

Our Recipe For Growth



ADF Foods Ltd
23rd Annual Report
2012-13





FROM THE CHAIRMAN'S DESK

Dear Shareholders,

Warm greetings from ADF. While we are in the business of food, we understand that there is something more important than just the ingredients that you need to make a tasty dish. It is called "passion". And passion is an ingredient that is equally important in all our endeavours of life. Not surprisingly, it's this recipe of passion that we have so diligently pursued to build our own growth story. And one remarkable milestone in this growth journey would be our recent launch of products in Indian market under the brand name ADF SOUL.

But let's trace our journey right from the start. Considering it's small beginnings, ADF has grown remarkably well. Today the company offers a large range of products including, Pickles, Chutneys, Pastes, Ready to Eat Vegetables, Ready to Eat Snacks, Frozen Parathas, IQF Vegetables, Spices, Frozen Continental and Mexican Food, and the like.

In India we worked on a two-pronged strategy of deeper penetration in our existing markets while also expanding our footprint in new markets. This year ADF expanded the depth of it's market and entered new cities across India.

The year witnessed some new exciting product introductions and new category introductions! We entered a new category by making "Wet Masalas" in Extra Virgin Olive Oil under the brand name ADF SOUL. The U.S. operations also saw some new introductions. New burritos were added under the PJ's Organics Brand and some more Ethnic Indian Products such as Kathi Rolls and Indian Style Pizza's – NAANZZA'S under its brand ADF SOUL.

The U.S. operations integration has been going well and the fruits of this will be seen in the years to come!

We are pleased to inform you that we have ended fiscal 2013 with a growth of 15% in rupee terms.

As per Indian GAAP, our consolidated revenues for fiscal 2013 stood at Rs. 179 Crore, a growth of 15% year on year. The profit after tax was Rs. 14 Crore a growth of 120% year on year.

Your Board recommends a 15% dividend to the shareholders marking our 10th anniversary of dividend declaration!

But just like true champions, we are not going to rest on our laurels. ADF is constantly on the lookout for further acquisitions in order to increase its market share, widen its product base and create value for its shareholders.

We would like to take this opportunity to thank all our employees, our Board of Directors, stakeholders, clients, vendors, banks, regulatory and government authorities, stock exchanges and our beloved consumers for their continued trust and support.

With Warm Regards,

Ramesh H Thakkar,
Chairman

BOARD OF DIRECTORS

BOARD OF DIRECTORS	Mr. Ramesh H. Thakkar Mr. Ashok H. Thakkar Mr. Bimal R. Thakkar Mr. Bhavesh R. Thakkar Mr. Nipun C. Shah Mr. Yasir J. Varawala Mr. Vikram S. Munshi Mr. Jay M. Mehta Mr. Viren A. Merchant Mr. Ravinder Kumar Jain	Chairman Vice-Chairman Managing Director Executive Director Director Director Director (resigned w.e.f. 9 th May, 2013) Director Director Director
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SENIOR MANAGEMENT	Mr. Dilip S Golwala Mr. Milroy Fernandes Mr. Dinesh Jaiswal Mr. Raj Roop Singh Mr. Maneck Katpitia Mr. Suman Sinha Mr. Vinayak Vetekar	General Manager – Accounts General Manager – Finance General Manager – Works (Nashik) General Manager –Works (Nadiad) Vice President- International Business Vice President - Sales (India) National Sales Manager
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COMPANY SECRETARY Ms. Shalaka Ovalekar

COUNTRY MANAGERS	Mr. Steve Pezzack Mr. Upinder Thakur Mr. Vimal Bhalla Mr. Prashant Patil	Food Service –UK Ethnic Division- UK & Europe North America Asia Pacific & Africa
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STATUTORY AUDITORS M/s D. P. Ghevaria & Co.
Chartered Accountants
M/s. B S R & Co.
Chartered Accountants

COST AUDITORS M/s Girikrishna S Maniar, Mumbai

INTERNAL AUDITORS M/s. Suresh Gandhi & Associates, Surat
M/s. Pipalia Singhal & Associates

SOLICITORS M/s. DSK Legal

BANKERS State Bank Of Hyderabad
Bank Of Baroda
HDFC Bank Ltd.

REGISTERED OFFICE 83/86 G.I.D.C Industrial Estate,
Nadiad- 387 001, Gujarat, India
Tel.: 0268-2551381 / 2
Fax : 0268-2565068
E-mail: nadiadfactory@adf-foods.com

CORPORATE OFFICE Sadhana House , Unit 2 B, 2nd Floor,
570, P.B. Road, Worli, Mumbai 400 018, India
Tel.:022-6141 5555
Fax: 022-6141 5577
E-mail: info@adf-foods.com
website: www.adf-foods.com

REGISTRAR AND SHARE TRANSFER AGENTS LINK INTIME (INDIA) PRIVATE LIMITED
(Formerly known as Intime Spectrum Registry Limited)
C-13, Pannalal Silk Mills Compound, L.B.S. Marg,
Bhandup (W), Mumbai- 400 078, India
Tel.: 022-25963838,
Fax.: 022-25946969
E-mail: rnt.helpdesk@linkintime.co.in
website : www.linkintime.co.in

CONTENTS	
Board of Directors	1
Notice	2
Directors' Report	7
Management Discussion and Analysis Report	13
Report on Corporate Governance.....	16
Independent Auditors' Report	29
Balance Sheet	32
Profit & Loss Account.....	33
Notes on Financial Statements.....	34
Notes on Significant Accounting Policies forming part of the Financial Statements	47
Cash Flow Statement	57
Balance Sheet abstract.....	59
Statement Pursuant to Section -212.....	60
Independent Auditors' Report on the Consolidated Financial Statements.....	61
Consolidated Balance Sheet.....	62
Consolidated Profit & Loss Account	63
Notes on consolidated Financial Statements	64
Notes on Significant Accounting policies forming part of the Consolidated Financial Statements.....	77
Consolidated Cash Flow Statement.....	87
Statement Pursuant to Section -212(8).....	89
Attendance Slip/Proxy Form	

23rd Annual General Meeting

Wednesday, 31st July, 2013 at 2.00 PM.

At Ipcowala Banquet Hall, Near Amba Ashram Mandir, College Road, 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 23RD ANNUAL GENERAL MEETING

NOTICE is hereby given that the **Twenty Third Annual General Meeting** of **ADF FOODS LIMITED** will be held at Ipcowala Banquet Hall, Near Amba Ashram Mandir, College Road, Nadiad- 387 001, Gujarat on Wednesday, 31st July, 2013 at 2.00 PM to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2013 and the Profit and Loss Account for the year ended on that date along with the Reports of the Directors and Auditors thereon.
2. To declare dividend on equity shares for the year ended 31st March 2013.
3. To appoint a Director in place of Mr. Bhavesh R. Thakkar who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Viren Merchant who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr. Ravinder Kumar Jain who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint Auditors and to authorise the Board of Directors to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as an **Ordinary Resolution** :

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

SPECIAL BUSINESS

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

RESOLVED THAT pursuant to the provisions of Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956, ("the Act") the consent of the members be and is hereby accorded to mortgage and/or create charge including the existing charge so far created in favour of Lenders, in such form and manner and with such ranking and at such time and on such terms as the Board of Directors (hereinafter referred to as the "Board") may determine, on all or any of the movable and/or immovable properties of the Company, both present and future and/or the whole or any part of the undertaking(s) of the Company together with the power to the lender(s), agent(s) and trustee(s) to take over the management of business and concern of the Company in certain events of default for securing the borrowings of the Company availed/to be availed by way of loan(s) (in foreign currency and/or rupee currency) upto the limits approved under Section 293 (1) (d) of the Act together with interest at the respective agreed rates, additional interest, in case of default, accumulated interest, liquidated damages, commitment charges, premium on prepayment, remuneration of the agent(s) and/or trustee(s), all other costs, charges and expenses, and all other monies payable by the Company in terms of the Loan Agreement(s), Agreement(s), or other Agreements or any other document, entered into/to be entered into between the Company and the lender(s)/agent(s) and/or trustee(s), in respect of the said loans/ borrowings and continuing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board and the lender(s), agent(s) and/or trustee(s).

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of Directors or the Managing Director or any Director or any other Officer or Officers of the Company to give effect to this resolution.

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself/ herself and such proxies need not be members. In order to be valid, proxy forms duly complete in all respects, should be lodged with the Company at its Registered Office not later than forty-eight hours before the commencement of the meeting.
2. An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 relating to special business to be transacted at the meeting is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, 20th July, 2013 to Wednesday, 31st July, 2013 (both days inclusive).
4. The dividend, if any, which may be declared, shall be payable on or before Tuesday, 27th August, 2013 to those Members of the Company whose names appear:-
 - a) as Beneficial Owners as at the close of the business hours on Friday, 19th July, 2013 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, 19th July, 2013 in respect of shares held in physical form.
5. The Securities and Exchange Board of India (SEBI) and Reserve Bank of India (RBI) have advised all listed companies to mandatorily use the Electronic Clearing Services (ECS) mandate facility wherever possible for payment of dividend to the Members. In view of this stipulation, the Company has implemented the ECS facility. Members holding shares in physical form are requested to provide the Company with ECS details for crediting the future dividend payment directly to their respective bank accounts. The Company shall be able to co-ordinate with the bankers only on receipt of necessary information. The Members holding shares in electronic form may instruct their DPs accordingly.
6. Members are hereby informed that dividends for the Financial Year 2005-06, 2006-07 (Interim), 2006-07 (Final), 2007-08 (Interim), 2007-08 (Final), 2008-09, 2009-10, 2010-11, 2011-12 remaining unpaid or unclaimed over a period of seven years from the date of transfer of such dividends to the respective Unpaid Dividend Account of the Company have to be transferred by the Company to the Investor Education and Protection Fund (IEPF) pursuant to Sections 205A and 205C of the Companies Act, 1956.

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

Year	Type of Dividend	Dividend per share	Date of Declaration	Due date for transfer to IEPF
2005-06	Final	Re. 1	16 th August 2006	14 th September, 2013
2006-07	Interim	Re. 1	21 st March 2007	21 st April, 2014
2006-07	Final	Re. 1	29 th September 2007	30 th October, 2014
2007-08	Interim	Re. 1	30 th November 2007	29 th December, 2014
2007-08	Final	Re. 1	9 th June 2008	09 th July, 2015
2008-09	Final	Rs. 1.50	17 th June 2009	16 th July, 2016
2009-10	Final	Rs. 1.50	28 th July 2010	28 th August, 2017
2010-11	Final	Rs. 1.50	15 th July 2011	17 th August, 2018
2011-12	Final	Rs. 1.50	8 th August 2012	9 th September, 2019

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

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

Pursuant to the provisions of Investor Education & Protection Fund (Uploading of Information regarding unpaid & unclaimed amounts lying with Companies) Rules, 2012, the Company has uploaded the details of unpaid & unclaimed amounts lying with the Company as on 8th August, 2012 (date of the last Annual General Meeting) on the website of the Company, as also on the Ministry of Corporate Affairs website.

7. Members holding shares in the same set of names under different ledger folios are requested to apply for consolidation of such folios along with relevant share certificates to the Company's Registrar & Transfer Agents.
8. Members holding shares in physical form are requested to send the change in address/status, if any, immediately to the Company's Registrar & Transfer Agents.
9. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/Registrar & Transfer Agents.
10. Members who would like to ask any questions on the accounts are requested to send their questions to the Registered Office of the Company atleast 10 days before the Annual General Meeting to enable the Company to answer their queries satisfactorily.
11. The Members or proxies are requested to bring the attendance slip duly filled in and signed for attending the meeting. They are also requested to bring their copies of Annual Report to the Annual General Meeting.
12. The Company has paid applicable Listing fees upto date including for F.Y. 2013-2014 in BSE Limited and National Stock Exchange of India Limited.

By order of the Board
For ADF FOODS LTD

Shalaka Ovalekar
Company Secretary

Regd. Office :

83/86 GIDC Industrial Estate, Nadiad 387001, Gujarat
Mumbai, 30th May, 2013

ANNEXURE TO NOTICE DATED 30TH MAY, 2013

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

(1) Mr. Bhavesh R. Thakkar

Mr. Bhavesh R. Thakkar (age: 40) is the Executive Director of ADF Foods Ltd. He has over 2 decades of experience in this industry and has played an instrumental role in the management of the day to day financial and administrative affairs of the Company. He has also been a stalwart for setting up new factories as EOU divisions at Nashik & Nadiad.

Presently, Mr. Bhavesh R. Thakkar holds 11,76,450 shares of Rs. 10/- under his individual folio.

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

Company	Position	Committee Memberships	
		Committee	Position
ADF Foods (India) Limited	Director	Nil	Nil
Power Brands (Foods) Pvt. Ltd [under Voluntary liquidation]	Director	Nil	Nil

(2) Mr. Viren Merchant

Mr. Viren Merchant (age:47) has an experience over 17 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 manufacture of tablets, capsules and syrups.

Presently, Mr. Viren Merchant holds 50,000 shares under his individual folio.

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

Company	Position	Committee Memberships	
		Committee	Position
Encore Natural Polymers Private Limited	Director	Nil	Nil
ZYG Pharma Private Limited	Vice Chairman	Nil	Nil
Saidarshan Business Centres Private Limited	Director	Nil	Nil
Encore Healthcare Private Limited	Director	Nil	Nil
Encore Business Centre Private Limited	Director	Nil	Nil
Encore Polyfrac Products Private Ltd	Director	Nil	Nil

(3) Mr. Ravinder Kumar Jain

Mr. Ravinder Kumar Jain, (age: 66), is a Chemical Engineer from IIT, Delhi and has done a Post Graduate Diploma in Business Administration from IIM, Ahmedabad.

He started his career in 1971 with Warner Hindustan Ltd., a pharma company as a Product manager. He joined UB Group in 1974 as Brand Manager (Wines & Spirits) in Herbertsons Ltd. and moved on to Head of McDowell and Co., another group company. In 1992, he joined Shaw Wallace Ltd. as Managing Director which position he held until he left in 1999. Thereafter he was Managing Director of Millennium Alcobev Pvt. Ltd. a joint Venture (JV) of Scottish & Newcastle, a British company, UB Group and himself. In 2006, he exited the JV by selling his stake to his other partners. At present Mr Jain is one of the promoters of Vallee de Vin Pvt Ltd, a company engaged in manufacture, branding and distribution of wines under the brand names of Zampa and One Tree Hill. Vallee de Vin Pvt Ltd would be merged with Grover Vineyard Ltd. subject to approval of merger petition by the Hon'ble Bombay High Court. Grover Vineyard Ltd. owns famous brands such as Grover La Reserve and Grover Art Collection. Mr. Ravinder Kumar Jain has been appointed as the Chief Executive Officer of the merged entity. He has very wide experience of managing large conglomerates.

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

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

Company	Position	Committee Memberships	
		Committee	Position
Grover Vineyards Limited	Director	Nil	Nil
Nector Ramco Trading Private Limited	Director	Nil	Nil
Brovel Trading Private Limited	Director	Nil	Nil
Newera Milestone Trading and Investments Private limited	Director	Nil	Nil
Acrra Investments Private limited	Director	Nil	Nil
Orange City Properties Private Limited	Director	Nil	Nil
Noble Feedback Computers Private Limited	Director	Nil	Nil
Vallee de Vin Private Limited	Director	Nil	Nil
Spirit Marketing Private Limited	Director	Nil	Nil

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item no. 7 :

The Company in its ordinary course of business has already borrowed money and may also require to borrow money in future by mortgaging/ charging its moveable and/or immovable assets in favour of the lender(s). Section 293(1)(a) of the Companies Act, 1956, inter alia, provides that the Board of Directors of a Public Limited Company shall not, without the consent of the Company in the general meeting, sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking of the Company. Since the deed creating mortgage and/or charge by the Company of its movable and/or immovable property in favour of the lender(s) provides for/ may provide for conferring the powers to lender(s), agent(s) and trustees to take over the management of the business and concern of the Company in the event of default by the Company in fulfilment of its financial obligations, it is necessary to obtain members' approval under section 293(1)(a) of the Companies Act, 1956.

Hence, your Board recommends the resolution for approval.

None of the Directors are interested in the above resolution.

By order of the Board.
For ADF FOODS LTD.

Shalaka Ovalekar
Company Secretary

Registered Office:
83/86 GIDC Industrial Estate,
Nadiad 387 001, Gujarat
Mumbai, 30th May , 2013

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Twenty Third Annual Report together with the Audited Financial Statements for the year ended 31st March 2013.

FINANCIAL RESULTS

The performance of the Company for the financial year ended 31st March 2013 is summarized below:

(Rs. in Lakhs)

Particulars	2012-13	2011-12
Revenue from Operations (Net)	12,969.15	11,248.25
Other Income	340.36	262.76
Total Income	13,309.51	11,511.01
Less: Total expenditure		
Manufacturing & Other Expenses	11,478.58	9,198.53
Depreciation	414.56	467.23
Financial Expenses	162.57	124.35
Profit from ordinary activities after finance cost but before exceptional items	1,253.80	1,720.90
Exceptional Items	719.75	-
Profit before tax	1,973.55	1,720.90
Provision for taxation	289.02	362.12
Deferred tax (Assets) / Liabilities	125.96	195.75
Net Profit (+) / Loss (-)	1,558.57	1,163.03
Prior Period adjustments (Net off)	-	3.18
Net Profit(+) / Loss(-)	1,558.57	1,166.21
Balance brought forward	5,503.49	4,749.44
Dividend declared/ paid	330.00	303.00
Tax on dividend	56.10	49.16
Transfer to General Reserve	80.00	60.00
Balance Carried to the Balance Sheet	6,595.96	5,503.49
EPS (Basic)	7.59	5.77
EPS (Diluted)	7.59	5.45

Previous years figures have been re-grouped wherever necessary

FINANCIAL PERFORMANCE

Standalone results

During the year under review, your Company has recorded revenue from operations (net) of Rs. 129.69 Crore as against Rs. 112.48 Crore in the previous year recording an increase of 15% over the previous year. The Net profit (after tax, exceptional and extra ordinary items) for the financial year ended 31st March 2013 is Rs. 15.58 Crore as against Rs. 11.66 Crore in the previous year.

Consolidated Results

Your Company's revenue from operations (net) is Rs. 178.95 Crores as against Rs. 155.88 Crores in the previous year recording an increase of 15% over the previous year. The Net profit (after tax, exceptional and extra ordinary items) for the year is Rs. 14.04 Crores, as against Rs. 6.37 Crores in previous year recording an increase of 120% over the previous year.

WARRANTS

During the year, the Promoters had exercised their option to convert the outstanding 18,00,000 warrants on 23rd January, 2013 out of the 20,00,000 warrants issued on Preferential Basis on 29th July, 2011. After the said conversion, there are no outstanding warrants left to be converted with the Company. The proceeds of the Warrants/Equity Shares issued by Company are being used for the purpose for which they have been raised.

DIVIDEND

Your Directors are pleased to recommend a Dividend of Rs. 1.5 per share (i.e. @ 15 %) for the year ended 31st March 2013. The dividend payout, if approved, will result in outflow of Rs. 386.10 Lakhs inclusive of Rs. 56.10 Lakhs on account of Dividend Distribution Tax.

BUSINESS DEVELOPMENT

The Domestic market:

During the year, your Company has expanded its distribution network in Uttar Pradesh, Delhi and Bangalore in addition to its existing presence in Mumbai, Pune, Gujarat and Madhya Pradesh. The 'ADF SOUL' brand has its presence in almost 30,000 grocery outlets across India. The modern trade business has shown remarkable growth during the year and the products are listed and sold in approximately 80% of the major supermarket chains in the cities where we are present. The recent additions in the product line are the all new 'WET MASALAS' range of products made with extra virgin olive oil which have been initially launched in Gujarat and Mumbai markets. The current range of ADF SOUL products include pickles in olive oil, traditional pickles, Ready to eat foods, Kesar Mango Pulp, Pizza Sauces and Pasta sauces. The Company's motivated sales force has been making constant efforts to increase the penetration of the products on retail shelves. In order to drive a long-term sustainable growth through brand building, the Company plans to do a significant increase in its investments in advertisement, sales promotion and marketing activities during next two financial years.

Expansions :

Your Company's Greenfield project in Nadiad which is spread over 45,000 square feet., would be operational by end of the financial year 2013-14 and the same would increase manufacturing capacity of the Company's core products such as pickles, pastes and chutneys. The approximate project cost would be Rs 20 crores.

U.S. Operations:

The Company's acquired business of Elena's Food Specialties has turned profitable at EBITDA level. The Company is confident of generating better results in the years to come.

During the year, the Company has introduced four new burritos under the brand PJ's Organics. The Company has also introduced a unique range of protein based Ethnic Indian foods such as Kathi Rolls and Indian style Pizzas called NAANZZA under its brand 'ADF SOUL'. These products are made in the U.S. Facility and are going to be exported to the Gulf market in addition to being sold in USA and Canada. During the year, your Company also participated in the Gulf Food show and has received a very encouraging response.

The Company continues to maintain strategic focus on improvement in the product mix, product rationalization, greater marketing synergies and cost-efficiency throughout the organization.

TECHNOLOGY AND QUALITY

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i). that in the preparation of the annual accounts for the financial year ended 31st March 2013, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii). that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit of the Company for the year under review;
- (iii). that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv). that the Directors have prepared the accounts for the financial year ended 31st March 2013 on a 'going concern' basis.

LISTING OF SHARES :

The Company's shares are actively traded on BSE Limited (BSE) and National Stock Exchange of India Limited (NSEIL).

CORPORATE GOVERNANCE

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

DIRECTORS AND SENIOR MANAGEMENT

Mr. Vikram Munshi, Non Executive Independent Director, resigned from the Board of Directors of the Company w.e.f. May 09, 2013. The Board has placed on record its deep appreciation of Mr. Munshi's contribution during his long association with the Company.

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

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

The Company has appointed Mr. Milroy Fernandes as the General Manager- Finance and Mr. Maneck Katpitia as Vice-President (International Business) in the month of November, 2012. The Company is positive of benefiting from their varied experience and expertise.

AUDITORS AND THEIR REPORT

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

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

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

COST AUDIT

As per the Central Government Order dated 24th January, 2012, the Company is required to get its cost accounting records, in respect of each of its financial years commencing on or after 1st April, 2012, audited by a cost auditor. The Board of Directors of the Company appointed M/s. N.Ritesh & Associates , Cost Accountants, as the Cost Auditor of the Company for the year ended 31st March, 2013. The Cost Audit Report for the year ended 31st March, 2013, will be submitted to the Central Government in due course.

M/s Girikrishna S Maniar, Cost Accountants, have been appointed as the Cost Auditors for the Company by the Board of Directors in their meeting held on 30th May, 2013 to conduct the cost audit for the Financial Year ended 31st March, 2014.

INTERNAL AUDIT

M/s. Suresh Gandhi & Associates , Surat, and M/s. Pipalia Singhal & Associates, Mumbai , Chartered Accountant Firms, have been associated with your Company as its internal auditor.

RISK MANAGEMENT

During the year your Company has adopted the Business Risk Management System (BRMS) for mitigating various risks associated and identified across all levels within the organization. This model is based on ISO 31000. BRMS would enable the management to review the business risks on periodical basis and to bring the high risk areas to the immediate attention of the Board.

ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

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

TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividends pertaining to financial year 2004-05 amounting to Rs. 597,530/- which remained unpaid or unclaimed for a period of 7 years was transferred by the Company to the Investor Education and Protection Fund.

PARTICULARS OF EMPLOYEES

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

SUBSIDIARY COMPANIES

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

Power Brands (Foods) Private Limited:

M/s Power Brands (Foods) Pvt. Ltd, 99.99% Subsidiary of the Company, has undergone Voluntary Liquidation vide Special resolution passed by the Members' on 5th November, 2012.

In accordance with the general circular issued by the Ministry Of Corporate Affairs, Government Of India, the annual accounts of the subsidiary companies are not being attached with the financial statements of the Company. The Company will make available the Annual Accounts of the subsidiaries and the related detailed information to any Member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies shall also be kept for inspection by any shareholders in the head office of the holding company and of the subsidiaries concerned. Further as required under Listing agreement with the Stock Exchanges, a consolidated financial statement of the Company and all its subsidiaries is attached. We believe that the consolidated accounts present a full and fair picture of the state of affairs and the financial conditions and are globally accepted.

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

CASH FLOW STATEMENT

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

CONSOLIDATED ACCOUNTS

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

DEPOSIT

Your Company has not accepted any deposit within the meaning of Section 58A of the Companies Act, 1956 during the financial year 2012-13.

HUMAN RESOURCE AND EMPLOYEE RELATIONS

The Company has always perceived its Manpower as its biggest strength. The emphasis was on grooming in-house talent enabling them to take higher responsibilities. The Employee relations continue to be cordial at all the divisions of the Company. Your Directors place on record their deep appreciation for exemplary contribution of the employees at all levels. Their dedicated efforts and enthusiasm have been integral to your Company's steady performance.

ACKNOWLEDGEMENTS

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

For and on Behalf of the Board of Directors

Ramesh H Thakkar
Chairman

Registered Office:

83/86, G.I.D.C. Industrial Estate, Nadiad- 387 001,
Gujarat. Mumbai, date 30th May, 2013

ANNEXURE TO DIRECTORS' REPORT

ANNEXURE I

Information under section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2013

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 :-

	2012-13	2011-12
I Electricity		
a. Purchased Units (KWH)	2,967,165	2,848,576
Total Amount (Rs.)	20,703,389	19,013,116
Average Rate/Unit (Rs.)	6.98	6.67
b. Own Generation		
i. Through Diesel Generator	N.A.	N.A.
Units (KWH)		
Units/Lt.of Diesel		
Cost/Unit (Rs.)		
ii. Through Steam Turbine/Generator	N.A.	N.A.
2 Agro waste & Fire Wood:		
Quantity (kgs)	744,965	865,755
Total Amount (Rs.)	3,375,155	3,639,093
Average Rate/KL (Rs.)	4.53	4.20
3 Fuel Furnace Oil + Light Diesel		
Quantity (K.L.)	290,762	310,397
Total Amount (Rs.)	11,989,054	10,845,350
Average Rate/KL (Rs.)	41.23	34.94
4 Others/internal Generation	N.A.	N.A.

(B) Consumption per unit of production:

Products (with details)

Unit , Electricity, Furnace oil, Agro waste, Coal (specify quantity)
 Since the Company manufactures several items viz. Pickles, Chutneys, Pastes, Frozen Foods, Retorts, Ready to eat and other food stuffs, it is impracticable to apportion the utilities.

B. Technology Absorption, Research and development (R&D)**FORM B**

Form for disclosure of particulars with respect to absorption
Research and Development (R & D)

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

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

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

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

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

4. Expenditure on R&D

	2012-13	2011-12
	Rs.	Rs.
(a) Capital	10,423	7,345
(b) Recurring	1,019,223	863,723
(c) Total	1,029,646	871,068
(d) Total R&D expenditure as a percentage of total turnover	0.0851%	0.0817%

Technology Absorption. Adaptation and Innovation

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

The Company upgraded its technology at Nadiad to world class standard.

At Nasik, the Company has improved state of the art machinery for manufacture of spices and masalas.

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

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

C. Foreign Exchange Earnings and outgo:

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

2. Total Foreign Exchange used and earned:

	2012-13	2011-12
	Rs. (in lacs)	Rs. (in lacs)
Total Foreign Exchange Earned	10801.43	9767.46
Total Foreign Exchange Used	929.96	783.69

For and on behalf of the Board of Directors

RAMESH H. THAKKAR
Chairman

Registered office :

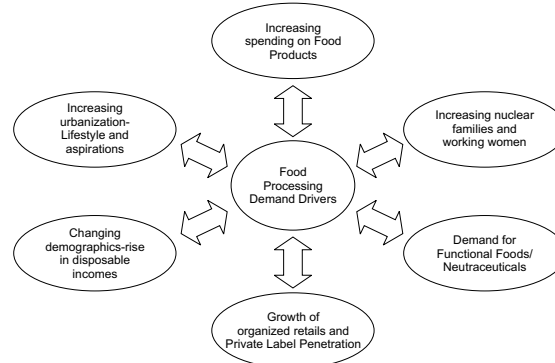
83/86, G.I.D.C. Industrial Estate, Nadiad-387 001, Gujarat
Date, 30th May, 2013

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

I. Industry Structure and Developments

People across the globe are increasingly becoming conscious of dietary care and its correlation to wellness. Matching new pace to their lives with improved nutritional and dietary habits is every person's desire. This new awareness has seen consumers seeking food that complements their lifestyle while offering convenience, variety and economy, over and above health and nutrition.

Indian Food Processing Sector – Growth Potential :



(Source : MoFPI – Annual Report 2011-12)

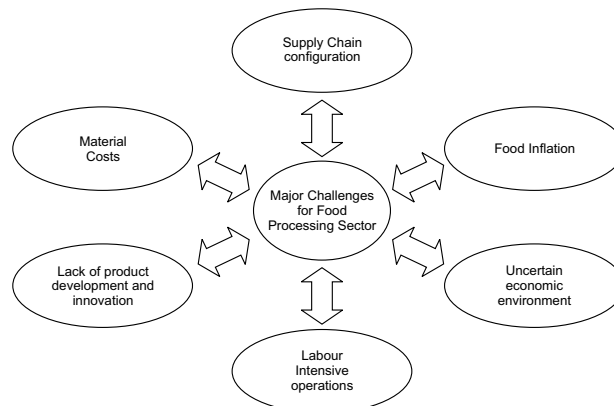
As observed over the years, India is one of the largest producers and consumers of food in the world. Indians spend around 35 % of their total earnings on food - \$300 billion annually that will grow to about \$900 billion by 2020, a Boston Consulting Group report 'India Food Processing: Mission 2020' said. The ever increasing demand for ready to eat and convenience food provides ample scope for retail food sector in India.

The Vision 2015 Action Plan of the Ministry of Food Processing Industries (MoFPI) aims at trebling the size of the food processing industry and enhancing India's share in global food trade from 1.5 per cent to 3 per cent.

The Indian food processing industry has attracted foreign direct investments (FDI) worth US\$ 1,681.97 million between April 2000 to December 2012, according to the latest data published by Department of Industrial Policy and Promotion (DIPP).

Indian Food Processing Sector – Impediments:

Simultaneously the Food Processing Sector in India has been facing certain major challenges such as :



(Source : MoFPI – Annual Report 2011-12)

2. Opportunities, Threats and General Business Outlook

The Company is engaged in the manufacturing and export of various Indian Processed foods. The range of Company's products includes Meal Accompaniments (Pickles, Pastes, Chutneys), Ready-to-eat Curries, Canned Vegetables in Brine, Frozen Foods, Spices in whole and ground form, IQF Indian Vegetables, Frozen Parathas, Frozen Continental and Mexican Foods, etc.

Continuing with its passion to discover potential areas for penetration, the Company is tapping new markets and constantly innovating and renovating the products in its portfolio to meet changing trends and preferences of the Global consumers. The Company has well established brands and strong distribution networks in Europe, USA, Middle East Countries, Australia, Canada and Asia.

Your Company successfully sustains the position it has enjoyed over the years in the processed food industry.

The Domestic Market:

During the year, the Company has expanded its distribution network in Uttar Pradesh, Delhi and Bangalore in addition to increasing the width and depth in Mumbai, Pune, Gujarat and Madhya Pradesh. The products are being sold in traditional grocery stores and also in major supermarkets. The modern trade business has shown remarkable growth during the year.

The recent additions in the product line are the all new 'WET MASALA' range of products made with extra virgin olive oil under the umbrella brand of 'ADF SOUL'. These have been initially launched in Gujarat and Mumbai markets.

U.S. Operations:

During the year, the Company has introduced four new burritos under its brand PJ's Organics. The Company has also introduced a unique range of protein based Ethnic Indian Foods such as Kathi Rolls and Indian Style Pizza's called NAANZZA under its brand 'ADF SOUL'. These products are made in the U.S. Facility and are going to be exported to the Gulf market in addition to being sold in USA and Canada .

SWOT analysis :

The Company's **strengths** include a wide range of products from treats to healthy eats at affordable price, ongoing product up-gradation based on feedback on consumer insights ,a dedicated team force , strong distribution network that allows wide reach and coverage in target markets.

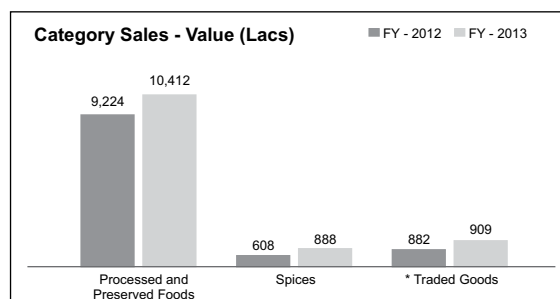
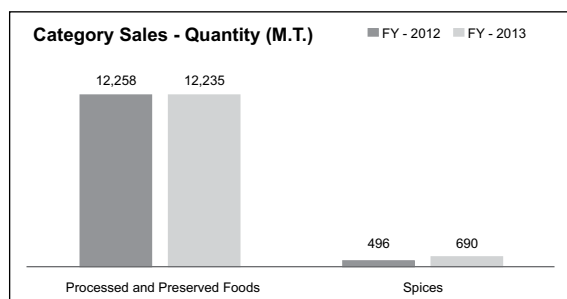
The continuing **factors posing as hindrances** for the Company are the complex supply chain configuration, the Labour intensive operations, and ever rising costs. Irrespective of these factors, the Company is driven by the strength to meet the customer expectations and the same is evident with the market response. The Company constantly explores **opportunities** to develop more products that provide nutrition, health and wellness at affordable prices.

The Business risks or **threats** faced by the Company are mainly lack of adequate external infrastructure, increase in the prices of raw materials, packing material and fuel, non availability of raw materials, exchange rate fluctuations, changes in fiscal benefits/laws. Also, the industry growth is largely affected by lack of integrated supply chain. The intense competition faced from established brands in the organized sector and numerous players in unorganized sector does impact the growth to an extent of the business.

3. Product-wise Performance

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

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



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

4. Risks and Concerns

The Company is always working to alleviate the business risks by strategizing the measures for risk prevention. During the year, your Company has formulated and laid down Business Risk Management System which would further enable detection and monitoring of the business risks on a continuous basis. However, there are certain potential risks being more industry oriented and the management strongly feels the same could be mitigated by having a systematic decisions and measures. These industry oriented risks are as listed below :

- **Food Inflation:**

Food Inflation can now be closely associated with the performance of the Food Industry in India. Its correlation to the overall performance of the Company is customary. Food inflation comprising primary food articles and manufactured food products was at 9.05 per cent in Q3 of 2012-13 reported significantly higher than the 5.30 per cent in Q4 of 2011-12. In spite of being impacted by the inflationary indexes and its repercussions, the Company has been able to drive satisfactory results by managing its operational margins.

- **Raw Material prices and operating expenses**

Raw Material is a very crucial cost for the Company's products. Any increase in the prices of core raw materials, would adversely affect the Company's operating results. The Company is adopting best possible measures to keep operating expenses as much under control and also working on better product mix to maintain the margins.

- **Competition**

Competition, generally perceived as the 'game changing risk' is a critical area in Food industry sector. With players continuously entering both the organized as well as unorganized sector, it is bound to increase the pressure on pricing strategies and the demand for Company's products. There is an apparent rise in the number of international food franchises getting their foothold in India. Even with this, the management is positive to outperform with its performance.

- **Exchange Rate Fluctuation**

The Company being engaged in exports, derives approximately 94% of its revenue from export sales. An appreciation of the Indian Rupee can adversely impact the Company's exports. The Company manages this financial risk through booking of forward contracts in the range of approximately 50% of our projected sales.

5. Internal control systems and their adequacy

Identification and monitoring the internal control systems play a crucial role in an organization. The Company has a well established system of internal controls, and its adequacy is constantly supervised by the Management. The internal control system implemented by the Company strikes at achieving efficiency in operations, optimum utilization of resources and effective monitoring thereof and compliance with all applicable laws and regulations. Regular audits are conducted by the external agencies at the all the units of the Company in order to ensure the effectiveness and suggest areas of improvement and strengthening. These frequent audits held the Company to identify, gauge and thereby administer the areas where further improvement can be undertaken. The Audit Committee of the Board reviews the adequacy of internal controls.

6. Financial performance with respect to operational performance

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

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

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

The relationships with employees have been cordial and operations at the factory uninterrupted. Measures for safety of employees, welfare and development continue to receive top priorities. The Company has 320 employees as on 31st March, 2013.

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.

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

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

II. BOARD OF DIRECTORS

A. COMPOSITION & MEETINGS

The Board of Directors of your Company represents an optimum mix of professionalism, knowledge and experience. As on 31st March, 2013, the total strength of the Board of Directors of the Company was Ten Directors comprising Four Executive Directors and Six Non-Executive Independent Directors. Your Company immensely benefits from the professional expertise of the Independent Directors in their individual capacity as Independent Professionals/ entrepreneurs and through their valuable experience in achieving corporate excellence. The Non-executive Directors are eminent professionals/ entrepreneurs with wide range of knowledge and experience in business, industry, finance and law.

The composition of the Board, their attendance at the meeting, their Directorship and Memberships of Committees in other Companies as on 31st March, 2013 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	6	4	YES	-	-
Mr. Ashok H Thakkar	Vice Chairman Executive Director Promoter	6	4	YES	1	-
Mr. Nipun C Shah	Director Non Executive Independent	6	4	YES	1	-
Mr. Yasir J Varawala	Director Non Executive Independent	6	4	YES	1	-
Mr. Vikram Munshi (resigned w.e.f. 09 th May, 2013)	Director Non Executive Independent	6	1	NO	5	-
Mr. Jay M Mehta	Director Non Executive Independent	6	4	NO	7	2

Mr. Viren Merchant	Director Non Executive Independent	6	4	NO	-	-
Mr. Bimal R Thakkar	Managing Director Promoter	6	6	YES	3	1
Mr. Bhavesh R Thakkar	Executive Director Promoter	6	3	YES	1	-
Mr. Ravinder Kumar Jain	Director Non Executive Independent	6	6	NO	1	-

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

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

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

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

Disclosure of the number of equity shares of the Company held by Non Executive Directors as on 31st March 2013:

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

* In addition to the above, Mr. Yasir Varawala holds 2,000 shares, Mr. Viren Merchant holds 18,500 shares and Mr. Nipun C Shah holds 4,750 shares as joint holders.

B. DETAILS OF SITTING FEES, REMUNERATION, ETC. PAID TO DIRECTORS FOR THE YEAR ENDED 31ST MARCH 2013.

Non-Executive Directors are eligible for only sitting fee not exceeding the limits prescribed under the Companies Act, 1956. The Independent Directors were paid sitting fees @ Rs. 15,000/- for attending every meeting of the Board and Rs. 10,000/- for attending meetings of other Board Committees.

Name of non Executive Director	Sitting fees paid for attending meetings of the Board and/or Audit Committee and/or other Committees
Mr. Nipun C. Shah	Rs. 1,20,000/-
Mr. Yasir J. Varawala	Rs. 1,40,000/-
Mr. Vikram S. Munshi	Rs. 25,000/-
Mr. Jay M. Mehta	Rs. 60,000/-
Mr. Viren A. Merchant	Rs. 90,000/-
Mr. Ravinder K. Jain	Rs. 90,000/-

The details of remuneration paid to the Executive Directors during the financial year ended 31st March 2013 are as under:

Sr. No.	Director	Salary (Rs.)	Perquisites (Rs.)	Total (Rs.)
1	Mr. Ramesh H Thakkar	27,11,000	4,47,677	31,58,677
2	Mr. Ashok H Thakkar	27,11,000	4,18,422	31,29,422
3	Mr. Bimal R Thakkar	27,11,000	4,46,699	31,57,699
4	Mr. Bhavesh R Thakkar	27,11,000	4,44,545	31,55,545

NOTES:

- (i) All appointments of Directors are non-contractual except those of Mr. Ramesh H. Thakkar, Chairman, Mr. Ashok H. Thakkar, Vice-Chairman, Mr. Bimal R. Thakkar, Managing Director and Mr. Bhavesh R Thakkar, Executive Director. Appointment of Mr. Ramesh H. Thakkar, Mr. Ashok H. Thakkar, Mr. Bimal R Thakkar and Mr. Bhavesh R Thakkar is for three years with effect from 1st October 2011. The re-appointment of the above managerial personnel is conditional and subject to termination by six calendar months' notice in writing on either side but no severance fees of any other kind is payable.
- (ii) Presently, the Company does not have any scheme for grant of Stock Options to its Directors, Managing Director or other employees.
- (iii) 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, 6 meetings of the Board of Directors were held on the following dates:

29th May, 2012, 10th August, 2012, 4th October, 2012, 9th November, 2012, 23rd January, 2013 and 7th February, 2013.

III. AUDIT COMMITTEE**A. CONSTITUTION & MEETINGS**

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

During the year under review, four Audit Committee meetings were held on 28th May 2012, 10th August, 2012, 06th November, 2012 and 06th February, 2013.

The attendance of each Audit Committee member is given hereunder:

Sr. No.	Name of the Audit Committee Member	No. of meetings attended
1	Mr. Nipun C. Shah - Chairman	4
2	Mr. Yasir J. Varawala	3
3	Mr. Viren Merchant	3

The Executive Directors, General Manager -Finance, General Manager- 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 correct, sufficient and credible.
- Recommending the appointment and removal of Statutory Auditors, fixation of audit fees and also approval for payment for any other Services relating thereto.
- Reviewing with the Management the quarterly/ yearly financial statement before submission to the Board.
- Reviewing the adequacy of internal control systems.
- Discussion with internal auditors, any significant findings for follow up.
- Reviewing the uses/ application of funds raised through preferential issue/ rights issue/ public issue
- Looking into the reasons for substantial defaults, if any, in the payment to the shareholders (non- payment of declared dividends, etc.) and creditors, etc.
- And such other matters incidental or as may be delegated by the Board of Directors to the Committee from time to time.

IV SHAREHOLDERS' GRIEVANCE COMMITTEE

A. CONSTITUTION & MEETINGS

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

During the year, four meetings of the said Committee were held on 24th May 2012, 09th August, 2012, 25th October, 2012 and 06th February, 2013.

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

20 complaints were received from the shareholders during the financial year ended 31st March 2013, 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. Post closure of the financial year 2012-13, Mr. Vikram Munshi has ceased to be a Committee member on account of his resignation from the Directorship of the Company w.e.f. 09th May, 2013. In his place, Mr. Viren Merchant, a non executive independent director has been inducted in the remuneration committee w.e.f. 30th May, 2013.

During the year, two meetings of the said Committee were held on 28th May, 2012 and 28th March, 2013. The attendance of each member is given hereunder:

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

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 almost 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
2009-10	Wednesday, 28/07/2010	2.00 p.m.	Sheth Khushaldas Gokaldas Municipal Town Hall, Station Road, Nadiad:387001, Gujarat
2010-11	Friday, 15/07/2011	2.00 p.m.	Sheth Khushaldas Gokaldas Municipal Town Hall, Station Road, Nadiad:387001, Gujarat
2011-12	Friday, 08/08/2012	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 Three Annual General Meetings:

Sr. No.	Annual General Meeting held on	Subject matter of the Special Resolution in brief
1	Wednesday, 28/07/2010	To approve the increase in the Inter-corporate Investment limits upto Rs. 150 crore.
2	Friday, 15/07/2011	Issue and allotment of 20,00,000 convertible warrants to the Promoter group on preferential basis.
3	Wednesday, 08/08/2012	To re-appoint Mr. Mishal A. Thakkar in place of profit for a period of three years w.e.f. 17 th June, 2012 pursuant to Section 314(1B) of the Companies Act, 1956.

VIII. MEANS OF COMMUNICATION

The quarterly, half yearly and annual results are generally published in the “The Economic Times” (Ahmedabad edition in English and Gujarati) circulating in Nadiad and “The Economic Times” (Mumbai edition in Gujarati). The annual financial results for the financial year ended 31st March 2013 and Notice of this Annual General Meeting has been published in “The Economic Times” (Ahmedabad edition in English and Gujarati) and “The Economic Times” (Mumbai edition in Gujarati).

The financial results and other information is displayed on the Company’s website viz. www.adf-foods.com

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

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

IX. GENERAL SHAREHOLDERS’ INFORMATION

A. ANNUAL GENERAL MEETING

Date & Time : 31st July, 2013 at 2.00 p.m.

Venue : Ipcowala Banquet Hall, Near Amba Ashram Mandir, College Road, Nadiad- 387 001, Gujarat

B. FINANCIAL CALENDAR 2013-14

Schedule of Board Meetings (tentative)

First Quarter ending 30th June 2013 : on or before 14th August 2013

Half Year ending 30th September 2013 : on or before 14th November 2013

Third Quarter ending 31st December 2013 : on or before 14th February 2014

Year ending 31st March 2014 : on or before 30th May 2014

C. DATES OF BOOK CLOSURE

The Share Transfer Register will remain closed from 20th July, 2013 to 31st July, 2013 [both days inclusive].

D. DIVIDEND

Dividend Payment Date : on or before 27th August, 2013

E. LISTING ON STOCK EXCHANGES

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

Listing fee has been paid to the aforesaid Stock Exchanges upto date including fees for the year 2013-14.

F. STOCK CODE/SYMBOL

Bombay Stock Exchange Ltd. : 519183

National Stock Exchange of India Ltd : ADF FOODS

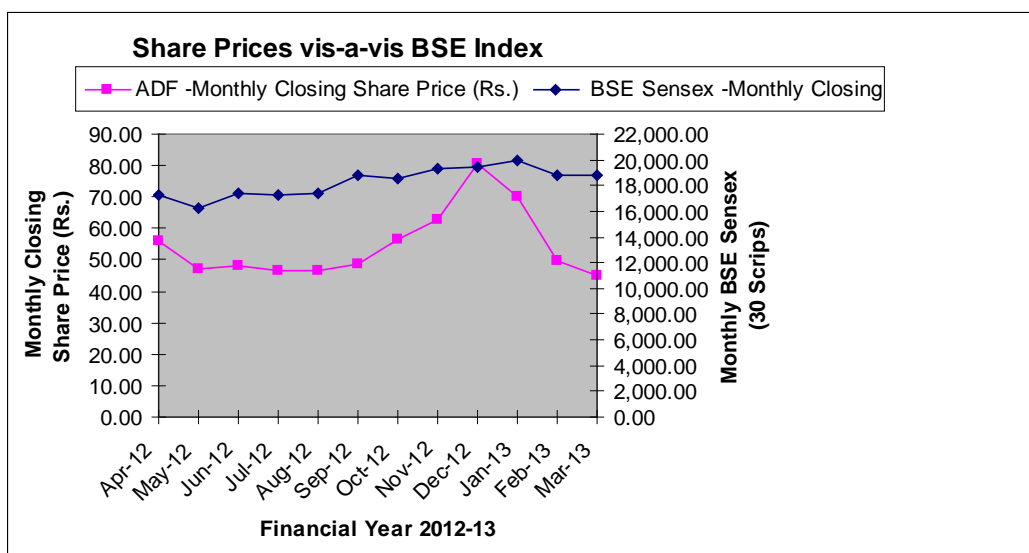
ISIN No. : INE982B01019

G. MARKET PRICE DATA

The monthly high, low and closing price quotations of the Company's shares traded on the BSE Limited during financial year 2012-2013 are as under:

Month	High (Rs.)	Low (Rs.)	Close (Rs.)	Volume of shares (Nos.)
April 2012	57.90	46.00	56.20	122824
May 2012	62.25	45.20	47.15	380873
June 2012	52.50	45.50	48.35	137069
July 2012	53.75	46.00	46.40	120426
August 2012	52.50	45.65	46.75	82334
September 2012	51.45	46.20	48.60	46337
October 2012	61.65	49.00	56.75	248124
November 2012	73.65	56.60	62.85	389949
December 2012	83.50	62.05	80.35	466126
January 2013	98.00	65.00	70.00	884721
February 2013	73.80	49.00	49.45	156749
March 2013	54.25	40.25	44.85	222107

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

E-mail: rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in

J. SHARE TRANSFER SYSTEM

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

K. DISTRIBUTION PATTERN OF SHAREHOLDING AS ON 31ST MARCH, 2013

Shareholding of Nominal Value of Rs.	No. of shareholders	% of Total	Face Value (Rs.)	% of Total
1 to 5000	15894	93.72	2,06,79,140	9.40
5001 to 10000	496	2.92	40,72,170	1.85
10001 to 20000	227	1.34	35,98,930	1.64
20001 to 30000	94	0.55	24,55,340	1.12
30001 to 40000	50	0.29	17,80,680	0.81
40001 to 50000	49	0.30	23,35,550	1.06
50001 to 100000	47	0.28	33,31,410	1.51
100001 & above	102	0.60	18,17,46,780	82.61
Total	16959	100.00	22,00,00,000	100.00

*During the year the paid up capital has been increased by Rs. 1,80,00,000/- [Rupees One Crore Eighty Lakhs Only] on account of conversion of remaining 18,00,000 warrants out of 20,00,000 warrants issued to the promoter group on preferential basis in compliance with SEBI(ICDR) Regulations, 2009. The warrants have been converted into equivalent number of equity shares of Rs. 10/- each.

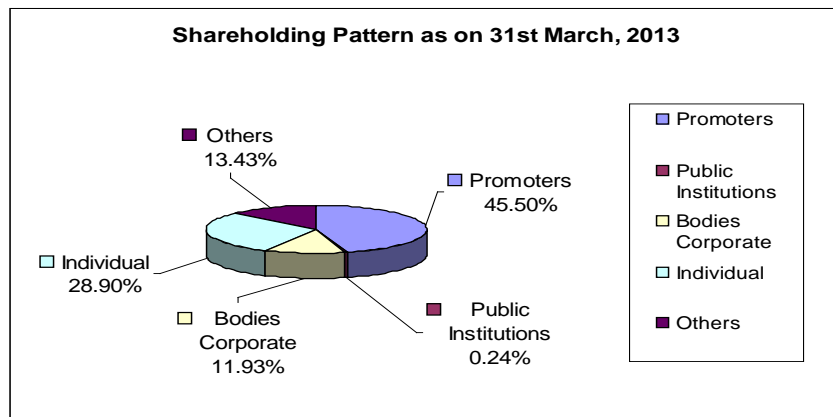
L. DEMATERIALISATION OF EQUITY SHARES

The shares of the Company are compulsorily traded in dematerialised form and are available for trading under both the Depository Systems, viz. NSDL (National Securities Depository Limited) and CDSL (Central Depository Services (India) Limited). Nearly 93.68% of total equity shares of the Company are held in dematerialised form with NSDL & CDSL.

M. SHAREHOLDING PATTERN AS ON 31ST MARCH, 2013

Category	No. of Shares	% Holding
A. Holding of the Promoter Group		
(a) Individual / HUF	9773183	44.42
(b) Bodies Corporate	238399	1.08
Total (A)	10011582	45.50
B. Non-Promoters Holding		
1. Institutional Investors		
(a) Mutual Funds / UTI	49300	0.22
(b) Financial Institutions / Banks	800	0.00
(c) Any Others	5300	0.02
Sub Total (B 1)	55400	0.24
2. Others		
(a) Bodies Corporate	2623013	11.93
(b) Individual	6356473	28.90
(c) Clearing Member	118190	0.54
(d) Non Resident Indian (Repat/Non Repat)	184842	0.84
(e) Overseas Body Corporate/s	2650000	12.05
(f) Trust	500	0.00
Sub Total (B 2)	11933018	54.26
Total B1 + B2 (B)	11988418	54.50
Grand Total (A)+(B)	220,00,000	100

SHAREHOLDING PATTERN



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

During the financial year 2011-12, the Company had issued 20,00,000 convertible warrants to certain members of the Promoter group on Preferential basis. Out of these, 2,00,000 warrants were converted into equivalent number of equity shares of face value Rs. 10/- each on 28th March, 2012. The remaining 18,00,000 warrants were converted into equivalent no. of equity shares on 23rd January, 2013. Accordingly, the paid-up equity share capital has been increased by Rs. 180,00,000/- [Rupees One Crore Eighty Lakhs only].

O. PLANT LOCATIONS

- * 77/84, GIDC Industrial Estate, Nadiad 387 001 Gujarat
- * 83/86, GIDC Industrial Estate, Nadiad 387 001 Gujarat
- * C 1-40/2, 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: Sadhana House, Unit No. 2B, 2nd Floor, 570 P.B. Road, Worli, Mumbai- 400 018

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

Q. DISCLOSURES

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

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

Transactions with related parties viz. Promoters, Directors or the Management, their subsidiaries or relatives are covered by contracts which govern the terms and conditions clearly. The Register of Contracts containing the transactions in which Directors are interested is placed before the Board regularly for its approval. Transactions with related parties are disclosed in note no. 28(9) of the Financial Statements.

(ii) Risk Management :

During the year, the Company has adopted Business Risk Management System (BRMS) for mitigating various risks associated and identified across all levels within the organization. BRMS would enable the management to review the business risks on periodical basis and to bring high risk areas to the immediate attention of the Board.

(iii) 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.

(iv) The details of utilization of proceeds raised from the Preferential Issue of Warrants in December 2007, July 2009, September 2009, October 2009, July, 2011, March, 2012 and January, 2013 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 Meetings.

(v) The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement. Regarding the non-mandatory requirements:

- * A Remuneration Committee has been constituted by the Board.
- * The Company publishes its quarterly financial statements in the newspapers. However, it has not adopted the non-mandatory requirement to send half-yearly declaration of financial performance to each household of shareholders.
- * The Board members are having adequate experience and expertise to deal with the business matters.
- * The Company has not established the Whistle Blower Policy.

R. CODE OF CONDUCT

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

“It is hereby declared that the Company has obtained from all members of the Board and Senior Management Personnel, an affirmation that they have complied with the Code of Conduct for the Board Members and Senior Management Personnel for the financial year ended 31st March, 2013”

*Bimal R Thakkar
Managing Director*

S. CEO/CFO CERTIFICATION

A certificate duly signed by the Managing Director, Executive Director, General Manager – Accounts and General Manager – 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, 30th May, 2013

Certificate of Compliance with the Corporate Governance requirements under Clause 49 of the Listing Agreement

To the Members of ADF Foods Limited

We have examined the compliance of conditions of Corporate Governance by ADF Foods Limited (“the Company”) for the year ended on 31 March 2013, as stipulated in Clause 49 of the Listing Agreements entered into by the Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company’s management. Our examination was limited to 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 opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

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

For M/s D. P. GHEVARIA & CO.

Chartered Accountants
Firm’s Registration No. 103176W

D. P. Ghevaria
Proprietor
Membership No. 32431

Place: Mumbai

Date: 30th May, 2013

For M/s B S R & Co.

Chartered Accountants
Firm’s Registration No. 101248W

Sanjay Aggarwal
Partner
Membership No. 40780

ANNEXURE

REPORT ON CORPORATE GOVERNANCE

DETAILS OF OTHER DIRECTORSHIPS AND COMMITTEE MEMBERSHIPS OF ALL THE DIRECTORS AS ON 31ST MARCH 2013:

[1] MR. RAMESH H. THAKKAR

Other Directorships

- Power Brands (Foods) Private Limited [Under Voluntary Liquidation]

Committee Memberships

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

[2] MR. ASHOK H. THAKKAR

Other Directorships

- ADF Foods (India) Limited
- Mishal International (India) Private Limited
- Power Brands (Foods) Private Limited [Under Voluntary Liquidation]

Committee Memberships

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

[3] MR. BIMAL R. THAKKAR

Other Directorships

- Gujarat Sidhee Cement Limited
- Saurashtra Cement Limited
- ADF Foods (India) Limited
- ADF Foods U.K. Limited
- Power Brands (Foods) Private Limited [Under Voluntary Liquidation]
- ADF Holdings (USA) Limited
- ADF Foods (USA) Limited

Committee Memberships

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

[4] NIPUN C. SHAH

Other Directorships

- ADF Foods (India) Limited
- Power Brands (Foods) Private Limited [Under Voluntary Liquidation]

- Jush Investment Private Limited
- Nagarwalla Estates Private Limited
- Noshil Estates Private Limited
- Crowe Horwath Consultants Private Limited
- Crowe Horwath Advisory Services Private Limited

Committee Memberships

- ADF Foods Limited- Audit Committee
- ADF Foods Ltd - Remuneration Committee
- Power Brands (Foods) Pvt. Ltd. [Under Voluntary Liquidation]- Audit Committee

[5] YASIR VARAWALA

Other Directorships

- ADF Foods (India) Limited
- Abacus Investment Advisors Private Limited
- High Plains Professional Advisory Services Private Limited
- Power Brands (Foods) Private Limited [Under Voluntary Liquidation]

Committee Memberships

- ADF Foods Limited- Audit Committee
- ADF Foods Ltd- Remuneration Committee
- ADF Foods Ltd- Shareholder's Grievance Committee
- Power Brands (Foods) Pvt. Ltd. [Under Voluntary Liquidation]- Audit Committee

[6] MR. VIKRAM S. MUNSHI

Other Directorships

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

Committee Memberships

ADF Foods Ltd- Remuneration Committee

[7] MR. VIREN A. MERCHANT

Other Directorships

- Encore Natural Polymers Private Limited
- ZYG Pharma Private Limited
- Saidarshan Business Centres Private Limited
- Encore Healthcare Private Limited
- Encore Business Centre Private Limited
- Encore Polyfrac Products Private Limited

Committee Memberships

ADF Foods Ltd. – Audit Committee

[8] MR. JAY M. MEHTA

Other Directorships

- Saurashtra Cement Limited
- Gujarat Sidhee Cement Limited
- Pranay Holdings Limited
- Prachit Holdings Limited
- Ria Holdings Limited
- Reeti Investment Limited
- Mehta Private Limited
- Agrima Consultants International Limited
- Indiana Poli Hospitality Private Limited
- Villa Trading Company Private Limited
- Galaxy Technologies Private Limited
- Omna Exports Private Limited
- Arclightz & Films Private Limited
- Concorde Cement (Private) Limited
- Good Karma Furnishings Pvt. Limited
- Knight Riders Sports Pvt. Limited
- UB Qool Futuretech Pvt. Ltd.

Committee Memberships

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

[9] MR. RAVINDER KUMAR JAIN

Other Directorships

- Grover Vineyards Limited
- Nector Ramco Trading Private Limited
- Brovel Trading Private Limited
- Newera Milestone Trading and Investments Private Limited
- Accra Investments Private Limited
- Orange City Properties Private Limited
- Nobel Feedback Computers Private Limited
- Vallee de Vin Private Limited

Committee Memberships

Nil

[10] MR. BHAVESH R. THAKKAR

Other Directorships

- ADF Foods (India) Limited
- Power Brands (Foods) Private Limited [Under Voluntary Liquidation]

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.

INDEPENDENT AUDITORS' REPORT

To the Members

ADF Foods Limited

Report on the financial statements

We have audited the accompanying financial statements of ADF Foods Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 auditor's judgment, 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 auditor considers 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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 and to the best of our information and according to the explanations given to us, the 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 2013;
- ii. in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- iii. in case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 so far it appears from our examination of those books;
 - c. the balance sheet, statement of profit and loss, and cash flow statement dealt with by this report are in agreement with the books of account;
 - d. in our opinion, the balance sheet, statement of profit and loss, and cash flow statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Act; and
 - e. on the basis of written representations received from the directors as at 31 March 2013 and taken on record by the Board of Directors, none of the directors of the Company is disqualified as on 31 March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For **D.P. Ghevaria & Co**
Chartered Accountants
Firm's Registration No. 103176W

D.P. Ghevaria
Proprietor
Membership No: 32431

Mumbai
30 May 2013

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

Sanjay Aggarwal
Partner
Membership No: 40780

Mumbai
30 May 2013

ANNEXURE TO THE AUDITORS' REPORT – 31 MARCH 2013

(Referred to in our report of even date)

We report as follows:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.
- (ii) (a) The inventory, except stocks lying with third parties, have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year end, written confirmations have been obtained.
- (b) The procedures for physical verification of inventories followed by management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) The Company has maintained proper records of inventory. The discrepancies noticed on verification between physical stocks and book stocks were not material and have been properly adjusted in the books.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to or from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 ('the Act').
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods and services. We have not observed any major weaknesses in the internal control system during the course of our audit.
- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of the contracts or arrangements referred in Section 301 of the Act have been entered in the register maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 209(1)(d) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State insurance, Income tax, Sales tax, Wealth tax, Service tax, Excise duty, Customs duty and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees State insurance, Income tax, Sales tax, Wealth tax, Service tax, Excise duty, Customs duty and other material statutory dues were in arrears as at 31 March 2013, for a period of more than six months from the date they became payable.

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

Name of the statute	Nature of dues	Amount (Rs in Lacs)	Period to which amount relates	Forum where dispute is pending
Finance Act, 1994	Service tax	140.81	F.Y.2006-07 to F.Y. 2010-11	CESTAT
	Service tax penalty and interest	299.19		CESTAT

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

For **D.P. Ghevaria & Co**

Chartered Accountants

Firm's Registration No: 103176W

D.P. Ghevaria

Proprietor

Membership No: 32431

Mumbai

30 May 2013

For **B S R & Co.**

Chartered Accountants

Firm's Registration No: 101248W

Sanjay Aggarwal

Partner

Membership No: 40780

Mumbai

30 May 2013

BALANCE SHEET AS AT 31ST MARCH 2013

PARTICULARS	Note No.	As at 31-Mar-13 Rs. in lacs	As at 31-Mar-12 Rs. in lacs
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	1	2,237.83	2,057.83
(b) Reserves and surplus	2	13,325.80	10,750.89
(c) Money received against share warrants	3	-	292.50
Sub total-Shareholders' Funds		15,563.63	13,101.22
Non- current liabilities			
(a) Long-term borrowings	4	15.24	24.37
(b) Deferred tax liabilities (net)	5	622.05	496.09
(c) Other long term liabilities	6	25.00	25.00
(d) Long-term provisions	7	99.18	101.67
Sub total-Non Current Liabilities		761.47	647.13
Current liabilities			
(a) Short-term borrowings	8	2,528.89	1,613.87
(b) Trade payables	9	497.47	408.28
(c) Other current liabilities	10	274.41	238.83
(d) Short-term provisions	11	532.54	638.79
Sub total-Current Liabilities		3,833.31	2,899.77
TOTAL-EQUITY AND LIABILITIES		20,158.41	16,648.12
ASSETS			
Non-current assets			
(a) Fixed assets			
(i) Tangible assets	12	3,907.75	3,961.95
(ii) Intangible assets	12	3,260.91	458.97
(iii) Capital work in progress	12	9.92	68.15
Sub total-Non Current Assets		7,178.58	4,489.07
(b) Non-current investments	13	678.89	2,565.05
(c) Long-term loans and advances	14	312.17	476.20
(d) Other non-current assets	15	450.00	500.00
Sub total-Non Current Assets		8,619.64	8,030.32
Current assets			
(a) Current investments	16	2,950.00	1,800.00
(b) Inventories	17	2,034.76	1,749.35
(c) Trade receivables	18	3,334.43	2,686.52
(d) Cash and bank balances	19	783.35	1,831.50
(e) Short-term loans and advances	20	2,436.23	550.43
Sub total-Current Assets		11,538.77	8,617.80
TOTAL ASSETS		20,158.41	16,648.12
See accompanying notes forming integral part of the financial statements	28		

In terms of our report attached

For and on behalf of the Board of Directors

For D.P. Ghevaria & Co.

 Chartered Accountants
 Firm's Registration Number: 103176W

For B S R & Co.

 Chartered Accountants
 Firm's Registration Number: 101248W

Ramesh H. Thakkar

Chairman

Bimal R. Thakkar

Managing Director

D.P.Ghevaria

 Proprietor
 Membership No: 32431

Sanjay Aggarwal

 Partner
 Membership No: 40780

Shalaka Ovalekar

Company secretary

Place: Mumbai

Date: 30th May 2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2013

Particulars	Note No.	31-Mar-13 Rs. in lacs	31-Mar-12 Rs. in lacs
CONTINUING OPERATIONS:			
Revenue from operations (gross)	21	13,072.68	11,306.08
Less: Excise duty	21	<u>103.53</u>	<u>57.83</u>
Revenue from operations (net)		12,969.15	11,248.25
Other income	22	<u>340.36</u>	<u>262.76</u>
Total Revenue		<u>13,309.51</u>	<u>11,511.01</u>
Expenses			
(a) Cost of materials consumed	23 (a)	5,715.80	5,087.79
(b) Purchase of traded goods	23 (b)	584.56	623.57
(c) Increase in inventories of finished goods, work-in-progress and traded goods	23 (c)	(159.19)	(314.77)
(d) Employee benefits expenses	24	810.92	694.16
(e) Finance cost	25	162.57	124.35
(f) Depreciation and amortisation expenses	26	414.56	467.23
(g) Other expenses	27	<u>4,526.49</u>	<u>3,107.78</u>
Total expenses		<u>12,055.71</u>	<u>9,790.11</u>
Profit before exceptional and extraordinary items and tax		<u>1,253.80</u>	<u>1,720.90</u>
Exceptional items (refer note 28 (19 and 20))		<u>719.75</u>	<u>-</u>
Profit before extraordinary items and tax		<u>1,973.55</u>	<u>1,720.90</u>
Extraordinary Items		<u>-</u>	<u>-</u>
Profit before tax		<u>1,973.55</u>	<u>1,720.90</u>
Tax expenses			
(a) Current tax expenses for current year		396.44	375.42
(b) MAT Credit		(115.55)	-
(c) Current tax expenses related to prior year		<u>8.13</u>	<u>(13.30)</u>
(d) Net current tax expense		289.02	362.12
(e) Deferred tax	5	<u>125.96</u>	<u>195.75</u>
		<u>414.98</u>	<u>557.87</u>
Profit for the year		<u>1,558.57</u>	<u>1,163.03</u>
Earnings per share (of Rs. 10/- each):			
(a) basic	28 (12)	7.59	5.77
(b) diluted	28 (12)	7.59	5.45
See accompanying notes forming integral part of the financial statements	28		

In terms of our report attached

For D.P. Ghevaria & Co.
Chartered Accountants
Firm's Registration Number: 103176W

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

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

Sanjay Aggarwal
Partner
Membership No: 40780

Shalaka Ovalekar
Company secretary

Place: Mumbai
Date: 30th May 2013

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

Note 1

Share capital	31-Mar-13 Rs. in lacs	31-Mar-12 Rs. in lacs
Authorized shares		
2,50,00,000 (Previous year 2,50,00,000) equity shares of Rs. 10/- each	<u>2,500.00</u>	<u>2,500.00</u>
Issued and subscribed		
2,20,00,000 (Previous year 2,02,00,000) equity shares of Rs. 10/- each	<u>2,200.00</u>	<u>2,020.00</u>
Paid-up		
2,20,00,000 (Previous year 2,02,00,000) equity shares of Rs. 10/- each	2,200.00	2,020.00
Shares forfeited		
7,56,600 (Previous year 7,56,600) equity Shares of Rs. 10/- each; amount originally paid up there on @ Rs.5 per share.	<u>37.83</u>	<u>37.83</u>
Total	<u>2,237.83</u>	<u>2,057.83</u>

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

Equity shares	31st March 2013		31st March 2012	
	No. of shares	Rs. in lacs	No. of shares	Rs. in lacs
At the beginning of the period	20,200,000	2,020	20,000,000	2,000
Add: Shares issued on exercise of conversion of warrants' option	<u>1,800,000</u>	<u>180</u>	<u>200,000</u>	<u>20</u>
Outstanding at the end of the period	<u>22,000,000</u>	<u>2,200</u>	<u>20,200,000</u>	<u>2,020</u>

Of the above

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

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

43,26,110 (Previous year 25,26,110) equity shares were issued on conversion of preferential warrants. Out of these, 2,00,000 equity shares carry restriction on transfer for a period of three years from the date of their issue i.e. up to 27th March 2015 and 18,00,000 equity shares carry restriction on transfer for a period of three years from the date of issue i.e. upto 22nd January, 2016.

b. Terms/rights attached to equity shares

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

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

The Board of Directors, in their board meeting held on 30th May 2013, proposed a dividend of Rs. 1.50 per equity share. The total dividend appropriation for the year ended 31st March 2013 amounted to Rs. 386.10 lacs including corporate dividend tax of Rs. 56.10 lacs. The proposal is subject to approval of the shareholders at the Annual General Meeting to be held on 31st July 2013.

During the year ended 31st March 2012, amount of dividend per share distributed to equity share holders was Rs. 1.50. The total dividend appropriation for the year ended 31st March 2012 amounted to Rs. 352.16 lacs including corporate dividend tax of Rs. 49.16 lacs.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to their shareholding.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

Class of shares / name of shareholder

	As on 31st March 2013		As on 31st March 2012	
	No. of shares held	% holding in that class of shares	No. of shares held	% holding in that class of shares
Credit Renaissance fund, Limited	2,200,000	10.00%	2,200,000	10.89%
Mr. Ashok H. Thakkar	1,836,354	8.35%	1,836,354	9.09%
Top Class Capital Markets Pvt. Ltd.	1,752,859	7.97%	1,806,032	8.94%
Mr. Bimal R. Thakkar	1,866,320	8.48%	1,506,320	7.46%
Mr. Bhavesh R. Thakkar	1,449,450	6.59%	1,449,450	7.18%
Mr. Mishal A. Thakkar	1,821,098	8.28%	1,101,098	5.45%
Mr. Ramesh H. Thakkar	1,045,500	4.75%	1,045,500	5.18%
Total	11,971,581	54.42%	10,944,754	54.19%

Note 2

	31-Mar-13 Rs. in lacs	31-Mar-12 Rs. in lacs
Reserves and surplus		
Capital reserve		
Balance as per the last financial statements	105.00	105.00
Closing balance	105.00	105.00
Securities premium reserve		
Balance as per the last financial statements	4,944.33	4,834.33
Additions/Created during the period (refer note no: 3)	990.00	110.00
Closing balance	5,934.33	4,944.33
General reserve		
Balance as per the last financial statements	468.97	408.97
Add: amount transferred from surplus balance in the statement of profit and loss	80.00	60.00
Closing balance	548.97	468.97
Hedging reserve		
Balance as per the last financial statements	(270.90)	-
Additions/Created during the period	412.44	(270.90)
Closing balance	141.54	(270.90)
Surplus in statement of profit & loss (Refer note A given below)		
Balance as per the last financial statements	5,503.49	4,749.44
Profit for the period as per note A given below	1,092.47	754.05
Closing balance	6,595.96	5,503.49
Total	13,325.80	10,750.89
Note A		
Profit for the period	1,558.57	1,163.03
Prior year's adjustment (net)	-	(3.18)
Less:		
Dividend proposed to be distributed to equity shareholders (Rs. 1.50 per share)	330.00	303.00
Tax on dividend	56.10	49.16
Transfer to general reserve	80.00	60.00
	466.10	412.16
Total	1,092.47	754.05

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
Note 3

Share warrants	31-Mar-13 Rs. in lacs	31-Mar-12 Rs. in lacs
Issued during the year		
Balance brought forward	292.50	-
Nil (Previous year 2,00,000) share warrants, fully paid up @ Rs. 65/- per share warrant (refer note i below)	-	130.00
Nil (Previous year 18,00,000) share warrants, partly paid up @ Rs. 16.25 per share warrant (refer note i below)	-	292.50
Less: Conversion of fully paid share warrants into equity shares (refer note i below)	292.50	130.00
Closing balance	-	292.50

Monies received against share warrants
Note

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

Subsequently, in the financial year 2012-13, the warrants holders exercised their rights in respect of the balance 18,00,000 share warrants and on receipt of the balance amount of Rs. 48.75 per share warrant, aggregating to Rs. 877.50 lacs, the Company converted 18,00,000 share warrants into equivalent number of equity shares on 23rd January 2013. Of the total consideration of Rs. 1,170 lacs received against 18,00,000 share warrants @ Rs. 65 per equity share warrant, Rs. 180 lacs have been transferred to Share capital account and Rs. 990 lacs have been transferred to Securities premium reserve.

Note 4

Long term borrowing	31-Mar-13 Rs. in lacs	31-Mar-12 Rs. in lacs
Secured		
Long term maturities of car finance		
Due to a bank under car loan agreement (refer note A (i) below)	6.42	3.68
Due to others under car loan agreements (refer note A (ii) below)	8.82	20.69
Total	15.24	24.37
Note A		
i) Secured by hypothecation of asset purchased, repayable in 36 installments. The loan carries interest of 8% to 10.50% p.a.		
ii) Secured by hypothecation of asset purchased, repayable in 60 installments. The loan carries interest of 8.40% p.a.		

Note 5

Deferred tax liabilities (Net)	31-Mar-13 Rs. in lacs	31-Mar-12 Rs. in lacs
Deferred tax liability at the year end comprises timing differences on account of		
Tax effect of items constituting deferred tax liability		
On difference between book balance and tax balance of fixed assets	640.55	526.92
	640.55	526.92
Tax effect of items constituting deferred tax assets		
Provision for compensated absences, gratuity and other employee benefits	(4.72)	(12.93)
Provision for doubtful advances / debts	(13.78)	(17.90)
	(18.50)	(30.83)
Net deferred tax liability	622.05	496.09

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 6

Other long term liabilities	31-Mar-13 Rs. in lacs	31-Mar-12 Rs. in lacs
Security deposit received	25.00	25.00
Total	25.00	25.00

Note 7

Long-term provisions	31-Mar-13 Rs. in lacs	31-Mar-12 Rs. in lacs
(a) Provision for employees' benefits (refer note 28 (11))		
(i) Provision for compensated absences	17.93	12.08
(ii) Provision for gratuity	81.25	89.59
Total	99.18	101.67

Note 8

Short-term borrowings	31-Mar-13 Rs. in lacs	31-Mar-12 Rs. in lacs
(a) Loans repayable on demand		
From banks		
Secured		
(i) State bank of Hyderabad (refer note A below)	636.90	705.06
(ii) Bank of Baroda (refer note A below)	1,016.81	791.55
(iii) HDFC Bank Limited (refer note B below)	325.18	-
(iv) Tamilnadu Mercantile Bank Limited (refer note C below)	550.00	-
	2,528.89	1,496.61
b) Loans and advances from related parties (refer note 28 (9) for disclosure of their relationship):		
(i) ADF (Holdings) USA Limited	-	101.04
(ii) ADF Foods (India) Limited	-	0.96
(iii) ADF foods (UK) Limited	-	15.26
	-	117.26
Total	2,528.89	1,613.87

Note

- A) Secured by equitable mortgage of the Company's Factory, Land & Building situated at Nadiad and Nashik, Plant & Machinery and other Fixed Assets, present and future situated at Nadiad and Nashik and Current Assets, present and future situated at Nadiad, Nashik and Mumbai ranking pari passu in favour of the Company's bankers. The said Working Capital limits are repayable on demand and the interest payable on Rupee borrowings range from 9.50 % to 12 % p.a. and on foreign currency borrowings is LIBOR plus margin (350 basis points).
- B) Secured by lien on all stocks, shares, securities, property and book debts present and future held / to be held by the Company. The said Working Capital limit is repayable on demand and the interest payable thereon is LIBOR plus margin (250 basis points).
- C) Secured by pledge of fixed deposits of Rs. 700 lacs held with Tamilnadu Mercantile Bank Limited. The said Working Capital limit is repayable on demand and the interest payable thereon ranges from 10% to 10.50 % p.a.

Note 9

Trade payables	31-Mar-13 Rs. in lacs	31-Mar-12 Rs. in lacs
a) Due to Micro Small and Medium Enterprises (refer note 28 (6))	29.86	-
b) Others	467.61	408.28
Total	497.47	408.28

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
Note 10

Other current liabilities	31-Mar-13 Rs. in lacs	31-Mar-12 Rs. in lacs
(a) Short term maturities of car finance (refer note 4 - long term borrowings)	18.57	21.38
(b) Unclaimed dividend	67.13	62.55
(c) Other payables		
(i) Statutory remittance (PF, E.S.I.C, Withholding Tax, VAT, Service Tax etc)	36.75	37.94
(ii) Advances from customers	12.25	26.54
(iii) Book over draft	76.51	27.82
(iv) Others	63.20	62.60
Total	274.41	238.83

Note 11

Short-term provisions	31-Mar-13 Rs. in lacs	31-Mar-12 Rs. in lacs
(a) Provision for employees' benefits (refer note 28(I I))		
(i) Provision for compensated absences	5.98	4.03
(ii) Provision for gratuity	5.94	-
	11.92	4.03
(b) Provisions Others:		
(i) Provision for tax (net of advance tax Rs. 246.60 lacs)	134.52	-
(ii) Provision for proposed equity dividend	330.00	303.00
(iii) Provision for tax on proposed equity dividend	56.10	49.16
(iv) Provision for mark-to-market losses on derivative contracts	-	282.60
	520.62	634.76
Total	532.54	638.79

Note 12
Fixed assets

Rs. in lacs

Descriptions	Gross block				Depreciation / amortization				Net block	
	As at 1st April 12	Additions/ adjustments during the period	Deduction/ adjustment during the period	As at 31st March 13	As at 1st April 12	For the period	Deduction/ adjustment during the period	As at 31st March 13	As at 31st March 13	As at 31st March 12
Tangible assets:										
Leasehold land	35.49	65.08	-	100.57	5.56	0.99	-	6.55	94.02	29.93
Freehold land	4.18	-	-	4.18	-	-	-	-	4.18	4.18
Factory building	2,045.32	7.65	-	2,052.97	616.86	68.49	-	685.35	1,367.62	1,428.46
Office premises	106.56	-	-	106.56	1.94	1.74	-	3.68	102.88	104.62
Plant and machinery	3,328.29	155.52	44.85	3,438.96	1,266.01	169.54	7.24	1,428.31	2,010.65	2,062.28
Laboratory equipment	23.39	0.10	-	23.49	11.47	1.04	-	12.51	10.98	11.92
Office equipment	45.17	5.23	-	50.40	15.55	2.42	-	17.97	32.43	29.62
Computers	74.08	7.58	-	81.66	59.17	4.15	-	63.32	18.34	14.91
Furniture and fixtures	78.42	0.14	-	78.56	28.90	4.26	-	33.16	45.40	49.52
Vehicles	331.05	38.94	35.19	334.80	104.54	27.88	18.87	113.55	221.25	226.51
	6,071.95	280.24	80.04	6,272.15	2,110.00	280.51	26.11	2,364.40	3,907.75	3,961.95
Intangible assets:										
Trade marks	1,309.01	2,935.99	-	4,245.00	850.04	134.05	-	984.09	3,260.91	458.97
Goodwill	399.03	-	-	399.03	399.03	-	-	399.03	-	-
	1,708.04	2,935.99	-	4,644.03	1,249.07	134.05	-	1,383.12	3,260.91	458.97
Total	7,779.99	3,216.23	80.04	10,916.18	3,359.07	414.56	26.11	3,747.52	7,168.66	4,420.92
Previous year	7,567.26	268.77	56.04	7,779.99	2,944.08	467.23	52.24	3,359.07	4,420.92	4,623.18
Capital work-in-progress (Tangible)	68.15	76.53	134.76	9.92	-	-	-	-	9.92	68.15
TOTAL	7,848.14	3,292.76	214.80	10,926.10	3,359.07	414.56	26.11	3,747.52	7,178.58	4,489.07

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 13

Non-current investments	31-Mar-13 Rs. in lacs	31-Mar-12 Rs. in lacs
Investments (At cost)		
Other Investments		
Unquoted:		
Investment in equity instruments of subsidiaries (refer note 28 (9))		
a) ADF Foods (UK) Limited 9,43,823 (Previous year 9,43,823) equity shares of £1/- each fully paid	673.89	673.89
b) Power Brands (Foods) Pvt. Limited 2,08,85,992 (Previous year 1,88,10,000) equity shares of Rs. 10 each fully paid (refer note 28 (19))	-	1,881.00
c) ADF Foods (Mauritius) limited Nil (Previous year 10,000) equity shares of \$1/- each fully paid (refer note 28 (20))	-	5.16
d) ADF Foods (India) limited 50,000 (Previous year 50,000) equity shares of Rs.10/- each fully paid	5.00	5.00
Total	678.89	2,565.05

Note 14

Long-term loans and advances	31-Mar-13 Rs. in lacs	31-Mar-12 Rs. in lacs
Unsecured		
(a) Capital advance		
Considered good	37.01	-
Doubtful	14.63	14.63
Less: Provision for doubtful advances	14.63	14.63
	37.01	-
(b) Other deposits		
Considered good (Includes deposit of Rs. 13 lacs (Previous year Rs. 13.50 lacs) paid to a Director, refer note 28 (9))	126.01	124.69
(c) Loans and advances to related parties, (refer note 28 (9))		
Considered good		
Power Brands (Foods) Pvt. Limited	-	300.00
(d) Loans and advances to employees		
Considered good	33.60	39.13
(e) Others		
Considered good		
(i) Advance income tax (net of provision of Rs. Nil, (Previous year 364.41))	-	12.38
(ii) MAT Credit	115.55	-
Total	312.17	476.20

Note 15

Other non-current assets	31-Mar-13 Rs. in lacs	31-Mar-12 Rs. in lacs
(a) Advances to suppliers	27.84	27.84
Less: Considered doubtful	27.84	27.84
	-	-
(b) Others		
(i) in deposit accounts (due to mature after 12 months from reporting date) (refer Note I below)	450.00	500.00
Total	450.00	500.00

Note I

The bank fixed deposits aggregating to Rs. 450 lacs (Previous year Rs. Nil) have been pledged in Tamilnadu Mercantile Bank Limited, Mumbai against Working Capital limit of Rs. 350 lacs. The said Working Capital limit is repayable on demand and the interest payable thereon ranges from 10% to 10.50 % p.a.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
Note 16

Current investment	31-Mar-13 Rs. in lacs	31-Mar-12 Rs. in lacs
Quoted		
Investment in mutual funds (At lower of cost or market value):		
Birla Sunlife fixed term plan series di	-	100.00
BSL dynamic bond fund retail growth	500.00	-
Reliance Dynamic Bond Fund Growth Plan	325.00	-
Kotak Bond Scheme Plan A Growth	325.00	-
Birla Sunlife Income Plus Growth Regular Plan	350.00	-
Templeton India Short Term Income Retail Plan	500.00	-
ICICI prudential fmpl series 60 - 1 year plan j cumulative yld	-	250.00
ICICI prudential fmpl series 61 - 1 year plan j cumulative ytd	-	200.00
IDFC fixed maturity plan-yearly series 45	-	100.00
Reliance fixed horizon fund-XX series	-	100.00
SBI Debit Fund Series-367 days	-	100.00
SBI debt fund series 13 months 12 growth	450.00	450.00
ICICI prudential fmp series 63 270 days plan D	400.00	400.00
LIC nomura mf fixed maturity plan series 52	100.00	100.00
Total	2,950.00	1,800.00
Aggregate amount of current investment (market value)	3,101.08	1,835.71

The above investments in mutual funds (except investments made in LIC nomura mf fixed maturity plan series 52 of Rs. 100 lacs and Templeton India Short Term Income Retail Plan of Rs. 500 lacs) have been pledged in favour of HDFC Bank Limited, Mumbai against existing term loan of US \$ 3.75 million granted by HDFC Bank Limited, Bahrain Branch to the Company's indirect subsidiary - ADF Holdings (USA) Limited. On the maturity of the said units, the Company has agreed to provide fresh security to HDFC Bank Limited, Mumbai as and when required.

Note 17

Inventories	31-Mar-13 Rs. in lacs	31-Mar-12 Rs. in lacs
(At lower of cost and net realizable value)		
Raw materials	166.70	144.34
Semi-finished goods	901.43	869.75
Finished goods	127.16	107.32
Traded goods	51.80	16.13
Packing materials	658.67	554.81
Licenses on hand	129.00	57.00
Total	2,034.76	1,749.35

Note 18

Trade receivables	31-Mar-13 Rs. in lacs	31-Mar-12 Rs. in lacs
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered Good	13.23	-
Doubtful	-	12.69
	13.23	12.69
Less: provision for doubtful trade receivables	-	12.69
	13.23	-
Other trade receivables		
Unsecured, considered good	3,321.20	2,686.52
Less: provision for doubtful trade receivables	-	-
	3,321.20	2,686.52
Total	3,334.43	2,686.52
Above includes debts due from related parties: refer note 28(9) for disclosure of their relationship)		
ADF Foods (India) Limited	80.53	152.01
ADF Foods (Uk) Limited	14.54	10.55

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 19

Cash and bank balances	31-Mar-13 Rs. in lacs	31-Mar-12 Rs. in lacs
Cash and cash equivalents		
(a) Cash on hand	8.11	6.63
(b) Cheques, drafts on hand	21.57	9.50
(c) Balance with banks		
(i) in Current accounts	23.49	115.27
(ii) in EEFC accounts	2.63	280.23
(iii) in deposit accounts		
- with original maturity of less than 3 months	100.00	-
	155.80	411.63
Other bank balances		
(i) in deposit accounts		
- with original maturity for more than 3 months but less than 12 months (refer note 1 below for current year and note 2 below for previous year)	400.00	1,198.00
(ii) in earmarked accounts		
- Unclaimed dividend accounts	67.13	62.55
(iii) Held as margin money or security against borrowings / guarantees and other commitments commitments. (refer note 3):		
(a) with original maturity of less than 3 months	37.80	46.07
(b) with original maturity for more than 3 months but less than 12 months	122.62	113.25
	627.55	1,419.87
Total	783.35	1,831.50

Note:

- 1) The bank fixed deposits aggregating to Rs. 250 lacs (Previous year Rs. Nil) have been pledged in Tamilnadu Mercantile Bank Limited, Mumbai against Working Capital limit of Rs. 200 lacs. The said Working Capital limit is repayable on demand and the interest payable thereon ranges from 10% to 10.50 % p.a.
- 2) The bank fixed deposits aggregating to Rs. Nil (Previous year Rs. 1,198 lacs) have been pledged in favour of HDFC Bank Limited, Mumbai against term loan granted by HDFC Bank Limited, Bahrain Branch to the Company's indirect subsidiary - ADF Holdings (USA) Limited.
- 3) Margin money deposits are kept with banks for issue of letters of credit, bank guarantees and for forward contracts.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
Note 20

Short- term loans and advances	31-Mar-13 Rs. in lacs	31-Mar-12 Rs. in lacs
Unsecured		
(a) Loans and advances to related parties		
Considered good (refer note 28 (9) for disclosure of their relationship)		
- ADF Foods (India) Limited	95.52	-
- ADF Foods (Mauritius) Limited	-	7.22
- ADF Foods (USA) Limited	12.56	-
- ADF Foods (UK) Limited	424.80	-
(b) Loans and advances to employees		
Considered good	29.43	17.41
(c) Prepaid expenses	17.03	26.75
(d) Balances with government authorities - considered good		
(i) CENVAT credit receivable	58.04	36.70
(ii) VAT credit receivable	115.99	128.71
(iii) Service tax credit receivable	228.79	143.09
(e) Inter corporate deposit		
Considered good	1,025.00	100.00
(f) Others		
Considered good		
(i) Advances to suppliers for goods	100.47	8.84
(ii) Advances to suppliers for expenses	19.84	13.23
(iii) Mark-to-market on derivative contracts	144.08	-
(iv) Interest receivable	36.62	13.59
(v) Others	128.06	54.89
Total	2,436.23	550.43

Notes forming part of the financial statements

	31-Mar-13 Rs. in lacs	31-Mar-12 Rs. in lacs
Note 21		
Revenue from operations		
Sale of products		
Manufactured goods *	11,300.43	9,832.06
Less: Excise duty	103.53	57.83
	<u>11,196.90</u>	<u>9,774.23</u>
Traded goods	908.87	882.14
Other operating revenue	863.38	591.88
Total	<u>12,969.15</u>	<u>11,248.25</u>
* Includes sales to related party Rs. 540.75 lacs (Previous year Rs. 479.11 lacs) (refer note no: 28 (9))		
Sale of products comprises		
Manufactured goods		
Meal accompaniments	6,888.17	5,914.74
Frozen foods	1,699.23	1,174.88
Ready to eat	1,259.94	1,618.05
Spices and condiments	887.66	608.09
Others	565.43	516.30
Total - Sale of finished goods (A)	<u>11,300.43</u>	<u>9,832.06</u>
Traded goods		
Tamarind	520.11	483.58
Canned foods	319.59	234.81
Snacks	55.38	74.50
Others	13.79	89.25
Total - Sale of traded goods (B)	<u>908.87</u>	<u>882.14</u>
Total - Sale of products (A + B)	<u>12,209.30</u>	<u>10,714.20</u>
Other operating revenues comprise:		
Sale of import licences	616.23	443.41
Steamer freight assistance	131.02	75.40
Duty drawback	33.16	11.06
Sale of scrap	4.87	10.23
Central excise duty refund	-	11.23
Insurance claim	78.10	40.55
Total - Other operating revenues	<u>863.38</u>	<u>591.88</u>

Note 22

	31-Mar-13 Rs. in lacs	31-Mar-12 Rs. in lacs
Other income		
Interest income (Refer Note (i) below)	200.46	156.64
Net gain on redemption of long term investments	82.73	83.39
Other non-operating income (net of expenses directly attributable to such income) (Refer Note (ii) below)	57.17	22.73
Total	<u>340.36</u>	<u>262.76</u>
Note (i)		
Interest income comprises:		
Interest from banks on deposits	164.22	146.90
Interest on loans and advances	23.51	2.45
Other interest	12.73	7.29
Total - Interest income	<u>200.46</u>	<u>156.64</u>
Note (ii)		
Other non-operating income comprises:		
Excess provisions written back	1.53	11.37
Miscellaneous income *	55.64	11.36
Total - Other non-operating income	<u>57.17</u>	<u>22.73</u>
* Includes received from indirect subsidiary (previous year direct subsidiary) Rs. 13.05 lacs (Previous year Rs. 0.01 lacs) (refer note no: 28 (9))		

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
Note 23

(a) Cost of materials consumed	31-Mar-13 Rs. in lacs	31-Mar-12 Rs. in lacs
Raw materials consumed :		
Opening Stock	144.34	99.04
Add : Purchases	3,938.96	3,738.20
Add: Carriage inward	35.55	24.22
	4,118.85	3,861.46
Less: Loss of stock due to fire	0.58	41.05
Less : Closing stock	166.70	144.34
Cost of raw materials consumed	3,951.57	3,676.07
Raw materials consumed comprises:		
Brined fruits and vegetables	1,471.51	1,564.55
Sugar	977.24	927.36
Spices	565.69	438.14
Oil	290.96	237.05
Milk and milk products	186.84	228.82
Others	459.33	280.15
	3,951.57	3,676.07
Packing materials consumed :		
Opening stock	554.81	524.61
Add : Purchases	1,915.77	1,441.92
	2,470.58	1,966.53
Less: Loss of stock due to fire	47.68	-
Less : Closing stock	658.67	554.81
Cost of packing materials consumed	1,764.23	1,411.72
Packing materials consumed comprises:		
Glass bottles	589.57	309.77
Carboys	207.29	240.15
Cartons	152.91	125.79
Printed box	107.65	116.25
Others	706.81	619.76
	1,764.23	1,411.72
Total Consumption of materials	5,715.80	5,087.79
(b) Purchase of traded goods:	31-Mar-13 Rs. in lacs	31-Mar-12 Rs. in lacs
Purchases	584.56	623.57
Traded goods	584.56	623.57
Traded goods comprises:		
Tamarind	315.21	358.10
Canned foods	227.78	153.43
Snacks	30.53	42.08
Others	11.04	69.96
	584.56	623.57

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(c) Changes in inventories of finished goods and work-in-progress	31-Mar-13 Rs. in lacs	31-Mar-12 Rs. in lacs
Inventories at the end of the period		
Finished goods	127.16	107.32
Work-in-progress	901.43	869.75
Traded goods	51.80	16.13
Licences on hand	129.00	57.00
	1,209.39	1,050.20
Inventories at the beginning of the year		
Finished goods	107.32	45.09
Work-in-progress	869.75	652.36
Traded goods	16.13	29.74
Licences on hand	57.00	8.24
	1,050.20	735.43
Net (increase) / decrease	(159.19)	(314.77)

Note 24

Employees' benefit expenses	31-Mar-13 Rs. in lacs	31-Mar-12 Rs. in lacs
Salaries and wages	681.20	534.17
Contribution to PF & other funds		
Gratuity - unfunded	(2.40)	34.53
Others	64.84	47.79
Staff welfare	67.28	77.67
Total	810.92	694.16

Note 25

Finance costs	31-Mar-13 Rs. in lacs	31-Mar-12 Rs. in lacs
(a) Interest expenses on:		
(i) Borrowings	94.37	66.08
(ii) Others		
- Interest on delayed / deferred payment of income tax	1.52	3.13
- Interest on delayed payment of service tax	0.30	0.84
- Interest expense on car finance	3.06	4.68
- Others	0.30	0.08
(b) Other borrowing cost	63.02	49.54
Total	162.57	124.35

Note 26

Depreciation and amortization	31-Mar-13 Rs. in lacs	31-Mar-12 Rs. in lacs
Tangible assets	280.51	294.13
Intangible assets	134.05	173.10
Total	414.56	467.23

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
Note 27

Other expenses	31-Mar-13 Rs. in lacs	31-Mar-12 Rs. in lacs
Excise duty	13.26	2.93
Loss of stock due to fire	48.26	41.05
Other manufacturing expenses	224.63	257.56
Freezing and preservation charges	21.12	10.89
Power and fuel	360.68	334.98
Electricity	17.28	11.99
Water charges	7.66	7.82
Rent including lease rent	214.95	69.28
Repairs and maintenance - building	48.51	40.78
Repairs and maintenance - machinery	50.88	79.68
Repairs and maintenance - others	45.36	92.99
Insurance	33.12	23.54
Rates and taxes	27.14	21.84
Communication expenses	45.28	40.28
Traveling and conveyance expenses	353.82	300.86
Motor car expenses	31.18	26.43
Printing and stationery	10.00	11.46
Freight and forwarding	957.08	751.72
Compensation for cancellation of contract	180.38	-
Sales commission and claims	166.94	109.44
Advertisement	348.72	314.60
Business promotion	277.10	127.48
Donations	40.63	7.14
Legal and professional fees	275.54	186.47
Royalty expenses	62.06	-
Payment to auditors:		
Payment to auditors comprise:		
As auditors - statutory audit	12.00	12.00
For taxation matters	0.50	0.50
For other service	0.55	0.48
Reimbursement of expenses	0.43	-
Total	13.48	12.98
Registration and filing fees	1.72	2.41
Directors sitting fees	5.25	5.15
Bad debts written off	0.22	-
Loss on foreign currency transactions and translations (net)	483.71	87.77
Loss on sale of fixed assets	7.17	2.46
Provision for doubtful trade and other receivables, loans and advances (net)	-	1.47
Miscellaneous expenses	153.36	124.33
Total	4,526.49	3,107.78

NOTES ON SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE FINANCIAL STATEMENTS

Note 28

1. Corporate information

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

2. Significant accounting policies

a. Basis of preparation:

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

Current / non-current classification

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

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

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

All other assets are classified as non-current.

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

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

All other liabilities are classified as non-current.

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

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

b. Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) in India requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities, revenues and expenses and disclosures relating to contingent liabilities as at the date of financial statements. Changes in estimates are recognized in the year these arise.

c. Fixed Assets

i) Tangible assets

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

ii) Intangible assets

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

iii) Capital work in progress

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

d. Depreciation

i) Tangible assets

Depreciation has been provided under the straight-line method on all Fixed Assets at the rates specified as per Schedule XIV of the Companies Act, 1956. Depreciation on additions to assets or where any asset has been sold or discarded is calculated on a pro-rata basis from the date of such addition or up to the date of such sale or discarded as the case may be.

ii) Intangible assets

Intangible assets are amortized over a period of 5 years in the case of Goodwill and over a period of 10 years in the case of Brands purchased / acquired.

iii) Leasehold land

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

iv) Impairment of Assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit and Loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

e. Valuation of stock

i) In determining cost of raw materials, packing materials, traded items, semi-finished goods, finished goods, stores, spares and consumables, weighted average cost method is used. Cost of inventory comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition. Damaged, unserviceable and inert stocks are suitably written down.

ii) Traded goods and finished goods are valued at cost or net realizable value whichever is lower. Cost of finished goods and semi-finished goods includes the cost of raw materials, packing materials, an appropriate share of fixed and variable production overheads, excise duty as applicable and other costs incurred in bringing the inventories to their present location

f. Employee benefits

i) Short Term Employee Benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits and they are recognised in the period in which the employee renders the related service. The Company recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

ii) Post-employment benefits

(a) Defined contribution plans

Defined contribution plans are Employee Provident Fund scheme and Employee State Insurance scheme for eligible employees. The Company's contribution to defined contribution plans is recognised in the statement of profit and loss in the financial year to which they relate.

(b) Defined benefit plans

(i) Compensated absences

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

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

(ii) Gratuity scheme

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

g. Foreign Currency transactions

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

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

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

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

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

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

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

h. Revenue recognition

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

Scrap sales are accounted upon sales.

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

Interest, export benefits and other income are recognized on accrual basis.

i. Research and development

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

j. Provisions and contingencies

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

k. Investments

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

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

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

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

l. Lease accounting

i) Where the company is lessee

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

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

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

ii) Where the company is the lessor

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

m. Borrowing costs

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

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

n. Government grants and subsidies

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

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

o. Taxation

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

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date.

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

P. Contingent liabilities

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

3. Share warrants / share capital

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

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

Subsequently, in the financial year 2012-13, the warrants holders exercised their rights in respect of the balance 18,00,000 share warrants and on receipt of the balance amount of Rs. 48.75 per share warrant, aggregating to Rs. 877.50 lacs, the Company converted 18,00,000 share warrants into equivalent number of equity shares on 23rd January 2013. Of the total consideration of Rs. 1,170 lacs received against 18,00,000 share warrants @ Rs. 65 per equity share warrant, Rs. 180 lacs have been transferred to Share capital account and Rs. 990 lacs have been transferred to Securities premium reserve.

Out of the total amount of Rs. 4,004.35 lacs thus received from the preferential allotment of the Shares and Warrants issued from time to time, the company has utilized these funds in the manner summarized below:

	Rs. in lacs
For expansion / acquisition of fixed assets	2,275.19
Unutilized balance held as fixed deposits with bank and Investment in mutual funds	1,729.16
Total	4,004.35

4a. Contingent Liabilities

	Rs. in lacs	
	2012-13	2011-12
Letter of credit issued by the banks (net of margin money)	-	6.37
Guarantees issued by the banks (net of margin money)	32.28	28.43
Claims against the Company not acknowledged as debts (net of deposits)	15.25	15.25
Disputed Service tax demands of earlier years	440.00	440.00
Disputed Income tax demands of earlier years	-	68.56

4b. Capital commitments (net of advances)

	Rs. in lacs	
	2012-13	2011-12
Capital commitments (net of advances)	13.40	2.93

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.
6. There are no Micro Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March 2013. This information as required to be disclosed under the Micro Small and Medium Enterprises Development Act, 2006 (MSMED) has been determined as below to the extent such parties have been identified on the basis of information available with the Company.

	Rs. In lacs	
	2012-13	2011-12
Principal amount remaining unpaid to any supplier as at the period/year end	29.86	Nil
Interest due thereon	Nil	Nil
Amount of interest paid by the Company in terms of section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting period/year	Nil	Nil
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period/year) but without adding the interest specified under the MSMED	Nil	Nil
Amount of interest accrued and remaining unpaid at the end of the accounting period/year	Nil	Nil

7. Loans and advances include
a. Advances to subsidiaries

- i) ADF Foods India Limited, Rs. 95.52 lacs, (Previous year Rs. Nil), Maximum balance during the year Rs. 95.52 lacs (Previous year Rs. 10.02 lacs)
- ii) ADF Foods Mauritius Limited, Rs. Nil, (Previous year Rs. 7.22 lacs), Maximum balance during the year Rs. 9.12 lacs (Previous year Rs. 7.22 lacs)
- iii) ADF Foods (USA) Limited, Rs. 12.56 (Previous year Rs. Nil), maximum balance during the year Rs. 12.56 lacs (previous year Rs. Nil)
- iv) ADF Foods (UK) Limited, Rs. 424.80 (Previous year Rs. Nil), maximum balance during the year Rs. 451.55 lacs (previous year Rs. 184.43 lacs)

b. Deposits paid to related parties

- i) Interest free lease deposit of Rs. Nil (Previous year Rs. 125.00 lacs), maximum balance during the year Rs. 125.00 lacs (Previous year Rs. 125 lacs) paid for office premises taken on lease from a Subsidiary Company in which some of the Directors are interested as Directors.
- ii) Interest free deposit of Rs. Nil (previous year Rs. 175.00 lacs) , maximum balance during the year Rs. 175 lacs (Previous year Rs. 175 lacs) paid for Brand utilization to a subsidiary company in which some of the directors are interested as Directors.
- iii) Interest free security deposit of Rs. 13.00 lacs (Previous year Rs. 13.50 lacs), maximum balance during the year Rs. 13.50 lacs (Previous year Rs. 14.00 lacs) paid for guest house taken on lease from the Chairman of the Company.

8. Company has taken premises on lease

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

	Rs. In lacs	
	2012-13	2011-12
i) Not later than one year	140.90	149.20
ii) Later than one year and not later than five years	383.70	414.70
iii) Later than five years	43.83	44.33

Lease payment recognized in the statement of Profit and Loss for the year ended Rs. 180.27 lacs, (Previous year Rs. 33.70 lacs).

9. Related party disclosures

Related parties with whom transactions have taken place during the year

Sr. No:	Related party relationship	Name of the Related Parties
1.	Direct subsidiaries	Power Brands (Foods) Pvt. Limited (Under members' voluntary liquidation-refer note no: 19) ADF Foods UK Limited ADF Foods Mauritius Limited (Underwent liquidation during the Financial Year 2012-13-refer note no:20) ADF Foods India Limited
2.	Indirect subsidiaries	ADF Holdings (USA) Limited ADF Foods (USA) Limited
3.	Key managerial personnel	Mr. Ramesh H. Thakkar – Chairman Mr. Ashok H. Thakkar – Vice Chairman Mr. Bimal R. Thakkar – Managing Director Mr. Bhavesh R. Thakkar – Executive Director
4.	Relative of key managerial personnel	Mr. Mishal A. Thakkar – Employee
5.	Some of the Directors of the Company are related to the Directors of the said Pvt. Limited Company	M.H. Foods Pvt. Limited

Rs. In lacs

Particulars	Financial Year	Direct Subsidiaries	Fellow Subsidiaries	Key Managerial Persons	Relative of Key managerial persons	Some of the Directors of the Company are the related to the Directors of the said Private Company	Total
Other Income	2012-13	-	13.05	-	-	-	13.05
	2011-12	0.01	-	-	-	-	0.01
Sale of goods	2012-13	540.75	-	-	-	-	540.75
	2011-12	479.11	28.00	-	-	-	507.11
Purchase of goods	2012-13	-	-	-	-	0.38	0.38
	2011-12	-	-	-	-	0.58	0.58
Booking of expenses	2012-13	78.77	-	127.81	7.15	-	213.73
	2011-12	16.70	-	171.69	7.06	-	195.45
Compensation for cancellation of contract	2012-13	180.38	-	-	-	-	180.38
	2011-12	-	-	-	-	-	-
Balances outstanding at the end of the year:							
Short-term borrowings	2012-13	-	-	-	-	-	-
	2011-12	16.22	101.04	-	-	-	117.26
Non-current investments	2012-13	678.89	-	-	-	-	678.89
	2011-12	2,565.05	-	-	-	-	2,565.05
Long-term loans and advances	2012-13	-	-	13.00	-	-	13.00
	2011-12	300.00	-	13.50	-	-	313.50
Trade receivable	2012-13	95.07	-	-	-	-	95.07
	2011-12	162.56	-	-	-	-	162.56
Short- term loans and advances	2012-13	520.32	12.56	-	-	-	532.88
	2011-12	7.22	-	-	-	-	7.22

10. Financial and derivative instruments

i) Outstanding derivative instruments

Contracts entered into by the Company for hedging in US \$ and outstanding as on 31st March 2013 amounts to US \$ 90 lacs (Previous year US \$ 112.50 lacs), equivalent to Rs 5,164.23 lacs (Previous year in Rs. 5,658.91 lacs).

Contracts entered into by the Company for hedging in UK £ and outstanding as on 31st March 2013 amounts to UK £ 13.25 lacs (Previous year UK £ 12.00 lacs), equivalent to Rs 1,206.24 lacs (Previous year in Rs. 948.35 lacs).

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

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

All outstanding forward contracts are recognized in the financial statements at fair value as on the balance sheet date in accordance with the requirements of AS 30.

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

ii) Unhedged foreign currency exposures

Foreign currency exposures on account of trade receivables / trade payables and packing credit foreign currency (PCFC) loan not hedged by derivative instruments are as follows:

a) Trade and other receivables

Rs. In lacs

Foreign currency	2012-13		2011-12	
	Amount (in original currency)	Amount	Amount (in original currency)	Amount
USD	29.66	1,622.83	28.82	1,449.54
GBP	22.29	1,843.74	13.25	1,072.40
EURO	0.69	48.05	0.43	29.19

b) Trade payable

Rs. In lacs

Foreign currency	2012-13		2011-12	
	Amount (in original currency)	Amount	Amount (in original currency)	Amount
USD	1.03	55.78	3.11	157.13
GBP	0.10	7.96	0.27	22.15

c) Packing credit foreign currency (PCFC) loan

Rs. In lacs

Foreign currency	2012-13		2011-12	
	Amount (in original currency)	Amount	Amount (in original currency)	Amount
USD	13.94	757.68	22.69	1,146.71
GBP	0.07	5.51	-	-

d) EEFC balance

Rs. In lacs

Foreign currency	2012-13		2011-12	
	Amount (in original currency)	Amount	Amount (in original currency)	Amount
USD	0.01	0.58	4.53	228.81
GBP	0.02	2.05	0.64	51.35
EURO	-	-	-	0.07

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

a) Defined contribution plans

Amount of Rs 50.19 lacs (Previous year Rs 40.67 lacs) representing contribution to provident fund is recognized as an expense and is included in "Employee benefits expenses" in the statement of profit and loss.

Amount of Rs 6.66 lacs (Previous year Rs 4.02 lacs) representing contribution to Employee State Insurance scheme is recognized as an expense and is included in "Employee benefits expenses" in the statement of profit and loss.

b) Defined benefit plan

Compensated absence

Provision for compensated absence is made for outstanding leave balance at the year end at basic salary cost which can be utilized in future and are en-cashable. Amount of Rs 23.91 lacs (Previous year: Rs 16.11 lacs) has been recognized in balance sheet of which Rs 17.93 lacs (Previous year: Rs 12.08) shown under long term provision and balance Rs 5.98 lacs (Previous year 4.03 Lacs) is shown under short term provision as given in the Actuarial report as on 31 March 2013.

Expenses of Rs 17.65 lacs (Previous year: Rs 12.85 lacs) are recognized in the statement of profit and loss.

Gratuity Funded

The Company has offered its employees defined benefit plan 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 is measured using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date.

The Present value of the obligation on 31st March 13 of Rs. 5.94 lacs (Previous year Rs. Nil) pertaining to funded gratuity [(net of fund value of Rs 100.79 lacs (Previous year: Rs 87.05 lacs)] payable employees is shown under short-term provision.

Unfunded

There being no short term liability in respect of unfunded gratuity provision, the entire amount of Rs. 81.25 lacs (Previous year Rs. 89.59 lacs) is shown under long-term provision.

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

Rs. In lacs

	Gratuity (funded and unfunded)	
	2012-13	2011-12
I Change in benefit obligation		
Liability at the beginning of the year	172.59	138.62
Interest cost	13.81	11.09
Current service cost	17.51	14.30
Benefit paid	(1.62)	(9.88)
Benefit paid directly by Company	-	(10.00)
Actuarial (gain) / loss on obligations	(14.31)	28.46
Liability at the end of the year	187.98	172.59
II Fair value of plan assets		
Fair value of plan assets at the beginning of the year	87.05	86.83
Actual return on plan assets	8.34	6.34
Employer's Contributions	7.02	3.76
Benefit paid	(1.62)	(9.88)
Fair value of plan assets at the end of the year	100.79	87.05
III Amount recognised in the balance sheet		
Liability at the end of the year	187.98	172.59
Fair value of plan assets at the end of the year	(100.79)	(87.05)
Present value of unfunded obligations	* 87.19	* 85.54
IV Expenses recognised in the statement of profit and loss		
Current service cost	17.51	14.30
Interest cost	13.81	11.09
Actual return on plan assets	(8.34)	(6.34)
Net actuarial (gain) / loss to be recognized	(14.31)	28.46
Expense recognised in statement of profit and loss	8.67	47.51
V Actuarial assumptions :		
Discount rate	8.00%	8.00%
Rate of return on plan assets	9.58%	-
Salary escalation	5.00%	5.00%

* Under long-term provisions Rs. 81.25 (Previous year Rs. 89.59 lacs) (refer note no: 7) and under short-term provisions Rs. 5.94 lacs (Previous year Rs. Nil) (refer note no: 11).

In previous year under short-term provisions were net assets of Rs. 4.05 lacs and hence not recognized.

Experience Adjustments for the current and previous four years
Rs. In lacs

Experience	2012-13	2011-12	2010-11	2009-10	2008-09
Defined Benefit Obligation	187.98	172.59	121.03	99.03	83.58
Plan Assets	100.79	87.05	-	-	-
Status [Surplus / (Deficit)]	(87.19)	(85.54)	-	-	-
Experience Adjustments of Obligation [(Gain)/Loss]	(14.31)	28.46	4.92	(36.61)	1.65
Experience on Plan Assets [Gain/(Loss)]	1.38	(0.61)	-	-	-

12. Computation of earnings per share

Basic earnings per share:	2012-13	2011-12
Number of shares at the beginning of the year	2,02,00,000	2,00,00,000
Issued during the year	18,00,000	2,00,000
Number of shares at the end of the year	2,20,00,000	2,02,00,000
Number of shares (basic weighted average)	2,05,35,342	2,02,00,000
Profit for the year (Rs. in lacs)	Rs. 1,558.57	Rs. 1,163.03
Basic earnings per share (weighted average)	7.59	5.77
Number of shares (diluted)	2,05,35,342	2,14,13,151
Diluted earnings per Share (weighted average)	7.59	5.45

13. Value of Imported and indigenous raw materials and packing materials consumed
Raw materials
Rs. In lacs

	2012-13		2011-12	
	Amount	% of Consumption	Amount	% of Consumption
Imported	62.82	1.59	92.67	2.52
Indigenous	3,888.75	98.41	3,583.40	97.48
	3,951.57	100.00	3,676.07	100.00

Packing materials
Rs. In lacs

	2012-13		2011-12	
	Amount	% of Consumption	Amount	% of Consumption
Imported	133.93	7.59	199.73	14.15
Indigenous	1,630.30	92.41	1,211.99	85.85
	1,764.23	100.00	1,411.72	100.00

14. Value of Imports Calculated on C.I.F. basis
Rs. In lacs

	2012-13	2011-12
Raw materials and packing materials	192.00	245.00
Traded goods	9.45	18.29
Capital goods	26.42	32.46
Others	4.12	11.18
Total	231.99	306.93

15. Expenditure in foreign currency
Rs. In lacs

	2012-13	2011-12
Travelling	157.50	156.69
Advertisement	126.42	102.99
Legal and professional fees	165.76	103.94
Business promotion	115.02	33.94
Sales commission and claims	158.44	97.01
Freight and forwarding charges	1.31	1.99
Others	3.13	0.57
Total	727.58	497.13

16. Remittance in foreign currency on account of dividend

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

Particulars	Dividend of 2011-12	Dividend of 2010-11
No. of non-resident Share holders	94	84
No. of shares held by them	28,39,252	28,07,976
Amount of dividend (15 % i.e. Rs. 1.50 Per Share)	42,58,884	42,11,970

17. Earnings in Foreign Currency

Rs. In lacs

	2012-13	2011-12
F.O.B. Value of Exports	10,801.43	9,767.46

18. The Company is engaged mainly in the business of manufacturing and exporting food products like pickles, chutneys, ready to eat items, paste and sauces, frozen foods, spices, etc. local and overseas, which is the only business segment of the Company. The local turnover being less than 10% of the total turnover of the Company, separate geographical segment information has not been given in the financial statements. Hence there are no separate reportable segments, as required by the Accounting Standard 17 on "Segment Reporting" as prescribed by the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards.

19. The Company held majority shareholding in Power Brands (Foods) Private Limited ('PBFPL'). It presently holds 2,08,85,992 fully paid Equity Shares of Rs. 10/- each (including 20,75,992 Equity Shares for Rs. 330.08 lacs acquired in Financial Year 2012-13).

Pursuant to a special resolution passed on November 5, 2012 by its members, PBFPL has gone into the members' voluntary liquidation and has appointed a voluntary liquidator to initiate the process. In the course of liquidation process, the liquidator, with the prior approval of the members vide their special resolution dated March 8, 2013, distributed PBFPL's intangible asset - Ashoka brand and part of cash and bank balance to its Shareholders in proportion to their respective shareholding in PBFPL while retaining certain other fixed and current assets to meet its contingent and other liabilities.

By virtue of the above distribution, the Company received Ashoka brand, which was valued at Rs. 2,935.99 lacs by an independent valuer in lieu of its investment in PBFPL's equity shares of Rs. 2,211.08 lacs. Accordingly, the Company has capitalised the said brand in its books at Rs. 2,935.99 lacs, after adjusting the same against the investment value of Rs. 2,211.08 lacs and carrying the balance of Rs. 724.91 lacs to the credit of the statement of profit and loss as an exceptional item.

20. ADF Foods (Mauritius) Ltd., the wholly owned subsidiary of the Company went into members' voluntary liquidation vide special resolution dated 29th May, 2012. The regulatory authority of Mauritius has vide their letter dated 2nd August, 2012 issued no objection to remove the name of the said subsidiary from the Registrar Of Companies, Mauritius.

By virtue of the above, Company has written off its investment of Rs. 5.16 lacs and debited to the statement of profit and loss as an exceptional item.

21. Previous year's figures have been regrouped / recast wherever necessary.

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

In terms of our report attached

For and on behalf of the Board of Directors

For D.P. Ghevaria & Co.

Chartered Accountants
Firm's Registration Number: 103176W

For B S R & Co.

Chartered Accountants
Firm's Registration Number: 101248W

Ramesh H. Thakkar
Chairman

Bimal R. Thakkar
Managing Director

D.P.Ghevaria

Proprietor
Membership No: 32431

Sanjay Aggarwal

Partner
Membership No: 40780

Shalaka Ovalekar
Company secretary

Place: Mumbai

Date: 30th May 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2013

Rs. In lacs

Particulars	For the year ended 31 March, 2013		For the year ended 31 March, 2012	
A. Cash flow from operating activities				
Net Profit / (Loss) before tax		1,973.55		1,720.90
<i>Adjustments for:</i>				
Depreciation and amortisation	414.56		467.23	
(Profit) / loss on sale / write off of assets	7.17		2.46	
Prior year adjustment	-		3.18	
Finance costs	162.57		124.35	
Interest income	(200.46)		(156.64)	
Net (gain) / loss on sale of investments	(82.73)		(83.39)	
Net gain on liquidation / winding up of subsidiary companies	(719.75)		-	
Provision for estimated losses on onerous contracts	412.44		(270.90)	
		(6.20)		86.29
Operating profit / (loss) before working capital changes		1,967.35		1,807.19
<i>Changes in working capital:</i>				
<i>Adjustments for (increase) / decrease in operating assets:</i>				
Inventories	(285.41)		(390.27)	
Trade receivables	(647.91)		8.88	
Short-term loans and advances	(960.80)		134.26	
Long-term loans and advances	164.02		(95.11)	
Other non-current assets	50.00		(499.15)	
<i>Adjustments for increase / (decrease) in operating liabilities:</i>				
Trade payables	89.19		(3.14)	
Other current liabilities	35.58		(20.30)	
Other long-term liabilities	-		25.00	
Short-term provisions	(140.18)		190.64	
Long-term provisions	(2.49)		20.02	
		(1,698.00)		(629.17)
Cash generated from operations		269.35		1,178.02
Net income tax paid		289.02		362.12
Net cash flow from / (used in) operating activities (A)		(19.67)		815.90
B. Cash flow from investing activities				
Capital expenditure on fixed assets, including capital advances	(3,158.00)		(239.93)	
Deduction/adjustment of fixed assets	46.76		1.34	
Inter-corporate deposits (net)	(925.00)		(100.00)	
Bank balances not considered as Cash and cash equivalents	792.32		(66.08)	
Proceeds from sale of / purchase of current investments (net)	(1,150.00)		(841.61)	
Proceeds from disposal of non-current investments				
- Subsidiaries	1,886.16		-	
Gain on sale of current investments	82.73		-	
Gain on disposal of non-current investments				
- Subsidiaries	719.75		-	
Interest received				
- Others	200.46		156.64	
Net cash flow from / (used in) investing activities (B)		(1,504.82)		(1,089.64)

Rs. In lacs

Particulars	For the year ended 31 March, 2013		For the year ended 31 March, 2012	
C. Cash flow from financing activities				
Proceeds from issue of equity shares	877.50		130.00	
Proceeds from issue of share warrants	-		292.50	
Proceeds from long-term borrowings	(9.13)		(21.39)	
Proceeds from other short-term borrowings	915.02		109.04	
Finance cost	(162.57)		(124.35)	
Dividends paid	(303.00)		(300.00)	
Tax on dividend	(49.16)		(49.83)	
Net cash flow from / (used in) financing activities (C)		1,268.66		35.97
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		(255.83)		(237.77)
Cash and cash equivalents at the beginning of the year		411.63		649.40
Cash and cash equivalents at the end of the year *		155.80		411.63
* Comprises:				
(a) Cash on hand		8.11		6.63
(b) Cheques, drafts on hand		21.57		9.50
(c) Balances with banks				
(i) In current accounts		23.49		115.27
(ii) In EEFC accounts		2.63		280.23
(iii) In deposit accounts with original maturity of less than 3 months		100.00		-
		155.80		411.63

In terms of our report attached

For D.P. Ghevaria & Co.
Chartered Accountants
Firm's Registration Number: 103176W

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

D.P.Ghevaria
Proprietor
Membership No: 32431

Sanjay Aggarwal
Partner
Membership No: 40780

Place: Mumbai
Date: 30th May 2013

For and on behalf of the Board of Directors

Ramesh H. Thakkar
Chairman

Bimal R. Thakkar
Managing Director

Shalaka Ovalekar
Company secretary

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

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

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

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

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil
Conversion of Bonds	Nil	Warrants	18000

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

TOTAL OF EQUITY AND LIABILITIES	2,015,841	ASSETS	2,015,841
Share capital	223,783	Fixed assets	717,858
Reserves and surplus	1,332,580	Non-current investments	67,889
Long-term borrowing	1,524	Long-term loans and advances	31,217
Deferred tax liabilities (net)	62,205	Other non-current assets	45,000
Other long term liabilities	2,500	Current investments	295,000
Long-term provisions	9,918	Inventories	203,476
Short-term borrowings	252,889	Trade receivables	333,443
Trade payables	49,747	Cash and bank balances	78,335
Other current liabilities	27,441	Short-term loans and advances	243,623
Short-term provisions	53,254		

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

Turnover	1,330,951	Total Expenditure	1,205,571
Profit Before Tax	197,355	Profit After Tax	155,857
Earning per share in Rs.	7.59	Dividend %	15%

V. GENERIC NAMES OF PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY (AS PER MONETARY TERMS)

ITEM CODE NO. (ITC CODE)	PRODUCT DESCRIPTION
2005	Other vegetables, preserved or otherwise than by vinegar.
2006	Fruits, nuts, fruitpeel & other products, preserved by sugar.
0904	Pepper of genus piper dried or crushed or the genus pimenta.

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

1	Name of the Subsidiary	ADF Foods (India) Limited	ADF Foods UK Limited	ADF Holdings (USA) Limited	ADF Foods (USA) Limited
2	The Financial year of the company ended on	31.03.2013	31.03.2013	31.03.2013	31.03.2013
3	Holding company	ADF Foods Limited	ADF Foods Limited	ADF Foods UK limited	ADF Holdings (USA) Limited
4	Holding Company's interest	100%	100%	100%	89%
5	Shares held by the holding company in the subsidiary	50,000 Equity Shares of Rs 10/- each	9,43,823 Equity Shares of £ 1/- each	12,000 Equity Shares of \$ 0.001/- each	89,094 Equity Shares of \$0.001/-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	Rs. 33.85 Lacs	£ 11,480	(\$6,775.00)	(\$389,407.00)
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	Rs. (100.50) Lacs	(£ 2,258)	(\$82,090.00)	(\$398,732.00)

Power Brands (Foods) Pvt. Ltd. (PBFPL), a 99.99% subsidiary of the Company, has gone for voluntary liquidation vide special resolution passed by its' Members' on 5th November, 2012

ADF Foods (Mauritius) Ltd., the wholly owned subsidiary of the Company went into members' voluntary liquidation vide special resolution dated 29th May, 2012

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of ADF Foods Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of ADF Foods Limited ("the Company") and its subsidiaries (collectively referred to as "ADF Group"), which comprise of the consolidated Balance Sheet as at 31 March 2013, the Consolidated Statement of Profit and Loss and Consolidated Cash Flows Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India; this includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

The consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS 21) as prescribed by the Companies (Accounting Standard's) Rules, 2006.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial results are free from material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the consolidated 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 and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at 31 March 2013;
- (ii) in the case of the Consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other matter

We have not audited the financial statements of foreign subsidiaries mentioned in the Annexure to this report whose total assets and total revenues are mentioned in the Annexure to this report. These financial statements have been audited by other auditors whose reports have been furnished to us for the purpose of consolidation, and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries, is based solely on reports of the other auditors.

The financial statements of ADF Foods (India) Limited (Indian subsidiary) for the year ended 31 March 2013 have been audited by one of the joint auditors, B S R & Co. Chartered Accountants.

For **D.P. Ghevaria & Co**
Chartered Accountants
Firm's Registration No: 103176W

D.P. Ghevaria
Proprietor
Membership No: 32431

Mumbai
30 May 2013

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

Sanjay Aggarwal
Partner
Membership No: 40780

Mumbai
30 May 2013

Annexure to the Auditors' Report – 31 March 2013

(INR in Lacs)

Name of the Company	Accounting Period	Subsidiary	Total Assets	Total Revenues	Name of the Auditor
ADF Foods (UK) Limited	April 2012 to March 2013	Direct	1,146.26	63.29	Nagle James Associates Limited
ADF Holdings (USA) Limited	April 2012 to March 2013	Indirect	2,570.97	4,761.52	Funaro & Co

Consolidated Balance Sheet as at 31st March 2013

Rs. in lacs

PARTICULARS	Note No.	As at 31-Mar-13 Rs. in lacs	As at 31-Mar-12 Rs. in lacs
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	1	2,237.83	2,057.83
(b) Reserves and surplus	2	12,674.37	9,249.81
(c) Money received against share warrants	3	-	292.50
Sub total-Shareholders' Funds		14,912.20	11,600.14
Minority interest			
	4	(57.76)	(28.22)
Non- current liabilities			
(a) Long-term borrowings	5	1,296.41	1,782.83
(b) Deferred tax liabilities (net)	6	343.01	287.30
(c) Other long term liabilities	7	25.00	25.00
(d) Long-term provisions	8	99.29	102.09
Sub total-Non Current Liabilities		1,763.71	2,197.22
Current Liabilities			
(a) Short-term borrowings	9	2,975.39	1,943.11
(b) Trade payables	10	814.08	600.20
(c) Other current liabilities	11	598.46	561.89
(d) Short-term provisions	12	532.56	638.84
Sub total-Current Liabilities		4,920.49	3,744.04
TOTAL-EQUITY AND LIABILITIES		21,538.64	17,513.18
ASSETS			
Non-current assets			
(a) Fixed assets			
(i) Tangible assets	13	4,190.50	4,423.75
(ii) Intangible assets	13	4,558.81	2,955.80
(iii) Capital work in progress	13	9.92	68.15
Sub total-Fixed Assets		8,759.23	7,447.70
(b) Long term loans and advances	14	329.79	182.99
(c) Other non-current assets	15	450.00	500.00
Sub total-Non Current Assets		9,539.02	8,130.69
Current assets			
(a) Current investments	16	2,950.00	1,800.00
(b) Inventories	17	2,429.35	2,025.15
(c) Trade receivables	18	3,739.83	2,879.67
(d) Cash and bank balances	19	886.27	2,009.45
(e) Short-term loans and advances	20	1,994.17	668.22
Sub total-Current Assets		11,999.62	9,382.49
TOTAL ASSETS		21,538.64	17,513.18
See accompanying notes forming integral part of the financial statements	28		

In terms of our report attached

For D.P. Ghevaria & Co.
Chartered Accountants
Firm's Registration Number: 103176W

D.P.Ghevaria
Proprietor
Membership No: 32431

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

Sanjay Aggarwal
Partner
Membership No: 40780

For and on behalf of the Board of Directors

Ramesh H. Thakkar
Chairman

Bimal R. Thakkar
Managing Director

Shalaka Ovalekar
Company secretary

Place: Mumbai
Date: 30th May 2013

Consolidated statement of profit and loss for the period ended 31st March 2013

Rs. in lacs

Particulars	Note No.	31-Mar-13 Rs. In lacs	31-Mar-12 Rs. In lacs
Revenue from operations (gross)	21	17,998.38	15,645.89
Less: Excise duty	21	103.53	57.83
Revenue from operations (net)		17,894.85	15,588.06
Other Income	22	341.29	266.83
Total Revenue		18,236.14	15,854.89
Expenses			
(a) Cost of material consumed	23 (a)	7,323.04	6,554.89
(b) Purchase of traded goods	23 (b)	630.66	626.57
(c) Increase in inventories of finished goods, work-in-progress and traded goods	23 (c)	(173.49)	(285.42)
(d) Employee benefits expenses	24	2,204.21	1,850.19
(e) Finance cost	25	251.02	183.47
(f) Depreciation and amortisation expenses	26	732.94	1,016.23
(g) Other expenses	27	6,253.93	4,874.99
Total expenses		17,222.31	14,820.92
Profit before exceptional and extraordinary items and tax		1,013.83	1,033.97
Exceptional items (refer note 28 (19 and 20))		719.75	-
Profit before extraordinary items and tax		1,733.58	1,033.97
Extraordinary Items		-	-
Profit before tax		1,733.58	1,033.97
Tax expenses:			
(a) Current tax expenses for current year		407.35	375.73
(b) MAT Credit		(115.55)	-
(c) Current tax expenses related to prior year		8.13	(13.30)
(d) Net current tax expense		299.93	362.43
(e) Deferred tax		55.71	59.76
		355.64	422.19
Profit for the year before minority interest		1,377.94	611.78
Minority interest		(26.10)	(25.53)
Profit for the year after minority interest		1,404.04	637.31
Earnings per share (of Rs. 10/- each):			
(a) basic	28 (13)	6.84	3.02
(b) diluted		6.84	2.85
See accompanying notes forming integral part of the financial statements	28		

In terms of our report attached

For D.P. Ghevaria & Co.
Chartered Accountants
Firm's Registration Number: 103176W

D.P.Ghevaria
Proprietor
Membership No: 32431

Place: Mumbai
Date: 30th May 2013

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

Sanjay Aggarwal
Partner
Membership No: 40780

For and on behalf of the Board of Directors

Ramesh H. Thakkar
Chairman

Bimal R. Thakkar
Managing Director

Shalaka Ovalekar
Company secretary

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note I

SHARE CAPITAL	As at 31-Mar-13 Rs. in lacs	As at 31-Mar-12 Rs. in lacs
Authorised		
ADF Foods Limited		
2,50,00,000 (Previous year 2,50,00,000) equity shares of Rs. 10/- each	2,500.00	2,500.00
Issued and subscribed		
ADF Foods Limited		
2,20,00,000 (Previous year 2,02,00,000) equity shares of Rs. 10/- each	2,200.00	2,020.00
Paid Up		
ADF Foods Limited		
2,20,00,000 (Previous year 2,02,00,000) equity shares of Rs. 10/- each	2,200.00	2,020.00
Shares Forfeited		
7,56,600 (Previous year 7,56,600) equity Shares of Rs. 10/- each; amount originally paid up there on @ Rs.5 per share.	37.83	37.83
Total	2,237.83	2,057.83

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

Equity shares	31st March 2013		31st March 2012	
	No. of shares	No. of shares	No. of shares	Rs. in lacs
At the beginning of the period	20,200,000	2,020	20,000,000	2,000
Add: Shares issued on exercise of conversion of warrants' option	1,800,000	180	200,000	20
Outstanding at the end of the period	22,000,000	2,200	20,200,000	2,020

Of the above:

- 50,00,490 (Previous year 50,00,490) equity shares were allotted to the Shareholders of the erstwhile Lustre Investments Pvt. Limited, for consideration other than cash pursuant to a Scheme of Amalgamation
- 26,50,000 (Previous year 26,50,000) equity shares were issued on preferential basis to investors.
- 43,26,110 (Previous year 25,26,110) equity shares were issued on conversion of preferential warrants. Out of these, 2,00,000 equity shares carry restriction on transfer for a period of three years from the date of their issue i.e. up to 27th March 2015 and 18,00,000 equity shares carry restriction on transfer for a period of three years from the date of issue i.e. upto 22nd January, 2016.

b. Terms/rights attached to equity shares

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

The equity shares are entitled to receive dividend as declared from time to time. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting.

The Board of Directors, in their board meeting held on 30th May 2013, proposed a dividend of Rs. 1.50 per equity share. The total dividend appropriation for the year ended 31st March 2013 amounted to Rs. 386.10 lacs including corporate dividend tax of Rs. 56.10 lacs. The proposal is subject to approval of the shareholders at the Annual General Meeting to be held on 31st July 2013.

During the year ended 31st March 2012, amount of dividend per share distributed to equity share holders was Rs. 1.50. The total dividend appropriation for the year ended 31st March 2012 amounted to Rs. 352.16 lacs including corporate dividend tax of Rs. 49.16 lacs.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to their shareholding.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

Class of shares / name of shareholder	As on 31st March 2013		As on 31st March 2012	
	No. of shares held	% holding in that class of shares	% holding in that class of shares	% holding in that class of shares
Credit Renaissance fund, Limited	2,200,000	10.00%	2,200,000	10.89%
Mr. Ashok H. Thakkar	1,836,354	8.35%	1,836,354	9.09%
Top Class Capital Markets Pvt. Ltd.	1,752,859	7.97%	1,806,032	8.94%
Mr. Bimal R. Thakkar	1,866,320	8.48%	1,506,320	7.46%
Mr. Bhavesh R. Thakkar	1,449,450	6.59%	1,449,450	7.18%
Mr. Mishal A. Thakkar	1,821,098	8.28%	1,101,098	5.45%
Mr. Ramesh H. Thakkar	1,045,500	4.75%	1,045,500	5.18%
Total	11,971,581	54.42%	10,944,754	54.19%

Note 2

Reserves and surplus	As at 31-Mar-13 Rs. in lacs	As at 31-Mar-12 Rs. in lacs
Capital reserve:		
Balance as per the last financial statements	105.00	105.00
Closing balance	105.00	105.00
Securities premium reserve		
Balance as per the last financial statements	4,944.33	4,834.33
Additions/Created during the year (refer note no: 3)	990.00	110.00
Closing balance	5,934.33	4,944.33
General Reserve:		
Balance as per the last financial statements	468.97	408.97
Add: amount transferred from surplus balance in the statement of profit and loss	80.00	60.00
Closing balance	548.97	468.97
Hedging reserve:		
Balance as per the last financial statements	(270.90)	-
Additions/Created during the period	412.44	(270.90)
Closing balance	141.54	(270.90)
Foreign currency translation reserve:	64.89	80.12
Surplus / (deficit) in Statement of Profit & Loss (Refer note A given below)		
Balance as per the last financial statements	3,922.29	3,702.60
Profit for the period as per note A given below	937.94	219.69
Deductions / adjustment during the year (refer note 28 (20 & 21))	(1,019.41)	-
Closing balance	5,879.64	3,922.29
Total	12,674.37	9,249.81
Note A		
Profit for the period	1,404.04	637.31
Prior year's adjustment (net)	-	(3.18)
Less:		
Preliminary expenses written off	-	8.64
Dividend proposed to be distributed to equity shareholders (Rs. 1.50 per share)	330.00	303.00
Tax on dividend	56.10	49.16
Transfer to General Reserve	80.00	60.00
Total	937.94	219.69

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
Note 3

Share warrants	31-Mar-13 Rs. In lacs	31-Mar-12 Rs. In lacs
Balance brought forward	292.50	
Nil (Previous year 2,00,000) share warrants, fully paid up @ Rs. 65/- per share warrant (refer note i below)	-	130.00
Nil (Previous year 18,00,000) share warrants, partly paid up @ Rs. 16.25 per share warrant (refer note i below)	-	292.50
Less: Conversion of fully paid share warrants into equity shares (refer note ii below)	292.50	130.00
Closing balance	-	292.50

Monies received against share warrants:

- i) The Board of Directors of the Company at their meeting held on 16th June 2011 and as approved at its Annual General Meeting held on 15th July, 2011, had resolved to create, offer, issue and allot up to 20,00,000 warrants of Rs. 65/- each, convertible into 20,00,000 equity shares of Rs. 10/- each on a preferential allotment basis, pursuant to Section 81(1A) of the Companies Act, 1956, at a conversion price of Rs. 65/- per equity share of the Company, arrived at in accordance with the SEBI Guidelines in this regard. Subsequently, these warrants were allotted on 29th July 2011 to the promoters and 25% application money amounting to Rs. 325 lacs was received from them. The said warrants are convertible into equivalent number of shares upon payment of the balance 75% amount at any time on or before 28th January 2013. If the warrants are not fully subscribed within the said period, the Company shall forfeit the amounts received towards warrants. In financial year March 2012, Warrants holders had partly exercised their rights. Accordingly, on 28th March 2012, the Company converted 2,00,000 share warrants into equivalent number of equity shares on receipt of the balance amount of Rs. 48.75 per share warrant, aggregating to Rs. 97.50 lacs. Of the total consideration of Rs. 130 lacs received against 2,00,000 share warrants, Rs. 20 lacs were transferred to Share capital account and Rs. 110 lacs were transferred to Securities premium reserve.

Subsequently, in the financial year 2012-13, the warrants holders exercised their rights in respect of the balance 18,00,000 share warrants and on receipt of the balance amount of Rs. 48.75 per share warrant, aggregating to Rs. 877.50 lacs, the Company converted 18,00,000 share warrants into equivalent number of equity shares on 23rd January 2013. Of the total consideration of Rs. 1,170 lacs received against 18,00,000 share warrants @ Rs. 65 per equity share warrant, Rs. 180 lacs have been transferred to Share capital account and Rs. 990 lacs have been transferred to Securities premium reserve.

Note 4

Minority interest	31-Mar-13 Rs. In lacs	31-Mar-12 Rs. In lacs
Balance as per the last financial statements	(28.22)	(2.69)
Additions during the year (Minority shareholder)	5.45	
Additions/Created during the period	(26.10)	(25.53)
Deductions during the year	(8.89)	-
Closing balance	(57.76)	(28.22)

Note 5

Long-term borrowing	31-Mar-13 Rs. In lacs	31-Mar-12 Rs. In lacs
Secured		
Term loan (refer note A (i) below)	1,227.88	1,733.08
Long term maturities of car finance		
Due to a bank under car loan agreement (refer note A (ii) below)	6.42	3.68
Due to others under car loan agreements (refer note A (iii) below)	62.11	46.07
	68.53	49.75
Total Long Term Borrowings	1,296.41	1,782.83

Note A

- i) The above term loan facility is availed by Company's indirect subsidiary - ADF Holdings (USA) Limited and the same is secured against the existing investments in mutual funds of Rs. 2,350 lacs. These securities have been pledged in favour of HDFC Bank Limited, Mumbai against the existing term loan of US \$ 3.75 million granted by HDFC Bank Limited, Bahrain Branch. On the maturity of the said units, the Company has agreed to provide fresh security to HDFC bank Limited, Mumbai as and when required. The loan carries interest of LIBOR plus margin (250 to 400 basis points).
- ii) Secured by hypothecation of asset purchased, repayable in 36 installments. The loan carries interest of 8% to 10.50% p.a.
- iii) Secured by hypothecation of asset purchased, repayable in 60 installments. The loan carries interest of 8.40% p.a.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note 6

Deferred tax liabilities (Net)	31-Mar-13 Rs. In lacs	31-Mar-12 Rs. In lacs
Deferred tax liability at the year end comprise timing differences on account of:		
Tax effect of items constituting deferred tax liability:		
On difference between book balance and tax balance of fixed assets	640.55	563.06
	640.55	563.06
Tax effect of items constituting deferred tax assets:		
Provision for compensated absences, gratuity and other employee benefits	(4.72)	(12.93)
Provision for doubtful advances / debts	(13.78)	(17.90)
Carry forward loss	(279.04)	(244.93)
	(297.54)	(275.76)
Net deferred tax liability	343.01	287.30

Note 7

Other long term liabilities:	31-Mar-13 Rs. In lacs	31-Mar-12 Rs. In lacs
Security deposit received	25.00	25.00
Total	25.00	25.00

Note 8

Long-term provisions	31-Mar-13 Rs. In lacs	31-Mar-12 Rs. In lacs
(a) Provision for employees' benefits (Refer note no: 28 (12)):		
(i) Provision for compensated absences	17.97	12.08
(ii) Provision for gratuity	81.32	90.01
Total	99.29	102.09

Note 9

Short-term borrowings	31-Mar-13 Rs. In lacs	31-Mar-12 Rs. In lacs
(a) Loans repayable on demand		
From banks		
Secured		
- State bank of Hyderabad (refer note A below)	636.90	705.06
- Bank of Baroda (refer note A below)	1,016.81	791.55
- HDFC bank (refer note B below)	771.68	446.50
- Tamilnadu Mercantile Bank Limited (refer note C below)	550.00	-
Total	2,975.39	1,943.11

- A) Secured by equitable mortgage of the Company's Factory, Land & Building situated at Nadiad and Nashik, Plant & Machinery and other Fixed Assets, present and future situated at Nadiad and Nashik and Current Assets, present and future situated at Nadiad, Nashik and Mumbai ranking pari passu in favour of the Company's bankers. The said Working Capital limits are repayable on demand and the interest payable on Rupee borrowings range from 9.50 % to 12 % p.a. and on foreign currency borrowings is LIBOR plus margin (350 basis points).
- B) i) For Rs. 325.18 lacs - Secured by lien on all stocks, shares, securities, property and book debts present and future held / to be held by the parent company - ADF Foods Limited. The said Working Capital limit is repayable on demand and the interest payable thereon is LIBOR plus margin (250 basis points).
 ii) For Rs. 446.50 lacs - Refer Note 5 (Note A (i))
- C) Secured by pledge of fixed deposits of Rs. 700 lacs held with Tamilnadu Mercantile Bank Limited. The said Working Capital limit is repayable on demand and the interest payable thereon ranges from 10% to 10.50 % p.a.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note 10

Trade Payables	31-Mar-13 Rs. In lacs	31-Mar-12 Rs. In lacs
a) Due to Micro Small and Medium Enterprises	29.86	-
b) Others	784.22	600.20
Total	814.08	600.20

Note 11

Other Current Liabilities	31-Mar-13 Rs. In lacs	31-Mar-12 Rs. In lacs
(a) Current maturities of term loan *		
(i) Short term maturities of car finance (refer note 4 - long term borrowings)	18.57	21.38
(ii) Current maturities of capital lease arrangement	-	25.92
(b) Unclaimed dividend	67.13	62.55
(c) Other payables		
(i) Statutory remittance (PF, E.S.I.C, withholding tax, VAT, service tax etc)	38.81	45.50
(ii) Advances from customers	12.25	27.94
(iii) Book over draft	76.51	27.82
(iv) Others	385.19	350.78
Total	598.46	561.89

* For details refer note no: A (ii) and (iii) of Note: 5

Note 12

Short-term provisions	31-Mar-13 Rs. In lacs	31-Mar-12 Rs. In lacs
(a) Provision for employee benefits (Refer note no: 28 (12)):		
(i) Provision for compensated absences	5.98	4.03
(ii) Provision for gratuity	5.96	0.05
	11.94	4.08
(b) Provisions Others:		
(i) Provision for tax (net of advance tax Rs. 246.60 lacs)	134.52	-
(ii) Provision for proposed equity dividend	330.00	303.00
(iii) Provision for tax on proposed equity dividend	56.10	49.16
(iv) Provision for mark-to-market losses on derivative contract	-	282.60
	520.62	634.76
Total	532.56	638.84

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note 13
Fixed Assets
Rs. In lacs

DESCRIPTION	GROSS BLOCK				DEPRECIATION AND AMORTIZATION				NET BLOCK	
	As at 1st April 12	Additions/ adjustments during the period	Deduction/ adjustment during the period	As at 31st March 2013	As at 1st April 12	For the year	Deduction/ adjustment during the period	As at 31st March 2013	As at 31st March 2013	As at 31st March 2012
Tangible Assets:										
Leasehold Land	35.49	65.08	-	100.57	5.56	0.99	-	6.55	94.02	29.93
Freehold Land	4.18	-	-	4.18	-	-	-	-	4.18	4.18
Factory Building	2,271.52	7.65	226.20	2,052.97	653.85	68.49	36.97	685.37	1,367.60	1,617.67
Office Premises	106.56	-	-	106.56	1.95	1.74	-	3.69	102.87	104.61
Plant & Machinery	3,673.92	269.51	44.97	3,898.46	1,364.44	266.70	7.28	1,623.86	2,274.60	2,309.48
Laboratory Equipment	23.40	0.10	-	23.50	11.47	1.04	-	12.51	10.99	11.93
Office Equipment	45.17	5.23	0.30	50.10	15.56	2.42	0.07	17.91	32.19	29.61
Computers	86.17	10.90	0.01	97.06	60.93	7.27	0.01	68.19	28.87	25.24
Furniture & Fixtures	88.74	1.90	10.33	80.31	32.11	4.64	3.20	33.55	46.76	56.63
Vehicles	339.36	38.94	35.19	343.11	104.89	28.67	18.87	114.69	228.42	234.47
	6,674.51	399.31	317.00	6,756.82	2,250.76	381.96	66.40	2,566.32	4,190.50	4,423.75
Intangible Assets:										
Trade Marks/Brands	5,059.01	2,935.99	1,964.00	6,031.00	2,103.21	350.98	982.00	1,472.19	4,558.81	2,955.80
Goodwill	399.03	-	-	399.03	399.03	-	-	399.03	-	-
	5,458.04	2,935.99	1,964.00	6,430.03	2,502.24	350.98	982.00	1,871.22	4,558.81	2,955.80
TOTAL	12,132.55	3,335.30	2,281.00	13,186.85	4,753.00	732.94	1,048.40	4,437.54	8,749.31	7,379.55
Previous year	11,864.04	324.55	56.04	12,132.55	3,789.02	1,016.23	52.25	4,753.00	7,379.55	8,075.02
Capital Work-in-Progress (Tangible)	68.15	76.53	134.76	9.92	-	-	-	-	9.92	68.15
TOTAL	12,200.70	3,411.83	2,415.76	13,196.77	4,753.00	732.94	1,048.40	4,437.54	8,759.23	7,447.70

Note 14

Long-term loans and advances	31-Mar-13 Rs. In lacs	31-Mar-12 Rs. In lacs
Unsecured		
(a) Capital advance		
Considered good	37.01	-
Doubtful	14.63	14.63
Less: Provision for doubtful advances	14.63	14.63
	37.01	-
(b) Other deposits	5.45	5.05
Considered good	126.41	126.42
(Includes deposit of Rs. 13 lacs (Previous year Rs. 13.50 lacs) paid to a Director, refer note 28 (10))		
(c) Loans and advances to employees		
Considered good	33.60	39.13
(d) Others		
Considered good		
(i) Advance income tax (net of provision of Rs. 8.50 lacs, (Previous year Rs. Nil))	11.77	12.39
(ii) MAT Credit	115.55	-
Total	329.79	182.99

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note 15

Other non-current assets	31-Mar-13 Rs. In lacs	31-Mar-12 Rs. In lacs
(a) Advances to suppliers	27.84	27.84
Less: Considered doubtful	27.84	27.84
	-	-
(b) Others		
In deposit accounts (due to mature after 12 months from reporting date) (refer Note 1 below)	450.00	500.00
Total	450.00	500.00

Note 1

The bank fixed deposits aggregating to Rs. 450 lacs (Previous year Rs. Nil) have been pledged in Tamilnadu Mercantile Bank Limited, Mumbai against Working Capital limit of Rs. 350 lacs. The said Working Capital limit is repayable on demand and the interest payable thereon ranges from 10% to 10.50 % p.a.

Note 16

Current investment	31-Mar-13 Rs. In lacs	31-Mar-12 Rs. In lacs
Quoted		
Investment in Mutual funds (At lower of cost or market value):		
Birla Sunlife fixed term plan series di	-	100.00
BSL dynamic bond fund retail growth	500.00	-
Reliance Dynamic Bond Fund Growth Plan	325.00	-
Kotak Bond Scheme Plan A Growth	325.00	-
Birla Sunlife Income Plus Growth Regular Plan	350.00	-
Templeton India Short Term Income Retail Plan	500.00	-
ICICI prudential fmpl series 60 - 1 year plan j cumulative yld	-	250.00
ICICI prudential fmpl series 61 - 1 year plan j cumulative ytd	-	200.00
IDFC fixed maturity plan-yearly series 45	-	100.00
Reliance fixed horizon fund-XX series	-	100.00
SBI Debit Fund Series-367 days	-	100.00
SBI debt fund series 13 months 12 growth	450.00	450.00
ICICI prudential fmp series 63 270 days plan D	400.00	400.00
LIC nomura mf fixed maturity plan series 52	100.00	100.00
Total	2,950.00	1,800.00
Aggregate amount of current investment (market value)	3,101.08	1,835.71

The above investments in mutual funds (except investments made in LIC nomura mf fixed maturity plan series 52 of Rs. 100 lacs and Templeton India Short Term Income Retail Plan of Rs. 500 lacs) have been pledged in favour of HDFC Bank Limited, Mumbai against existing term loan of US \$ 3.75 million granted by HDFC Bank Limited, Bahrain Branch to the Company's indirect subsidiary - ADF Holdings (USA) Limited. On the maturity of the said units, the Company has agreed to provide fresh security to HDFC Bank Limited, Mumbai as and when required.

Note 17

	31-Mar-13 Rs. In lacs	31-Mar-12 Rs. In lacs
Inventories		
(At lower of cost and net realizable value)		
Raw materials	309.57	209.22
Semi-finished goods	901.43	869.75
Finished goods	338.52	304.38
Traded goods	51.80	16.13
Packing materials	699.03	568.67
Licenses on hand	129.00	57.00
Total	2,429.35	2,025.15

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note 18

Trade receivables	31-Mar-13 Rs. In lacs	31-Mar-12 Rs. In lacs
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered Good	13.23	-
Doubtful	-	15.28
	13.23	15.28
Less: provision for doubtful trade receivables	-	15.28
	13.23	-
Other trade receivables		
Unsecured, considered good	3,726.60	2,879.67
Less: provision for doubtful trade receivables	-	-
	3,726.60	2,879.67
Total	3,739.83	2,879.67

Note 19

Cash and bank balances	31-Mar-13 Rs. In lacs	31-Mar-12 Rs. In lacs
Cash and cash equivalents		
(a) Cash on hand	9.51	7.10
(b) Cheques, drafts on hand	21.57	9.50
(c) Balance with banks		
(i) in Current accounts	125.01	292.75
(ii) in EEFC accounts	2.63	280.23
(iii) in deposit accounts		
- with original maturity of less than 3 months	100.00	-
	258.72	589.58
Other bank balances		
(i) in deposit accounts		
- with original maturity for more than 3 months but less than 12 months (refer note 1 below for current year and note 2 below for previous year)	400.00	1,198.00
(ii) in earmarked accounts		
- Unclaimed dividend accounts	67.13	62.55
(iii) Held as margin money or security against borrowings / guarantees and other commitments (refer note 3 below)		
(a) with original maturity of less than 3 months	37.80	46.07
(b) with original maturity for more than 3 months but less than 12 months	122.62	113.25
	627.55	1,419.87
Total	886.27	2,009.45

Note:

- The bank fixed deposits aggregating to Rs. 250 lacs (Previous year Rs. Nil) have been pledged in Tamilnadu Mercantile Bank Limited, Mumbai against Working Capital limit of Rs. 200 lacs. The said Working Capital limit is repayable on demand and the interest payable thereon ranges from 10% to 10.50 % p.a.
- The bank fixed deposits aggregating to Rs. Nil (Previous year Rs. 1,198 lacs) have been pledged in favour of HDFC Bank Limited, Mumbai against term loan granted by HDFC Bank Limited, Bahrain Branch to the Company's indirect subsidiary - ADF Holdings (USA) Limited.
- Margin money deposits are kept with banks for issue of letters of credit, bank guarantees and for forward contracts.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
Note 20

Short-term loans and advances	31-Mar-13 Rs. In lacs	31-Mar-12 Rs. In lacs
Unsecured		
(a) Loans and advances to employees		
Considered good	29.63	17.41
(b) Prepaid expenses	73.48	82.22
(c) Balances with government authorities - considered good		
(i) CENVAT Credit receivable	58.04	36.70
(ii) VAT Credit receivable	119.82	130.53
(iii) Service tax credit receivable	228.79	143.09
(d) Inter corporate deposit		
Considered good	1,025.00	100.00
(e) Others		
Considered good		
(i) Advance income tax (Net of provision Rs. Nil (Previous year net of provision of Rs. 364.41 lacs))	-	1.76
(ii) Advance to suppliers for goods	100.47	17.61
(iii) Advance to suppliers for expenses	19.84	18.96
(iv) Mark-to-market on derivative contracts	144.08	-
(v) Interest receivable	36.62	15.24
(vi) Others	158.40	104.70
Total	1,994.17	668.22

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note 21

Revenue from operations	31-Mar-13 Rs. In lacs	31-Mar-12 Rs. In lacs
Sale of products		
Manufactured goods *	15,507.25	13,520.12
Less: Excise Duty	103.53	57.83
	<u>15,403.72</u>	<u>13,462.29</u>
Traded goods	1,627.75	1,533.89
Other operating revenue	863.38	591.88
	<u>17,894.85</u>	<u>15,588.06</u>
Sale of products comprises		
Manufactured goods		
Meal accompaniments	6,694.58	5,478.29
Frozen foods	6,446.78	5,370.05
Ready to eat	1,259.94	1,618.05
Spices and condiments	887.66	608.09
Others	218.29	445.64
Total - Sale of finished goods (A)	<u>15,507.25</u>	<u>13,520.12</u>
Traded goods		
Tamarind	520.11	483.58
Canned foods	319.59	234.81
Snacks	55.38	74.50
Meal accompaniments	584.67	595.69
Others	148.00	145.31
Total - Sale of traded goods (B)	<u>1,627.75</u>	<u>1,533.89</u>
	Total - Sale of products (A + B)	17,135.00
	<u>17,135.00</u>	<u>15,054.01</u>
Other operating revenues comprise:		
Sale Of import Licences	616.23	443.41
Steamer freight assistance	131.02	75.40
Duty drawback	33.16	11.06
sale of scrap	4.87	10.23
Central excise duty refund	-	11.23
Insurance Claim	78.10	40.55
Total - Other operating revenues	<u>863.38</u>	<u>591.88</u>

Note 22

Other income	31-Mar-13 Rs. In lacs	31-Mar-12 Rs. In lacs
Interest income (Refer Note (i) below)	204.38	156.65
Net gain on redemption of long term investments	82.73	83.39
Other non-operating income (net of expenses directly attributable to such income) (Refer Note (ii) below)	54.18	26.79
Total	<u>341.29</u>	<u>266.83</u>
Note (i)		
Interest income comprises:		
Interest from banks on deposits	164.22	146.90
Interest on loans and advances	23.51	2.45
Other interest	16.65	7.30
Total - Interest income	<u>204.38</u>	<u>156.65</u>
Note (ii)		
Other non-operating income comprises:		
Excess provisions written back	1.53	11.37
Miscellaneous income	52.65	15.42
Total - Other non-operating income	<u>54.18</u>	<u>26.79</u>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
Note 23

(a) Cost of materials consumed	31-Mar-13 Rs. In lacs	31-Mar-12 Rs. In lacs
Raw materials consumed :		
Opening stock	209.22	153.54
Add : Purchases	5,281.44	4,872.10
Carriage inward	35.55	38.60
	<u>5,526.21</u>	<u>5,064.24</u>
Less: Loss of stock due to fire	0.58	41.05
Less : Closing stock	309.57	209.22
Cost of raw material consumed	<u>5,216.06</u>	<u>4,813.97</u>
Raw material consumed comprises:		
Brine fruits and vegetables	1,471.51	1,564.55
Sugar	977.24	927.36
Spices	565.69	438.14
Oil	290.96	313.26
Organic Chicken	219.81	157.03
Soy contex	103.63	96.72
Flour	95.77	83.56
Milk and milk products	263.27	228.82
Others	1,228.18	1,004.53
	<u>5,216.06</u>	<u>4,813.97</u>
Packing materials consumed :		
Opening stock	568.67	546.49
Add : Purchases	2,285.02	1,763.10
	<u>2,853.69</u>	<u>2,309.59</u>
Less: Loss of stock due to fire	47.68	-
Less : Closing stock	699.03	568.67
Cost of packing material consumed	<u>2,106.98</u>	<u>1,740.92</u>
Packing material consumed comprises:		
Glass bottles	589.57	309.77
Carboys	207.29	240.15
Cartons	207.67	160.59
Printed box and bags and films	199.41	174.02
Others	903.04	856.39
	<u>2,106.98</u>	<u>1,740.92</u>
Total Consumption of materials	<u>7,323.04</u>	<u>6,554.89</u>
(b) Purchase of traded goods:	31-Mar-13 Rs. In lacs	31-Mar-12 Rs. In lacs
Purchases	630.66	626.57
Traded goods	<u>630.66</u>	<u>626.57</u>
Traded goods comprises:		
Tamarind	315.21	358.10
Canned foods	227.78	153.43
Snacks	30.53	42.08
Others	57.14	72.96
	<u>630.66</u>	<u>626.57</u>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(c) Changes in inventories of finished goods and work-in-progress	31-Mar-13 Rs. In lacs	31-Mar-12 Rs. In lacs
Inventories at the end of the year.		
Finished Goods	338.52	304.38
Work-in-progress	901.43	869.75
Traded goods	51.80	16.13
Licences on hand	129.00	57.00
	1,420.75	1,247.26
Inventories at the beginning of the year.		
Finished Goods	304.38	271.50
Work-in-progress	869.75	652.36
Traded goods	16.13	29.74
Licences on hand	57.00	8.24
	1,247.26	961.84
Net (increase) / decrease	(173.49)	(285.42)

Note 24

Employee benefit expenses	31-Mar-13 Rs. In lacs	31-Mar-12 Rs. In lacs
Salaries and wages	2,066.01	1,679.09
Contribution to PF & other funds		
Gratuity - unfunded	(2.78)	35.00
Others	71.47	53.13
Staff welfare	69.51	82.97
Total	2,204.21	1,850.19

Note 25

Finance costs	31-Mar-13 Rs. In lacs	31-Mar-12 Rs. In lacs
(a) Interest expenses on:		
(i) Borrowings	174.78	117.58
(ii) Others		
- Interest on delayed / deferred payment of income tax	1.52	3.13
- Interest on delayed / deferred payment of service tax	0.30	0.84
- Interest expense on car finance	3.06	4.68
- Others	4.79	6.14
(b) Other borrowing cost	66.57	51.10
Total	251.02	183.47

Note 26

Depreciation and amortization	31-Mar-13 Rs. In lacs	31-Mar-12 Rs. In lacs
Tangible assets	381.96	522.86
Intangible assets	350.98	493.37
	732.94	1,016.23

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
Note 27

Other expenses	31-Mar-13 Rs. In lacs	31-Mar-12 Rs. In lacs
Excise duty	13.26	2.93
Loss of stock due to fire	48.26	41.05
Other manufacturing expenses	266.29	600.27
Freezing & preservation charges	21.12	10.89
Power and fuel	517.90	334.98
Electricity	17.28	11.99
Water charges	7.66	7.82
Rent including lease rent	403.20	192.65
Repairs and maintenance - building	48.51	40.78
Repairs and maintenance - machinery	50.88	79.68
Repairs and maintenance - others	45.36	95.69
Insurance	43.67	32.26
Rates and taxes	50.70	46.14
Communication expenses	65.18	56.29
Traveling and conveyance expenses	391.18	325.01
Motor car expenses	31.21	26.46
Printing and stationery	10.51	11.69
Freight and forwarding	997.12	791.36
Compensation for cancellation of contract	180.38	-
Sales commission	311.62	251.25
Advertisement	746.11	689.39
Business promotion	838.21	582.13
Donations and contributions	40.63	9.14
Legal and professional Fees	312.52	282.61
Royalty expenses	62.06	-
Payment to auditors		
Payment to auditors comprise:		
As Auditors - statutory audit	52.99	43.25
For taxation matters	0.50	0.50
For other service	0.55	0.48
Reimbursement of expenses	0.43	-
Total	54.47	44.23
Registration and filing fees	1.72	2.41
Directors Sitting fees	5.25	5.55
Bad trade and other receivables, loans and advances written off	0.22	-
Net loss on foreign currency transactions and translations	473.12	122.10
Loss on fixed assets sold / scraped / written off	7.17	2.46
Provision for doubtful trade and other receivables, loans and advances (net)	-	1.47
Miscellaneous expenses (net)	191.16	174.31
Total	6,253.93	4,874.99

NOTES ON SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note 28

1. Corporate information

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

2. Details of direct and indirect subsidiaries

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

i) Direct Subsidiaries

Name of the Company	Country of Incorporation	% of Holding as on 31 st March, 2013	Accounting period
ADF Foods (India) Ltd.	India	100 % Subsidiary	1 st April 2012 to 31 st March 2013
ADF Foods (UK) Ltd.	UK	100 % Subsidiary	1 st April 2012 to 31 st March 2013

ii) Indirect Subsidiaries

Subsidiary of ADF Foods (UK) Ltd.

Name of the Company	Country of Incorporation	% of Holding as on 31 st March, 2013	Accounting period
ADF Holdings (USA) Ltd.	USA	100 % Subsidiary	1 st April 2012 to 31 st March 2013

Subsidiary of ADF Holdings (USA) Ltd.

Name of the Company	Country of Incorporation	% of Holding as on 31 st March, 2013	Accounting period
ADF Foods (USA) Ltd.	USA	89 % Subsidiary	1 st April 2012 to 31 st March 2013

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

b. Principles of consolidation

- i) The Consolidated financial statements of ADF foods Ltd. together with audited financial statements of its subsidiaries as described in "a" above have been considered for the purpose of consolidation. The audited financial statements of foreign subsidiaries have been prepared in accordance with the Generally Accepted Accounting Principles of their countries of incorporation or International Financial Reporting Standards. For ADF USA Ltd. and ADF Foods (UK) Ltd., the company has received a fit for consolidation reports in line with General Principal accepted in India.
- ii) The financial statements of the Parent Company and its subsidiaries as described in "a" above have been combined to the extent possible on a line by line basis by adding together like items of assets, liabilities, income and expenses. The results of subsidiaries acquired or disposed off during the year are included in the consolidated statement of profit and loss from the effective date of acquisition or up to the effective date of disposal, as the case may be. All significant intra group balances and transactions have been eliminated on consolidation. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the Balance Sheet of the Parent Company and its share in the post-acquisition increase/decrease in the relevant reserves of the subsidiaries.
- iii) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the parent company's financial statements.
- iv) Minority interest in the net income and net assets of the consolidated financial statements are computed and shown separately. Losses applicable to minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the group.
- v) The unamortised carrying value of goodwill/brands is tested for impairment as at each balance sheet date.

3. Significant accounting policies

a. Basis of preparation

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

Current / non-current classification

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

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

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

All other assets are classified as non-current.

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

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

All other liabilities are classified as non-current.

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

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

b. Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) in India requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities, revenues and expenses and disclosures relating to contingent liabilities as at the date of financial statements. Changes in estimates are recognized in the year these arise.

c. Fixed Assets

i) Tangible assets

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

ii) Intangible assets

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

iii) Capital work in progress

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

d. Depreciation

i) Tangible assets

Depreciation has been provided under the straight-line method on all Fixed Assets at the rates specified as per Schedule XIV of the Companies Act, 1956. Depreciation on additions to assets or where any asset has been sold or discarded is calculated on a pro-rata basis from the date of such addition or up to the date of such sale or discarded as the case may be.

ii) Intangible assets

Intangible assets are amortized over a period of 5 years in the case of Goodwill and over a period of 10 years in the case of Brands purchased / acquired.

iii) Leasehold land

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

iv) Impairment of Assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit and Loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

e. Valuation of stock

i) In determining cost of raw materials, packing materials, traded items, semi-finished goods, finished goods, stores, spares and consumables, weighted average cost method is used. Cost of inventory comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition. Damaged, unserviceable and inert stocks are suitably written down.

ii) Traded goods and finished goods are valued at cost or net realizable value whichever is lower. Cost of finished goods and semi-finished goods includes the cost of raw materials, packing materials, an appropriate share of fixed and variable production overheads, excise duty as applicable and other costs incurred in bringing the inventories to their present location

f. Employee benefits

i) Short Term Employee Benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits and they are recognised in the period in which the employee renders the related service. The Company recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

ii) Post-employment benefits

(a) Defined contribution plans

Defined contribution plans are Employee Provident Fund scheme and Employee State Insurance scheme for eligible employees. The Company's contribution to defined contribution plans is recognised in the statement of profit and loss in the financial year to which they relate.

(b) Defined benefit plans

(i) Compensated absences

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

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

(ii) Gratuity scheme

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

g. Foreign Currency transactions/translations

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

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

In translation the financial statements of foreign entities for incorporation in the consolidated financial statements, the assets and liabilities are translated at the exchange rate prevailing at the Balance Sheet date of respective subsidiaries and the Income and Expenses item are translated at the average rate of exchange for the year. The resulting exchange differences are classified as 'Foreign Currency Translation Reserve'.

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

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

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

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

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

h. Revenue recognition

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

Scrap sales are accounted upon sales.

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

Interest, export benefits and other income are recognized on accrual basis.

i. Research and development

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

j. Provisions and contingencies

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

k. Investments

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

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

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

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

l. Lease accounting

i) Where the company is lessee:

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

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

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

ii) Where the company is the lessor

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

m. Borrowing costs

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

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

n. Government grants and subsidies

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

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

o. Taxation

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

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date.

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

P. Contingent liabilities

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

4. Share warrants / share capital

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

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

Subsequently, in the financial year 2012-13, the warrants holders exercised their rights in respect of the balance 18,00,000 share warrants and on receipt of the balance amount of Rs. 48.75 per share warrant, aggregating to Rs. 877.50 lacs, the Company converted 18,00,000 share warrants into equivalent number of equity shares on 23rd January 2013. Of the total consideration of Rs. 1,170 lacs received against 18,00,000 share warrants @ Rs. 65 per equity share warrant, Rs. 180 lacs have been transferred to Share capital account and Rs. 990 lacs have been transferred to Securities premium reserve.

Out of the total amount of Rs. 4,004.35 lacs thus received from the preferential allotment of the Shares and Warrants issued from time to time, the company has utilized these funds in the manner summarized below:

	Rs. in lacs
For expansion / acquisition of fixed assets	2,275.19
Unutilized balance held as fixed deposits with bank and Investment in mutual funds	1,729.16
Total	4,004.35

5a. Contingent Liabilities

	Rs. in lacs	
	2012-13	2011-12
Letter of credit issued by the banks (net of margin money)	-	6.37
Guarantees issued by the banks (net of margin money)	32.28	28.43
Claims against the Company not acknowledged as debts (net of deposits)	15.75	15.75
Disputed Service tax demands of earlier years	440.00	440.00
Disputed Income tax demands of earlier years	-	68.56

5b. Capital commitments (net of advances)

	Rs. in lacs	
	2012-13	2011-12
Capital commitments (net of advances)	13.40	2.93

- 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.

7. There are no Micro Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March 2013. This information as required to be disclosed under the Micro Small and Medium Enterprises Development Act, 2006 (MSMED) has been determined as below to the extent such parties have been identified on the basis of information available with the Company.

Rs. In lacs

	2012-13	2011-12
Principal amount remaining unpaid to any supplier as at the period/year end	29.86	Nil
Interest due thereon	Nil	Nil
Amount of interest paid by the Company in terms of section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting period/year	Nil	Nil
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period/year) but without adding the interest specified under the MSMED	Nil	Nil
Amount of interest accrued and remaining unpaid at the end of the accounting period/year	Nil	Nil

8. Loans and advances includes

Deposits paid to related parties

Interest free security deposit of Rs. 13.00 lacs (Previous year Rs. 13.50 lacs), maximum balance during the year Rs. 13.50 lacs (Previous year Rs. 14.00 lacs) paid for guest house taken on lease from the Chairman of the Parent Company.

9. Company has taken premises on lease

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

Rs. In lacs

	2012-13	2011-12
i) Not later than one year	273.09	291.23
ii) Later than one year and not later than five years	567.62	506.15
iii) Later than five years	43.83	44.33

Lease payment recognized in the statement of Profit and Loss for the year ended Rs. 368.52 lacs, (Previous year Rs. 173.49 lacs).

10. Related party disclosures

Related parties with whom transactions have taken place during the year

Sr. No:	Related party relationship	Name of the Related Parties
1.	Key Managerial Personnel	Mr. Ramesh H. Thakkar – Chairman Mr. Ashok H. Thakkar – Vice Chairman Mr. Bimal R. Thakkar – Managing Director Mr. Bhavesh R. Thakkar – Executive Director
2.	Relative of Key Managerial Personnel	Mr. Mishal A. Thakkar – Employee
3.	Some of the Directors of the Company are related to the Directors of the said Pvt. Limited Company	M.H. Foods Pvt. Limited

Rs. In lacs

Particulars	Financial Year	Key Managerial Persons	Relative of Key managerial persons	Some of the Directors of the Company are the related to the Directors of the said Private Company	Total
Purchase of goods	2012-13	-	-	0.38	0.38
	2011-12	-	-	0.58	0.58
Booking of expenses	2012-13	127.81	7.15	-	134.96
	2011-12	171.69	7.06	-	178.75
Balances outstanding at the end of the year:					
Long-term loans and advances	2012-13	13.00	-	-	13.00
	2011-12	13.50	-	-	13.50

II. Financial and derivative instruments

i) Outstanding derivative instruments

Contracts entered into by the Company for hedging in US \$ and outstanding as on 31st March 2013 amounts to US \$ 90 lacs (Previous year US \$ 112.50 lacs), equivalent to Rs 5,164.23 lacs (Previous year in Rs. 5,658.91 lacs).

Contracts entered into by the Company for hedging in UK £ and outstanding as on 31st March 2013 amounts to UK £ 13.25 lacs (Previous year UK £ 12.00 lacs), equivalent to Rs 1,206.24 lacs (Previous year in Rs. 948.35 lacs).

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

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

All outstanding forward contracts are recognized in the financial statements at fair value as on the balance sheet date in accordance with the requirements of AS 30.

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

ii) Unhedged foreign currency exposures

Foreign currency exposures on account of trade receivables / trade payables and packing credit foreign currency (PCFC) loan not hedged by derivative instruments are as follows:

a) Trade and other receivables

Rs. In lacs

Foreign currency	2012-13		2011-12	
	Amount (in original currency)	Amount	Amount (in original currency)	Amount
USD	29.66	1,622.83	28.82	1,449.54
GBP	22.29	1,843.74	13.25	1,072.40
EURO	0.69	48.05	0.43	29.19

b) Trade payable

Rs. In lacs

Foreign currency	2012-13		2011-12	
	Amount (in original currency)	Amount	Amount (in original currency)	Amount
USD	1.03	55.78	3.11	157.13
GBP	0.10	7.96	0.27	22.15

c) Packing credit foreign currency (PCFC) loan

Rs. In lacs

Foreign currency	2012-13		2011-12	
	Amount (in original currency)	Amount	Amount (in original currency)	Amount
USD	13.94	757.68	22.69	1,146.71
GBP	0.07	5.51	-	-

d) EEFC balance

Rs. In lacs

Foreign currency	2012-13		2011-12	
	Amount (in original currency)	Amount	Amount (in original currency)	Amount
USD	0.01	0.58	4.53	228.81
GBP	0.02	2.05	0.64	51.35
EURO	-	-	-	0.07

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

a) Defined contribution plans

Amount of Rs 55.04 lacs (Previous year Rs 45.11 lacs) representing contribution to provident fund is recognized as an expense and is included in "Employee benefits expenses" in the statement of profit and loss.

Amount of Rs 8.42 lacs (Previous year Rs 4.90 lacs) representing contribution to Employee State Insurance scheme is recognized as an expense and is included in "Employee benefits expenses" in the statement of profit and loss.

b) Defined benefit plan

Compensated absence

Provision for compensated absence is made for outstanding leave balance at the year end at basic salary cost which can be utilized in future and are encashable. Amount of Rs 23.95 lacs (Previous year: Rs 16.11 lacs) has been recognized in balance sheet of which Rs 17.97 lacs (Previous year: Rs 12.08) shown under long term provision and balance Rs 5.98 lacs (Previous year 4.03 Lacs) is shown under short term provision as given in the Actuarial report as on 31 March 2013.

Expenses of Rs 17.76 lacs (Previous year: Rs 12.90 lacs) are recognized in the statement of profit and loss.

Gratuity

Funded

The Company has offered its employees defined benefit plan 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 is measured using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date.

The Present value of the obligation on 31st March 13 of Rs. 5.96 lacs (Previous year Rs. 0.05 lacs) pertaining to funded gratuity [(net of fund value of Rs 100.79 lacs (Previous year: Rs 87.05 lacs)] payable employees is shown under short-term provision.

Unfunded

There being no short term liability in respect of unfunded gratuity provision, the entire amount of Rs. 81.32 lacs (Previous year Rs. 90.01 lacs) is shown under long-term provision.

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

Rs. In lacs

	Gratuity (funded and unfunded)	
	2012-13	2011-12
I Change in benefit obligation		
Liability at the beginning of the year	173.06	138.62
Interest cost	13.84	11.09
Current service cost	17.55	16.78
Benefit paid	(1.62)	(9.88)
Benefit paid directly by Company	-	(10.00)
Actuarial (gain) / loss on obligations	(14.76)	26.45
Liability at the end of the year	188.07	173.06
II Fair value of plan assets		
Fair value of plan assets at the beginning of the year	87.05	86.83
Actual return on plan assets	8.34	6.34
Employer's Contributions	7.02	3.76
Benefit paid	(1.62)	(9.88)
Fair value of plan assets at the end of the year	100.79	87.05
III Amount recognised in the balance sheet		
Liability at the end of the year	188.07	173.06
Fair value of plan assets at the end of the year	(100.79)	(87.05)
Present value of unfunded obligations	* 87.28	* 86.01
IV Expenses recognised in the statement of profit and loss		
Current service cost	17.54	16.78
Interest cost	13.84	11.09
Actual return on plan assets	(8.34)	(6.34)
Net actuarial (gain) / loss to be recognized	(14.76)	26.45
Expense recognised in statement of profit and loss	8.28	47.98
V Actuarial assumptions :		
Discount rate	8.00%	8.00%
Rate of return on plan assets	9.58%	-
Salary escalation	5.00%	5.00%

* Under long-term provisions Rs. 81.32 (Previous year Rs. 90.01 lacs) (refer note no: 8) and under short-term provisions Rs. 5.96 lacs (Previous year Rs. 0.05 lacs) (refer note no: 12).

In previous year under short-term provisions were net assets of Rs. 4.00 lacs and hence not recognized.

Experience Adjustments for the current and previous four years
Rs. In lacs

Experience	2012-13	2011-12	2010-11	2009-10	2008-09
Defined Benefit Obligation	188.07	173.56	121.03	99.03	83.58
Plan Assets	100.79	87.05	-	-	-
Status [Surplus / (Deficit)]	(87.28)	(86.01)	-	-	-
Experience Adjustments of Obligation [(Gain)/Loss]	(14.76)	26.45	4.92	(36.61)	1.65
Experience on Plan Assets [Gain/(Loss)]	1.38	(0.61)	-	-	-

13. Computation of earnings per share

Basic earnings per share:	2012-13	2011-12
Number of shares at the beginning of the year	2,03,90,000	2,01,90,000
Issued during the year	18,00,000	2,00,000
Deduction during the year (Liquidation of Power Brand (Foods) Pvt. Ltd.)	(1,90,000)	-
Number of shares at the end of the year	2,20,00,000	2,03,90,000
Number of shares (basic weighted average)	2,05,35,342	2,03,90,000
Profit for the year (Rs. in lacs)	Rs. 1,404.04	Rs. 637.31
Basic earnings per share (weighted average)	6.84	3.02
Number of shares (diluted)	2,05,35,342	2,16,03,151
Diluted earnings per Share (weighted average)	6.84	2.85

14. Value of Imported and indigenous raw materials and packing materials consumed
Raw materials
Rs. In lacs

	2012-13		2011-12	
	Amount	% of Consumption	Amount	% of Consumption
Imported	1,327.31	25.45	92.67	1.92
Indigenous	3,888.75	74.55	4,721.30	98.08
	5,216.06	100.00	4,813.97	100.00

Packing materials
Rs. In lacs

	2012-13		2011-12	
	Amount	% of Consumption	Amount	% of Consumption
Imported	133.93	6.36	199.73	11.47
Indigenous	1973.05	93.64	1,541.19	88.53
	2,106.98	100.00	1,740.92	100.00

15. Value of Imports Calculated on C.I.F. basis
Rs. In lacs

	2012-13	2011-12
Raw materials and packing materials	192.00	245.00
Traded goods	9.45	18.29
Capital goods	26.42	32.46
Others	4.12	11.18
Total	231.99	306.93

16. Expenditure in foreign currency
Rs. In lacs

	2012-13	2011-12
Travelling	157.50	156.69
Advertisement	126.42	102.99
Legal and professional fees	165.76	103.94
Business promotion	115.02	33.94
Sales commission and claims	158.44	97.01
Freight and forwarding charges	1.31	1.99
Others	3.13	0.57
Total	727.58	497.13

17. Remittance in foreign currency on account of dividend

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

Particulars	Dividend of 2011-12	Dividend of 2010-11
No. of non-resident Share holders	94	84
No. of shares held by them	28,39,252	28,07,976
Amount of dividend (15 % i.e. Rs. 1.50 Per Share)	42,58,884	42,11,970

18. Earnings in Foreign Currency

	Rs. In lacs	
	2012-13	2011-12
F.O.B. Value of Exports	10,801.43	9,767.46

19. The Company is engaged mainly in the business of manufacturing and exporting food products like pickles, chutneys, ready to eat items, paste and sauces, frozen foods, spices, etc. local and overseas, which is the only business segment of the Company. The local turnover being less than 10% of the total turnover of the Company, separate geographical segment information has not been given in the financial statements. Hence there are no separate reportable segments, as required by the Accounting Standard 17 on "Segment Reporting" as prescribed by the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards.

20. The Company held majority shareholding in Power Brands (Foods) Private Limited ('PBFPL'). It presently holds 2,08,85,992 fully paid Equity Shares of Rs. 10/- each (including 20,75,992 Equity Shares for Rs. 330.08 lacs acquired in Financial Year 2012-13).

Pursuant to a special resolution passed on November 5, 2012 by its members, PBFPL has gone into the members' voluntary liquidation and has appointed a voluntary liquidator to initiate the process. In the course of liquidation process, the liquidator, with the prior approval of the members vide their special resolution dated March 8, 2013, distributed PBFPL's intangible asset - Ashoka brand and part of cash and bank balance to its Shareholders in proportion to their respective shareholding in PBFPL while retaining certain other fixed and current assets to meet its contingent and other liabilities.

By virtue of the above distribution, the Company received Ashoka brand, which was valued at Rs. 2,935.99 lacs by an independent valuer in lieu of its investment in PBFPL's equity shares of Rs. 2,211.08 lacs. Accordingly, the Company has capitalised the said brand in its books at Rs. 2,935.99 lacs, after adjusting the same against the investment value of Rs. 2,211.08 lacs and carrying the balance of Rs. 724.91 lacs to the credit of the statement of profit and loss as an exceptional item.

Since PBFPL is in the process of members' voluntary liquidation, hence the ability of PBFPL to transfer funds to its holding Company is impaired and the Company does not have the ability to exercise control over PBFPL. Hence in accordance with AS 21 on "Consolidated Financial Statements", the company has not considered PBFPL's accounts for the purpose of consolidated financial statements in the current year.

In view of the above, carry forward loss of Rs. 1,007.36 lacs of PBFPL as on 1st April 2012 is eliminated from consolidated Balance Sheet as on 31st March 2013 from Surplus in Statement of Profit & Loss – refer Note 2.

The Company has to pay Rs. 49.22 lacs to PBFPL as on 31st March 2013, which is not eliminated and shown as outstanding in the consolidated financial statements of the Company in trade payable – refer Note 10.

21. ADF Foods (Mauritius) Ltd., the wholly owned subsidiary of the Company went into members' voluntary liquidation vide special resolution dated 29th May, 2012. The regulatory authority of Mauritius has vide their letter dated 2nd August, 2012 issued no objection to remove the name of the said subsidiary from the Registrar Of Companies, Mauritius.

By virtue of the above, Company has written off its investment of Rs. 5.16 lacs and debited to the statement of profit and loss as an exceptional item.

In view of the above, carry forward loss of Rs. 12.05 lacs of ADF Foods (Mauritius) Ltd as on 1st April 2012 is eliminated from consolidated Balance Sheet as on 31st March 2013 from Surplus in Statement of Profit & Loss – refer Note 2.

22. Previous year's figures have been regrouped / recast wherever necessary.

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

In terms of our report attached

For D.P. Ghevaria & Co.
Chartered Accountants
Firm's Registration Number: 103176W

D.P.Ghevaria
Proprietor
Membership No: 32431

Place: Mumbai
Date: 30th May 2013

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

Sanjay Aggarwal
Partner
Membership No: 40780

For and on behalf of the Board of Directors

Ramesh H. Thakkar
Chairman

Bimal R. Thakkar
Managing Director

Shalaka Ovalekar
Company secretary

Consolidated Cash Flow Statement for the year ended 31st March 2013

Rs. In lacs

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
A. Cash flow from operating activities		
Net Profit / (Loss) before tax	1,733.58	1,033.97
<i>Adjustments for:</i>		
Depreciation and amortisation	732.94	1,016.23
(Profit) / loss on sale / write off of assets	7.17	2.46
Prior year adjustment	-	3.18
Preliminary expenses written off	-	(8.64)
Finance costs	251.02	183.47
Interest income	(204.38)	(156.65)
Net (gain) / loss on sale of investments	(82.73)	(83.39)
Net gain on liquidation / winding up of subsidiary companies	(719.75)	-
Provision for estimated losses on onerous contracts	412.44	(270.90)
Effect of exchange rate change	(15.23)	5.64
	<u>381.48</u>	<u>691.40</u>
Operating profit / (loss) before working capital changes	2,115.06	1,725.37
<i>Changes in working capital:</i>		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Inventories	(404.20)	(363.28)
Trade receivables	(860.16)	198.13
Short-term loans and advances	(400.95)	(12.78)
Long-term loans and advances	(146.80)	(98.32)
Other non-current assets	50.00	(490.51)
<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
Trade payables	213.87	(228.19)
Other current liabilities	1.58	189.02
Short-term provisions	(140.23)	190.70
Long-term provisions	(2.80)	20.85
	<u>(1,689.69)</u>	<u>(594.38)</u>
Cash generated from operations	425.37	1,130.99
Net income tax paid	299.93	362.43
Net cash flow from / (used in) operating activities (A)	<u>125.44</u>	<u>768.56</u>
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances	(3,277.06)	(295.70)
Deduction/adjustment of fixed assets	1,225.44	1.32
Inter-corporate deposits (net)	(925.00)	(100.00)
Bank balances not considered as Cash and cash equivalents	792.32	(66.08)
Proceeds from sale of / purchase of current investments (net)	(1,150.00)	(925.00)
Gain on sale of current investments	82.73	83.39
Gain on disposal of non-current investments		
- Subsidiaries	719.75	-
Interest received		
- Others	204.38	156.65
Net cash flow from / (used in) investing activities (B)	<u>(2,327.44)</u>	<u>(1,145.42)</u>

Rs. In lacs

Particulars	For the year ended 31 March, 2013		For the year ended 31 March, 2012	
C. Cash flow from financing activities				
Proceeds from issue of equity shares	877.50		130.00	
Proceeds from issue of share warrants	-		292.50	
Proceeds from issue of share capital to minority	5.45		-	
Deduction / adjustment for liquidation / winding up				
- Subsidiaries	1,019.41		-	
Proceeds from long-term borrowings	(486.42)		62.70	
Proceeds from other short-term borrowings	1,032.28		311.20	
Finance cost	(251.02)		(183.47)	
Dividends paid	(303.00)		(300.00)	
Tax on dividend	(49.16)		(49.83)	
Minority shareholders interest	26.10		(25.53)	
Net cash flow from / (used in) financing activities (C)		1,871.14		237.57
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		(330.86)		(139.29)
Cash and cash equivalents at the beginning of the year		589.58		728.87
Cash and cash equivalents at the end of the year		258.72		589.58
* Comprises:				
(a) Cash on hand		9.51		7.10
(b) Cheques, drafts on hand		21.57		9.50
(c) Balances with banks				
(i) In current accounts		125.01		292.75
(ii) In EEFC accounts		2.63		280.23
(iii) In deposit accounts with original maturity of less than 3 months		100.00		-
		258.72		589.58

In terms of our report attached

For D.P. Ghevaria & Co.
Chartered Accountants
Firm's Registration Number: 103176W

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

D.P.Ghevaria
Proprietor
Membership No: 32431

Sanjay Aggarwal
Partner
Membership No: 40780

Place: Mumbai
Date: 30th May 2013

For and on behalf of the Board of Directors

Ramesh H. Thakkar
Chairman

Bimal R. Thakkar
Managing Director

Shalaka Ovalekar
Company secretary

Statement pursuant to Section 212 (8) of the Companies Act, 1956

Rs. in lacs

Sr. No.	Name of subsidiary Company	Reporting Currency	Capital	Reserves	Total Assets	Total Liabilities	Investments*	Turnover/ Total Income	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend	Country
1	ADF Foods (India) Limited	INR	5.00	(100.64)	97.67	97.67	Nil	835.97	42.35	8.50	33.85	0	India
2	ADF Foods UK Ltd.	GBP	678.61	25.05	1,146.26	1,146.26	Nil	63.29	11.82	1.98	9.84	0	UK
3	ADF Holdings (USA) Ltd.	USD	669.75	(77.57)	2,518.01	2,518.01	Nil	294.04	(13.23)	(10.52)	(3.31)	0	USA
4	ADF Foods(USA) Ltd	USD	493.11	(504.13)	1,127.51	1,127.51	Nil	4,751.93	(276.44)	(59.30)	(190.44)	0	USA

Closing Exchange rate as on 31.03.2013 1.GBP = Rs.82.28 2. USD = Rs. 54.35

Average Exchange rate as on 31.03.2013 1.GBP = Rs.85.71 2. USD = Rs. 54.23

Power Brands (Foods) Pvt. Ltd. (PBFPL), a 99.99% subsidiary of the Company, has gone for voluntary liquidation vide special resolution passed by its' Members' on 5th November, 2012

ADF Foods (Mauritius) Ltd., the wholly owned subsidiary of the Company went into members' voluntary liquidation vide special resolution dated 29th May, 2012

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

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

ADF FOODS LIMITED

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

Proxy Form

Twenty Third Annual General Meeting- 31st July, 2013 at 2.00 P.M.

Folio No.

I/We

ofin the district of

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

.....ofin the district of

.....or failing him

ofin the district of

as my/our proxy to vote for me/us on my/our behalf at the Twenty Third Annual General Meeting of the Company to be held on 31st July, 2013 at 2.00 P.M. and at any adjournment thereof.

Signed this day of

Signature



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

ADF FOODS LIMITED

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

Attendance Slip

Twenty Third Annual General Meeting- 31st July, 2013 at 2.00 P.M.

Folio No

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

I hereby record my presence at the TWENTY THIRD ANNUAL GENERAL MEETING of the Company at Ipcowala Banquet Hall, Near Amba Ashram Mandir, College Road, Nadiad- 387 001,Gujarat on Wednesday, 31st July, 2013 at 2.00 P.M.

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

.....
Member's / Proxy's Signature

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

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FROM OUR INDIAN FACILITY



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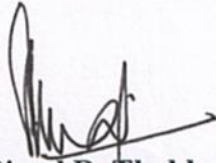




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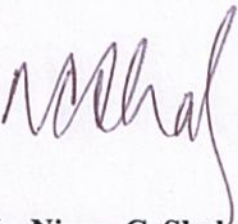
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ADF Foods Ltd., 83/86 GIDC Industrial Estate, Nadiad 387001, Gujarat, India.
Visit us at www.adf-foods.com

FORM A

Format of covering letter of the annual audit report to be filed with the Stock Exchange

1.	Name of the company	ADF Foods Ltd
2.	Annual financial statements for the year Ended	31st March 2013
3.	Type of Audit observation	Un-qualified /Matter of Emphasis
4.	Frequency of observation	Whether appeared first time...../ repetitive...../ since how long period
5.	To be signed by-	
	CEO/Managing Director	 Mr. Bimal R. Thakkar Managing Director
	CFO	 Mr. Bhavesh R. Thakkar Executive Director
	Auditor of the company	1) For M/s D P Ghevaria & Co., Chartered Accountants  D P Ghevaria Proprietor Mem No. 32431



		<p>2) For M/s B S R & Co., Chartered Accountants</p>  <p>Sanjay Aggarwal Partner Mem No. 40780</p>
	<p>Audit Committee Chairman</p>	 <p>Mr. Nipun C. Shah</p>