Ramesh H Thakkar	Chairman Executive Director Promoter	5	3	YES	-	-
Mr. Ashok H Thakkar	Vice Chairman Executive Director Promoter	5	4	YES	1	-
Mr. D E Udawadia	Director Non Executive Independent	5	2	NO	12	9
Mr. Nipun C Shah	Director Non Executive Independent	5	4	YES	1	-
Mr. Yasir J Varawala	Director Non Executive Independent	5	5	YES	1	-
Mr. Vikram Munshi	Director Non Executive Independent	5	3	NO	4	-
Mr. Jay M Mehta	Director Non Executive Independent	5	0	NO	7	1

Mr. Viren Merchant	Director Non Executive Independent	5	4	NO	-	-
Mr. Bimal R Thakkar	Managing Director Promoter	5	4	YES	3	1
Mr. Ravinder Kumar Jain	Director Non Executive Independent	5	5	NO	-	-
Mr. Bhavesh R Thakkar	Executive Director Promoter	5	4	YES	1	-

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

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

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

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

Disclosure of the number of equity shares of the Company held by Non Executive Directors as on 31<sup>st</sup> March 2010:

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

\* In addition to the above Mr. Yasir Varawala holds 5,000 shares and Mr. Nipun C Shah holds 9,750 shares as a joint holder.

## **B. DETAILS OF SITTING FEES, REMUNERATION, ETC. PAID TO DIRECTORS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2010.**

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

During the financial year, the Company had allotted equity shares against the warrants exercised by the Directors details of which are given below:-

Sr. No.	Director	No. of Warrants allotted in the last AGM	No. of Equity Shares allotted against the warrants exercised
1.	Mr. Ashok Thakkar	690,444	690,444
2.	Bhavesh Thakkar (HUF)	345,222	345,222
3.	Bimal Thakkar (HUF)	345,222	345,222
4.	Mr. Nipun Shah	50,000	50,000
5.	Mr. Yasir Varawala	50,000	50,000
6.	Mr. Jay Mehta	50,000	50,000
7.	Mr. Vikram Munshi	100,000	100,000
8.	Mr. Viren Merchant	50,000	50,000
9.	Mr. Ravinder Kumar Jain	50,000	50,000



The details of remuneration paid to the Executive Directors during the financial year ended 31<sup>st</sup> March 2010 are as under:

Sr. No.	Director	Salary (Rs.)	Perquisites (Rs.)	Total (Rs.)
1	Mr. Ramesh H Thakkar	21,63,000	118,941	22,81,941
2	Mr. Ashok H Thakkar	21,63,000	96,162	22,59,162
3	Mr. Bimal R Thakkar	21,63,000	76,278	22,39,278
4	Mr. Bhavesh R Thakkar	21,63,000	65,291	22,28,291

## 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 1<sup>st</sup> October 2008. The re-appointment of the Managing Director and Executive Directors 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.
- The remuneration paid to the Managing Director and the Executive Directors is excluding contribution to provident fund, gratuity and leave encashment as the same are provided in the books based on actuarial valuation report.
- 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, 5 meetings of the Board of Directors were held on the following dates:

15<sup>th</sup> May 2009, 29<sup>th</sup> July 2009, 11<sup>th</sup> September 2009, 27<sup>th</sup> October 2009 and 28<sup>th</sup> January 2010.

## III. AUDIT COMMITTEE

### A. CONSTITUTION & MEETINGS

The Audit Committee was constituted on 13<sup>th</sup> January 2001. All the members of Audit Committee are Non-Executive and Independent Directors. The Chairman of the Audit Committee is Mr. Nipun C. Shah. During the year, Mr. Viren Merchant, Independent Director has been appointed as member for further strengthening in the Audit Committee. The other members of the Audit Committee are Mr. Yasir J. Varawala and Mr. Vikram S. Munshi. The Company Secretary acts as the Secretary to the Committee.

During the year under review, four Audit Committee meetings were held on 9<sup>th</sup> May 2009, 22<sup>nd</sup> July 2009, 26<sup>th</sup> October 2009 and 25<sup>th</sup> January 2010. 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	4
3	Mr. Vikram S. Munshi	0
4	Mr. Viren Merchant*	1

\* Mr. Viren Merchant has been appointed as member in the meeting of Board of Directors held on 28<sup>th</sup> October, 2009.

The Executive Directors, the Senior 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 for payment for any other Services relating thereto.
- Reviewing the Company's financial and risk management policies.
- Looking into the reasons for substantial defaults, if any, in the payment to the shareholders (non- payment of declared dividends, etc.) and creditors, etc.
- And such other matters incidental or as may be delegated by the Board of Directors to the Committee from time to time.

## IV. SHAREHOLDERS' GRIEVANCE COMMITTEE

### A. CONSTITUTION & MEETINGS

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

During the year, four meetings of the said Committee were held on 9<sup>th</sup> May 2009, 22<sup>nd</sup> July 2009, 26<sup>th</sup> October 2009 and 25<sup>th</sup> January 2010. 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 provides quarterly confirmation to the Committee on compliance of the requirements in respect of dealing with the transfers, transmissions, complaints and other shareholder related matters. The Committee also monitors and reviews the performance and service standards of the Registrar and Share Transfer Agent and provides continuous guidance to improve the service levels for investors.

### C. SHAREHOLDERS' COMPLAINTS

57 complaints were received from the shareholders during the financial year ended 31<sup>st</sup> March 2010, 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 package for managerial persons.

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

During the year under review, there was one meeting of the Remuneration Committee held on 9<sup>th</sup> May 2009 to recommend the Board for appointment of Mr. Mishal Thakkar as Manager (Operations) and fix his remuneration.

## **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
2006-07	Saturday, 29/09/2007	2.00 p.m.	Sheth Khushaldas Gokaldas Municipal Town Hall, Station Road, Nadiad:387001, Gujarat
2007-08	Wednesday, 09/07/2008	2.00 p.m.	Sheth Khushaldas Gokaldas Municipal Town Hall, Station Road, Nadiad:387001, Gujarat
2008-09	Wednesday, 17/06/2009	2.00 p.m.	Sheth Khushaldas Gokaldas Municipal Town Hall, Station Road, Nadiad:387001, Gujarat

### **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	Saturday, 29/09/2007	Nil
2	Wednesday, 09/07/2008	Nil
3	Wednesday, 17/06/2009	To appoint Mr. Mishal Thakkar as Manager (Operations) To consider, issuance and allotment of Warrants on Preferential Basis

## **VIII. MEANS OF COMMUNICATION**

The quarterly, half yearly and annual results are generally published in the “The Economic Times” (Ahmedabad edition in English and Gujarati) circulating in Nadiad and “The Economic Times” (Mumbai edition in Gujarati). The annual financial results for the financial year ended 31<sup>st</sup> March 2010 and Notice of this Annual General Meeting has been published in “The Economic Times” (Ahmedabad edition in English and Gujarati) and “The Economic Times” (Mumbai edition in Gujarati).

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

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

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

## IX. GENERAL SHAREHOLDERS' INFORMATION

### A. ANNUAL GENERAL MEETING

Date & Time : Wednesday, 28<sup>th</sup> July, 2010

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

### B. FINANCIAL CALENDAR 2010-11

Schedule of Board Meetings (tentative)

First Quarter ending 30<sup>th</sup> June 2010 : on or before 15<sup>th</sup> August 2010

Half Year ending 30<sup>th</sup> September 2010 : on or before 15<sup>th</sup> November 2010

Third Quarter ending 31<sup>st</sup> December 2010 : on or before 15<sup>th</sup> February 2011

Year ending 31<sup>st</sup> March 2011 : on or before 30<sup>th</sup> May 2011

### C. DATES OF BOOK CLOSURE

The Share Transfer Register will remain closed from 17<sup>th</sup> July 2010 to 28<sup>th</sup> July 2010 [both days inclusive].

### D. DIVIDEND PAYMENT DATE

on or before 24<sup>th</sup> August 2010

### E. LISTING ON STOCK EXCHANGES

The Equity Shares of the Company are presently listed at the Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001.

Listing fee has been paid to the aforesaid Stock Exchange upto date including fees for the year 2010-11.

### F. STOCK CODE/SYMBOL

Bombay Stock Exchange Ltd. : 519183

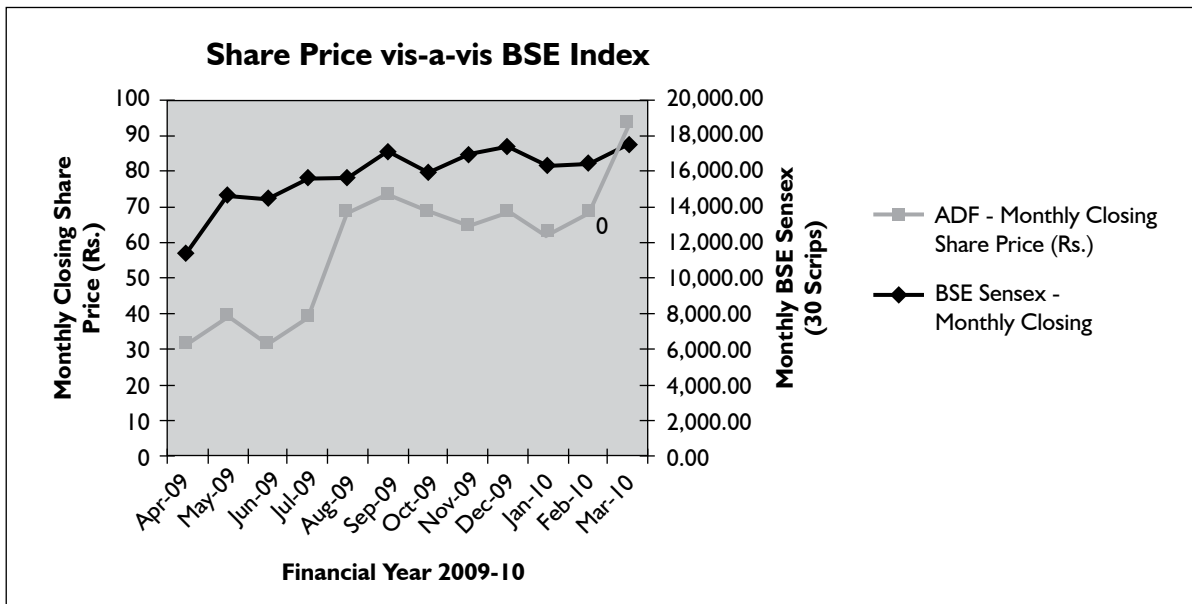
ISIN No. : INE982B01019

### G. MARKET PRICE DATA

The monthly high, low and closing price quotations of the Company's shares traded on the Bombay Stock Exchange Limited during financial year 2009-2010 are as under:

Month	High (Rs.)	Low (Rs.)	Close (Rs.)	Volume of shares (Nos.)
April 2009	33.80	21.50	31.70	2,43,781
May 2009	41.00	29.85	39.60	84,276
June 2009	53.80	29.95	31.55	6,43,119
July 2009	41.80	27.60	39.15	4,26,684
August 2009	75.65	36.55	68.70	24,53,083
September 2009	87.00	64.75	73.65	5,24,409
October 2009	78.55	68.00	68.75	16,67,955
November 2009	71.80	60.10	64.80	1,64,460
December 2009	75.90	61.20	68.65	2,39,493
January 2010	76.80	60.00	62.70	3,76,842
February 2010	70.90	60.00	68.95	1,61,182
March 2010	101.50	67.65	93.55	30,01,995

## H. PERFORMANCE IN COMPARISON TO BROAD BASED INDICES



## I. REGISTRAR & SHARE TRANSFER AGENTS

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

C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai: 400 078, India  
Tel.: 022-2596 3838 Fax.: 022-2594 6969

203, Davar House, 197/199 D N Road, Fort, Mumbai: 400 001  
Tel.: 022-2269 4127 E-mail: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in) Website: [www.linkintime.co.in](http://www.linkintime.co.in)

## J. SHARE TRANSFER SYSTEM

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

## K. DISTRIBUTION PATTERN OF SHAREHOLDING AS ON 31<sup>ST</sup> MARCH 2010

Shareholding of Nominal Value of Rs.	No. of shareholders	% of Total	Share Amount (Rs.)	% of Total
1 to 5000	15,083	93.62	2,00,31,110	10.01
5001 to 10000	450	2.79	37,29,670	1.86
10001 to 20000	181	1.12	29,54,640	1.47
20001 to 30000	161	1.00	39,32,530	1.96
30001 to 40000	34	0.21	12,03,570	0.60
40001 to 50000	52	0.32	24,16,320	1.21
50001 to 100000	62	0.39	45,04,040	2.25
100001 & above	88	0.55	16,12,28,120	80.61
<b>Total</b>	<b>16,111</b>	<b>100.00</b>	<b>20,00,00,000</b>	<b>100.00</b>

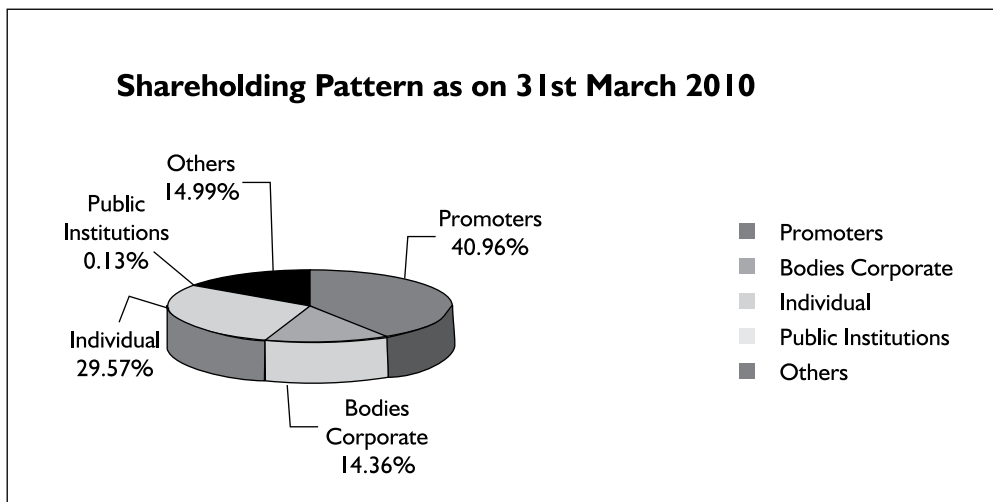
## L. DEMATERIALISATION OF EQUITY SHARES

The shares of the Company are compulsorily traded in dematerialised form and are available for trading under both the Depository Systems, viz. NSDL (National Securities Depository Limited) and CDSL (Central Depository Services (India) Limited). Nearly 92.30% of total equity shares of the Company are held in dematerialised form with NSDL & CDSL.

## M. SHAREHOLDING PATTERN AS ON 31<sup>ST</sup> MARCH 2010

Category	No. of Shares	% Holding
<b>A. Holding of the Promoter Group</b>		
(a) Individual / HUF	81,91,322	40.96
(b) Bodies Corporate	322	0.00
<b>Total (A)</b>	<b>81,91,644</b>	<b>40.96</b>
<b>B. Non-Promoters Holding</b>		
<b>1. Institutional Investors</b>		
(a) Mutual Funds / UTI	19,100	0.10
(b) Financial Institutions / Banks	800	0.00
(c) Any Others	5,300	0.03
<b>Sub Total (B 1)</b>	<b>25,200</b>	<b>0.13</b>
<b>2. Others</b>		
(a) Bodies Corporate	28,72,034	14.36
(b) Individual	59,13,737	22.10
(c) Clearing Member	1,38,429	0.69
(d) Non Resident Indian (Repat/Non Repat)	1,82,366	0.91
(e) Overseas Body Corporate/s	26,50,000	13.25
(f) Trust	26,590	0.13
<b>Sub Total (B 2)</b>	<b>1,17,83,156</b>	<b>58.92</b>
<b>Total B1 + B2 (B)</b>	<b>1,18,08,356</b>	<b>59.04</b>
<b>Grand Total (A) + (B)</b>	<b>200,00,000</b>	<b>100</b>

## SHAREHOLDING PATTERN



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

The Company has not issued any GDRs/ADRs.

**O. PLANT LOCATIONS**

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

**P. ADDRESS FOR INVESTOR CORRESPONDENCE**

For any assistance regarding dematerialisation of shares, share transfers, transmissions, change of address or any other query relating to shares, please write to M/s. Link Intime (India) Pvt. Limited, at the addresses mentioned 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 : C-23/24, Acme Industrial Estate, 3rd Floor, Sewree Bunder Road,  
Sewree (East), Mumbai: 400 015

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

**Q. DISCLOSURES**

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

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

Transactions with related parties viz. Promoters, Directors or the Management, their subsidiaries or relatives are covered by contracts which govern the terms and conditions clearly. The Register of Contracts containing the transactions in which Directors are interested is placed before the Board regularly for its approval. Transactions with related parties are disclosed in point no. 9 of Notes to Accounts under Schedule 17 in the Annual Report.

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



## R. CODE OF CONDUCT

The Company has adopted the Code of Conduct and Ethics for Directors and 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, an affirmation that they have complied with the Code of Conduct"*

*Bimal R Thakkar*  
Managing Director

## S. CEO/CFO CERTIFICATION

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

**For ADF Foods Limited**

**Ramesh H. Thakkar**  
Chairman

Mumbai, 20<sup>th</sup> May 2010

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

We have examined the compliance of the conditions of Corporate Governance by ADF Foods Limited for the year ended 31<sup>st</sup> March 2010 as stipulated in Clause 49 of the Listing Agreements of the said Company with the Bombay Stock Exchange.

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

In our opinion and to the best of our information and according to the explanations given to us, the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We state that in respect of investor grievances received during the year ended 31<sup>st</sup> March 2010, no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company and as per the certificate of the Registrar & Transfer Agents of the Company.

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

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

Chartered Accountants

**For V. P. THACKER & CO.**

Chartered Accountants

**D. P. GHEVARIA**

Proprietor

Membership No. 32431

**VIJAY THACKER**

Partner

Membership No. 35713

Place: Mumbai

Date: 20<sup>th</sup> May 2010

## ANNEXURE

### REPORT ON CORPORATE GOVERNANCE

DETAILS OF OTHER DIRECTORSHIPS AND COMMITTEE MEMBERSHIPS OF ALL THE DIRECTORS AS ON 31<sup>ST</sup> MARCH 2010:

#### [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

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

##### Committee Memberships

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

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

##### Other Directorships

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

##### Committee Memberships

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

#### [4] Mr. D.E.Udwadia

##### Other Directorships

- ABB Limited
- AstraZeneca Pharma India Limited
- The Bombay Burmah Trading Corporation Limited
- Conservation Corporation of India Private Limited
- Development Credit Bank Limited
- Eureka Forbes Limited
- Habasit Lakoka Private Limited
- ITD Cementation India Limited
- JM Financial & Investment Consultancy Services Private Limited

- JM Financial Trustee Company Private Limited
- JM Financial Consultants Private Limited
- JM Financial Limited
- MPS Limited
- Mechanalysis (India) Limited
- Nitesh Estates Limited
- Quantum Advisors Private Limited
- Rossi Gearmotors (India) Private Limited
- R & P Management Communications Pvt. Ltd.
- Wyeth Limited
- WABCO-TVS (India) Limited

##### Committee Memberships

- ABB Limited – Audit Committee & Shareholders' Grievance Committee
- AstraZeneca Pharma India Limited- Audit Committee
- The Bombay Burmah Trading Corp. Limited - Audit Committee
- Development Credit Bank Limited - Audit Committee
- ITD Cementation India Limited - Audit Committee
- MPS Limited - Audit Committee
- Nitesh Estates Ltd. – Audit Committee
- Wyeth Limited - Audit Committee
- WABCO- TVS (India) Limited – Audit Committee

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

##### Other Directorships

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

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

##### Other Directorships

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

## [7] MR. VIKRAM S. MUNSH

### Other Directorships

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

## [8] 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

## [9] 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
- Agrima Consultants International Limited
- Mehta Private 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

### Co Committee Memberships

- Gujarat Sidhee Cement Limited- Share Transfer & Investors' Grievance Committee

## [10] MR. RAVINDER KUMAR JAIN

### Other Directorships

- Nector Ramco Trading Private Limited
- Brovel Trading Private Limited
- Noble New Era Milestone Trading and Investments Private Limited
- Accra Investments Private Limited
- Orange City Properties Private Limited
- Aramaes Management Consultants Private Limited
- Noble Feedback Computers Private Limited
- Vallee de Vin Private Limited

### Committee Memberships

Nil

## [11] MR. BHAVESH R. THAKKAR

### Other Directorships

- Power Brands (Foods) Private Limited
- ADF Foods (India) 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 SHARE HOLDERS OF ADF FOODS LIMITED

1. We have audited the attached Balance Sheet of ADF Foods Limited, as at 31st March 2010 and the Profit and Loss Account and Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable.
4. Further to our comments in the Annexure referred to above, we report that:
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - v. On the basis of written representations received from the Directors as on 31 March 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31 March 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and also give a true and fair view in conformity with the accounting principles generally accepted in India:
    - a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010;
    - b. in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
    - c. in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

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

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

**For V. P. THACKER & CO.**  
**Chartered Accountants**  
**Firm Registration No. 118696W**

**V. P. Thacker**  
**Partner**  
**Membership No. 35713**

**Place: Mumbai**

**Date: 20<sup>th</sup> May, 2010**

## Annexure to the Auditors Report

Referred to in paragraph 3 of our report of even date

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

- I. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year under a programme for phased verification of assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. We are informed that no material discrepancies were noticed on such verification.
- (c) During the year, the Company has not disposed off any substantial part of Fixed Assets.
- (ii) (a) The inventory has been physically verified by the management during the year. Having regard to the size of the Company and the nature of its business, in our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly adjusted in the books.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956.  
Accordingly, the provisions of clause (iii)(b) regarding terms and conditions of such loans, clause (iii)(c) regarding payment of principal amount and interest and clause (iii)(d) regarding steps for recovery of overdue amount of Para 4 of the Order are not applicable to the Company for the year.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for sale of goods.
- v) (a) Based on the audit procedures applied by us and according to information and explanation provided by the management, we are of the opinion that the transactions which need to be entered into the register maintained u/s. 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained u/s 301 of the Companies Act, 1956 and exceeding Rs. 5,00,000 in value in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) During the year under review, the Company has not accepted any deposits from public.
- (vii) The Company has instituted an internal audit system being carried out by professional firms of Chartered Accountants, the scope and coverage of which is being strengthened so as to be commensurate with the increasing size and nature of business of the Company.
- (viii) As informed to us, the Central Government has not prescribed maintenance of cost records u/s 209(1) (d) the Companies Act 1956 in respect of any product.
- (ix) (a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection fund, Employees' State insurance, Income-tax, Sales-tax, Wealth-tax, Custom duty, Excise-duty, Cess and other statutory dues. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty were outstanding, as at 31st March, 2010 for a period of more than six months from the date they became payable.
- (b) Details in respect of amounts not deposited on account of disputes pending at various forums are given below:

Name of the Statute	Nature of dues	Amount (Rs. lakhs)	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax/Penalty	10.27	1996-1997	High Court, Gujarat
Income Tax Act, 1961	Income Tax/Penalties	10.26	2000-2001 to 2002-2003	I.T.A.T. Mumbai
Income Tax Act, 1961	Income Tax/Penalty	19.31	2003-2004	C.I.T. (Appeals)

- (x) The Company has no accumulated losses and has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions or banks.
- (xii) According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
- (xiii) The provisions of special statute applicable to Chit Fund, Nidhi or Mutual benefit Fund/ Society are not applicable to the Company.
- (xiv) The Nature of Company's business/activities during the year does not include dealing in shares, securities, debentures or other investments. Hence the requirement of offering comments on this clause is not applicable.
- (xv) According to the information and explanations given to us and records made available to us, the Company has not given any guarantees for loans taken by others from Banks or financial institutions.
- (xvi) The Company has not raised any term loans during the year nor were any unapplied balances of previously raised term loans available; as such, the comment on application of term loans does not arise.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long term investment by the Company.
- (xviii) The Company has made preferential allotment of shares to parties covered in the register maintained under section 301 of the Companies Act 1956. The price at which the shares have been issued is not prejudicial to the interests of the Company.
- (xix) During the period covered by our audit report, the Company has not issued any debentures requiring report under this clause.
- (xx) The Company has not raised any money by way of public issue during the year. Hence the question of disclosure and verification of end use of such monies does not arise.
- (xxi) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

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

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

**For V. P. THACKER & CO,**  
**Chartered Accountants**  
**Firm Registration No. 118696W**

**V. P. Thacker**  
**Partner**  
**Membership No. 35713**

**Place: Mumbai**  
**Date: 20<sup>th</sup> May, 2010**



## BALANCE SHEET AS AT 31ST MARCH 2010

	Sch.	Rs. in lacs	As at 31-Mar-10 Rs. in lacs	As at 31-Mar-09 Rs. in lacs
<b>SOURCES OF FUNDS</b>				
<b>(1) Shareholders' Funds</b>				
Share Capital	1	2,037.83		1,805.22
Warrants		-		105.00
Reserves & Surplus	2	8,667.98		6,839.02
			<b>10,705.81</b>	<b>8,749.24</b>
<b>(2) Loan Funds</b>				
Secured Loans	3	115.07		158.33
			<b>115.07</b>	<b>158.33</b>
<b>(3) Deferred tax</b>				
Deferred tax liability (Net)	4		<b>440.31</b>	<b>396.08</b>
<b>TOTAL</b>			<b>11,261.19</b>	<b>9,303.65</b>
<b>APPLICATION OF FUNDS</b>				
<b>(1) Fixed Assets</b>				
Gross Block	5	6,879.37		6,176.61
Less : Depreciation		2,508.84		2,176.79
Net Block		<b>4,370.53</b>		<b>3,999.82</b>
Capital work-in-progress		91.61		355.46
			<b>4,462.14</b>	<b>4,355.28</b>
<b>(2) Investments</b>	6		<b>1,898.96</b>	<b>1,893.96</b>
<b>(3) (i) Current Assets, Loans &amp; Advances</b>				
Inventories	7	970.99		1,292.20
Sundry Debtors	8	994.23		782.90
Cash & Bank Balances	9	2,327.78		1,755.35
Loans & Advances	10	1,833.35		675.75
			<b>6,126.35</b>	<b>4,506.20</b>
Less :				
<b>(ii) Current Liabilities &amp; Provisions</b>				
Current Liabilities	11	804.54		1,017.90
Provisions		421.72		433.89
			<b>1,226.26</b>	<b>1,451.79</b>
<b>Net Current Assets (i) - (ii)</b>			<b>4,900.09</b>	<b>3,054.41</b>
<b>TOTAL</b>			<b>11,261.19</b>	<b>9,303.65</b>
Notes to Accounts	17			
Schedules referred to above form an integral part of the Balance Sheet				

As per our report of even date

For and on behalf of the Board of Directors

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

**For V.P. THACKER & CO.**  
Chartered Accountants

**RAMESH H. THAKKAR**  
Chairman

**BIMAL R. THAKKAR**  
Managing Director

**D.P.GHEVARIA**  
Proprietor  
Membership No. 32431

**V.P.THACKER**  
Partner  
Membership No. 35713

**Amit Bathia**  
Company Secretary

Mumbai,  
Date, 20th May 2010

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

	Sch.	Rs. in lacs	As at 31-Mar-10 Rs. in lacs	As at 31-Mar-09 Rs. in lacs
<b>INCOME</b>				
Sales	12		10,168.54	9,584.23
Other Income	13		775.55	382.77
Increase/(Decrease) in stocks	14		(309.90)	218.05
<b>TOTAL</b>			<b>10,634.19</b>	<b>10,185.05</b>
<b>EXPENDITURE</b>				
Manufacturing & Other Expenses	15		8,072.40	8,249.74
Financial Expenses	16		181.06	219.90
Depreciation/Amortisation			418.65	393.69
<b>TOTAL</b>			<b>8,672.11</b>	<b>8,863.33</b>
Profit before tax			1,962.08	1,321.72
Less: Provision for taxation				
- Current tax		335.41		246.17
- Fringe benefit tax		-		22.81
- Deferred tax (Net)		44.23		32.41
- Wealth tax		1.49		0.78
			381.13	302.17
Profit after tax			1,580.95	1,019.55
Less: Prior Year's Adjustment (Net)			2.15	8.44
Less: Taxation for earlier years			15.61	31.26
Balance brought forward			2,276.59	1,655.91
Balance available for appropriation			<b>3,839.78</b>	<b>2,635.76</b>
<b>LESS: APPROPRIATIONS</b>				
Proposed dividend			300.00	265.11
Dividend distribution tax			50.97	45.06
General reserve			78.16	49.00
Balance carried to Balance Sheet			3,410.65	2,276.59
			<b>3,839.78</b>	<b>2,635.76</b>
EPS- Basic			8.33	5.54
EPS- Diluted			8.33	5.11
Notes to Accounts	17			
Schedules referred to above form an integral part of the Balance Sheet				

As per our report of even date

For and on behalf of the Board of Directors

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

**For V.P. THACKER & CO.**  
Chartered Accountants

**RAMESH H. THAKKAR**  
Chairman

**BIMAL R. THAKKAR**  
Managing Director

**D.P.GHEVARIA**  
Proprietor  
Membership No. 32431

**V.P.THACKER**  
Partner  
Membership No. 35713

**Amit Bathia**  
Company Secretary

Mumbai,  
Date, 20th May 2010



## SCHEDULES TO THE BALANCE SHEET

	Rs. in lacs	As at 31-Mar-10 Rs. in lacs	As at 31-Mar-09 Rs. in lacs
<b>SCHEDULE I</b>			
<b>SHARE CAPITAL</b>			
<b>Authorised</b>			
2,50,00,000 ( Previous year 2,50,00,000) Equity Shares of Rs. 10/- each		<b>2,500.00</b>	<b>2,500.00</b>
<b>Issued, Subscribed and Paid Up</b>			
2,00,00,000 (Previous year 1,76,73,890) Equity Shares of Rs. 10/- each fully paid up		2,000.00	1,767.39
<b>Of the above:</b>			
i) 50,00,490 (Previous year 50,00,490) Shares were allotted to the Shareholders of the erstwhile Lustre Investments Pvt. Ltd., for consideration other than cash pursuant to a Scheme of Amalgamation			
ii) 26,50,000 (Previous year 26,50,000) Equity Shares were issued on preferential basis to investors.			
iii) 23,26,110 (Previous year Nil) Equity Shares were issued during the year on conversion of warrants.			
Add: Shares Forfeited			
7,56,600 (Previous year 7,56,600) Equity Shares of Rs. 10/- each ; amount originally paid up there on @ Rs.5 per share.		37.83	37.83
		<b>2,037.83</b>	<b>1,805.22</b>
<b>SCHEDULE 2</b>			
<b>RESERVES &amp; SURPLUS</b>			
<b>General Reserve:</b>			
Balance brought forward		239.84	190.84
Add: Transferred from Profit & Loss Account		78.16	49.00
		<b>318.00</b>	<b>239.84</b>
<b>Securities Premium Reserve:</b>			
Balance brought forward		4,322.59	4,322.59
Add: Received during the year (Refer Note No: I b of Schedule I7)		511.74	-
		<b>4,834.33</b>	<b>4,322.59</b>
<b>Capital Reserve:</b>			
Warrants forfeited during the year (Refer Note No: I a of Schedule I7)		105.00	-
		<b>105.00</b>	-
<b>Profit &amp; Loss Account</b>		<b>3,410.65</b>	<b>2,276.59</b>
		<b>8,667.98</b>	<b>6,839.02</b>

## SCHEDULES TO THE BALANCE SHEET

	Rs. in lacs	As at 31-Mar-10 Rs. in lacs	As at 31-Mar-09 Rs. in lacs
<b>SCHEDULE 3</b>			
<b>SECURED LOANS</b>			
<b>From Banks:</b>			
Cash Credit and Packing Credit [Secured by equitable mortgage of the Factory, Land & Building situated at Nadiad DTA and Nashik DTA, Plant & Machinery and all other Fixed Assets, present & future, of the Company situated at Nadiad DTA and other Current Assets, present & future, of the Company, situated at Nashik DTA ranking pari passu in favour of the Company's bankers and personal guarantees of the Chairman & Vice Chairman of the Company]	57.76		2.60
		57.76	2.60
Foreign Currency Packing Credit [Secured by equitable mortgage of the Factory, Land & Building situated at Nadiad DTA and Nashik DTA, Plant & Machinery and all other Fixed Assets, present & future, of the Company situated at Nadiad DTA and other Current Assets, present & future, of the Company, situated at Nashik DTA ranking pari passu in favour of the Company's bankers and personal guarantees of the Chairman & Vice Chairman of the Company]		-	127.45
Due to bank under hire purchase agreement (secured by hypothecation of assets purchased under hire purchase agreement) [Repayable with in one year Rs. 2.52 lacs, (Previous year Rs. 19.08 lacs)]		2.52	21.60
Due to others under hire purchase agreement (secured by hypothecation of assets purchased under hire purchase agreement) [Repayable with in one year Rs. 12.32 lacs, (Previous year Rs. 2.77 lacs)]		54.79	6.68
		<b>115.07</b>	<b>158.33</b>
<b>SCHEDULE 4</b>			
<b>DEFERRED TAX</b>			
As per last Balance Sheet (Net)		396.08	363.67
Add: Adjusted for the year (Net)		44.23	32.41
		<b>440.31</b>	<b>396.08</b>

## SCHEDULE 5 FIXED ASSETS

Rs. in lacs

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 1st April 09	Additions during the year	Deduction/ Adj during the year	As on 31st March 10	As on 1st April 09	For the year ended 31st March 10	Deduction/ Adj during the year	As on 31st March 10	As on 31st March 10	As on 31st March 09
<b>Tangible Assets:</b>										
Leasehold Land	35.49	-	-	35.49	4.51	0.35	-	4.86	30.63	30.98
Freehold Land	3.08	1.10	-	4.18	-	-	-	-	4.18	3.08
Factory Building	1,499.90	435.52	18.98	1,916.44	432.53	53.61	1.73	484.41	1,432.03	1,067.37
Plant & Machinery	2,512.71	238.95	33.07	2,718.59	836.31	123.79	0.16	959.94	1,758.65	1,676.40
Laboratory Equipment	19.24	0.90	-	20.14	8.20	0.88	-	9.08	11.06	11.04
Office Equipment	69.94	5.70	28.81	46.83	33.20	11.40	28.81	15.79	31.04	36.74
Computers	90.30	2.93	29.81	63.42	73.14	6.84	29.81	50.17	13.25	17.16
Furniture & Fixtures	61.01	20.47	-	81.48	41.11	3.32	-	44.43	37.05	19.90
Vehicles	192.39	127.85	35.48	284.76	71.26	18.74	26.09	63.91	220.85	121.13
<b>Intangible Assets:</b>										
Trade Marks/Brands	1,293.52	15.49	-	1,309.01	490.31	119.91	-	610.22	698.79	803.21
Goodwill	399.03	-	-	399.03	186.22	79.81	-	266.03	133.00	212.81
<b>TOTAL</b>	<b>6,176.61</b>	<b>848.91</b>	<b>146.15</b>	<b>6,879.37</b>	<b>2,176.79</b>	<b>418.65</b>	<b>86.60</b>	<b>2,508.84</b>	<b>4,370.53</b>	<b>3,999.82</b>
Previous year	5,981.85	269.91	75.15	6,176.61	1,794.04	393.69	10.94	2,176.79	3,999.82	4,187.81
Capital Work-in-Progress & Capital Advances	355.46	308.58	572.43	91.61	-	-	-	-	91.61	355.46
<b>TOTAL</b>									<b>4,462.14</b>	<b>4,355.28</b>

## SCHEDULES TO THE BALANCE SHEET

		Rs. in lacs	As at 31-Mar-10 Rs. in lacs	As at 31-Mar-09 Rs. in lacs
<b>SCHEDULE 6</b>				
<b>INVESTMENTS</b>				
<b>LONG TERM: UNQUOTED (At Cost)</b>				
<b>In Subsidiary Companies:</b>				
10,000 Equity Shares (Previous year 10,000) of £1/- each fully paid up in ADF Foods UK Limited.			7.80	7.80
1,88,10,000 Equity Shares (Previous year 1,88,10,000) of Rs. 10 each fully paid up in Power Brands (Foods) Pvt. Ltd.			1,881.00	1,881.00
10,000 Equity Shares (Previous year 10,000) of \$1/- each fully paid up in ADF Foods Mauritius Limited.			5.16	5.16
50,000 Equity Shares (Previous year Nil) of Rs.10/- each fully paid up in ADF Foods (India) Limited.			5.00	-
<b>Others:</b>				
280 Shares (Previous year 280) of Janta Co-operative Bank Ltd. Of Rs. 50 each fully paid		0.14	-	0.14
Less: Provision for diminution in value of Investment		0.14		0.14
			-	-
			<b>1,898.96</b>	<b>1,893.96</b>

## SCHEDULES TO THE BALANCE SHEET

		Rs. in lacs	As at 31-Mar-10 Rs. in lacs	As at 31-Mar-09 Rs. in lacs
<b>SCHEDULE 7</b>				
<b>INVENTORIES</b>				
(As valued & certified by the Management)				
Raw Materials			125.71	113.64
Stores, Spares, Packing Materials, etc.			394.71	426.33
Finished Goods			72.31	33.17
Semi-finished goods			339.52	601.62
Traded goods			34.87	26.63
Licenses on hand			3.87	90.81
			<b>970.99</b>	<b>1,292.20</b>
<b>SCHEDULE 8</b>				
<b>SUNDRY DEBTORS ( Unsecured)</b>				
Debts due for more than six months:				
Considered Good [Includes Rs. 14.29 lacs due from Wholly Owned Subsidiary Company,(Previous year Rs. Nil)]			22.28	15.51
Considered Doubtful			11.98	5.27
			<b>34.26</b>	<b>20.78</b>
Others debts, Considered Good [Includes Rs. 5.45 lacs due from Wholly Owned Subsidiary Company,(Previous year Rs. 82.24 lacs)]			2,357.00	2,137.88
			<b>2,391.26</b>	<b>2,158.66</b>
Less Provision for Doubtful Debts			11.98	5.27
			<b>2,379.28</b>	<b>2,153.39</b>
Less: Bills discounted with banks			1,385.05	1,370.49
			<b>994.23</b>	<b>782.90</b>
<b>SCHEDULE 9</b>				
<b>CASH AND BANK BALANCES</b>				
Cash on Hand			3.34	2.50
Balances with Scheduled Banks				
in Current Accounts [Includes Rs. 50.63 lacs (previous year Rs. 42.41 lacs) on account of unclaimed dividend]			162.35	288.62
in Fixed Deposits			2,162.09	1,464.23
			<b>2,327.78</b>	<b>1,755.35</b>



### SCHEDULES TO THE BALANCE SHEET

		Rs. in lacs	As at 31-Mar-10 Rs. in lacs	As at 31-Mar-09 Rs. in lacs
<b>SCHEDULE 10</b>				
Interest receivable			54.02	19.65
Advance recoverable in cash or in kind or for value to be received- Considered Good (Refer Note No: 6 A of Schedule 17)	515.86			275.23
Considered Doubtful	44.23			44.56
		560.09		319.79
Staff Loan				
Considered Good	36.54			21.53
Considered Doubtful	-			1.28
		36.54		22.81
		596.63		342.60
Less: provision for doubtful advances		44.23		45.84
			552.40	296.76
Inter corporate deposit			850.00	-
Advance payment of Tax (net of provisions)			18.20	-
Other Deposits (Refer Note No: 6 B of Schedule 17)			358.73	359.34
			<b>1,833.35</b>	<b>675.75</b>
<b>SCHEDULE 11</b>				
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>				
<b>Current Liabilities</b>				
Sundry Creditors			229.14	188.16
Other Liabilities			506.32	787.23
(Includes due to Subsidiary, Rs. 1.72 lacs (Previous year Rs. Nil))				
Temporary overdrawn bank balance (as per books)			18.35	-
Deposits received			0.10	0.10
Unclaimed dividend			50.63	42.41
			<b>804.54</b>	<b>1,017.90</b>
<b>Provisions</b>				
For leave encashment			15.40	14.10
For gratuity			55.35	99.03
For taxation			-	10.59
For proposed dividend			300.00	265.11
For dividend distribution tax			50.97	45.06
			<b>421.72</b>	<b>433.89</b>
			<b>1,226.26</b>	<b>1,451.79</b>



## SCHEDULE TO THE PROFIT & LOSS ACCOUNT

	Rs. in lacs	For the period 31-Mar-10 Rs. in lacs	For the period 31-Mar-09 Rs. in lacs
<b>SCHEDULE 12</b>			
<b>SALES</b>			
Export	9,154.66		8,896.66
Local	606.66		429.52
Import licences	407.22		258.05
		<b>10,168.54</b>	<b>9,584.23</b>
<b>SCHEDULE 13</b>			
<b>OTHER INCOME</b>			
<b>Interest received :</b>			
On Fixed Deposits with Banks (Tax deducted at source Rs. 23.06 lacs, Previous year Rs. 21.60 lacs)		194.68	101.03
From Others (Tax deducted at source Rs. 0.34 lacs, Previous year Rs. 0.32 lacs)		5.84	5.79
		200.52	106.82
Miscellaneous Income (Tax deducted at source Rs. Nil, Previous year Rs. 0.38 lacs)		69.59	275.95
Exchange Rate Differences (Net)		505.44	-
		<b>775.55</b>	<b>382.77</b>
<b>SCHEDULE 14</b>			
<b>INCREASE/(DECREASE) IN STOCKS</b>			
Closing Stock:			
Semi-finished goods	339.52		601.62
Finished Goods	72.31		33.17
Licences on hand	3.87		90.81
		415.70	725.60
Opening stock:			
Semi-finished goods	601.62		425.92
Finished Goods	33.17		81.63
Licences on hand	90.81		-
		725.60	507.55
		<b>(309.90)</b>	<b>218.05</b>
<b>SCHEDULE 15</b>			
<b>MANUFACTURING &amp; OTHER EXPENSES</b>			
<b>Raw Materials Consumed :</b>			
Opening Stock	113.64		147.46
Add : Purchases	2,873.42		2,657.05
Carriage Inward	44.44		36.29
	3,031.50		2,840.80
Less : Closing Stock	125.71		113.64
		2,905.79	2,727.16
Cost of sale of traded goods		477.07	255.41
<b>Consumption of Stores &amp; Packing Materials:</b>			
Opening Stock	426.33		411.41
Add : Purchases	1,454.24		1,434.46
	1,880.57		1,845.87
Less : Closing Stock	394.71		426.33
		1,485.86	1,419.54
Excise Duty		0.64	9.78
Power & Fuel		293.64	299.11
Other Manufacturing Expenses		225.67	244.40
Freezing & preservation Charges		45.00	46.17

**SCHEDULE TO THE PROFIT & LOSS ACCOUNT**

	Rs. in lacs	For the period 31-Mar-10 Rs. in lacs	For the period 31-Mar-09 Rs. in lacs
Payments to & Provisions for Employees :			
Salaries, Wages & other allowances	427.17		370.78
Contribution to Provident & Other Funds	65.10		62.33
Staff Welfare Expenses	19.86		48.51
		512.13	481.62
Repairs :			
Building	45.45		46.18
Plant & Machinery	43.69		57.02
Others	39.90		32.54
		129.04	135.74
Rent		60.12	31.08
Rates & Taxes		14.15	19.16
Insurance		28.11	28.95
Water Charges		10.11	10.41
Electricity		13.43	12.92
Communication Expenses		41.31	46.10
Printing and Stationery		11.30	11.40
Traveling & Conveyance Expenses		252.09	269.67
Motor Car Expenses		20.49	22.06
Professional Fees		119.75	141.07
Clearing & Forwarding		101.32	108.74
Carriage Outward & Octroi		182.31	177.39
Steamer Freight		412.51	527.65
Discount, Commission & Claims		225.19	233.45
Advertisement		320.78	285.40
Sales Expenses		74.08	58.30
Exchange Rate Differences (Net)		-	502.66
Donation		9.76	12.19
Registration & Filing Fees		1.37	0.80
Directors Sitting Fees		3.00	3.50
Loss on Sale of Assets		4.44	12.30
Bad debts		-	3.85
Provision for Doubtful debts & Advances		6.38	18.09
Miscellaneous Expenses (net)		85.56	93.67
		<b>8,072.40</b>	<b>8,249.74</b>
<b>SCHEDULE 16</b>			
<b>FINANCIAL EXPENSES</b>			
Interest to :			
Banks		123.54	162.19
Others		3.11	4.32
		126.65	166.51
Bank Charges		54.41	53.39
		<b>181.06</b>	<b>219.90</b>

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31-03-2010

### SCHEDULE 17

#### **SIGNIFICANT ACCOUNTING POLICIES:**

##### **a. Basis of Preparation:**

The financial statements are prepared under the historical cost convention on the accrual basis of accounting in accordance with accounting principles generally accepted in India

##### **b. Use of Estimates:**

The preparation of financial statements 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. Examples of such estimates include provision for doubtful debts, employee retirement benefit plans, provision for income taxes etc. Changes in estimates are recognized in the year these arise.

##### **c. Fixed Assets:**

###### **Tangible assets:**

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

###### **Intangible assets:**

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

###### **Capital Work in progress:**

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

##### **d. Depreciation:**

###### **Tangible Assets:**

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

###### **Intangible Assets:**

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

###### **Leasehold land:**

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

##### **e. Valuation of Stock:**

Stock of raw materials, packing materials, stores and spares and semi-finished goods are valued at weighted average cost. Cost comprises purchase cost including all taxes and duties and factory overheads in the case of semi finished and finished goods.

Traded goods and finished goods are valued at cost or net realizable value whichever is lower.

##### **f. Staff Retirement Benefits:**

###### **a) Defined benefit plan:**

The Company accounts for the defined benefit plans such as gratuity, leave encashment, medical reimbursement and leave travel assistance reimbursement on accrual basis. Gratuity in respect of unqualified employees and leave encashment liabilities of all employees have been determined by an actuarial valuation report obtained as at 31<sup>st</sup> March, 2010 and the same is based on Accounting Standard 15 (Revised) issued by the Institute of Chartered Accountants of India.

**b) Defined contribution plan:**

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

**g. Foreign Currency transactions:**

Export sales are recorded by applying the exchange rate as on the date of dispatch.

Any income or loss on account of exchange difference either on settlement or on translation is recognized in the profit and loss account except in cases where they relate to acquisition of fixed asset, in which case they are adjusted to the carrying cost of such assets.

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

**h. Revenue Recognition:**

Sale is recognized on dispatch of goods to customers and is net of sales returns and taxes. Scrap sale is accounted upon sale. 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:**

A provision is recognized when there is a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on management best estimates of the expenditure required to settle the obligation as at the balance sheet date. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate for each such obligation.

A contingent liability is disclosed when there is a possible or present obligation that may, but probably will not, require an outflow of resources unless the possibility of such outflow is remote.

**k. Investments:**

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

**l. Operating lease:**

Assets acquired under finance lease are capitalized at lower of their fair value and the present value of minimum lease payments at the inception of the lease. These assets are depreciated in accordance with the rates stipulated in Schedule XIV of the Companies Act, 1956.

Operating lease payments are for premises taken on lease by the Company; these are recognized as expense in the profit and loss account on accrual basis

**m. Borrowing costs:**

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying fixed asset are capitalized as part of the cost of that asset. Other borrowing costs are recognized as expense in the profit and loss account on accrual basis.

**n. Government Grants:**

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

**o. Taxation:**

Provision for taxation is determined with reference to the results of the financial year at the rates stipulated under Income Tax Act, 1961.

Deferred tax accounting is effected to the extent any deferred tax liability arises on account of reversible timing differences and for deferred tax assets (other than accumulated tax losses and depreciation) if there is reasonable certainty of asset realization. Deferred tax asset relating to unabsorbed tax depreciation and losses are recognized if there is virtual certainty of realization.

The deferred tax amounts are determined by using the tax rates and laws that have been substantively enacted as of the Balance Sheet date.

These are subsequently reviewed at each year end and restated to reflect possible changes of realizable value.

## **NOTES TO ACCOUNTS:**

### **1. Share Warrants / Share Capital:**

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

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

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

	<b>Rs. in lacs</b>
For expansion / acquisition of fixed assets	1,442.54
Unutilized balance held as Fixed deposits with banks	1,261.81
<b>Total</b>	<b>2,704.35</b>

### **2. a. Contingent Liabilities:**

	<b>2009-10</b>	<b>2008-09</b>
Letter of credit issued by the banks (net of margin money)	<b>4.79</b>	12.81
Guarantees issued by the banks (net of margin money)	<b>30.29</b>	11.48
Claims against the Company not acknowledged as debts (net of deposits)	<b>30.90</b>	126.04
Disputed Income tax demands of earlier year	<b>10.27</b>	12.42
Foreign bills purchase	<b>1282.05</b>	1378.75

- b. Unexpired capital commitments (net of advances) 19.98 22.79

3. In the opinion of the Board, all Current Assets, Loans and Advances are approximately of the values stated, if realized in the ordinary course of business. The provisions for all known liabilities are adequate and are not in excess of the amounts considered reasonably necessary. Sundry Debtors, Creditors and Loans and Advances are subject to confirmation.
4. The Company has reviewed the valuation of its intangible assets and investments, based on management estimates. Such valuation does not reflect any impairment of value requiring provision of additional asset amortization amounts. Brands owned by a subsidiary

company are depreciated by that Company, in accordance with the policy adopted by the Company, resulting in negative net worth in the Balance Sheet of the 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 company as a result of which no further provision is considered necessary in relation to the diminished net worth of that company. The brand depreciation provided by the subsidiary company is recognized as a cost in the consolidated accounts.

5. The Company has not received any intimation from suppliers regarding their status under the Micro Small & Medium Enterprises Development Act, 2006. Hence disclosure, if any, relating to amount unpaid as at the year end and together with the interest paid/ payable as required under the said Act, have not been given.

**6. Loans and advances:**

**A. Advances recoverable include advances to subsidiaries:**

- Power Brands (Foods) Pvt. Ltd, Rs. 0.65 lacs, (Previous year Rs. 0.65 lacs), Maximum balance during the year Rs. 0.65 Lacs (Previous year Rs. 0.65 lacs)].
- ADF Foods India Ltd, Rs. 11.48 lacs, (Previous year Rs. Nil), Maximum balance during the year Rs. 11.62 Lacs (Previous year Rs. Nil)]
- ADF Foods Mauritius Ltd, Rs. 0.78 lacs, (Previous year Rs. Nil), Maximum balance during the year Rs. 0.78 lacs (Previous year Rs. Nil)]

**B. Deposits include:**

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

**7. Company has taken office premises on lease:**

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

	2009-10 Rs. /Lacs	2008-09 Rs. /Lacs
i) Not later than one year	17.20	17.80
ii) Later than one year and not later than five years	2.00	20.50
iii) Later than five years	45.33	45.83

Lease payment recognized in the Profit & Loss Account for the year ended Rs. 18.42 lacs including service tax, (Previous year Rs. 19.87 lacs including service tax).

**8. Deferred Tax:**

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

Particulars	2009-10 Rs. /Lacs	2008-09 Rs. /Lacs
Liability		
Depreciation	504.37	481.08
<b>Total</b>	<b>504.37</b>	<b>481.08</b>
Assets:		
Un funded provision for gratuity and leave encashment	(24.04)	(38.45)
Doubtful advances and debts	(19.10)	(16.93)
Expenditure/provisions allowable	(20.92)	(29.62)
	<b>(64.06)</b>	<b>(85.00)</b>
	<b>440.31</b>	<b>396.08</b>

## 9. Related party transactions:

Sr. No.	Name of the Related Party	Relationship
1.	Power Brands (Foods) Pvt. Ltd.	99% Indian Subsidiary Company
2.	ADF Foods UK Limited	100 % foreign Subsidiary Company
3.	ADF Foods Mauritius Limited	100 % foreign Subsidiary Company
4.	ADF Foods India Limited	100 % Indian Subsidiary Company
5.	M.H. Foods Pvt. Ltd.	Some of the Directors of the Company are related to the Directors of the said Pvt. Ltd. Company
6.	Mr. Ramesh H. Thakkar – Chairman	Key Managerial Personnel
6.	Mr. Ashok H. Thakkar – Vice Chairman	Key Managerial Personnel
6.	Mr. Bimal R. Thakkar – Managing Director	Key Managerial Personnel
6.	Mr. Bhavesh R. Thakkar – Executive Director	Key Managerial Personnel
6.	Mr. Mishal A. Thakkar - Employee	Relative of Key Managerial Personnel
7.	Yogiji's NZ Ltd.	Some of the Directors of the Company are related to the Directors of the said Pvt. Ltd. Company.
8.	Yogiji's Christchurch Ltd.	Some of the Directors of the Company are related to the Directors of the said Pvt. Ltd. Company.

### Transactions during the year with Related Parties:

Related party	Relationship Refer note	Description of transaction	Opening balance (Rs.)	Sales/ income during the Year (Rs.)	Receipts / adjustment during the year (Rs.)	Purchases/expenses (Net) during the year (Rs.)	Payments during the year (Rs.)	Closing balance 31-03-2010 (Rs.)
Power Brands (Foods) Pvt. Ltd. (Erstwhile Power Brands (Foods))	1	Share of Profit from firm	65,000 (1,05,026)	- (-)	- (13,936)	- (-)	- (1,84,462)	65,000 (65,000)
Power Brands (Foods) Pvt. Ltd.	1	Rent	- (-)	- (-)	- (-)	18,42,451 (18,76,861)	16,70,400 (18,76,861)	1,72,051 (-)
Power Brands (Foods) Pvt. Ltd.	1	Security deposit for office	1,25,00,000 (75,00,000)	- (-)	- (-)	- (-)	- (50,00,000)	1,25,00,000 (1,25,00,000)
Power Brand (Foods) Pvt. Ltd.	1	Security Deposit for Brands utilization	1,75,00,000 (1,75,00,000)	- (-)	- (-)	- (-)	- (-)	1,75,00,000 (1,75,00,000)
Power Brands (Foods) Pvt. Ltd.	1	Investment	18,81,00,000 (18,81,00,000)	- (-)	- (-)	- (-)	- (-)	18,81,00,000 (18,81,00,000)
ADF Foods UK Limited	2	Equity Investment	7,79,791 (7,79,791)	- (-)	- (-)	- (-)	- (-)	7,79,791 (7,79,791)
ADF Foods UK Limited	2	Sales	82,23,709 (55,33,964)	- (1,22,28,139)	67,94,564 (95,38,394)	- (-)	- (-)	14,29,145 (82,23,709)
ADF Foods UK Limited	2	Expenses/ Advances	- (34,06,618)	- (-)	- (-)	- (Dr 3,88,252)	- (30,18,366)	- (-)
ADF Foods Mauritius Limited	3	Equity Investment	5,15,500 (-)	- (-)	- (-)	- (-)	- (5,15,500)	5,15,500 (5,15,500)
ADF Foods Mauritius Limited	3	Expenses/ Advances	- (-)	- (-)	- (-)	- (-)	78,056 (-)	78,056 (-)
ADF Foods India Limited	4	Equity Investment	- (-)	- (-)	- (-)	- (-)	5,00,000 (-)	5,00,000 (-)
ADF Foods India Limited	4	Sales	- (-)	10,38,114 (-)	4,93,445 (-)	- (-)	- (-)	5,44,669 (-)
ADF Foods India Limited	4	Rent Received/ Payment made	- (-)	254 (-)	54,803 (-)	- (-)	12,02,923 (-)	11,48,374 (-)

ADF Foods India Limited	4	Brand licence	- (-)	Nil (-)	- (-)	- (-)	- (-)	- (-)
M.H. Foods Pvt. Ltd.	5	Purchase	- (-)	- (-)	- (-)	36,667 (4,42,466)	36,667 (4,42,466)	- (-)
Ramesh H. Thakkar	6	Deposit	15,00,000 (15,00,000)	- (-)	- (-)	- (-)	- (-)	15,00,000 (15,00,000)
Ramesh H. Thakkar	6	Rent	- (-)	- (-)	- (-)	50,000 (1,00,000)	- (1,00,000)	50,000 (-)
Key Managerial Personnel	6	Directors Remuneration	- (-)	- (-)	- (-)	90,08,672 (88,26,096)	84,32,547 (88,26,096)	5,76,125 (-)
Mishal A. Thakkar	6	Salary	- (-)	- (-)	- (-)	4,68,486 (1,20,000)	4,68,486 (1,20,000)	- (-)
Yogiji's NZ Ltd.	7	Sales	9,62,864 (8,83,095)	16,68,746 (25,25,782)	17,38,425 (24,46,013)	- (-)	- (-)	8,93,185 (9,62,864)
Yogiji's Christchurch Ltd.	8	Sales	- (-)	5,96,068 (-)	5,96,068 (-)	- (-)	- (-)	- (-)

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

## 10. a. **Financial and derivative instruments:**

- i) Contracts entered into by the Company for hedging in US \$ and outstanding as on 31<sup>st</sup> March 2010 amounts to US \$ 72.70 lacs (previous year US \$ 53.55 lacs), equivalent to Rs 3,548.76 Lacs

Contracts entered into by the Company for hedging in UK £ and outstanding as on 31<sup>st</sup> March 2010 amounts to UK £ 6.00 lacs (previous year NIL), equivalent to Rs 68.99 Lacs.

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

In respect of outstanding hedging contracts as given in 'i' above, there is a net unrealized profit of Rs. 280.37 lacs as on 31<sup>st</sup> March 2010 (Previous year loss of Rs 152.83 Lacs) which has been recognized in books of accounts.

## b. **Exchange Rate differences (Net):**

Exchange Rate difference credited to profit and loss account includes Profit of Rs. 280.37 lacs (Previous year loss of Rs. 152.83 lacs) on restatement of outstanding hedging contracts at the year end exchange rate.

## 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.

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 31<sup>st</sup> March 2010:**

##### **Funded:**

Particulars	2009-10 Rs. /Lacs	2008-09 Rs. /Lacs
Present value of the obligation on 31 <sup>st</sup> March 10	67.74	-
Fair value of the plan assets	(78.98)	-
Net asset (liability) recognized in Balance Sheet	(11.24)	-

##### **Unfunded:**

Particulars	2009-10 Rs. /Lacs	2008-09 Rs. /Lacs
Present value of the obligation on 31 <sup>st</sup> March 10	(55.35)	99.03
Fair value of the plan assets	Nil	Nil
Net asset (liability) recognized in Balance Sheet	(55.35)	99.03



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

Particulars	Gratuity	Leave Encashment
	Rs. /Lacs (Unfunded)	Rs./Lacs (Unfunded)
Interest cost from 1 <sup>st</sup> April 09 to 31 <sup>st</sup> March 10	5.42	0.99
Service cost from 1 <sup>st</sup> April 09 to 31 <sup>st</sup> March 10	8.99	7.01
Expected return on plan assets	(3.26)	Nil
Gain / (Loss) recognized up to 31 <sup>st</sup> March 10	(14.48)	0.44
Net gain to be provided as income in Profit & Loss Account	(3.33)	7.56

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

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

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

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

Basic earning per share:	2009-10	2008-09
Number of Shares at the beginning of the year	1,76,73,890	1,76,73,890
Issued during the year	23,26,110	-
Number of Shares at the end of the year	2,00,00,000	1,76,73,890
Number of shares (Basic Weighted Average)	1,87,71,433	1,76,73,890
Profit for the year (Rs. in lacs)	Rs. 1563.19	Rs.979.85
Basic Earning per Share (Weighted average)	8.33	5.54
Number of shares (Diluted)	1,87,71,433	1,91,73,890
Diluted Earning per Share (Weighted average)	8.33	5.11

**13. Sales:**

Turnover	2009-10		2008-09	
	Qty. In M.T.	Rs./Lacs	Qty. in M.T.	Rs./Lacs
Processed & Preserved Food Products	13,072.90	8,889.24	12,633.98	8,635.88
Chilli Powder, Ground and Blended Spices	182.00	225.93	238.92	314.68
Traded Goods *		646.15		375.62
Sale of Import Licenses		407.22		258.05
		10,168.54		9,584.23

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

## 14. Details of Raw Materials and Packing Materials Consumed:

	2009-10		2008-09	
	Qty. in M.T.	Rs./Lacs	Qty. In M.T.	Rs./Lacs
Mango, Lemon, Chilli, Vegetables, Oil, Whole Chilli, Tamarind, Salt, Sugar, & Other ingredients	12,960	2,905.79	17,344	2,727.16
Packing Materials *		1,480.10		1,417.08
<b>Total</b>		<b>4,385.89</b>		<b>4,144.24</b>

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

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

	2009-10		2008-09	
	Rs./Lacs	% of Consumption	Rs./Lacs	% of Consumption
Raw Materials consumed:				
Imported	169.03	5.82	16.39	0.60
Indigenous	2,736.76	94.18	2710.77	99.40
<b>Total</b>	<b>2,905.79</b>	<b>100.00</b>	<b>2,727.16</b>	<b>100.00</b>

	2009-10		2008-09	
	Rs./Lacs	% of Consumption	Rs./Lacs	% of Consumption
Stores & Packing Materials consumed:				
Imported	169.65	11.42	174.24	12.30
Indigenous	1,316.21	88.58	1245.30	87.70
<b>Total</b>	<b>1,485.86</b>	<b>100.00</b>	<b>1419.54</b>	<b>100.00</b>

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

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

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

	2009-10	2008-09
	Quantity in M.T.	Quantity in M.T.
II) Installed Capacity	21,450.00	21,450.00
III) Actual Production:		
Processed & Preserved Food Products	13,156.51	12,554.26
Chilly Powder, Ground Spices	181.52	237.64

#### Notes:

- (1) As the Company is in the Agro based industry category no license is required to be obtained for its capacity.
- (2) As certified by the management.
- (3) Production is not actual but it a derived.
- (4) Due to the nature of food products the factories work for 12 hours per day. Installed capacity is calculated based on effective capacity available of 12 hours per day. In the previous years, the capacity was calculated on 24 hours per day.

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

	2009-10				2008-09			
	Opening Stock		Closing Stock		Opening Stock		Closing Stock	
	Qty/M.T.	Rs./Lacs	Qty/M.T.	Rs./Lacs	Qty/M.T.	Rs./Lacs	Qty/M.T.	Rs./Lacs
Processed & Preserved food Products	75.04	30.36	158.65	71.10	154.76	77.48	75.03	30.36
Chilly Powder, Ground Spices	2.48	2.81	2.00	1.21	3.76	4.15	2.49	2.81
Traded Goods *		26.63		34.87		8.64		26.63
<b>Total</b>	<b>77.52</b>	<b>59.80</b>	<b>160.65</b>	<b>107.18</b>	<b>158.52</b>	<b>90.27</b>	<b>77.52</b>	<b>59.80</b>

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

**c) Purchase of Traded Goods:**

	2009-10 Rs./Lacs	2008-09 Rs./Lacs
Traded Goods *	485.31	273.40
<b>Total</b>	<b>485.31</b>	<b>273.40</b>

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

**17. Managerial Remuneration:**

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

	2009-10 Rs./Lacs	2008-09 Rs./Lacs
Salaries, Allowances & Commission	86.52	70.22
Contribution to Provident and family pension funds	7.42	5.32
Perquisites	3.57	13.23
<b>Total</b>	<b>97.51</b>	<b>88.77</b>

Note:

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

**18. Miscellaneous expenditure includes Auditors' Remuneration:**

	2009-10 Rs./Lacs	2008-09 Rs./Lacs
For Audit Fees	4.50	4.50
For Tax Audit Fees	0.50	0.50
For Other Matters	0.53	10.82
For Service Tax	0.54	0.64
<b>Total</b>	<b>6.07</b>	<b>16.46</b>

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

	2009-10 Rs./Lacs	2008-09 Rs./Lacs
Raw Materials / Packing Materials / Traded Goods	374.37	207.27
Capital Goods/ Consumables/ imported parts for machinery repairs	113.28	21.05
<b>Total</b>	<b>487.65</b>	<b>228.32</b>

**20. Expenditure in Foreign Currency:**

	2009-10 Rs./Lacs	2008-09 Rs./Lacs
Traveling Expenses	120.57	111.10
Advertisement	127.94	152.90
Legal & Professional Fees	31.96	68.81
Bank Interest	7.35	9.21
Sales expenses	57.97	20.51
Claims	82.51	112.20
Commission	89.93	112.19
Steamer Freight	176.00	181.96
Capital Advances	-	38.11
Others	6.21	26.62
<b>Total</b>	<b>700.44</b>	<b>833.61</b>

**21. 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 2008-09
No. of non-resident Share holders	53
No. of shares held by them	26,94,470
Amount of dividend (15 % i.e. Rs. 1.50 Per Share)	40,44,705

**22. Earnings in Foreign Currency:**

	2009-10 (Rs. in lacs)	2008-09 (Rs. in lacs)
F.O.B. Value of Exports	8,741.34	8,368.91

**23. Segment wise information for the year ended 31<sup>st</sup> March 2010:**

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

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

Notes:

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

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

Notes:

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

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

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

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

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

**For and on behalf of the Board**

**Ramesh H. Thakkar**  
Chairman

**Bimal R. Thakkar**  
Managing Director

**Mumbai**

**Date: 20<sup>th</sup> May 2010**

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

<b>Particulars</b>	<b>31-Mar-10</b>	<b>31-Mar-09</b>
	<b>Rs. in lacs</b>	<b>Rs. in lacs</b>
<b>Segment Revenue</b>		
a) Processed and preserved foods	9,614.54	9,201.37
b) Traded goods	554.00	382.86
<b>Total</b>	<b>10,168.54</b>	<b>9,584.23</b>
Less: Inter Segment revenue	-	-
<b>Net Sales/Income from Operations</b>	<b>10,168.54</b>	<b>9,584.23</b>
<b>Segment Results</b>		
<b>Profit(+)/Loss(-) before tax and interest</b>		
<b>from each Segment wise:</b>		
Processed and preserved foods	1,568.92	1,953.45
Traded goods	28.98	100.99
<b>Total</b>	<b>1,597.90</b>	<b>2,054.44</b>
Less: Interest	181.06	219.90
Other un-allocated expenditure net off	230.31	895.59
Un-allocable income	775.55	382.77
<b>Total Profit before Tax</b>	<b>1,962.08</b>	<b>1,321.72</b>
<b>Capital employed:</b>		
Processed and preserved foods	4,978.74	4,785.11
Traded goods	100.00	65.11
Others un allocated	6,067.38	4,295.10
<b>Total</b>	<b>11,146.12</b>	<b>9,145.32</b>

**Note on segment information:**

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

## SEGMENT REPORTING FOR THE YEAR ENDED

Particulars	31-Mar-10 Rs. in lacs	31-Mar-09 Rs. in lacs
<b>Segment Revenue</b>		
a) Domestic	1,013.88	687.57
b) Exports	9,154.66	8,896.66
<b>Total</b>	<b>10,168.54</b>	<b>9,584.23</b>
Less: Inter Segment revenue	-	-
<b>Net Sales/Income from Operations</b>	<b>10,168.54</b>	<b>9,584.23</b>
<b>Segment Results</b>		
<b>Profit(+)/Loss(-) before tax and interest from each Segment wise:</b>		
a) Domestic	312.05	181.77
b) Exports	1,285.85	1,872.67
<b>Total</b>	<b>1,597.90</b>	<b>2,054.44</b>
Less: 1) Interest	181.06	219.90
Other un-allocated expenditure net off	230.31	895.59
Un-allocable income	775.55	382.77
<b>Total Profit before Tax</b>	<b>1,962.08</b>	<b>1,321.72</b>
<b>Capital employed:</b>		
a) India	11,146.12	9,145.32
b) Out side India	-	-
<b>Total</b>	<b>11,146.12</b>	<b>9,145.32</b>

### Note on segment information:

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

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

		31-Mar-10 Rs.(in Lacs)	31-Mar-09 Rs.(in Lacs)
<b>A.</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Net Profit/(Loss) before tax and extraordinary items.	1,962.08	1,321.72
	Adjustment for :		
	Depreciation	418.65	393.69
	Sale of assets	59.55	64.21
		478.20	457.90
	Operating Profit before working capital charges	2,440.28	1,779.62
	Adjustment for :		
	Trade and other receivables	(518.93)	(63.32)
	Inventories	321.21	(217.14)
	Trade Payables	(225.53)	487.84
		(423.25)	207.38
	Cash generated from operations	2,017.03	1,987.00
	Direct taxes paid	(335.41)	(246.17)
	Fringe benefit tax	-	(22.81)
	Previous years's adjustments	(17.76)	(39.70)
	Wealth tax	(1.49)	(0.78)
		(354.66)	(309.46)
	Cash Flow before extraordinary items	1,662.37	1,677.54
	Pre-operative expenses		
		-	-
	<b>Net cash from operating activities ( A )</b>	<b>1,662.37</b>	<b>1,677.54</b>
<b>B.</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Purchase of fixed Assets (including capital work in progress	(585.06)	(509.33)
	Inter corporate deposit	(850.00)	-
	Investment in subsidiary company	(5.00)	(5.16)
	<b>Net Cash used in investing activities ( B )</b>	<b>(1,440.06)</b>	<b>(514.49)</b>
<b>C.</b>	<b>CASH FLOW FINANCING ACTIVITIES</b>		
	Proceeds from borrowings from banks & financial institution (Net of payment)	(43.26)	(224.58)
	Increase of Share Capital	232.61	-
	Security premium	511.74	-
	Dividend & Corporate Dividend Tax Paid	(350.97)	(310.17)
	<b>Net cash used in financing activities ( C )</b>	<b>350.12</b>	<b>(534.75)</b>
	Net increase in cash and cash equivalents (A+B+C)	572.43	628.30
	Cash and cash equivalents at beginning of the year (Opening Balance)	01-04-2009 1,755.35	01-04-2008 1,127.05
	Cash and cash equivalents acquired on amalgamation		
	Cash and cash equivalents as at	31-03-2010	31-03-2009
	Cash and cash equivalents at end of the year	2,327.78	1,755.35

Mumbai,  
Date, 20th May 2010

**For and on behalf of the Board of Directors**  
**RAMESH H. THAKKAR** Chairman  
**BIMAL R. THAKKAR** Managing Director  
**AMIT BATHIA**  
Company Secretary

### AUDITORS' REPORT

We have verified the above cash flow statement of ADF FOODS LIMITED derived from the audited financial statements for the year ended 31st March 2010 and for the year ended 31st March 2009 and found the same to be drawn in accordance there with and also with the requirements of Clause 32 of the listing agreement with StockExchange.

For D.P. GHEVARIA & CO.  
Chartered Accountants

D.P. GHEVARIA  
Proprietor  
Membership No. 32431  
Mumbai,  
Date, 20th May 2010

For V.P. THACKER & CO.  
Chartered Accountants

V.P. THACKER  
Partner  
Membership No. 35713

## ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.

### BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

#### I. REGISTRATION DETAILS

Registration No.	1 4 2 6 5	State Code	0 4
Balance Sheet Date	3 1 - 03 - 10		

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

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	23,261
Conversion of Bonds	Nil	Warrants	Nil

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

Total Liabilities	1,248,745	Total Assets	1,248,745
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##### SOURCES OF FUNDS

Paid-up Capital	203,783
Issue of warrants	-
Reserves & Surplus	866,798
Secured Loans	11,507
Unsecured Loans	-
Deferred Tax Liability	44,031
Current Liabilities	122,626

##### APPLICATION OF FUNDS

Net Fixed Assets	446,214
Investments	189,896
Net Current Assets	612,635
Misc. Expenditure	-
Accumulated Losses	-

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

Turnover	1,016,854	Total Expenditure	898,201
Profit Before Tax	196,208	Profit After Tax	158,095
Earning per share in Rs.	8.33	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.



# ADF FOODS UK LIMITED

## COMPANY INFORMATION

<b>Directors</b>	:	<b>Steve Pezzack Bimal Thakkar</b>
<b>Secretary</b>	:	<b>Stephen Pezzack</b>
<b>Company number</b>	:	<b>4528177</b>
<b>Registered office</b>	:	<b>51 - 53 Station road Harrow Middlesex HA1 2TY</b>
<b>Auditors</b>	:	<b>Nagle James Associates Limited 51-53 Station Road Harrow Middlesex HA1 2TY</b>
<b>Business address</b>	:	<b>162 Park Close Ashley Park Walton on Thames KT12 1EW</b>



## DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2010

The directors present their report and the financial statements for the year ended 31 March 2010.

### Principal activity

The principal activity of the company is that of wholesaling and distribution of food stuffs from India and other countries.

### Directors

The directors who served during the year are as stated below:

Steve Pezzack

Bimal Thakkar

### Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### Auditors

Nagle James Associates Limited are deemed to be reappointed in accordance with Section 487(2) of the Companies Act 2006.

This report was approved by the Board on 3rd May, 2010 and signed on its behalf by

**Bimal Thakkar**  
**Director**

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ADF FOODS UK LIMITED

We have audited the financial statements of ADF FOODS UK LIMITED for the year ended 31 March 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 1 - 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by director; and the overall presentation of the financial statements.

### Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2010 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on other matter prescribed by the Companies Act 2006.

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Kaushik Nathwani (senior statutory auditor)**  
**For and on behalf of Nagle James Associates Limited**  
**Chartered Accountants and Registered Auditors**  
**51-53 Station Road**  
**Harrow**  
**Middlesex**  
**HAI 2TY**

**Date : 5th May, 2010**



## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2010

		Continuing operations	
		2010	2009
	Notes	£	£
<b>Turnover</b>	<b>2</b>	201,309	157,189
Cost of sales		(169,274)	(136,993)
<b>Gross profit</b>		32,035	20,196
Distribution costs		(11,641)	(11,202)
Administrative expenses		(11,867)	(6,822)
<b>Profit on ordinary activities before taxation</b>		8,527	2,172
Tax on profit on ordinary activities	<b>5</b>	(1,791)	(456)
<b>Profit on ordinary activities after taxation being profit for the financial year</b>	<b>9</b>	<b>6,736</b>	<b>1,716</b>

There are no recognised gains or losses other than the profit or loss for the above two financial years.

## BALANCE SHEET AS AT 31 MARCH 2010

	Notes	2010		2009	
		£	£	£	£
<b>Current assets</b>					
Stocks		20,748		120,890	
Debtors	<b>6</b>	57,926		17,482	
Cash at bank and in hand		14,901		25,858	
		93,575		164,230	
<b>Creditors: amounts falling due within one year</b>	<b>7</b>	(58,486)		(135,877)	
<b>Net current assets</b>			35,089		28,353
<b>Total assets less current liabilities</b>			35,089		28,353
<b>Net assets</b>			35,089		28,353
<b>Capital and reserves</b>					
Called up share capital	<b>8</b>		10,000		10,000
Profit and loss account	<b>9</b>		25,089		18,353
<b>Shareholders' funds</b>	<b>10</b>		35,089		28,353

The financial statements were approved by the Board on 3rd May, 2010 and signed on its behalf by

**Bimal Thakkar**

**Director**

Registration number : 4528177

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

### 1. Accounting policies

#### 1.1. Accounting convention

The financial statements are prepared under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board.

The company has taken advantage of the exception in FRS 1 for 90% or more subsidiary undertakings from the requirement to produce a cashflow statement because the consolidated financial statements in which the subsidiary undertaking ADF Foods UK Limited, is included is publicly available.

#### 1.2. Turnover

Turnover represents the total invoice value, excluding value added tax and goods returned, of sales made during the year.

#### 1.3. Stock

Stock is valued at the lower of cost and net realisable value.

#### 1.4. Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the Profit and Loss account.

### 2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

### 3. Operating profit

	2010 £	2009 £
Operating profit is stated after charging:		
Auditors' remuneration (Note 4)	2,125	1,740
and after crediting:		
Net foreign exchange gain	4	2,248

### 4. Auditors' remuneration

	2010 £	2009 £
Auditors' remuneration - audit of the financial statements	2,125	1,740

### 5. Tax on profit on ordinary activities

	2010 £	2009 £
<b>Analysis of charge in period</b>		
<b>Current tax</b>		
UK corporation tax	1,791	456

### 6. Debtors

	2010 £	2009 £
Trade debtors	48,137	15,256
Other debtors	3,209	1,636
Prepayments	6,580	590
	<b>57,926</b>	<b>17,482</b>



## 7. Creditors: amounts falling due within one year

	2010 £	2009 £
Trade creditors	34,181	21,020
Amounts owed to group undertaking	21,014	112,901
Corporation tax	1,791	456
Accruals	1,500	1,500
	<b>58,486</b>	<b>135,877</b>

## 8. Share capital

	2010 £	2009 £
<b>Authorised</b>		
50,000 Ordinary shares of 1 each	<b>50,000</b>	<b>50,000</b>
<b>Allotted, called up and fully paid</b>		
10,000 Ordinary shares of 1 each	<b>10,000</b>	<b>10,000</b>
<b>Equity Shares</b>		
10,000 Ordinary shares of 1 each	<b>10,000</b>	<b>10,000</b>
<b>Profit</b>		

## 9. Equity Reserves

	Profit and loss account £	Total £
<b>At 1 April 2009</b>	18,353	18,353
Profit for the year	6,736	6,736
<b>At 31 March 2010</b>	<b>25,089</b>	<b>25,089</b>

## 10. Reconciliation of movements in shareholders' funds

	2010 £	2009 £
Profit for the year	6,736	1,716
Opening shareholders' funds	28,353	26,637
Closing shareholders' funds	<b>35,089</b>	<b>28,353</b>

## 11. Related party transactions

The company has taken advantage of the exemption from disclosure of transactions with entities within the group on the grounds that the consolidated financial statements of the group are publicly available.

## 12. Ultimate parent undertaking

The company's ultimate parent undertaking at the balance sheet date was ADF Foods Limited, a company incorporated in India.

## DETAILED TRADING PROFIT AND LOSS ACCOUNT AND EXPENSES SCHEDULE FOR THE YEAR ENDED 31 MARCH 2010

	2010		2009	
	£	£	£	£
<b>Sales</b>				
Sales		201,309		157,189
		201,309		157,189
<b>Cost of sales</b>				
Opening stock	120,890		35,340	
Purchases	74,678		192,036	
Insurance claims receivable - re stock	(5,546)		-	
Customs duty	-		30,507	
	190,022		257,883	
Closing stock	(20,748)		(120,890)	
		(169,274)		(136,993)
<b>Gross profit</b>		32,035		20,196
<b>Distribution costs</b>				
Cold storage	7,181		5,882	
Carriage outwards	363		1,238	
Transport	4,097		4,082	
		11,641		11,202
<b>Administrative expenses</b>				
Repairs and maintenance	1,014		-	
Advertising	-		4,928	
Telephone	192		-	
Computer costs	1,844		589	
Hotel and travel	-		846	
Consultancy fees	711		-	
Audit	2,125		1,740	
Bank charges	351		540	
Bad debts	5,546		-	
Profit/loss on exchange	(4)		(2,248)	
General expenses	88		427	
		11,867		6,822
<b>Operating profit</b>		<b>8,527</b>		<b>2,172</b>



## ADF FOODS (MAURITIUS) LIMITED Corporate Data

### MANAGEMENT AND ADMINISTRATION

		Date of appointment
<b>DIRECTORS</b>	<b>:</b> Ashok Hariram Thakkar	22 October 2008
	Craig Thomas Downes	22 October 2008
	Abdool Azize Owasil	22 October 2008
	Bimal Ramesh Thakkar	05 December 2008
<b>ADMINISTRATOR &amp; SECRETARY</b>	<b>:</b> Multiconsult Limited Rogers House 5, President John Kennedy St Port Louis MAURITIUS	
<b>REGISTERED OFFICE</b>	<b>:</b> C/o Multiconsult Limited Rogers House 5, President John Kennedy St Port Louis MAURITIUS	
<b>AUDITORS</b>	<b>:</b> Nexia Baker & Arenson Chartered Accountants 5th Floor, C&R Court 49, Labourdonnais Street Port-Louis MAURITIUS	
<b>BANKER</b>	<b>:</b> HSBC Bank (Mauritius) Limited HSBC Centre 18, CyberCity Ebene MAURITIUS	



## COMMENTARY OF THE DIRECTOR REPORT

### DIRECTORS' REPORT TO THE MEMBERS

The directors present their commentary, together with the audited financial statements of ADF FOODS (MAURITIUS) LIMITED (the "Company") for the year ended 31 March 2010.

### PRINCIPAL ACTIVITY

The Company was incorporated on 22 October 2008 and its principal activity is to hold investments in companies related with Agro based/ Food processing Industries.

### RESULTS AND DIVIDENDS

The Company's loss for the year ended 31 March 2010 is USD 5,096 (Period ended 31st March, 2009: USD 5,885).

The directors do not recommend the payment of a dividend for the year under review (Period ended 31st March, 2009: Nil).

### DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Company's directors are responsible for the preparation and fair presentation of the financial statements, comprising the Company's statement of financial position at 31 March 2010, the statement of comprehensive income, the statement of changes in equity and statement of cash flow for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and Companies Act 2001.

The directors' responsibilities include: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

### AUDITORS

The auditors, Nexia Baker & Arenson, has expressed his willingness to continue in office and will be automatically be reappointed at the next Annual Meeting.

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### CERTIFICATE FROM THE SECRETARY UNDER SECTION 166 (d) OF THE COMPANIES ACT 2001

We certify that to the best of our knowledge and belief, We have filed with the Registrar of Companies, all such returns as are required of **ADF FOODS (MAURITIUS) LIMITED** under the Mauritian Companies Act 2001, for the year ended 31 March 2010.

#### **Multiconsult Limited** **Corporate Secretary**

Rogers House  
5, President John Kennedy St.  
Port Louis  
MAURITIUS

Date : 11th May, 2010



## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ADF FOODS (MAURITIUS) LIMITED

### **Report on the Financial Statements**

We have audited the financial statements **ADF FOODS (MAURITIUS) LIMITED**, which comprise the statement of financial position as at 31 March 2010 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### **Directors' Responsibility for the Financial Statements**

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritian Companies Act 2001. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 March 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Mauritian Companies Act 2001.

### **Other matter**

This report is made solely to the Company's members, as a body, in accordance with Section 205 of the Mauritian Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

#### **Mauritian Companies Act 2001**

We have no relationship with or interests in the Company other than in our capacity as auditors, tax and business advisers and dealings in the ordinary course of business.

We have obtained all information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Nexia Baker & Arenson  
Chartered Accountants  
Date: 11th May, 2010

Ouma Shankar Ochit FCCA  
Signing Partner

## STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH, 2010

	NOTES	2010 USD	2009 USD
<b>ASSET</b>			
<b>Current asset</b>			
Cash and cash equivalents		4,585	9,980
<b>Total current asset</b>		4,585	9,980
<b>Total asset</b>		4,585	9,980
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Stated capital	5	10,000	10,000
Accumulated losses		(10,981)	(5,885)
<b>Shareholder's (deficits)/funds</b>		(981)	4,115
<b>Current liabilities</b>			
Accruals		3,900	5,865
Borrowing	6	1,666	-
<b>Total current liabilities</b>		5,566	5,865
<b>Total equity and liabilities</b>		4,585	9,980

These financial statements have been approved by the Board of Directors on 11th May, 2010.

**Abdool Azize Owasil**  
Director

**Bimal Ramesh Thakkar**  
Director

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2010

	NOTE	2010 USD	Period from 22 October 2008 to 31 March 2009 USD
<b>INCOME</b>		-	-
<b>EXPENSES</b>			
Professional fees		1,500	1,500
Secretarial fees		1,000	1,000
Accounting fees		1,800	-
Audit fees		500	500
Bank charges		76	20
ROC fees		220	2,865
		5,096	5,885
<b>LOSS BEFORE TAXATION</b>		(5,096)	(5,885)
<b>TAXATION</b>	4	-	-
<b>LOSS FOR THE YEAR/ PERIOD</b>		(5,096)	(5,885)



## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2010

	Stated capital	Accumulated losses	Total
	USD	USD	USD
Issue of shares	10,000	-	10,000
Loss for the period	-	(5,885)	(5,885)
At 31 March 2009	10,000	(5,885)	4,115
Loss for the year	-	(5,096)	(5,096)
<b>At 31 March 2010</b>	<b>10,000</b>	<b>(10,981)</b>	<b>(981)</b>

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2010

	2010	Period from 22 October 2008 to 31 March 2009
	USD	USD
<b>Cash flows from operating activities</b>		
Loss for the year/period	(5,096)	(5,885)
<b>Operating loss before working capital changes</b>	(5,096)	(5,885)
(Decrease)/increase in accruals	(1,965)	5,865
<b>Net cash used in operating activities</b>	(7,061)	(20)
<b>Cash flow from financing activities</b>		
Issue of shares	-	10,000
Proceeds from borrowing	1,666	-
<b>Net cash from financing activities</b>	1,666	10,000
<b>Net (decrease)/increase in cash and cash equivalents</b>	(5,395)	9,980
<b>Movement in cash and cash equivalents</b>		
(Decrease)/increase in cash and cash equivalents	(5,395)	9,980
Cash and cash equivalent at beginning of the year/period	9,980	-
<b>Cash and cash equivalent at end of the year/period</b>	<b>4,585</b>	<b>9,980</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

### 1. LEGAL FORM AND PRINCIPAL ACTIVITY

The Company has been incorporated in the Republic of Mauritius as a private company limited by shares in accordance with the Companies Act 2001. It has been granted a Category I, Global Business Licence by the Financial Services Commission.

The principal activity of the Company is to hold investments in companies related with Agro based/Food processing Industries.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### Statement of compliance

The financial statements are prepared in accordance with and comply with International Financial Reporting Standards ("IFRS").

#### Basis of preparation

The financial statements of the Company are prepared under the historical cost convention. The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's knowledge of current events and actions, actual results ultimately may differ from those estimates.

The financial statements are prepared on the going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future. The validity of this assumption depends on the continued support of its shareholders. The directors are of the opinion that this support will be forthcoming over the next twelve months. They therefore believe that it is appropriate for the financial statements to be prepared on the going concern basis.

#### Foreign currencies

##### *Functional and presentation currency*

The financial statements are presented in United States Dollars ("USD") which is also the currency of the primary economic environment in which the Company operates that is its functional currency. The USD is the currency that most faithfully reflects the underlying transactions, events and conditions that are relevant to the Company.

##### *Transactions and balances*

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

#### Revenue recognition

Revenue earned by the Company is recognised on the following basis:

- Interest income is accounted for on a time proportion basis.
- Dividend income is recognised when the shareholder's right to receive payment is established and is shown gross of any withholding tax.

#### Impairment of financial assets

The Company assesses at each reporting date whether a financial asset or group of financial assets is impaired.

##### *Assets carried at amortised cost*

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss shall be recognised in statement of comprehensive income.



If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in statement of comprehensive income.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

## **Expenses**

Expenses are accounted on an accrual basis.

## **Cash and cash equivalents**

Cash comprises cash in hand and cash at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash which are subject to an insignificant risk of change in value.

## **Financial instruments**

Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company has become a party to the contractual provisions of the financial instruments.

Financial instruments are initially measured at fair value. Subsequent to the initial recognition, they are measured as set out below:

### *(i) Other payables*

Other payables are stated at their nominal value.

### *(ii) Borrowings*

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs, and have not been designated as at fair value through profit or loss.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the amortisation process.

## **Derecognition of financial assets and liabilities**

### *Financial assets*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired;
- The Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass through" arrangement; or
- The Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

### *Financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

## Related parties

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

## Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

## Changes in accounting policies and disclosures

The Company has adopted the following new and amended International Accounting Standards ("IAS"), IFRS:

- IFRS 7 *Financial Instruments: Disclosures* effective 1 January 2009
- IAS 1 *Presentation of Financial Statements* effective 1 January 2009
- Improvements to IFRSs (May 2008)

When the adoption of the standard or interpretation is deemed to have an impact on the financial statements or performance of the Company, its impact is described below:

### **IFRS 7 Financial Instruments: Disclosures**

The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The adoption of the amendment results in additional disclosures but does not have an impact on the Company's financial position or performance.

### **IAS 1 Presentation of Financial Statements**

The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity. In addition, the standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Company has elected to present a single statement.

### **Improvements to IFRSs**

In May 2008 the IASB issued a number of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Company.

- IAS 18 *Revenue*: The IASB has added guidance (which accompanies the standard) to determine whether an entity is acting as a principal or as an agent. The features to consider are whether the entity:
  - Has primary responsibility for providing the goods or service
  - Has inventory risk
  - Has discretion in establishing prices
  - Bears the credit risk
- IAS 36 *Impairment of Assets*. Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

The following standards, amendments and interpretations are not effective and are not expected to have material impact on the financial position or performance of the Company:

- IFRS 3 *Business Combinations (Revised)* and IAS 27 *Consolidated and Separate Financial Statements (Amended)*



IFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after this date. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

- IAS 39 *Financial Instruments: Recognition and Measurement*

This amendment to IAS 39 Financial Instruments: Recognition and Measurement was issued on 31 July 2008 and is applicable for annual periods beginning on or after 1 July 2009 with early application permitted. The amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in particular situations.

In April 2009, the IASB has issued a second omnibus of amendments to its standards and interpretations. The following amendments are not expected to have an impact on the accounting policies, financial position or performance of the Company.

- IFRS 2 *Share-based Payment*
- IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*
- IFRS 8 *Operating Segment Information*
- IAS 1 *Presentation of Financial Statements*
- IAS 7 *Statement of Cash Flows*
- IAS 8 *Accounting Policies, Change in Accounting Estimates and Error*
- IAS 10 *Events after the Reporting Period*
- IAS 17 *Leases*
- IAS 19 *Employee Benefits*
- IAS 20 *Accounting for Government Grants and Disclosures of Government Assistance*
- IAS 27 *Consolidated and Separate Financial Statements*
- IAS 28 *Investments in Associates*
- IAS 31 *Interest in Joint Ventures*
- IAS 36 *Impairment of assets*
- IAS 38 *Intangible Assets*
- IAS 40 *Investment Properties*
- IAS 39 *Financial Instruments: Recognition and Measurement*
- IFRIC 9 *Reassessment of Embedded Derivatives*
- IFRIC 16 *Hedge of a Net Investment in a Foreign Operation*

### 3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

#### **Critical accounting judgements in applying the Company's accounting policies**

In the process of applying the Company's accounting policies, which are described in Note 2, the directors have made the following judgement that has the most effect on the amounts recognised in the financial statements:-

#### **Determination of functional currency**

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising thereon are dependent on the functional currency selected. As described in Note 2, the directors have considered those factors therein and have determined that the functional currency of the Company is the USD.

### 4. TAXATION

The Company being the holder of a Category I, Global Business Licence, is liable to income tax in Mauritius on its chargeable income at the rate of 15%. It is, however, entitled to a tax credit equivalent to the higher of actual foreign tax suffered or 80% of the Mauritian tax chargeable on its foreign source income. Capital gains of the Company are exempt from tax in Mauritius. As at 31 March 2010, the Company had accumulated tax losses of USD 10,981 (2009: USD 5,885) which are available for offset against future taxable profits.



## 5. STATED CAPITAL

	<u>2010</u>	<u>2009</u>
	<u>USD</u>	<u>USD</u>
<i>Issued and fully paid</i>		
10,000 Ordinary shares of USD 1 each	<u>10,000</u>	<u>10,000</u>

## 6. BORROWING

	<u>2010</u>	<u>2009</u>
	<u>USD</u>	<u>USD</u>
At start of the year/period	-	-
Additions during the year/period	<u>1,666</u>	-
At end of the year/period	<u>1,666</u>	-

The loan from the shareholder is unsecured, interest free and repayable on demand.

## 7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### Financial risk factors

The Company's activities expose it to a variety of financial risks : currency risk, credit risk, and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

### Market risk

#### Currency risk

At 31 March 2010, all the Company's assets and liabilities are denominated in United States Dollar ("USD") and hence is not subject to currency risk.

### Credit risk

The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The Company's only credit risk concentration is its cash and cash equivalents.

With respect to credit risk arising from financial asset which comprise of cash and cash equivalents, the Company's exposure to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of the financial asset.

The carrying amount of financial asset represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	<u>2010</u>	<u>2009</u>
	<u>USD</u>	<u>USD</u>
Cash and cash equivalents	<u>4,585</u>	<u>9,980</u>

The financial asset is neither past due nor impaired at the reporting date. The cash and cash equivalents are maintained with reputable banks.

### Liquidity risk

At the year end, the directors did not consider there to be any significant liquidity risk.

The table below summarises the maturity profile of the Company's financial liabilities at 31 March based on contractual undiscounted payments:

	<u>On demand</u>	<u>Total</u>	<u>On demand</u>	<u>Total</u>
	<u>2010</u>	<u>2010</u>	<u>2009</u>	<u>2009</u>
	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
Accruals	<u>3,900</u>	<u>3,900</u>	5,865	5,865
Loan from shareholder	<u>1,666</u>	<u>1,666</u>	-	-
	<u>5,566</u>	<u>5,566</u>	<u>5,865</u>	<u>5,865</u>



## Fair values of financial instruments

Except where otherwise stated, the fair values of the Company's financial assets and liabilities approximate their carrying amounts.

## 8. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payments to shareholder, return capital to shareholders or issue new shares.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, borrowing, accruals, less cash and cash equivalents. Capital includes equity attributable to the equity holders of the parent less the unrealised gains reserve. As at 31 March 2010, the Company's gearing is nil.

## 9. RELATED PARTY TRANSACTIONS

During the year ended 31 March 2010, the Company transacted with related party. The nature, volume and type of transactions with the related party are as follows:

	2010	2009
	USD	USD
<b>Payable to holding company</b>		
At start of the year/period	-	-
Expenses paid on behalf of the Company	1,666	-
At end of the year/period	<u>1,666</u>	<u>-</u>

## 10. HOLDING COMPANY

The directors considers ADF Foods Ltd, a company incorporated in India as the Company's holding company.

## 11. EVENTS AFTER THE REPORTING DATE

There have been no material events after the reporting date which would require disclosure or adjustment to the financial statements for the year ended 31 March 2010.

## DIRECTORS' REPORT

The Directors have pleasure in submitting the Third Annual Report of the company and the Audited Accounts for the financial year ended 31<sup>st</sup> March 2010.

### 1. FINANCIAL RESULTS

During the financial year 2009-10, the Company earned total income of Rs. 18,79,044/-. The Company incurred a net loss after tax of Rs.2,01,91,624/-. The loss is mainly attributable to amortization of brands.

### 2. DIRECTORS

The Company has 8 directors out of which 7 are Non-Executive Directors and 1 Executive Director.

In accordance with the provisions of the Companies Act, 1956, Mr. Bimal R Thakkar and Mr. Bhavesh R Thakkar, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for reappointment.

### 3. AUDITORS

M/s D. P. Ghevaria & Co., Chartered Accountants retire as auditors and being eligible offer themselves for re-appointment. The Auditor's report on financial statement does not contain any qualifications.

### 4. PARTICULARS OF EMPLOYEES

There are no employees drawing remuneration exceeding the monetary ceiling prescribed under section 217(2A) of the Companies Act, 1956 and as amended upto date.

### 5. DIRECTORS' RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217 (2AA) OF THE COMPANIES ACT 1956

Pursuant to the provisions of section 217 (2AA) of the Companies Act 1956, the Directors hereby confirm that:

- a. In the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanations relating to material departures.
- b. The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the State of Affairs of the Company as on 31<sup>st</sup> March 2010 and of the Profit & Loss of the Company for the year ended 31<sup>st</sup> March 2010.
- c. 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.
- d. The Directors have prepared the annual accounts on a going concern basis.

### 6. ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE

As the Company is not engaged in any manufacturing activity, the disclosures as required u/s 217 (1) (e) of the Companies Act, 1956 with regard to conservation of energy, etc. is not given.

### 7. APPRECIATION

Your Directors place on record their deep appreciation for the support and contribution received from the Company's Bankers, Distributors, Business Associates and Shareholders during the period under review and your Directors look forward to their continued support.

**For Power Brands (Foods) Private Limited**

**Ramesh H Thakkar**  
**Director**

Date : 16.04.2010

Place : Mumbai



## AUDITOR'S REPORT

To,

The members of Power Brands (Foods) Private Ltd.,

1. We have audited the annexed Balance Sheet of '**POWER BRANDS (FOODS) PRIVATE LIMITED**' as at 31st March 2010, and the annexed Profit and Loss Account for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. The Company is a Private Limited Company and falls within the exemption specified on the paragraph 2(iv) of the Companies (Auditor's Report) Order, 2003. Hence the matters specified under paragraphs 4 & 5 of the said order issued by the Central Government in terms of sub-section (4A) of section 227 of the Companies Act, 1956 are not enclosed.
4. We report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of the audit.
  - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
  - (iii) The Balance Sheet and Profit and Loss Account dealt with by this report comply with the requirements of section 211 (3C) of the Companies Act, 1956 and are in agreement with the books of account.
  - (iv) On the basis of written representations received from the Directors, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March 2010, from being appointed as a Director in terms of clause (g) of section 274 (1) of the Companies Act, 1956
  - (v) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, and the accounting policies appearing thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view.
    - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010.
    - (b) in the case of the Profit and Loss Account, of the Loss of the Company for the year ended on that date.

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

**(Deepak P. Ghevaria)**  
**Proprietor**  
**Membership No.32431**

**Place: Mumbai**

**Date : 16th April 2010**

## AUDITED BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH 2010

	Schedule	Rs. in lacs	As at 31-Mar-10 Rs. in lacs	As at 31-Mar-09 Rs. in lacs
<b>SOURCES OF FUNDS</b>				
<b>Shareholders' Funds</b>				
Share Capital	1	1,900.00	1,900.00	1,900.00
			<b>1,900.00</b>	1,900.00
<b>Loan Funds</b>				
Unsecured Loans	2	25.50	25.50	25.50
			<b>25.50</b>	25.50
<b>Deferred tax Liability</b>				
Deferred tax liability (Net)	3	-	-	(1.50)
<b>TOTAL</b>			<b>1,925.50</b>	<b>1,924.00</b>
<b>APPLICATION OF FUNDS</b>				
<b>Fixed Assets</b>				
Gross Block	4	2,200.96	2,200.96	2,200.96
Less : Depreciation		613.02	408.39	408.39
Net Block			<b>1,587.94</b>	1,792.57
<b>Current Assets, Loans &amp; Advances:</b>				
Sundry Debtors	5	1.72	4.22	4.22
Cash & Bank Balances	6	0.87	0.39	0.39
Loans & Advances	7	15.26	17.97	17.97
			<b>17.85</b>	22.58
Less :				
<b>Current Liabilities &amp; Provisions:</b>				
Current Liabilities	8	300.68	305.20	305.20
Provisions		3.58	1.65	1.65
			<b>304.26</b>	306.85
<b>Net Current Assets</b>			<b>(286.41)</b>	(284.27)
<b>MISCELLANEOUS EXPENDITURE</b>	9			
a) Preliminary Expenses (to the extent not written off or adjusted)			<b>10.08</b>	11.66
b) Profit & Loss account			<b>613.89</b>	404.04
<b>TOTAL</b>			<b>1,925.50</b>	<b>1,924.00</b>

### NOTES TO ACCOUNTS

14

The Schedules referred to above form an integral part of the Balance sheet

As per our report of even date

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

**D.P.GHEVARIA**  
Proprietor  
Membership No.32431

Mumbai,  
Date : 16th April 2010

For and on behalf of the Board of Directors

**RAMESH H. THAKKAR**  
Director

**ASHOK H. THAKKAR**  
Director

**BIMAL R. THAKKAR**  
Director

**BHAVESH R. THAKKAR**  
Director

**RAMEEZ SHAIKH**  
Company Secretary


**AUDITED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010**

	Schedule	31-Mar-10 Rs. in lacs	31-Mar-09 Rs. in lacs
<b>INCOME</b>			
Sales	10	1.84	1.63
Other Income	11	16.95	18.24
<b>TOTAL</b>		<b>18.79</b>	<b>19.87</b>
<b>EXPENDITURE</b>			
Manufacturing & Other Expenses	12	15.86	9.76
Financial Expenses	13	0.01	-
Depreciation/Amortisation		204.63	204.63
<b>TOTAL</b>		<b>220.50</b>	<b>214.39</b>
Profit/(Loss) before tax		(201.71)	(194.52)
Less: Provision for taxation			
- Current tax		0.21	1.32
- Deferred tax (Net)		-	(0.15)
		<b>0.21</b>	<b>1.17</b>
Profit/(Loss) after tax		<b>(201.92)</b>	<b>(195.69)</b>
Less: Prior Year's Adjustment (Net)		2.48	-
Less: Adjustment of tax of earlier years (Income Tax & Deferred Tax)		5.45	3.53
		(209.85)	(199.22)
Balance brought forward		<b>(404.04)</b>	<b>(204.82)</b>
Balance available for appropriation		<b>(613.89)</b>	<b>(404.04)</b>
<b>Balance carried to Balance Sheet</b>		<b>(613.89)</b>	<b>(404.04)</b>

**NOTES TO ACCOUNTS**

14

The Schedules referred to above form an integral part of the Profit &amp; Loss Account

As per our report of even date

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

Chartered Accountants

**D. P. GHEVARIA**

Proprietor

Membership No.32431

Mumbai,

Date : 16th April 2010

For and on behalf of the Board of Directors

**RAMESH H. THAKKAR**

Director

**ASHOK H. THAKKAR**

Director

**BIMAL R. THAKKAR**

Director

**BHAVESH R. THAKKAR**

Director

**RAMEEZ SHAIKH**

Company Secretary

## SCHEDULES TO THE BALANCE SHEET

	As at 31-Mar-10 Rs. in lacs	As at 31-Mar-09 Rs. in lacs
<b>SCHEDULE 1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
1,90,00,000 ( Previous year Nil) Equity Shares of Rs. 10/- each	1,900.00	1,900.00
<b>Issued, Subscribed and Paid Up</b>		
1,90,00,000 (Previous year 1,90,00,000) Equity Shares of Rs. 10 each fully paid up	1,900.00	1,900.00
	<u>1,900.00</u>	<u>1,900.00</u>
<b>SCHEDULE 2</b>		
<b>UNSECURED LOANS</b>		
From Others:		
Others	25.50	25.50
	<u>25.50</u>	<u>25.50</u>
<b>SCHEDULE 3</b>		
<b>DEFERRED TAX LIABILITY:</b>		
As per last Balance Sheet (Net)	(1.50)	(1.35)
Less: Deferred tax asset	1.50	(0.15)
	<u>-</u>	<u>(1.50)</u>

### FIXED ASSETS 4

Rs. in lacs

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
DESCRIPTION	As on 1st April 09	Additions during the year	Deduction/ Adj during the year	As on 31st March 10	As on 1st April 09	For the period ended 31st March 10	Deduction/ Adj during the year	As on 31st March 10	As on 31st March 10	As on 31st March 09
<b>Tangible Assets:</b>										
Leasehold Land	-	-	-	-	-	-	-	-	-	-
Freehold Land	-	-	-	-	-	-	-	-	-	-
Factory Building (Revalued)	226.20	-	-	226.20	14.31	7.56	-	21.87	204.33	211.89
Plant & Machinery	0.42	-	-	0.42	0.04	0.02	-	0.06	0.36	0.38
Laboratory Equipment	-	-	-	-	-	-	-	-	-	-
Office Equipment	-	-	-	-	-	-	-	-	-	-
Computers	0.02	-	-	0.02	0.01	0.00	-	0.01	0.01	0.01
Furniture & Fixtures	10.32	-	-	10.32	1.23	0.65	-	1.88	8.44	9.09
Vehicles	-	-	-	-	-	-	-	-	-	-
<b>Intangible Assets:</b>										
Trade Marks/Brands (Value is based on valuation report obtain)	1,964.00	-	-	1,964.00	392.80	196.40	-	589.20	1,374.80	1,571.20
Goodwill	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>2,200.96</b>	<b>-</b>	<b>-</b>	<b>2,200.96</b>	<b>408.39</b>	<b>204.63</b>	<b>-</b>	<b>613.02</b>	<b>1,587.94</b>	<b>1,792.57</b>
Previous year	2,202.10	-	1.14	2,200.96	203.81	204.63	0.05	408.39	1,792.57	1,998.29



### SCHEDULES TO THE BALANCE SHEET

	As at 31-Mar-10 Rs. in lacs	As at 31-Mar-09 Rs. in lacs
<b>SCHEDULE 5</b>		
<b>SUNDRY DEBTORS ( Unsecured)</b>		
Debts due for more than six months:		
Considered Good [including Rs. Nil/-, (Previous year Rs. Nil/- Lacs) due from a firm in which some of the Directors are interested as partners]	-	4.22
Considered Doubtful	<b>2.59</b>	-
	2.59	4.22
Others debts, Considered Good	<b>1.72</b>	-
	<b>4.31</b>	<b>4.22</b>
Less Provision for Doubtful Debts	<b>2.59</b>	-
	<b>1.72</b>	<b>4.22</b>
<b>SCHEDULE 6</b>		
<b>CASH AND BANK BALANCES</b>		
Cash on Hand	0.04	0.05
Bank Balances		
In Current Accounts with Scheduled Banks	0.83	0.34
	<b>0.87</b>	<b>0.39</b>
<b>SCHEDULE 7</b>		
<b>LOANS &amp; ADVANCES ( Unsecured Considered Good unless otherwise stated):</b>		
Advances recoverable in cash or in kind or for value to be received	15.26	17.97
	<b>15.26</b>	<b>17.97</b>
<b>SCHEDULE 8</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
Current Liabilities		
Other Liabilities	300.68	305.20
	300.68	305.20
Provisions		
For taxation	3.58	1.65
	3.58	1.65
	<b>304.26</b>	<b>306.85</b>
<b>SCHEDULE 9</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
a) Prelimnery Expenses	10.08	11.66
(To the extent not written off or adjusted)		
b) Profit & Loss Account	613.89	404.04
	<b>623.97</b>	<b>415.70</b>



## SCHEDULE TO THE PROFIT & LOSS ACCOUNT

	Rs. in lacs	For the year 31-Mar-10 Rs. in lacs	For the year 31-Mar-09 Rs. in lacs
<b>SCHEDULE 10</b>			
<b>SALES</b>			
Sales		1.84	1.63
		<u>1.84</u>	<u>1.63</u>
<b>SCHEDULE 11</b>			
<b>OTHER INCOME</b>			
Interest received :			
Others (Tax deducted at source Rs. Nil )		16.95	18.24
		<u>16.95</u>	<u>18.24</u>
<b>SCHEDULE 12</b>			
<b>MANUFACTURING &amp; OTHER EXPENSES</b>			
<b>Raw Materials Consumed :</b>			
Cost of sale of traded goods		1.77	1.60
Payments to & Provisions for Employees :			
Salaries, Wages & other allowances	0.26		
Directors' Remuneration	1.14	1.40	-
Rent		6.47	6.20
Rates & Taxes		0.06	0.09
Professional Fees		1.51	0.27
Auditors Remuneration		0.08	0.08
Directors Sitting Fees		0.40	0.10
Loss of Assets due to Sale/Discard/Fire		-	0.09
Diminution in value of Investments		-	0.03
Provision for Doubt full debts & Advances		2.59	-
Miscellaneous Expenses (net)		1.58	1.30
		<u>15.86</u>	<u>9.76</u>
<b>SCHEDULE 13</b>			
<b>FINANCIAL EXPENSES</b>			
Interest to :			
Banks		0.01	-
		<u>0.01</u>	<u>-</u>



## SCHEDULE 14

NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT AS AT 31<sup>ST</sup> MARCH 2010

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### a. GENERAL:

The company follows mercantile system of accounting. Accordingly, all known expenses and all incomes except insurance claims to the extent not settled, are accounted for on accrual basis.

#### b. FIXED ASSETS:

Fixed Assets other than Factory Premises and Brands are valued at cost. Cost comprises the purchase price or construction cost including any attributable cost of bringing the asset to its working condition for its intended use. Factory Premises and Brands are stated at revalued amount.

#### c. DEPRECIATION:

Depreciation on assets other than Brands has been provided on straight line method 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. Brands have been amortised over a period of 10 years.

#### d. PRELIMINARY EXPENSES:

Preliminary Expenses are written off over a period of ten years from the commencement of Business.

#### e. REVENUE RECOGNITION :

Sale is recognised on dispatch of goods to customers. Other income is recognized on accrual basis.

#### f. CONTINGENT LIABILITIES:

Contingent Liabilities are not provided for and are disclosed by way of a note to the accounts.

#### g. TAXES ON INCOME

Income Tax expenses comprise current tax and deferred tax charges or credit. Provision for current tax, if applicable, is made in accordance with the provisions of Income Tax Act, 1961. In accordance with the Accounting Standard AS-22 'Accounting for Taxes on Income' issued by Institute of Chartered Accountants of India, Deferred Tax Liability / Asset arising from timing differences between book and income tax profits is accounted for at the current rate of tax to the extent these differences are expected to crystallize in later years. However, Deferred Tax Assets are recognized only if there is a reasonable certainty of realisation.

### 2. CONTINGENT LIABILITIES: 2009-2010 2008-2009

Demands not accepted as debts by the Company.

- (a) Cases filed in the Bombay High Court by the  
Loanees of the erstwhile Partnership Firm

M/s American Dry Fruit Stores.

38,74,500 38,74,500

- (b) Sales Tax Dues of F.Y.1997-1998

3,06,425 3,06,425

### 3. Deferred Tax

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

Particulars	2009-2010 Rs.	2008-2009 Rs.
		Rs.
Depreciation	NIL	1,50,097.00

#### 4. **Related party transactions:**

Sr. No.	Name of the Related Party	Relationship
1.	ADF Foods Ltd	Holding Company
2.	H.J.Thakkar Property Investment Ltd	Some of the Directors of the Company are related to the Directors of the said Ltd.Company.
3.	Mr. Ramesh H. Thakkar	Shareholder
	Mr. Ashok H. Thakkar	Shareholder
	Mr. Bimal R. Thakkar	Shareholder
	Mr. Bhavesh R. Thakkar	Shareholder
	Mr. Bimal R. Thakkar (HUF)	Shareholder
	Mr. Bhavesh R. Thakkar (HUF)	Shareholder
	Mr. Mishal A. Thakkar	Shareholder
	Miss Suchita A Thakkar	Shareholder
4.	Mrs.Mahalaxmi R Thakkar	Director

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

Related party	Relationship Refer note	Description of transaction	Opening balance 01-04-2009 (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 31-03-2010 (Rs.)
ADF Foods Limited	1	Advance	65,000.00 (1,05,526.24)	- (-)	- (1,84,462.00)	- (-)	- (13,935.76)	65,000.00 ( 65,000.00)
ADF Foods Limited	1	Rent	- (-)	16,70,400.00 (1,80,5,880.00)	16,70,400.00 (1,80,5,880.00)	- (-)	- (-)	- (-)
ADF Foods Limited	1	Security deposit for office	1,25,00,000.00 (75,00,000.00)	- (-)	- (50,00,000.00)	- (-)	- (-)	1,25,00,000.00 (1,25,00,000.00)
ADF Foods Limited	1	Security Deposit for Brands utilization	1,75,00,000.00 (1,75,00,000.00)	- (-)	- (-)	- (-)	- (-)	1,75,00,000.00 (1,75,00,000.00)
ADF Foods Limited	1	Investment	18,81,00,000.00 (18,81,00,000.00)	- (-)	- (-)	- (-)	- (-)	18,81,00,000.00 (18,81,00,000.00)
H.J.Thakkar Property Investment Limited	2	Loan	- (13,40,000.00)	- (-)	- (5,00,000.00)	- (-)	- (18,40,000.0)	- (-)
Shareholders	3	Loan from Shareholders	25,50,000.00 (5,41,058.77)	- (-)	- (20,00,000.00)	- (-)	- (56,058.77)	25,50,000.00 (25,50,000.00)
Mrs Mahalaxmi R Thakkar	4	Remuneration	- (-)	- (-)	- (-)	1,14,000.00 (-)	1,11,500.00 (-)	2,500.00 (-)

Note: Previous year's figures are shown in brackets\_

- Depreciation charged to Profit and Loss Account includes Depreciation of Rs.7,55,508/- on Revalued Factory Premises and Amortisation Charges of Rs. 1,96,40,000/- on Revalued Brands in all aggregating to Rs.2,03,95,508/-
- Previous year's figure have been regrouped/rearranged where ever necessary.

For and on behalf of the Board of Directors

**RAMESH H. THAKKAR**  
Director

**ASHOK H. THAKKAR**  
Director

**BIMAL R. THAKKAR**  
Director

**BHAVESH R. THAKKAR**  
Director

Mumbai,  
Date : 16th April 2010

## DIRECTORS' REPORT

The Directors have pleasure in submitting the First Annual Report of the company and the Audited Accounts for the period ended 31<sup>st</sup> March 2010.

### 1. FINANCIAL RESULTS

During the financial year 2009-10, the Company earned total income of Rs. 17,07,758/-. The Company incurred a net loss after tax of Rs. 17,34,588/-. The loss is mainly due to preliminary expenses incurred for incorporation of the Company.

### 2. DIRECTORS

The Company has 5 directors out of which 3 are Non-Executive Directors and 2 Additional Director.

Mr Nipun Shah and Mr Bhavesh Thakkar were appointed by the company as Additional Director in the meeting of Board of Directors held on 18<sup>th</sup> January, 2010. In accordance with the provisions of the Companies Act, 1956, Mr Nipun Shah and Mr Bhavesh Thakkar's term of office expires at the ensuing Annual General Meeting and being eligible offers themselves for appointment as Director liable to retire by rotation.

In accordance with the provisions of the Companies Act, 1956, Mr. Ashok H Thakkar Director of the Company retire by rotation at the ensuing Annual General Meeting and being eligible has offered himself for reappointment.

### 3. AUDITORS

M/s B S R & Co., Chartered Accountants retire as auditors and being eligible offer themselves for re-appointment. The Auditor's report on financial statement does not contain any qualifications.

### 4. PARTICULARS OF EMPLOYEES

There are no employees drawing remuneration exceeding the monetary ceiling prescribed under section 217(2A) of the Companies Act, 1956 and as amended upto date.

### 5. DIRECTORS' RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217 (2AA) OF THE COMPANIES ACT 1956

Pursuant to the provisions of section 217 (2AA) of the Companies Act 1956, the Directors hereby confirm that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanations relating to material departures.
- The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the State of Affairs of the Company as on 31<sup>st</sup> March 2010 and of the Profit & Loss of the Company for the period ended 31<sup>st</sup> March 2010.
- 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.
- The Directors have prepared the annual accounts on a going concern basis.

### 6. ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE

As the Company is not engaged in any manufacturing activity, the disclosures as required u/s 217 (1) (e) of the Companies Act, 1956 with regard to conservation of energy, etc. is not given.

### 7. APPRECIATION

Your Directors place on record their deep appreciation for the support and contribution received from the Company's Bankers, Distributors, Business Associates and Shareholders during the period under review and your Directors look forward to their continued support.

**For ADF Foods (India) Limited**

**Bimal R Thakkar**  
Director

Date : 16.04.2010

Place : Mumbai

## AUDITORS' REPORT

### Auditors' Report to the Members of ADF Foods (India) Limited

We have audited the attached Balance sheet of ADF Foods (India) Limited ('the Company') as at 31 March 2010, the Profit and loss account and the Cash flow statement for the period from 7 December 2009 to 31 March 2010, 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.

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.

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 purpose of our audit;
- (b) in our opinion, proper books of account as required by law have been kept by the Company in so far as it appears from our examination of those books;
- (c) the Balance sheet, the Profit and loss account 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, the Profit and loss account and the 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 the written representations received from the directors as at 31 March 2010 and taken on record by the Board of Directors, we report that none of the directors are disqualified as at 31 March 2010 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 financial statements give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (i) in the case of the Balance sheet, of the state of affairs of the Company as at 31 March 2010;
  - (ii) in the case of the Profit and loss account, of the loss of the Company for the period from 7 December 2009 to 31 March 2010; and
  - (iii) in the case of the Cash flow statement, of the cash flows for the period from 7 December 2009 to 31 March 2010.

For **B S R & Co.**

*Chartered Accountants*

Firm's Registration No: 101248W

Sanjay Aggarwal

*Partner*

Membership No:40780

Mumbai

Date: 16 April 2010

## Annexure to the Auditors' Report - 31 March 2010

(Referred to in our report of even date)

- (i) (a) The Company does not own any fixed assets. Accordingly, paragraph 4(i) of the Order is not applicable to the Company.
- (ii) (a) The Company does not hold any inventory as at the period end. Accordingly, paragraph 4(ii) (a) of the Order is not applicable to the Company.
  - (b) In our opinion, the procedures designed for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) The Company is maintaining proper records of inventory. The Company does not hold any inventories as at period end.
- (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, and having regard to the explanation that purchases of certain items of inventories are for the Company's specialized requirements and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase of inventories and with regard to sale of products.
- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be 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, except for purchases of certain items of inventories which are for the Company's specialized requirements and for which suitable alternative sources are not available to obtain comparable quotations. However, on the basis of information and explanations provided, the same appear reasonable.
- (vi) The Company has not accepted any deposits from the public.
- (vii) The paragraph 4(vii) of the Order is not applicable. The paid up share capital and reserves of the Company does not exceed rupees fifty lakhs as at the commencement of the financial year and the Company does not have an average annual turnover exceeding five crore rupees for a period of three consecutive financial year immediately preceding the financial year.
- (viii) The Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Act for any of the Company's products.
- (ix) (a) According to the information and explanations given to us, and on the basis of our examination of the records of the Company, the Company has been generally regular in depositing amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Sales tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues have generally been deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Investor Education.

There are no dues on account of cess under section 44IA of the Act since the date from which the aforesaid section comes into force has not been notified by the Central Government.

  - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, provident fund, sales tax, service tax, custom duty, cess and other material statutory dues were in arrears as at 31 March 2010 for a period of more than six months from the date they became payable.
  - (c) According to the information and explanations given to us, there are no dues of Income tax, provident fund, sales tax, custom duty, service tax and cess which have not been deposited with the appropriate authorities on account of any dispute.
- (x) The provisions of paragraph 4(x) of the Order are not applicable to the Company. The Company was incorporated on 7 December 2009 and hence, the period of five years has not elapsed since the date of incorporation at the balance sheet date,
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers. The Company did not have any outstanding debentures or any outstanding loans from any financial institution during the period.
- (xii) The Company has not granted any loans and 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 loan outstanding during the year. Accordingly, paragraph 4 (xvi) of the Order is not applicable to the Company.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to Companies/firms/parties covered in the register maintained under Section 301 of the Act.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by public issues during the year. Accordingly, paragraph 4 (xx) of the Order is not applicable to the Company.
- (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 **B S R & Co.**

*Chartered Accountants*

Firm's Registration No: 101248W

Sanjay Aggarwal

*Partner*

Membership No:40780

Mumbai

Date: 16 April 2010

## BALANCE SHEET AS AT 31 MARCH 2010

(Currency: Indian rupees)

	Schedule	31 March 2010
<b>SOURCES OF FUNDS</b>		
<b>Shareholders' funds</b>		
Share capital	3	500,000
<b>APPLICATION OF FUNDS</b>		
<b>Deferred tax asset</b>		<b>1,545</b>
<b>Current assets, loans and advances</b>		
Sundry debtors	4	759,309
Cash and bank balances	5	282,775
Loans and advances	6	46,511
		<b>1,088,595</b>
<b>Current liabilities and provisions</b>		
Current liabilities	7	2,324,728
		<b>2,324,728</b>
<b>Net current liabilities</b>		<b>(1,236,133)</b>
<b>Profit and loss account</b>		<b>1,734,588</b>
<b>TOTAL</b>		<b>500,000</b>
<b>Significant accounting policies</b>	2	
<b>Notes to accounts</b>	11	

The accompanying schedules form an integral part of the Balance Sheet.

As per our report of even date

**For B. S. R. & Co.**

Chartered Accountants

**Sanjay Aggarwal**

Partner

Membership No: 40780

Mumbai,

Date: 16th April 2010

For and on behalf of the Board of Directors

**BIMAL R. THAKKAR**

Director

**BHAVESH R. THAKKAR**

Director



# **PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 7 DECEMBER 2009 TO 31 MARCH 2010**

(Currency: Indian rupees)

	<b>Schedule</b>	<b>For the period from 7 December 2009 to 31 March 2010</b>
<b>Income</b>		
Trading sales		1,707,758
<b>Expenditure</b>		
Cost of goods sold	8	1,085,629
Personnel costs	9	780,437
Administrative, selling and distribution expenses	10	1,577,825
		<b>3,443,891</b>
<b>Net (loss) for the period before tax</b>		(1,736,133)
<b>Less: Provision for tax</b>		
Deferred tax credit		1,545
<b>Net (loss) for the period after tax</b>		<b>(1,734,588)</b>
<b>Balance in profit and loss account carried forward</b>		<b>(1,734,588)</b>
Basic earnings per share (face value of Rs 10 each)	11.6	(34.69)
Diluted earnings per share (face value of Rs 10 each)	11.6	(34.69)
<b>Significant accounting policies</b>	2	
<b>Notes to accounts</b>	11	

The accompanying schedules form an integral part of the Profit and loss account.

As per our report of even date

**For B. S. R. & Co.**

Chartered Accountants

**Sanjay Aggarwal**

Partner

Membership No: 40780

Mumbai,

Date: 16th April 2010

For and on behalf of the Board of Directors

**BIMAL R. THAKKAR**

Director

**BHAVESH R. THAKKAR**

Director

## CASH FLOW STATEMENT FOR THE PERIOD FROM 7 DECEMBER 2009 TO 31 MARCH 2010

(Currency: Indian rupees)

	For the period from 7 December 2009 to 31 March 2010
<b>Cash flow from operating activities</b>	
Net (loss) for the period before tax	(1,736,133)
(Increase) / decrease in working capital:	
Sundry debtors	(759,309)
Loans and advances	(46,511)
Current liabilities	2,324,728
Net decrease in working capital	1,518,908
<b>Cash used in operations</b>	(217,225)
Less: Taxes paid	-
<b>Net cash used in operating activities</b>	<b>(217,225)</b>
<b>Cash flows from financing activities</b>	
Proceeds from issue of equity share capital	500,000
<b>Net cash generated from financing activities</b>	<b>500,000</b>
<b>Net increase in cash and cash equivalents</b>	<b>282,775</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>-</b>
<b>Cash and cash equivalents (refer schedule 6) at the end of the period</b>	<b>282,775</b>
	<b>282,775</b>

### Notes :

- The Cash flow statement has been prepared under the indirect method as set out in Accounting Standard - 3 ('AS 3') on Cash Flow Statement prescribed in Companies (Accounting Standard) Rules, 2006.
- Cash and cash equivalents represent cash and bank balances only.

As per our report of even date

**For B. S. R. & Co.**

Chartered Accountants

**Sanjay Aggarwal**

Partner

Membership No: 40780

Mumbai,

Date: 16th April 2010

For and on behalf of the Board of Directors

**BIMAL R. THAKKAR**

Director

**BHAVESH R. THAKKAR**

Director

## SCHEDULES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 7 DECEMBER 2009 TO 31 MARCH 2010

(Currency: Indian rupees)

### 1. **Background**

ADF Foods (India) Limited ('the Company') was incorporated on 7 December 2010. The Company is a wholly owned subsidiary of ADF Foods Limited ('the holding company') and its nominees.

The Company is engaged in the business of trading of food specialty products.

The Company is dependent upon its holding company for carrying its operations.

### 2. **Significant accounting policies**

#### 2.1. **Basis of preparation of financial statements**

These financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting and in accordance with 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 ('NACAS'), and the relevant provisions of the Companies Act, 1956 ('the Act'), to the extent applicable.

#### 2.2. **Use of estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles (GAAP) in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as of the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates and such differences are recognized in the period in which such results are known / materialize. Any revision to accounting estimates is recognized prospectively in current and future periods.

#### 2.3. **Inventories**

Inventories are valued at cost or net realizable value, whichever is lower. Cost is determined on the basis of weighted average method and includes all costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

#### 2.4. **Revenue recognition**

Revenue is recognised when the significant risks and rewards of ownership are transferred to the buyer based on contractual arrangements. Revenue from sales is net of returns and excludes sales tax and applicable trade discounts and allowances.

#### 2.5. **Retirement benefits**

##### (a) **Short term employee benefits**

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages, and short term compensated absences, etc. and the expected cost of ex-gratia are recognized in the period in which the employee renders the related service.

##### (b) **Post employment benefits**

###### *Defined contribution plans*

The Company makes regular contributions to the statutory provident fund at the prescribed rates. Provident fund dues are recognized when the liability to contribute to the provident fund arises under the Employees' Provident Fund Act, 1952.

#### 2.6. **Taxation**

Tax expense comprises of current and deferred tax.

##### **Current tax**

Provision for current tax is calculated in accordance with the provision of the Income-tax Act, 1961.

##### **Deferred tax**

Deferred tax liability or asset is recognized for timing differences between the profits/losses offered for income taxes and profits/losses as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

The deferred tax charge or credit is recognized using substantially enacted rates. In the case of unabsorbed depreciation or carry forward losses, deferred tax assets are recognized only to the extent there is virtual certainty of realization of such assets. Other deferred tax assets are recognized only to the extent there is reasonable certainty of realization in future. Such assets are reviewed as at each Balance Sheet date to reassess realization.

## 2.7. Operating lease

Lease payments are recognized as an expense in the profit and loss account on accrual basis.

## 2.8. Earnings per share

Basic earnings per share are computed using the weighted average number of equity shares outstanding during the period. Diluted earnings per share are computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the period except where the results would be anti-dilutive.

## 2.9. Provisions and contingencies

A provision is recognized when there is a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A disclosure by way of a contingent liability is made when there is a possible or present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognized / disclosed in financial statements.

	31 March 2010
<b>Schedule 3 - Share capital</b>	
<b>Authorised</b>	
10,000,000 equity shares of Rs. 10/- each	100,000,000
<b>Issued, subscribed and paid up</b>	
50,000 equity shares of Rs. 10/- each fully paid up (Refer Note 1)	500,000
<b>Note 1:</b>	
Of the above, the entire equity shares of Rs. 10/- each are held by ADF Foods Limited, the holding company, and its nominees.	
<b>Schedule 4 - Sundry debtors (*)</b>	
<i>Unsecured outstanding debts for less than six months</i>	
-considered good	759,309
<b>Schedule 5 - Cash and bank balances</b>	
Cash on hand	15,000
Balances with scheduled banks	
- in current accounts	267,775
	<b>282,775</b>
<b>Schedule 6 - Loans and advances</b>	
<i>(Unsecured, considered good)</i>	
Advances recoverable in cash or in kind for value to be received	46,511
	<b>46,511</b>
<b>Schedule 7 - Current liabilities</b>	
Sundry creditors* (Refer note 11.3)	
- for goods	544,669
- for expenses	1,464,262
Other liabilities	315,797
	<b>2,324,728</b>
*Includes dues to the holding company Rs 1,693,043	

	For the period from 7 December 2009 to 31 March 2010
<b>Schedule 8 - Cost of goods sold</b>	
Purchase of traded goods	1,038,114
Freight Inward	47,515
	<b>1,085,629</b>
<b>Schedule 9 - Personnel costs</b>	
Salaries, wages and other allowances	714,131
Employers' contributions to provident fund and other funds	42,325
Recruitment expenses	23,981
	<b>780,437</b>
<b>Schedule 10 - Administrative, selling and distribution expenses</b>	
Rent	254
Sales expenses	287,478
Rates and taxes	12,150
Octroi charges	42,108
Insurance	5,516
Printing and stationery	7,094
Auditors' remuneration for statutory audit	50,000
Advertisement	25,000
Sundry expenses	9,505
Preliminary expenses written off	1,138,720
	<b>1,577,825</b>

**11 Notes to accounts**

**11.1 Operating lease commitment**

The Company has taken office premises under operating lease on leave and license agreements. These arrangements are generally cancelable and range between 24 months and 36 months and are renewable by mutual consent on mutually agreeable terms.

**Lease payments are recognized in the profit and loss account under "Rent" in schedule 11.**

**11.2 Managerial remuneration**

No remuneration is paid / payable to directors of the Company.

**11.3 Micro, small and medium enterprises**

The Company is in the process of compiling the requisite list of micro and small enterprises under the MSMED Act and in the absence of information in this regard, the particulars required by the aforesaid Act have not been given.

**11.4 Deferred tax assets**

**Deferred tax assets represent timing difference arising on write off of preliminary expenses amounting to Rs 281,492.**

**11.5 Related party transactions**

**(A) Related parties and their relationship:**

Sr. No	Category and related parties	Names
I	Holding company	ADF Foods Limited

**(B) Transactions with related parties:**

Particulars	Holding company
Allotment of equity shares	500,000
Purchase of goods	1,038,114
Rent paid	254
Reimbursement of preliminary expenses	1,138,720
Balances payable as at period end	1,693,043

**11.6 Earnings per share**

	For the period from 7 December 2009 to 31 March 2010
Net (loss) after tax attributable to equity shareholders	(1,734,588)
Weighted average number of equity shares outstanding during the period	50,000
Basic earnings per share (Rs)	(34.69)
Face value per share (Rs)	10

**11.7 Contingent liability**

	For the period from 7 December 2009 to 31 March 2010
Claims against the Company not acknowledged as debt	Nil
Capital commitments	Nil

**11.8 Segment reporting**

The Company is operating in the business of trading of food specialty products and has mainly domestic sales. The Company has only one reportable business and geographical segment which is governed by similar set of risk and returns. Hence, the financial statements are reflective of the information required by Accounting Standard 17 as prescribed in Companies (Accounting Standards) Rules, 2006.

**11.9 Quantitative Information**

Product Name	OPENING STOCK		PURCHASES		SALES		CLOSING STOCK	
	Quantity (Cases)	Rupees	Quantity (Cases)	Rupees	Quantity (Cases)	Rupees	Quantity (Cases)	Rupees
Processed & Preserved Food Products	-	-	1,794	1,038,114	1794	1,707,758	-	-
<b>Total</b>		-	<b>1,794</b>	<b>1,038,114</b>	<b>1,794</b>	<b>1,707,758</b>	<b>-</b>	<b>-</b>

**11.10 Other matters**

Information with regard to other matters specified in Part II of Schedule VI to the Act is either nil or not applicable to the Company for the period.

**11.11 Previous period comparatives**

This being the first period of Company's operations, previous period figures are not disclosed.

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

**Bimal R. Thakkar**  
Director

**Bhavesh R. Thakkar**  
Director

Mumbai  
Date: 16th April 2010

Mumbai  
Date: 16th April 2010

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

1	Name of the Subsidiary	ADF Foods UK Limited	Power Brands (Foods) Private Limited	ADF Foods (Mauritius) Limited	ADF Foods (India) Limited
2	The Financial year of the company ended on	31.03.2010	31.03.2010	31.03.2010	31.03.2010
3	Holding company	ADF Foods Limited	ADF Foods Limited	ADF Foods Limited	ADF Foods Limited
4	Holding Company's interest	100%	99%	100%	100%
5	Shares held by the holding company in the subsidiary	10000 Equity Shares of £ 1/- 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
	b) not dealt with or provided for in the accounts of the company	£ 25,089	Rs. (613.89) Lacs	(\$10,981.00)	Rs. (17.35) Lacs
7	The aggregate of profits or losses for the previous financial year of the subsidiary so far as it concerns the members of the holding company				
	a) dealt with or provided for in the accounts of the holding company	NIL	NIL	NIL	NIL
	b) not dealt with or provided for in the accounts of the company	£ 18,353	Rs. (404.04) Lacs	(\$5,885.00)	NA

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

We have examined the attached Consolidated Balance Sheet of ADF FOODS LIMITED and its subsidiaries as at 31<sup>st</sup> March 2010, the Consolidated Profit and Loss Account and the Cash Flow Statement for the year then ended.

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

We did not audit the financial statements of ADF Foods UK Limited (a foreign subsidiary) whose audited financial statements reflect total assets (net) of Rs.23.71 lacs as at 31<sup>st</sup> March 2010 and total revenue of Rs.152.37 lacs (before giving effect to the consolidation adjustments) for the year ended on that date.

Financial statements of Power Brand (Foods) Pvt. Ltd. (an Indian subsidiary) which reflect total assets (net) of Rs. 1925.50 lacs as at 31<sup>st</sup> March 2010 and total revenue of Rs. 18.79 lacs (before giving effect to the consolidation adjustments) for the year ended on that date, have been audited by one of us.

We did not audit the financial statements of ADF Foods (Mauritius) Limited (a foreign subsidiary) whose audited financial statements reflect total liability (net) of Rs. 0.43 lacs as at 31<sup>st</sup> March 2010 and total revenue of Rs. Nil (before giving effect to the consolidation adjustments) for the year ended on that date.

We did not audit the financial statements of ADF Foods (India) Ltd. (an Indian subsidiary) which reflect total assets (net) of Rs. 5.00 lacs as at 31<sup>st</sup> March 2010 and total revenue of Rs. 17.08 lacs (before giving effect to the consolidation adjustments) for the year ended on that date.

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

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

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

- in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of ADF FOODS LIMITED and its Subsidiaries as at 31<sup>st</sup> March 2010,
- in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of ADF FOODS LIMITED and its Subsidiaries for the year then ended and
- in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of ADF FOODS LIMITED and its Subsidiaries for the year then ended.

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

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

**Place: Mumbai**  
**Date: 20<sup>th</sup> May 2010**

**For V. P. THACKER & CO,**  
**Chartered Accountants**  
**Firm Registration No. 118696W**

**V. P. Thacker**  
**Partner**  
**Membership No. 35713**

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2010**

	Sch.	Rs. in lacs	As at 31-Mar-10 Rs. in lacs	As at 31-Mar-09 Rs. in lacs
<b>SOURCES OF FUNDS</b>				
<b>(1) Shareholders' Funds</b>				
Share Capital	1	2,037.83		1,805.22
Warrants		-		105.00
Reserves & Surplus	2	8,050.65	10,088.48	6,422.31
				<b>8,332.53</b>
Minority interest			12.86	14.96
<b>(2) Loan Funds</b>				
Secured Loans	3	115.07		158.33
Unsecured Loans	4	24.85		24.85
			<b>139.92</b>	<b>183.18</b>
<b>(3) Deferred tax</b>				
Deferred tax liability (Net)	5		<b>440.29</b>	<b>394.58</b>
<b>TOTAL</b>			<b>10,681.55</b>	<b>8,925.25</b>
<b>APPLICATION OF FUNDS</b>				
<b>(1) Fixed Assets</b>				
(a) Gross Block	6	9,080.33		8,377.57
(b) Less : Depreciation		3,121.86		2,585.18
(c) Net Block		<b>5,958.47</b>		<b>5,792.39</b>
(d) Capital work-in-progress		91.61		355.46
			<b>6,050.08</b>	<b>6,147.85</b>
<b>(2) (i) Current Assets, Loans &amp; Advances</b>				
(a) Inventories	7	980.82		1,353.76
(b) Sundry Debtors	8	1,014.82		715.99
(c) Cash & Bank Balances	9	2,343.68		1,779.67
(d) Loans & Advances	10	1,539.24		394.69
			<b>5,878.56</b>	<b>4,244.11</b>
Less :				
<b>(ii) Current Liabilities &amp; Provisions</b>				
Current Liabilities	11	835.45		1,042.84
Provisions		421.72		435.53
			<b>1,257.17</b>	<b>1,478.37</b>
<b>Net Current Assets (i) - (ii)</b>			<b>4,621.39</b>	<b>2,765.74</b>
<b>(3) MISCELLANEOUS EXPENDITURE</b>				
(to the extent not written off or adjusted)				
Pre-operative expenses pending capitalisation	12		<b>10.08</b>	<b>11.66</b>
<b>TOTAL</b>			<b>10,681.55</b>	<b>8,925.25</b>

Notes to Accounts

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Schedules referred to above form an integral part of the Balance Sheet

As per our report of even date

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

**For V.P. THACKER & CO.**  
Chartered Accountants

**D.P.GHEVARIA**  
Proprietor  
Membership No. 32431

**V.P.THACKER**  
Partner  
Membership No. 35713

For and on behalf of the Board of Directors

**RAMESH H. THAKKAR**  
Chairman

**BIMAL R. THAKKAR**  
Managing Director

**AMIT BATHIA**  
Company Secretary

Mumbai,  
Date, 20th May 2010



## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule	31-Mar-10 Rs. in lacs	31-Mar-09 Rs. in lacs
<b>INCOME</b>			
Sales	13	10,329.65	9,586.45
Other Income	14	775.80	384.30
Increase/(Decrease) in stocks	15	(309.90)	285.15
<b>TOTAL</b>		<b>10,795.55</b>	<b>10,255.90</b>
<b>EXPENDITURE</b>			
Manufacturing & Other Expenses	16	8,241.69	8,309.00
Financial Expenses	17	181.38	220.33
Depreciation/Amortisation		623.28	598.32
Unrealised profit on inventory	18	4.28	26.50
Translation difference	19	3.17	3.53
<b>TOTAL</b>		<b>9,053.80</b>	<b>9,157.68</b>
Profit before tax		1,741.75	1,098.22
Less : Provision for taxation			
- Current tax		336.98	247.85
- Fringe benefit tax		-	22.81
- Deferred tax (Net)		44.21	32.26
- Wealth tax		1.49	0.78
		382.68	303.70
Profit after tax		1,359.07	794.52
Less: Prior Year's Adjustment (Net)		4.63	8.44
Less: Adjustment of tax of earlier years (Income Tax & Deferred Tax)		21.06	34.79
Net profit before Minority Interest		1,333.38	751.29
Minority Interest in the Loss of Consolidated subsidiary		2.10	1.99
Net profit after Minority Interest		1,335.48	753.28
Balance brought forward		1,814.65	1,420.54
<b>BALANCE AVAILABLE FOR APPROPRIATION</b>		<b>3,150.13</b>	<b>2,173.82</b>
<b>LESS: APPROPRIATIONS</b>			
Proposed dividend		300.00	265.11
Dividend distribution tax		50.97	45.06
General reserve		78.16	49.00
Balance carried to Balance Sheet		2,721.00	1,814.65
		<b>3,150.13</b>	<b>2,173.82</b>
EPS- Basic		7.03	4.21
EPS- Diluted		7.03	3.88

Notes to Accounts

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Schedules referred to above form an integral part of the Balance Sheet

As per our report of even date

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

**For V.P. THACKER & CO.**  
Chartered Accountants

For and on behalf of the Board of Directors

**RAMESH H. THAKKAR**  
Chairman

**BIMAL R. THAKKAR**  
Managing Director

**D.P. GHEVARIA**  
Proprietor  
Membership No. 32431

**V.P. THACKER**  
Partner  
Membership No. 35713

**AMIT BATHIA**  
Company Secretary

Mumbai,  
Date, 20th May 2010

**SCHEDULES TO THE CONSOLIDATED BALANCE SHEET**

	Rs. in lacs	Rs. in lacs	As at 31-Mar-10 Rs. in lacs	As at 31-Mar-09 Rs. in lacs
<b>SCHEDULE 1</b>				
<b>SHARE CAPITAL</b>				
<b>Authorised</b>				
2,50,00,000 ( Previous period 2,50,00,000) Equity Shares of Rs. 10/- each			<b>2,500.00</b>	<b>2,500.00</b>
<b>Issued, Subscribed and Paid Up</b>				
2,00,00,000 (Previous year 1,76,73,890) Equity Shares of Rs. 10/- each fully paid up			2,000.00	1,767.39
<b>Of the above:</b>				
i) 50,00,490 (Previous year 50,00,490) Shares were allotted to the Shareholders of the erstwhile Lustre Investments Pvt. Ltd., for consideration other than cash pursuant to a Scheme of Amalgamation				
ii) 26,50,000 (Previous year 26,50,000) Equity Shares were issued on preferential basis to investors.				
iii) 23,26,110 (Previous year Nil) Equity Shares were issued during the year on conversion of warrants.				
Add: Shares Forfeited				
7,56,600 (Previous period 7,56,600) Equity Shares of Rs. 10/- each ; amount originally paid up there on @ Rs.5 per share.			37.83	37.83
			<b>2,037.83</b>	<b>1,805.22</b>
<b>SCHEDULE 2</b>				
<b>RESERVES &amp; SURPLUS</b>				
<b>General Reserve:</b>				
Opening balance			239.84	190.84
Add: Transfer from profit & loss account			78.16	49.00
			<b>318.00</b>	<b>239.84</b>
<b>Securities Premium Reserve:</b>				
Balance brought forward			4,322.59	4,322.59
Add: Received during the year (Refer Note No: I b of Schedule 17)			511.74	-
			<b>4,834.33</b>	<b>4,322.59</b>
Less: Expenses on issue of preferential shares			-	-
			<b>4,834.33</b>	<b>4,322.59</b>
<b>Capital Reserve:</b>				
Warrants forfeited during the year (Refer Note No: I a of Schedule 17)			<b>105.00</b>	-
			<b>105.00</b>	-
<b>Profit &amp; Loss Account</b>				
Consolidation Reserve			2,721.00	1,814.65
Foreign Currency Translation Reserve			72.32	45.80
			-	(0.57)
			<b>8,050.65</b>	<b>6,422.31</b>

	Rs. in lacs	Rs. in lacs	As at 31-Mar-10 Rs. in lacs	As at 31-Mar-09 Rs. in lacs
<b>SCHEDULE 3</b>				
<b>SECURED LOANS</b>				
<b>From Banks:</b>				
Cash Credit and Packing Credit [Secured by equitable mortgage of the Factory, Land & Building situated at Nadiad DTA and Nashik DTA, Plant & Machinery and all other Fixed Assets, present & future, of the Company situated at Nadiad DTA and other Current Assets, present & future, of the Company, situated at Nashik DTA ranking pari passu in favour of the Company's bankers and personal guarantees of the Chairman & Vice Chairman of the Company]			57.76	2.60
Foreign Currency Packing Credit [Secured by equitable mortgage of the Factory, Land & Building situated at Nadiad DTA and Nashik DTA, Plant & Machinery and all other Fixed Assets, present & future, of the Company situated at Nadiad DTA and other Current Assets, present & future, of the Company, situated at Nashik DTA ranking pari passu in favour of the Company's bankers and personal guarantees of the Chairman & Vice Chairman of the Company]			-	127.45
Due to bank under hire purchase agreement (secured by hypothecation of assets purchased under hire purchase agreement) [Repayable with in one year Rs. 2.52 lacs, (Previous year Rs.19.08 lacs)]			2.52	21.60
Due to others under hire purchase agreement (secured by hypothecation of assets purchased under hire purchase agreement) [Repayable with in one year Rs. 12.32 lacs,(Previous year Rs. 2.77 lacs)]			54.79	6.68
			<b>115.07</b>	<b>158.33</b>
<b>SCHEDULE 4</b>				
<b>UNSECURED LOANS</b>				
From Others			24.85	24.85
			<b>24.85</b>	<b>24.85</b>
<b>SCHEDULE 5</b>				
<b>DEFERRED TAX LIABILITY:</b>				
Deferred tax liability			394.58	362.32
Less: Deferred tax asset			(1.48)	0.15
Add: Deferred tax liability			44.23	32.41
			<b>440.29</b>	<b>394.58</b>

**SCHEDULES TO THE BALANCE SHEET - Consolidation**
**SCHEDULE 6  
FIXED ASSETS**
**Rs. in lacs**

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 1st April 09	Additions during the year	Deduction/ Adj during the year	As on 31st March 10	As on 1st April 09	For the year ended 31st March 10	Deduction/ Adj during the year	As on 31st March 10	As on 31st March 10	As on 31st March 09
<b>Tangible Assets:</b>										
Leasehold Land	35.49	-	-	35.49	4.51	0.35	-	4.86	30.63	30.98
Freehold Land	3.08	1.10	-	4.18	-	-	-	-	4.18	3.08
Factory Building	1,726.10	435.52	18.98	2,142.64	446.84	61.18	1.73	506.29	1,636.35	1,279.26
Plant & Machinery	2,513.13	238.95	33.07	2,719.01	836.35	123.81	0.16	959.99	1,759.02	1,676.78
Laboratory Equipment	19.24	0.90	-	20.14	8.20	0.88	-	9.08	11.06	11.04
Office Equipment	69.94	5.70	28.81	46.83	33.20	11.40	28.81	15.79	31.04	36.74
Computers	90.32	2.93	29.81	63.44	73.15	6.84	29.81	50.18	13.26	17.17
Furniture & Fixures	71.33	20.47	-	91.80	42.34	3.97	-	46.31	45.49	28.99
Vehicles	192.39	127.85	35.48	284.76	71.26	18.74	26.09	63.91	220.85	121.13
<b>Intangible Assets:</b>										-
Trade Marks/Brands	3,257.52	15.49	-	3,273.01	883.11	316.31	-	1,199.42	2,073.59	2,374.41
Goodwill	399.03	-	-	399.03	186.22	79.81	-	266.03	133.00	212.81
<b>TOTAL</b>	<b>8,377.57</b>	<b>848.91</b>	<b>146.15</b>	<b>9,080.33</b>	<b>2,585.18</b>	<b>623.28</b>	<b>86.60</b>	<b>3,121.86</b>	<b>5,958.47</b>	<b>5,792.39</b>
Previous year	8,183.95	269.91	76.29	8,377.57	1,997.85	598.32	10.99	2,585.18	5,792.39	6,186.10
Capital Work-in-Progress & Capital Advances	355.46	308.58	572.43	91.61	-	-	-	-	91.61	355.46
<b>TOTAL</b>									<b>6,050.08</b>	<b>6,147.85</b>

	Rs. in lacs	Rs. in lacs	As at 31-Mar-10 Rs. in lacs	As at 31-Mar-09 Rs. in lacs
<b>SCHEDULE 7</b>				
<b>INVENTORIES</b>				
(As valued & certified by the Management)				
Raw Material			125.71	113.64
Stores, Spares, Packing Materials, etc.			394.71	426.33
Finished Goods			72.31	33.17
Semi-finished goods			339.52	601.62
Trading goods			44.70	88.19
Licences on hand			3.87	90.81
			<b>980.82</b>	<b>1,353.76</b>

	Rs. in lacs	Rs. in lacs	As at 31-Mar-10 Rs. in lacs	As at 31-Mar-09 Rs. in lacs
<b>SCHEDULE 8</b>				
<b>SUNDRY DEBTORS ( Unsecured)</b>				
Over Six months:				
Considered Good			7.99	19.73
Considered Doubtful			14.57	5.27
			22.56	25.00
Others debts			2,391.88	2,066.75
		-	2,414.44	2,091.75
Less Provision for Doubtful Debts			14.57	5.27
			2,399.87	2,086.48
Less: Bills discounted with banks			1,385.05	1,370.49
			<b>1,014.82</b>	<b>715.99</b>
<b>SCHEDULE 9</b>				
<b>CASH AND BANK BALANCES</b>				
Cash on Hand			5.61	2.55
Balances with Scheduled Banks				
in Current Accounts			175.98	312.89
in Fixed Deposits			2,162.09	1,464.23
			<b>2,343.68</b>	<b>1,779.67</b>
<b>SCHEDULE 10</b>				
<b>LOANS &amp; ADVANCES ( Unsecured Considered Good)</b>				
Interest receivable			54.02	19.65
Advance recoverable in cash or in kind or for value to be received- Considered Good	525.33			294.17
Considered Doubtful	44.23			44.56
		569.56		338.73
Staff loan				
Considered Good	36.54			21.53
Considered Doubtful	-			1.28
		36.54		22.81
		606.10		361.54
Less: provided for doubtful advances		44.23		45.84
			561.87	315.70
Inter corporate deposit			850.00	-
Advance payment of Tax net of provisions			14.62	-
Other deposits			58.73	59.34
			<b>1,539.24</b>	<b>394.69</b>

	Rs. in lacs	Rs. in lacs	As at 31-Mar-10 Rs. in lacs	As at 31-Mar-09 Rs. in lacs
<b>SCHEDULE 11</b>				
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>				
<b>Current Liabilities</b>				
Sundry Creditors			251.83	207.89
Other Liabilities			514.54	792.44
Temporary overdrawn bank balance (as per books)			18.35	-
Dealers' Deposits			0.10	0.10
Unclaimed dividend			50.63	42.41
			<b>835.45</b>	<b>1,042.84</b>
<b>Provisions</b>				
For leave encashment			15.40	14.10
For gratuity			55.35	99.03
For taxation			-	12.23
For Proposed dividend			300.00	265.11
For dividend distribution tax			50.97	45.06
			<b>421.72</b>	<b>435.53</b>
			<b>1,257.17</b>	<b>1,478.37</b>
<b>SCHEDULE 12</b>				
<b>MISCELLANEOUS EXPENDITURE</b>				
(to the extent not written off or adjusted)				
Pre-operative expenses			10.08	11.66
			<b>10.08</b>	<b>11.66</b>



## SCHEDULE TO THE CONSOLIDATED PROFIT & LOSS ACCOUNT

	Rs. in lacs	For the period 31-Mar-10 Rs. in lacs	For the period 31-Mar-09 Rs. in lacs
<b>SCHEDULE 13</b>			
<b>SALES</b>			
Export	9,307.03		8,897.25
Local	615.40		431.15
Import licences	407.22		258.05
		<b>10,329.65</b>	<b>9,586.45</b>
<b>SCHEDULE 14</b>			
<b>OTHER INCOME</b>			
<b>Interest received :</b>			
On Fixed Deposits with Banks (Tax deducted at source Rs. 23.06 lacs, Previous year Rs. 21.60 lacs)		194.68	101.03
From Others (Tax deducted at source Rs. 0.34 lacs, Previous year Rs. 0.32 lacs)		22.79	5.79
		217.47	106.82
Miscellaneous Income (Tax deducted at source Rs.Nil, Previous year Rs. 0.38 lacs)		52.89	277.48
Exchange Rate Differences (Net)		505.44	-
		<b>775.80</b>	<b>384.30</b>
<b>SCHEDULE 15</b>			
<b>INCREASE/(DECREASE) IN STOCKS</b>			
Closing Stock:			
Semi-finished goods	339.52		601.62
Finished Goods	72.31		127.98
Licences on hand	3.87		90.81
		415.70	820.41
Opening stock:			
Semi-finished goods	601.62		425.92
Finished Goods	33.17		109.34
Licences on hand	90.81		-
		725.60	535.26
		<b>(309.90)</b>	<b>285.15</b>

	Rs. in lacs	For the period 31-Mar-10 Rs. in lacs	For the period 31-Mar-09 Rs. in lacs
<b>SCHEDULE 16</b>			
<b>MANUFACTURING &amp; OTHER EXPENSES</b>			
<b>Raw Materials Consumed :</b>			
Opening Stock	113.64		147.46
Add : Purchases	2,873.42		2,657.05
Carriage Inward	44.44		36.29
	3,031.50		2,840.80
Less : Closing Stock	125.71		113.64
		2,905.79	2,727.16
Cost of sale of traded goods		607.65	306.78
<b>Consumption of Stores &amp; Packing Materials:</b>			
Opening Stock	426.33		411.41
Add : Purchases	1,454.24		1,434.46
	1,880.57		1,845.87
Less : Closing Stock	394.71		426.33
		1,485.86	1,419.54
Excise Duty		0.64	9.78
Power & Fuel		293.64	299.11
Other Manufacturing Expenses		225.67	244.40
Freezing & preservation Charges		45.00	46.17
Payments to & Provisions for Employees :			
Salaries, Wages & other allowances	435.95		370.78
Contribution to Provident & Other Funds	65.52		62.33
Staff Welfare Expenses	19.86		48.51
		521.33	481.62
Repairs :			
Building	45.45		46.18
Plant & Machinery	43.69		57.02
Others	39.90		32.54
		129.04	135.74
Rent		53.62	25.19
Rates & Taxes		14.33	19.25
Insurance		28.17	28.95
Water Charges		10.11	10.41
Electricity		13.43	12.92
Communication expenses		41.73	47.07
Printing and Stationery		11.37	11.40
Travelling & Conveyance Expenses		252.09	270.34
Motor Car Expenses		20.49	22.06





	Rs. in lacs	For the period 31-Mar-10 Rs. in lacs	For the period 31-Mar-09 Rs. in lacs
Professional Fees		125.89	143.14
Clearing & Forwarding		101.32	108.74
Carriage Outward & Octroi		185.83	180.59
Steamer Freight		412.51	527.65
Discount, Commission & Brokerage		225.19	233.45
Advertisement		321.03	288.48
Sales Expenses		78.35	58.76
Exchange Rate Differences (Net)		-	502.66
Donation		9.76	12.19
Registration & Filing Fees		1.37	0.80
Directors Sitting Fees		3.40	4.30
Loss on Sale of Assets		4.44	12.39
Bad debts		4.20	3.88
Provision for Doubt ful debts & Advances		8.97	18.09
Miscellaneous Expenses (net)		99.47	95.99
		<b>8,241.69</b>	<b>8,309.00</b>
<b>SCHEDULE 17</b>			
<b>FINANCIAL EXPENSES</b>			
Interest to :			
Banks		123.59	162.62
Others		3.11	4.32
		126.70	166.94
Bank Charges		54.68	53.39
		<b>181.38</b>	<b>220.33</b>
<b>SCHEDULE 18</b>			
<b>UNREALISED PROFIT ON INVENTORY</b>			
Unrealized profit on inventory		4.28	26.50
		<b>4.28</b>	<b>26.50</b>
<b>SCHEDULE 19</b>			
<b>TRANSLATION DIFFERENCE</b>			
Translation difference		3.17	3.53
		<b>3.17</b>	<b>3.53</b>

## NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31-03-2010

### SCHEDULE 20

#### PRINCIPLES OF CONSOLIDATION

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

Name of the Company	Country of Incorporation	Proportion of ownership interest & relationship	Financial year-ended
ADF Foods UK Limited	UK	100% Subsidiary of ADF Foods Limited	31 <sup>st</sup> March 2010
Power Brands (Foods) Pvt. Ltd.	India	99% Subsidiary of ADF Foods Limited	31 <sup>st</sup> March 2010
ADF Foods (Mauritius) Limited	Mauritius	100% Subsidiary of ADF Foods Limited	31 <sup>st</sup> March 2010
ADF Foods (India) Ltd.	India	100% Subsidiary of ADF Foods Limited	31 <sup>st</sup> March 2010

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

#### NOTES TO ACCOUNTS

##### **SIGNIFICANT ACCOUNTING POLICIES:**

##### **a. Basis of Preparation:**

The financial statements are prepared under the historical cost convention on the accrual basis of accounting in accordance with accounting principles generally accepted in India

##### **b. Use of Estimates:**

The preparation of financial statements 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. Examples of such estimates include provision for doubtful debts, employee retirement benefit plans, provision for income taxes etc. Changes in estimates are recognized in the year these arise.

##### **c. Fixed Assets:**

##### **Tangible assets:**

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

##### **Intangible assets:**

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

##### **Capital Work in progress:**

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

##### **d. Depreciation:**

##### **Tangible Assets:**

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

##### **Intangible Assets:**

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

**Leasehold land:**

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

**e. Valuation of Stock:**

Stock of raw materials, packing materials, stores and spares and semi-finished goods are valued at weighted average cost. Cost comprises purchase cost including all taxes and duties and factory overheads in the case of semi finished and finished goods.

Traded goods and finished goods are valued at cost or net realizable value whichever is lower.

**f. Staff Retirement Benefits:**

**a) Defined benefit plan:**

The Company accounts for the defined benefit plans such as gratuity, leave encashment, medical reimbursement and leave travel assistance reimbursement on accrual basis. Gratuity in respect of unqualified employees and leave encashment liabilities of all employees have been determined by an actuarial valuation report obtained as at 31<sup>st</sup> March, 2010 and the same is based on Accounting Standard 15 (Revised) issued by the Institute of Chartered Accountants of India.

**b) Defined contribution plan:**

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

**g. Foreign Currency transactions:**

Export sales are recorded by applying the exchange rate as on the date of dispatch.

Any income or loss on account of exchange difference either on settlement or on translation is recognized in the profit and loss account except in cases where they relate to acquisition of fixed asset, in which case they are adjusted to the carrying cost of such assets.

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

**h. Revenue Recognition:**

Sale is recognized on dispatch of goods to customers and is net of sales returns and taxes. Scrap sale is accounted upon sale. 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:**

A provision is recognized when there is a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on management best estimates of the expenditure required to settle the obligation as at the balance sheet date. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate for each such obligation.

A contingent liability is disclosed when there is a possible or present obligation that may, but probably will not, require an outflow of resources unless the possibility of such outflow is remote.

**k. Investments:**

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

**l. Operating lease:**

Assets acquired under finance lease are capitalized at lower of their fair value and the present value of minimum lease payments at the inception of the lease. These assets are depreciated in accordance with the rates stipulated in Schedule XIV of the Companies Act, 1956.

Operating lease payments are for premises taken on lease by the Company; these are recognized as expense in the profit and loss account on accrual basis

## m. Borrowing costs:

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying fixed asset are capitalized as part of the cost of that asset. Other borrowing costs are recognized as expense in the profit and loss account on accrual basis.

## n. Government Grants:

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

## o. Taxation:

Provision for taxation is determined with reference to the results of the financial year at the rates stipulated under Income Tax Act, 1961.

Deferred tax accounting is effected to the extent any deferred tax liability arises on account of reversible timing differences and for deferred tax assets (other than accumulated tax losses and depreciation) if there is reasonable certainty of asset realization. Deferred tax asset relating to unabsorbed tax depreciation and losses are recognized if there is virtual certainty of realization. The deferred tax amounts are determined by using the tax rates and laws that have been substantively enacted as of the Balance Sheet date. These are subsequently reviewed at each year end and restated to reflect possible changes of realizable value.

## l. Share Warrants / Share Capital :

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

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

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

	Rs. in lacs
For expansion / acquisition of fixed assets	1,442.54
Unutilized balance held as Fixed deposits with banks	1,261.81
Total	2,704.35

## 2a. Contingent Liabilities:

	2009-10	2008-09
Letter of credit issued by the banks ( net of margin money)	4.79	12.81
Guarantees issued by the banks (net of margin money)	30.29	11.48
Claims against the Company not acknowledged as debts (net of deposits)	72.71	167.85
Income tax of earlier year	10.27	12.42
Foreign bills purchase	1282.05	1378.75

2b. Unexpired capital commitments (net of advances) 19.98      22.79

3. Depreciation charged to profit & Loss accounts includes depreciation of Rs. 7,55,508/- on revalued factory premises and amortization charges of Rs. 1,96,40,000/- on revalued brands in all aggregating to Rs. 2,03,95,508/-
4. In the opinion of the Board, all Current Assets, Loans and Advances are approximately of the values stated, if realized in the ordinary course of business. The provisions for all known liabilities are adequate and are not in excess of the amounts considered reasonably necessary. Sundry Debtors, Creditors and Loans and Advances are subject to confirmation.
5. 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 a subsidiary company are depreciated by that Company, in accordance with the policy adopted by the Company, resulting in negative net worth in the Balance Sheet of the 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 company as a result of which no further provision is considered necessary in relation to the diminished net worth of that company. The brand depreciation provided by the subsidiary company is recognized as a cost in the consolidated accounts.
6. The Company has not received any intimation from suppliers regarding their status under the Micro Small & Medium Enterprises Development Act, 2006 hence disclosure, if any, relating to amount unpaid as at the year end and together with the interest paid/payable as required under the said Act, have not been given.

7. **Deposits include:**

Interest free security deposit of Rs.15.00 lacs (Previous year Rs. 15 lacs), Maximum balance outstanding during the year Rs. 15.00 Lacs, (Previous year Rs. 15 lacs) paid for guest house taken on lease from 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:

	<b>2009-10 Rs. /Lacs</b>	<b>2008-09 Rs. /Lacs</b>
i) Not later than one year	<b>17.20</b>	17.80
ii) Later than one year and not later than five years	<b>2.00</b>	20.50
iii) Later than five years	<b>45.33</b>	45.83

9. **Deferred Tax:**

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

<b>Particulars</b>	<b>2009-10 Rs. /Lacs</b>	<b>2008-09 Rs. /Lacs</b>
<b>Liability</b>		
Depreciation	504.35	479.58
<b>Total</b>	<b>504.35</b>	<b>479.58</b>
<b>Assets:</b>		
Un funded provision for gratuity and leave encashment	(24.04)	(38.45)
Doubtful advances and debts	(19.10)	(16.93)
Expenditure/provisions allowable	(20.92)	(29.62)
	<b>(64.06)</b>	<b>(85.00)</b>
	<b>440.29</b>	<b>394.58</b>

## 10. Related party transactions:

Sr. No.	Name of the Related Party	Relationship
1.	M.H. Foods Pvt. Ltd.	Some of the Directors of the Company are related to the Directors of the said Pvt. Ltd. Company
2.	Mr. Ramesh H. Thakkar – Chairman	Key Managerial Personnel
2.	Mr. Ashok H. Thakkar – Vice Chairman	Key Managerial Personnel
2.	Mr. Bimal R. Thakkar – Managing Director	Key Managerial Personnel
2.	Mr. Bhavesh R. Thakkar – Executive Director	Key Managerial Personnel
2.	Mr. Mishal A. Thakkar - Employee	Relative of Key Managerial Personnel
3.	Yogiji's NZ Ltd.	Some of the Directors of the Company are related to the Directors of the said Pvt. Ltd. Company.
4.	Yogiji's Christchurch Ltd.	Some of the Directors of the Company are related to the Directors of the said Pvt. Ltd. Company.

### Transactions during the year with Related Parties:

Related party	Relationship Refer note	Description of transaction	Opening balance (Rs.)	Sales/ income during the Year (Rs.)	Receipts / adjustment during the year (Rs.)	Purchases/ expenses (Net) during the year (Rs.)	Payments during the year (Rs.)	Closing balance 31-03-2010 (Rs.)
M.H. Foods Pvt. Ltd.	1	Purchase	- (-)	- (-)	- (-)	36,667 (4,42,466)	36,667 (4,42,466)	- (-)
Ramesh H. Thakkar	2	Deposit	15,00,000 (15,00,000)	- (-)	- (-)	- (-)	- (-)	15,00,000 (15,00,000)
Ramesh H. Thakkar	2	Rent	- (-)	- (-)	- (-)	50,000 (1,00,000)	- (1,00,000)	50,000 (-)
Key Managerial Personnel	2	Directors Remuneration/ Salary	- (-)	- (-)	- (-)	90,08,672 (88,26,096)	84,32,547 (88,26,096)	5,76,125 (-)
Mishal A. Thakkar	2	Salary	- (-)	- (-)	- (-)	4,68,486 (1,20,000)	4,68,486 (1,20,000)	- (-)
Yogiji's NZ Ltd.	3	Sales	9,62,864 (8,83,095)	16,68,746 (25,25,782)	17,38,425 (24,46,013)	- (-)	- (-)	8,93,185 (9,62,864)
Yogiji's Christchurch Ltd.	4	Sales	- (-)	5,96,068 (-)	5,96,068 (-)	- (-)	- (-)	- (-)

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

## 11. a. Financial and derivative instruments :

- i) Contracts entered into by the Company for hedging in US \$ and outstanding as on 31<sup>st</sup> March 2010 amounts to US \$ 72.70 lacs (previous year US \$ 53.55 lacs), equivalent to Rs 3,548.76 Lacs

Contracts entered into by the Company for hedging in UK £ and outstanding as on 31<sup>st</sup> March 2010 amounts to UK £ 6.00 lacs (previous year NIL), equivalent to Rs 68.99 Lacs.

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

In respect of outstanding hedging contracts as given in 'i' above, there is a net unrealized profit of Rs. 280.37 lacs as on 31<sup>st</sup> March 2010 (Previous year loss of Rs 152.83 Lacs) which has been recognized in books of accounts.

## b. Foreign Exchange differences (Net):

Foreign exchange difference credited to profit and loss account includes Profit of Rs. 280.37 lacs (Previous year loss of Rs. 152.83 lacs) on restatement of outstanding hedging contracts at the year end exchange rate.

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

Effective from F.Y. 2009-10, the Company has offered its employees defined benefit plans in the form of Gratuity Scheme. Gratuity Scheme covers all qualifying employees’ as statutorily required under Payment of Gratuity Act, 1972. The Company contributes funds to L.I.C. of India which are irrevocable.

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 31<sup>st</sup> March 2010 :**

**Funded:**

Particulars	2009-10 Rs. /Lacs	2008-09 Rs. /Lacs
Present value of the obligation on 31 <sup>st</sup> March 10	67.74	-
Fair value of the plan assets	78.98	-
Net asset (liability) recognized in Balance Sheet	(11.24)	-

**Unfunded:**

Particulars	2009-10 Rs. /Lacs	2008-09 Rs. /Lacs
Present value of the obligation on 31 <sup>st</sup> March 10	(55.35)	99.03
Fair value of the plan assets	Nil	Nil
Net asset (liability) recognized in Balance Sheet	(55.35)	99.03

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

Particulars	Gratuity Rs. /Lacs (Unfunded)	Leave Encashment Rs./Lacs (Unfunded)
Interest cost from 1 <sup>st</sup> April 09 to 31 <sup>st</sup> March 10	5.42	0.99
Service cost from 1 <sup>st</sup> April 09 to 31 <sup>st</sup> March 10	8.99	7.01
Expected return on plan assets	(3.26)	Nil
Gain / (Loss) recognized up to 31 <sup>st</sup> March 10	(14.48)	0.44
Net gain to be provided as income in Profit & Loss Account	(3.33)	7.56

**c) Actuarial Assumptions:**

**Funded:**

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

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

## 13. Computation of earning per share:

	2009-10	2008-09
Basic earning per share:		
Number of Shares at the beginning of the year	1,78,63,890	1,78,63,890
Issued during the year	23,26,110	-
Number of Shares at the end of the year	2,01,90,000	1,78,63,890
Number of shares (Basic Weighted Average)	1,89,61,433	1,78,63,890
Profit for the year	Rs. 1333.38	Rs.751.29
Basic Earning per Share (Weighted average)	7.03	4.21
Number of shares (Diluted)	1,89,61,433	1,91,73,890
Diluted Earning per Share (Weighted average)	7.03	3.88

## 14. Sales:

	2009-10		2008-09	
Turnover	Qnty. In M.T.	Rs./Lacs	Qnty. in M.T.	Rs./Lacs
Processed & Preserved Food Products	13,058.13	8,879.06	12,493.79	8,513.18
Chilli Powder, Ground and Blended Spices	182.00	225.93	238.92	314.69
Traded Goods *		817.44		500.53
Sale of Import Licenses		407.22		258.05
		10,329.65		9,586.45

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

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

	2009-10		2008-09	
	Qnty. In M.T.	Rs./Lacs	Qnty. In M.T.	Rs./Lacs
Mango, Lemon, Chilli, Vegetables, Oil, Whole Chilli, Tamarind, Salt, Sugar, & Other ingredients	12,960	2,905.79	17,344	2,727.16
Packing Materials *		1,480.10		1,417.08
<b>Total</b>		<b>4,385.89</b>		<b>4,144.24</b>

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

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

	2009-10		2008-09	
	Rs./Lacs	% of Consumption	Rs./Lacs	% of Consumption
Raw Materials consumed:				
Imported	169.03	5.82	16.39	0.60
Indigenous	2,736.76	94.18	2710.77	99.40
	<b>2,905.79</b>	<b>100.00</b>	<b>2,727.16</b>	<b>100.00</b>

	2009-10		2008-09	
	Rs./Lacs	% of Consumption	Rs./Lacs	% of Consumption
Stores & Packing Materials consumed:				
Imported	169.65	11.42	174.24	12.30
Indigenous	1,316.21	88.58	1245.30	87.70
	<b>1,485.86</b>	<b>100.00</b>	<b>1419.54</b>	<b>100.00</b>



**17. Information of each class of goods manufactured:**
**Licensed Capacity, Installed Capacity and Actual Production:**
**a) I) Licensed Capacity (See note no. I)**

	2009-10 Quantity in M.T.	2008-09 Quantity in M.T.
II) Installed Capacity	21,450.00	21,450.00
III) Actual Production:		
Processed & Preserved Food Products	13,156.51	12,554.26
Chilly Powder, Ground Spices	181.52	237.64

**Notes:**

- (1) As the Company is in the Agro based industry category no license is required to be obtained for its capacity.
- (2) As certified by the management.
- (3) Production is not actual but it a derived.
- (4) Due to the nature of food products the factories work for 12 hours per day. Installed capacity is calculated based on effective capacity available of 12 hours per day. In the previous years, the capacity was calculated on 24 hours per day.

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

	2009-10				2008-09			
	Opening Stock		Closing Stock		Opening Stock		Closing Stock	
	Qty/M.T.	Rs./Lacs	Qty/M.T.	Rs./Lacs	Qty/M.T.	Rs./Lacs	Qty/M.T.	Rs./Lacs
Processed & Preserved food Products	75.04	30.36	158.65	71.10	154.76	77.48	75.04	30.36
Chilly Powder, Ground Spices	2.48	2.81	2.00	1.21	3.76	4.15	2.48	2.81
Traded Goods *		88.19		44.71		27.62		88.19
<b>Total</b>	<b>77.52</b>	<b>121.36</b>	<b>160.65</b>	<b>122.87</b>	<b>158.52</b>	<b>109.25</b>	<b>77.52</b>	<b>121.36</b>

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

**c) Purchase of Traded Goods:**

	2009-10 Rs./Lacs	2008-09 Rs./Lacs
Traded Goods *	564.17	367.35
<b>Total</b>	<b>564.17</b>	<b>367.35</b>

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

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

	2009-10 Rs./Lacs	2008-09 Rs./Lacs
Salaries, Allowances & Commission	86.52	70.22
Contribution to Provident and family pension funds	7.42	5.32
Perquisites	3.57	13.23
<b>Total</b>	<b>97.51</b>	<b>88.77</b>

**Note:**

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

## 19. Miscellaneous expenditure includes Auditors' Remuneration:

	2009-10 Rs./Lacs	2008-09 Rs./Lacs
For Audit Fees	7.47	6.16
For Tax Audit Fees	0.50	0.50
For Other Matters	0.53	10.82
For Service Tax	0.54	0.64
<b>Total</b>	<b>9.04</b>	<b>18.12</b>

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

	2009-10 Rs./Lacs	2008-09 Rs./Lacs
Raw Materials / Packing Materials / Traded Goods	374.37	207.27
Capital Goods/ Consumables/ imported parts for machinery repairs	113.28	21.05
<b>Total</b>	<b>487.65</b>	<b>228.32</b>

## 21. Expenditure in Foreign Currency:

	2009-10 Rs./Lacs	2008-09 Rs./Lacs
Traveling Expenses	120.57	111.10
Advertisement	127.94	152.90
Legal & Professional Fees	31.96	68.81
Bank Interest	7.35	9.21
Sales expenses	57.97	20.51
Claims	82.51	112.20
Commission	89.93	112.19
Steamer Freight	176.00	181.96
Capital Advances	-	38.11
Others	6.21	26.62
<b>Total</b>	<b>700.44</b>	<b>833.61</b>

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

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

Particulars	Dividend 2008-09
No. of non-resident Share holders	53
No. of shares held by them	26,94,470
Amount of dividend (15 % i.e. Rs. 1.50 Per Share)	40,44,705

## 23. Earnings in Foreign Currency:

	2009-10 (Rs. in lacs)	2008-09 (Rs. in lacs)
F.O.B. Value of Exports	8,741.34	8,368.91

**24. Segment wise information for the year ended 31<sup>st</sup> March 2010:**

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

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

Notes:

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

- Processed & Preserved Foods.
- Trading Goods.

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

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

Notes:

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

- India.
- Out of India.

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

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

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

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

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

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

For and on behalf of the Board

**Ramesh H. Thakkar**  
Chairman

**Bimal R. Thakkar**  
Managing Director

Mumbai

Date: 20<sup>th</sup> May 2010

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

Particulars	31-Mar-10 Rs. in lacs	31-Mar-09 Rs. in lacs
<b>Segment Revenue</b>		
a) Processed and preserved foods	9,623.28	9,080.31
b) Traded goods	706.37	506.14
<b>Total</b>	<b>10,329.65</b>	<b>9,586.45</b>
Less: Inter Segment revenue	-	-
<b>Net Sales/Income from Operations</b>	<b>10,329.65</b>	<b>9,586.45</b>
<b>Segment Results</b>		
<b>Profit(+)/Loss(-) before tax and interest</b>		
<b>from each Segment wise:</b>		
a) Processed and preserved foods	1,568.99	1,830.75
b) Traded goods	29.11	195.13
<b>Total</b>	<b>1,598.10</b>	<b>2,025.88</b>
Less: Interest	181.38	220.33
Other un-allocated expenditure net off	450.77	1,091.63
Un-allocable income	775.80	384.30
<b>Total Profit before Tax</b>	<b>1,741.75</b>	<b>1,098.22</b>
<b>Capital employed:</b>		
a) Processed and preserved foods	4,958.22	4,702.87
b) Traded goods	75.06	141.49
c) Others un allocated	5,508.35	3,897.71
<b>Total</b>	<b>10,541.63</b>	<b>8,742.07</b>

**Note on segment information:**

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

## CONSOLIDATED SEGMENT REPORTING FOR THE YEAR ENDED

Annexure - 2

Particulars	31-Mar-10 Rs. in lacs	31-Mar-09 Rs. in lacs
<b>Segment Revenue</b>		
a) Domestic	1,022.63	566.51
b) Exports	9,307.02	9,019.94
	<b>10,329.65</b>	<b>9,586.45</b>
Less: Inter Segment revenue	-	-
<b>Net Sales/Income from Operations</b>	<b>10,329.65</b>	<b>9,586.45</b>
<b>Segment Results</b>		
<b>Profit(+)/Loss(-) before tax and interest</b>		
<b>from each Segment wise:</b>		
a) Domestic	233.49	282.31
b) Exports	1,364.61	1,743.57
<b>Total</b>	<b>1,598.10</b>	<b>2,025.88</b>
Less: Interest	181.38	220.33
Other un-allocated expenditure net off	450.77	1,091.63
Un-allocable income	775.80	384.30
<b>Total Profit before Tax</b>	<b>1,741.75</b>	<b>1,098.22</b>
<b>Capital employed:</b>		
a) India	10,541.63	8,742.07
b) Out side India	-	-
<b>Total</b>	<b>10,541.63</b>	<b>8,742.07</b>

### **Note on segment information:**

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

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010**

		31-Mar-10 Rs.(in Lacs)	31-Mar-09 Rs.(in Lacs)
<b>A.</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Net Profit/(Loss) before tax and extraordinary items.		1,741.75
	Adjustment for :		
	Depreciation	623.28	598.32
	Sale of assets	59.55	65.30
		682.83	663.62
	Operating Profit before working capital charges	2,424.58	1,761.84
	Adjustment for :		
	Trade and other receivables	(593.38)	511.58
	Inventories	372.94	(259.72)
	Trade Payables	(221.20)	(37.69)
		(441.64)	214.17
	Cash generated from operations	1,982.94	1,976.01
	Direct taxes paid	(336.98)	(247.85)
	Fringe benefit tax	-	(22.81)
	Previous year's adjustment	(24.19)	(43.23)
	Wealth tax	(1.49)	(0.78)
		(362.66)	(314.67)
	Cash Flow before extraordinary items	1,620.28	1,661.34
	Pre-operative expenses	1.58	1.30
		1.58	1.30
	<b>Net cash from operating activities ( A )</b>	<b>1,621.86</b>	<b>1,662.64</b>
<b>B.</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Purchase of fixed Assets (including capital work in progress)	(585.06)	(509.33)
	Inter corporate deposit	(850.00)	-
	Increase of Reserves	27.09	8.35
	<b>Net Cash used in investing activities ( B )</b>	<b>(1,407.97)</b>	<b>(500.98)</b>
<b>C.</b>	<b>CASH FLOW FINANCING ACTIVITIES</b>		
	Proceeds from borrowings from banks & financial institutions (Net of repayments)	(43.26)	(224.58)
	Increase of Share Capital	232.61	-
	Security Premium	511.74	-
	Unsecured loans from Directors	-	19.44
	Dividend & Corporate Dividend Tax Paid	(350.97)	(310.17)
	<b>Net cash used in financing activities ( C )</b>	<b>350.12</b>	<b>(515.31)</b>
	<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>564.01</b>	<b>646.35</b>
	Cash and cash equivalents at the beginning of the year	<b>1-Apr-09</b>	<b>1-Apr-08</b>
	(Opening Balance)	<b>1,779.67</b>	<b>1,133.32</b>
	Cash and cash equivalents as at	<b>31-Mar-10</b>	<b>31-Mar-09</b>
	(Closing Balance)	<b>2,343.68</b>	<b>1,779.67</b>

Mumbai,  
Date, 20th May 2010

For and on behalf of the Board of Directors  
**RAMESH H. THAKKAR** **BIMAL R. THAKKAR**  
Chairman Managing Director  
**AMIT BATHIA**  
Company Secretary

**AUDITORS' REPORT**

We have verified the above cash flow statement of ADF FOODS LIMITED derived from the audited financial statements for the year ended 31st March 2010 and for the year ended 31st March 2009 and found the same to be drawn in accordance there with and also with the requirements of Clause 32 of the listing agreement with StockExchange.

For D.P. GHEVARIA & CO.  
Chartered Accountants

For V.P. THACKER & CO.  
Chartered Accountants

D.P. GHEVARIA  
Proprietor  
Membership No. 32431

V.P. THACKER  
Partner  
Membership No. 35713

Mumbai,  
Date, 20th May 2010

## ADF FOODS LIMITED

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

### Proxy Form

**Twentieth Annual General Meeting- 28<sup>th</sup> July 2010 at 2.00 P.M.**

Folio No. ....

I/We .....

of .....in the district of

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

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

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

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

as my/our proxy to vote for me/us on my/our behalf at the Twentieth Annual General Meeting of the Company to be held on 28<sup>th</sup> July 2010 at 2.00 PM and at any adjournment thereof.

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

Signature .....

Affix  
Revenue  
Stamp

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

## ADF FOODS LIMITED

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

### Attendance Slip

**Twentieth Annual General Meeting- 28<sup>th</sup> July 2010 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 TWENTIETH ANNUAL GENERAL MEETING of the Company at Sheth Khushaldas Gokaldas Patel Municipal Town Hall, Nadiad – 387001, Gujarat on Wednesday, 28<sup>th</sup> July 2010 at 2.00 PM.

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

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

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

