# AGRO DUTCH INDUSTRIES LIMITED

*(Formerly Agro Dutch Foods Limited)*

# 19TH ANNUAL REPORT 2010-11

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## BOARD OF DIRECTORS

| | |
|---|---|
| Shri Malvinder Singh | Chairman & Managing Director |
| Shri Arvind Kalra | Executive Director |
| Shri Dilsher Singh | Director |
| Dr. H.S. Garcha | Director |
| Shri S.R.K. Agnihotri | Director |
| Shri B.B. Huria | Director |
| Shri Ajay Arora | Director |
| Shri Rajesh Malhotra | Nominee Director (IDBI Bank Ltd) |

## CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Shri Vivek Atri

### BANKERS / TERM LENDERS

Union Bank of India

Bank of India

State Bank of Patiala

ICICI Bank Ltd.

The Federal Bank Ltd.

Axis Bank Ltd.

IDBI Bank Ltd

State Bank of India

State Bank of Hyderabad

Allahabad Bank

Kotak Mahindra Bank Ltd.

Barclays Bank Plc.

DEG Germany

M & T Bank, USA

### STATUTORY AUDITORS

M/s Suresh Mittal & Associates,
Chartered Accountants
16-A Bank Colony,
Behind Amar Hospital,
Patiala

## REGISTERED & CORPORATE OFFICE

S.C.O. 30, 2nd Floor, Sector 33-D, Chandigarh 160020

### WORKS

- Village Tofapur, Near Lalru,
  Distt. S.A.S. Nagar (Mohali) (Punjab)
- Village Bhagwanpura, Barwala Road, Dera Bassi
  Distt. S.A.S. Nagar, (Mohali) (Punjab)
- Padalam Sugar Factory Road,
  Pazhaynoor (PO) Madhurantakam,
  District Kancheepuram, Tamil Nadu

### REGISTRAR & SHARE TRANSFER AGENTS

M/s Karvy Computershare Pvt. Ltd.
Plot No. 17-24, Vithal Rao Nagar,
Madhapur, Hyderabad - 500081

## NOTICE

NOTICE is hereby given that the 19th Annual General Meeting of the Company shall be held on Saturday 24th September, 2011 at 10.30 A.M at Chandigarh Institute of Hotel Management (Formerly Food Craft Institute), Sector 42-D, Chandigarh to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March 2011 and the Balance Sheet as at that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Sh. S.R.K. Agnihotri, who retire by rotation & being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sh. Ajay Arora, who retire by rotation & being eligible, offers himself for re-appointment.
4. To consider and if thought fit pass with or without modification the following resolution, as an ordinary resolution :

   "Resolved that M/s Suresh Mittal & Associates, Chartered Accountants, the retiring auditors be and is hereby reappointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, at a remuneration to be fixed by the Board of Directors and/or any committee thereof."

### SPECIAL BUSINESS

5. To consider & confirm and, if thought fit, to pass with or without modification(s), the following resolution, as a SPECIAL RESOLUTION:

   "RESOLVED THAT subject to the provisions of Sections 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956(including any statutory modifications or re-enactment thereof for the time in force) and subject to the approval of Central Government if necessary, Mr. Arvind Kalra be and is hereby appointed as Executive Director of the Company for a period of three years w.e.f 15th November 2010 on the terms and conditions of payment of remuneration as set out in the Explanatory Statement annexed hereto.
6. To consider and, if thought fit, to pass with or without modification(s), the following resolution, as a SPECIAL RESOLUTION:

   "RESOLVED THAT pursuant to the provisions of Section 314 and other applicable provisions, if any of the Companies Act, 1956, the approval of the members be and is hereby accorded to the appointment of Mr Tim Le Bas De to hold an Office or Place of Profit as Vice President (Exports & Logistics) of the Company, for a period of 5 years w.e.f 16.05.2011 on the terms and conditions of payment of remuneration as set out in the Explanatory Statement attached to this Notice.
7. To consider and, if thought fit, to pass with or without modification(s), the following resolution, as SPECIAL RESOLUTION:

   "RESOLVED THAT pursuant to the provisions of Section 314 and other applicable provisions, if any of the Companies Act, 1956, the approval of the members be and is hereby accorded to the appointment of Ms Dilshad Kaur to hold an Office or Place of Profit as General Manager (Canning) of the Company, for a period of 5 years w.e.f 16.05.2011 on the terms and conditions of payment of remuneration as set out in the Explanatory Statement attached to this Notice.
8. To consider and, if thought fit, to pass with or without modification(s), the following resolution, as an Ordinary Resolution:

   "Resolved that the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any of the Companies Act, 1956, to the Board of Directors of the Company for mortgaging/charging all the immovable properties of the Company, wheresoever situated both present and future, and the whole or substantially the whole of the undertaking of the Company by way of 1st pari passu charge and 2nd pari passu charge in favour of State Bank of Patiala, State Bank of India, State Bank of Hyderabad, Allahabad Bank, Axis Bank Ltd., Union Bank of India, Federal Bank Ltd, ICICI Bank Ltd, Bank of India, IDBI Bank Ltd and DEG Germany, for securing Term Loans & Working Capital Facilities aggregating to Rs.35426.33 Lacs and Rs.9944.16 Lacs respectively together with interest, costs and other charges and expenses payable by the Company to the Bank, in terms of the Master Restructuring Agreement dated 26.03.2011 entered into or to be entered into between the Company and the Banks and modifications thereof."

   "Resolved that the mortgage/charge created/to be created and/or all arrangement/documents executed/to be executed

and all acts done in terms of the above resolution by and with the authority of the Board of Directors are hereby confirmed and ratified."

**By order of the Board**

**Sd/-**

**Place : Vill. Tofapur, Punjab** **Vivek Atri**

**Date : 27.08.2011** **CFO & Company Secretary**

**Notes:**

1 A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT BE MEMBER OF THE COMPANY. A PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE COMPANY'S REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE TIME OF COMMENCEMENT OF MEETING.

2. The Register of Members and Share Transfer Books of the Company will remain closed for 2 days from 23rd September, 2011 to 24th September, 2011 (both days inclusive).

3. Members desirous of seeking any further information or clarification in respect of accounts and operations of the Company are requested to send their queries in writing to the Company at the Registered Office so as to reach at least 7 days before the date of the meeting so that the required information can be made available at the meeting.

4. Members are requested to bring with them the attendance slips sent with this Annual Report duly completed and signed to hand it over at the entrance.

5. The Explanatory statement pursuant to Section 173 (2) of the Companies Act 1956 in respect of Item No. 5, 6, 7 and 8 set out above is annexed hereto.

6. Members holding shares in physical form are requested to notify immediately the change in their address, if any at the Registered Office of the Company.

## EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT 1956

### ITEM NO.5

Keeping in view the involvement and hard work put up in the affairs of the Company by Mr. Arvind Kalra, the management has decided to appoint Mr. Arvind Kalra as Executive Director for a period of three years pursuant to the provisions of section 198, 269, 309, 310 read with Schedule XIII of the Companies Act, 1956 w.e.f. 15th November, 2010 subject to the approval of shareholders in the general meeting. The Central Government has approved the appointment of Mr. Arvind Kalra vide letter no. B05271937/1/2011-CL.VII dated 31st May, 2011.

The terms and conditions of his appointment are as follows:

I. Salary : Rs.2,00,000 /- per month

II. Perquisites : In addition to Salary the Executive Director will be allowed perquisites as specified in Category A, B & C below:-

### Category 'A'

**i) Housing**

The Executive Director shall be provided rent free accommodation by the company. In case no accommodation is provided, Executive Director shall be entitled to a House Rent Allowance @ Thirty percent of salary.

**ii) Medical Reimbursement**

Expenses incurred for self and family subject to ceiling of one month's salary in a year or three months salary over a period of three years.

### Category 'B'

i) Contribution of Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act. Gratuity payable will not exceed half a month's salary for each completed year of service.

ii) Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on the perquisites.

**Category 'C'**

Provision of car(s) for use on company's business and telephone(s) at residence or mobile phone(s) will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company.

In case of absence or inadequacy of profits in any financial year, the aforesaid remuneration shall be paid to Mr Arvind Kalra as minimum remuneration.

None of the Directors except Mr. Arvind Kalra is concerned or interested in this appointment.

**ITEM NO.6**

Mr Tim Le Bas with his vast experience, has understood the business nuances of the Company and set the process, systems and procedures in place and established control over the business in that region. His scope of work covers complete control over the export & Logistics of the Company. Considering the expertise of Mr. Tim Le Bas De in International Business, the Company has decided to appoint Mr. Tim Le Bas De as Vice-President (Exports & Logistics) of the Company for a period of 5 years with effect from 16th May, 2011. Mr. Tim Le Bas De is a relative of Mr. Malvinder Singh, Chairman & Managing Director and Mr. Dilsher Singh, Director of the Company. Therefore, in terms of section 314 of the Companies Act, 1956, the approval of the members is required. The terms of appointment are as follows:

Salary : Rs.1,00,000 /- per month(Consolidated)

During his tenure, he will be governed by the Rules and Regulations of the Company as may be applicable to the employees of the Company from time to time including change in designation and responsibilities."

None of the Directors except Mr. Malvinder Singh or Mr. Dilsher Singh is concerned or interested in this appointment.

**ITEM NO.7**

Considering the expertise of Ms. Dilshad Kaur in Human Resource Management. The Company has decided to appoint Ms. Dilshad Kaur as General Manager (Canning) of the Company for a period of 5 years with effect from 16th May, 2011. Ms. Dilshad Kaur is a relative of Mr. Malvinder Singh, Chairman & Managing Director and Mr. Dilsher Singh, Director of the Company. Therefore, in terms of section 314 of the Companies Act, 1956, the approval of the members is required. The terms of appointment are as follows:

Salary : Rs.1,00,000 /- per month(Consolidated)

During her tenure, she will be governed by the Rules and Regulations of the Company as may be applicable to the employees of the Company from time to time including change in designation and responsibilities."

None of the Directors except Mr. Malvinder Singh or Mr. Dilsher Singh is concerned or interested in this appointment.

**ITEM NO.8**

CDR Empowered Group has approved the reworking of Debt Restructuring Scheme of the Company in their meeting held on 23.12.2010 and Letter of Approval for the same was issued on 17.01.2011. The reworking includes postponement of repayment schedule by another one year and carving out of slow moving stock into Working Capital Term Loan (WCTL). Master Restructuring Agreement (MRA) was executed on 26.03.2011. In terms of the said MRA, security was created on all fixed and current assets of the Company.

As per the provisions u/s sec-293 (1)(a) of Companies Act, 1956, the Board of Directors of the Company is required to be authorized by the members at a General Meeting for creating the charge/ mortgage on fixed assets/ immovable properties of the Company.

The Directors recommend the resolution for your approval.

None of the Directors of the Company is interested in the proposed resolution.

## DIRECTORS' REPORT

The Directors are pleased to present the 19th Annual Report and Audited Statements of Accounts for the period ended on 31st March, 2011.

**FINANCIAL RESULTS** **(Rs. in lacs)**

| Particulars | 2010-11 | 2009-10 |
|---|---|---|
| Net Sales/Income | 13443.29 | 9635.61 |
| Other Income | 944.39 | 864.87 |
| Increase / (Decrease) in Stock | (2409.65) | (1540.35) |
| Total Expenditure | 15425.76 | 12380.09 |
| Profit (Loss) before Int/Tax/Dep | (3447.74) | (3458.61) |
| Interest | 3111.63 | 3516.11 |
| Depreciation | 1641.90 | 1601.09 |
| Misc Expenses W/o | 4.00 | 38.65 |
| Profit (Loss) before Tax | (8205.27) | (8575.81) |
| Provision for Taxation | 1.84 | 2.10 |
| Profit after Current Tax | (8207.11) | (8577.91) |
| Provision for deferred Tax/Mat Credit Entitlement | (3203.32) | 3142.65 |
| Profit/(Loss) after Tax | (11410.43) | (5435.26) |
| Extra Ordinary Items including Previous year adjustments | 987.15 | 761.19 |
| **Net Profit/(Loss) After tax** | **(12397.58)** | **(6196.46)** |

### DIVIDEND

In view of the loss, your directors regret their inability to recommend any Dividend for the year under review.

### BIFR REFERENCE UNDER SECTION 15 AND OTHER APPLICABLE PROVISIONS OF CHAPTER III OF THE SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985.

Considering the audited financial results and the observations by the auditors thereon, the net worth of the Company has fully eroded. The Computation of Net Worth erosion is as under:

**(Rs. in lacs)**

| | | |
|---|---|---|
| NET WORTH | | |
| Share Capital | | |
| - Paid up equity share capital | 5436.50 | |
| - Paid up preference share capital | 3964.11 | 9400.61 |
| - General Reserve | 5592.24 | |
| - Share Premium Account | 4421.88 | 10014.12 |
| NET WORTH | | 19414.73 |
| ACCUMULATES LOSSES | | |
| (Profit & Loss Account-Debit Balance) | | 17241.73 |
| Add: Unprovided for expenses/losses in respect of which Auditor's has made the following qualifications in the Auditor's Report on the accounts of the company for F.Y. 2010-11: | | |
| (i) Old/ Slow moving stock of Canned Mushroom, included in closing stock, which has no realizable value. | 1071.69 | |
| (ii) Debts due against export, which are outstanding for more than two years, bill discounted against which has not been made good by the buyer and are doubtful of recovery. | 1480.24 | 2551.93 |
| Accumulated Losses after considering unprovided for losses / expenses | | 19793.66 |
| **Excess of Accumulated Losses over the Net Worth** | | **378.93** |

The Board of Directors in their meeting held on 15th July, 2011, formed an opinion that the Company has become a Sick Industrial Company, accordingly a reference be made to Board for Industrial & Financial Reconstruction(BIFR) under Section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985.

The reference in terms of section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 was filed on 27.07.2011 and the same has been registered with BIFR on 8th August, 2011.

## OPERATIONS

During the year under review, your company has achieved a turnover of Rs.134.43 Crores (previous year Rs. 96.36 Crores). The restructured debt of the Company has been reworked through CDR mechanism, which inter-alia includes enhancement of moratorium of 12 months. During the year there were torrential rains and floods in the surrounding area of Mushroom Production unit, which caused an outbreak of Wet bubble disease, thus affecting the production cycle. However, the disease has now been controlled and the production is stabilized now.

The Company expects the increase in the Mushroom production in future.

## CHENNAI PLANT

The Commissioning of Chennai Plant is at a Stage of synchronization. The coil cutting and Can making line has been erected and tested. However, the commissioning of Easy Open End (EOE) and printing line getting delayed due to replacement of a critical part, which now has been imported. The Synchronization of the complete plant is delaying due to shortage of funds. The final commissioning is expected to be completed by 30.09.2011.

## AUDITORS

M/s Suresh Mittal & Associates, Chartered Accountants, Patiala, Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and being eligible, have offered themselves for reappointment. The Board recommends their reappointment.

## DIRECTORS

To appoint Director in place of Mr S.R.K.Agnihotri and Mr. Ajay Arora, who retires by rotation & being eligible, offers themselves for re-appointment.

## ISSUE OF CAPITAL

The Company issued 10,00,000 (Ten Lacs) convertible warrants of Rs.10/- each, at a premium of Rs.13.00 per warrant to the Financial Investors on preferential basis. Out of these warrants, 2,00,000 warrants are outstanding for conversion. The last date for conversion is 4th January, 2012, If the Investor opts to exercise these option for conversion, the paid up capital shall increase by Rs. 20,00,000.

## PARTICULARS OF EMPLOYEES

There is no employee in the Company whose particulars are required to be given under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956 with respect to Directors Responsibilities Statement, it is hereby confirmed:

i) that in the preparation of accounts for the period ended 31st March, 2011, the applicable Accounting Standards had been followed and there are no material departures:

ii) that the selected Accounting Policies are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the year end and profit of the Company for that period;

iii) that proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities;

iv) that the accounts have been prepared on a going-concern basis.

## AUDIT COMMITTEE

The Board of Directors in their meeting held on 13th November, 2010 have re-constituted the Audit Committee consisting of the following:-

1. Mr. S.R.K. Agnihotri, 2. Dr. H.S. Garcha, 3. Mr. Ajay Arora, 4. Mr. B.B. Huria

The constitution is in accordance with Section 292A of the Companies (Amendment) Act, 2000.

The Committee met Five times during the year. The Board of Directors has accepted all the recommendation of the Audit Committee.

## CORPORATE GOVERNANCE

As required under Clause 49 of the listing agreement, a report on Corporate Governance is enclosed in this annual report. Auditor's Certificate on the compliance of Corporate Governance is also annexed with the report.

## LISTING OF SHARES & SEBI REGULATION

The Equity shares of the company are listed on The Stock Exchange Mumbai & National Stock Exchange of India Ltd., Mumbai. The listing fee for 2010-2011 has been paid on time and there being neither delisting nor suspension of shares from trading during the period under review.

## INSURANCE

The company has taken the required insurance coverage for its assets against the possible risks like fire, flood, public liability, marine etc.

## DEPOSITS

The Company has not invited any deposits from the public.

## ACKNOWLEDGEMENTS

Company would like to thank its Shareholders including suppliers, vendors, investors and bankers. Company also records its appreciation of the contribution made by employees at all levels. The diligent hard work, cooperation and support is a backbone of all endeavors of the company. We, assure all the stakeholders that the team ADIL is fully dedicated and assure that with the continuous support, we will overcome the turbulence in the coming years.

**For & on behalf of the Board**
**sd/-**
**Malvinder Singh**
**Chairman & Managing Director**

**Place : Village Tofapur**
**Dated : 27.08.2011**

## ANNEXURE TO THE DIRECTORS' REPORT

### STATEMENT CONTAINING PARTICULARS PURSUANT TO THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF DIRECTORS' REPORT

### i) Conservation of Energy

Energy cost constitutes a major part of cost of production. The Company has installed its own co-generation power plant which helps the Company to reduce energy cost and also lower the dependence on State Electricity Board.

### ii) Technology Absorption : Not Applicable

### iii) Foreign Exchange Earning and Outgo

| | | |
|---|---|---|
| Earnings | Rs. | 10363.91 Lacs |
| Interest | Rs. | 0.00 Lacs |
| Outgo: | | |
| Capital A/c | Rs. | 69.37 Lacs |
| Raw Material & Consumables | Rs. | 1152.85 Lacs |
| Spares & Components | Rs. | 63.67 Lacs |
| Travelling | Rs. | 39.12 Lacs |
| Interest & Financial Charges | Rs. | 359.78 Lacs |
| Others | Rs. | 225.27 Lacs |
| Repayment of term loans | Rs. | 0.00 Lacs |

### iv) Explanation on observations by the Auditors

The Auditors have made some observations at Para (f) in their report. Following are the explanations on the same:

a) **Old/Slow Moving Stocks** : The said stocks are old and the Company is finding it difficult to push the same in the export market. The matter was discussed in the Lenders Meet and accordingly the same were converted into Working Capital Term Loan through CDR rework scheme. The management is putting full efforts to dispose of the inventory of the same at any cost. The management is of the view that the realizable value of these stocks are very low and accordingly the valuation of these stocks were done at lower value in the balance sheet for the year ended 31st March 2011. The auditors are of the view that the entire stocks be valued at zero value. The management has accepted the opinion of the Auditors and has decided to write off the same in the books of accounts of the company in current financial year.

b) **Export Bills:** The unpaid Export Bills, amounting to Rs. 39 crores, pertain to a foreign buyer, to whom canned mushrooms were supplied before the beginning of recession in US at a price of around 30 dollars prevailing at that time. Due to global meltdown and credit crunch in USA, the prices tumbled down to below 20 dollars. The buyer was struck with the huge inventory, which was liquidated by him at a much lower price. Accordingly, the buyer was not in a position to honor the bills fully. The Company persuaded to realize the dues and was able to recover majority of the bills. The management has decided to self write off the balance bills as permissible in terms of guidelines issued by Reserve Bank of India, in their Master Circular of July, 2011 for export credit.

## MANAGEMENT DISCUSSIONS & ANALYSIS REPORT

The principal business of the Agro Dutch Industries Limited is growing of White Button Mushrooms.

### a) Business Environment

The financial year 2010-11 witnessed the global economy largely shaking-off the effects of the economic & financial crisis and starting on the road to recovery. Though the economic growth in the industrialized nations was below average, the Asian economies, particularly India and China, recorded robust growth. The year also faced headwinds, such as European sovereign debt crises, political upheaval in middle-east, spill-over from the Japanese natural disaster and the high oil & other commodities prices as well as monetary tightening in emerging market economies to contain inflationary pressures.

### b) Industry Structure and Outlook

There was a significant slowdown in the exports following the financial crisis which began in December, 2008.

The Mushroom demand has now started to look up. The price of the canned Mushroom has improved significantly. The Mushroom production have also improved coupled with stability in US Dollar. The year 2010-11 witnessed the recovery trend from the recession and global slow down.

### c) Opportunities and Threats

The Company is about to commission its Chennai Plant which has been set up for manufacturing of tin plate cans, Easy-Open-End (E.O.E) and Six Colour Printing Line. There is continuous demand for EOE cans for Mango pulp, gherkins, coffee, condensed milk, and other beverage industries in India.

ADIL's installed capacity is 90 % of total installed capacity of operating units in India. Therefore there is no stiff competition within India.

Since the company is 100% EOU, any changes in export policy of Government and imposition of anti dumping by USA or such other policy changes by importing country may affect the working of company.

### d) Segment Review and Analysis

Company deals in one product i.e. export of canned mushroom. As such Board is of the opinion that no disclosure is required as per accounting standard 17.

### e) Outlook

Since the production of Mushroom unit has stabilized and with the increased prices of Canned Mushroom, the company expects to do better in future. With the economy of scale enjoyed by the Company expansion in Can Manufacturing, Easy-Open-End (E.O.E) and Six Colour Printing Line at Chennai, the future outlook of the company is bright.

### f) Risks and concerns

There is always high risk from diseases, contamination, fall in standard of production and quality of flush. Moreover Company's more than 70% turnover is in USA. Therefore any big fall in the demand or prices in this single country affects company's revenue badly.

### g) Internal Control Systems and their adequacy

The Company has well defined and adequate internal control systems to ensure that all the assets are safeguarded. These internal controls are supplemented by periodic audits. We have a qualified and independent Audit Committee which comprises our Board of Directors. The Audit Committee reviews the adequacy and efficiency of internal controls and recommends any improvements or corrections. These internal controls ensure efficiency in operations, compliance with the internal policies of the Company, applicable laws and regulations, protection of resources and the accurate reporting of financial transactions.

### h) Human Resource Development/Industrial Relations

The Company continues to believe that their employees are key contributors to the company's success.

The Group's Endeavour to impart the best training, working environment for retaining the best talents in the industry. Industrial relations continue to be cordial and harmonious.

### i) Cautionary Statement

Certain Statements in the "Management Discussion and Analysis" section may be forward looking and are stated as required by applicable laws and regulations. Many factors may affect the actual results, which could be different from what the Director's envisage in terms of future performance and outlook.

## REPORT ON CORPORATE GOVERNANCE

### COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Corporate Governance contains a set of principles, process and systems to be followed by Directors, Management and all Employees of the Company for increasing the shareholder's value, keeping in view interest of other stakeholders. While adhering to the above, the Company is committed to integrity, accountability, transparency and compliance with laws in all dealings with the Government, customers, suppliers, employees and other stakeholders.

### COMPOSITION OF THE BOARD

The Board of Directors of the Agro Dutch Industries Limited comprises of the Chairman cum Managing Director, who is a promoter director, one executive director, and six non-executive directors including one Nominee Director. Details are given in Table 1.

### TABLE 1: DETAILS ABOUT THE BOARD OF DIRECTORS

| Sr. No. | Name of Director | Promoter/Executive/ Non-Executive/ Independent | Number of Meetings held | Number of Meetings Attended | Whether Attended last AGM on | Number of Outside Directorships of Public Ltd Companies | Materials Significant Pecuniary or Business Relationship with the Company |
|---|---|---|---|---|---|---|---|
| 1. | Mr. Malvinder Singh | Promoter-Executive | 6 | 6 | Yes | 3 | NIL |
| 2. | Mr. Gurpreet Singh* | Promoter-Executive | 6 | 3 | No | 1 | NIL |
| 3. | Dr. H.S. Garcha | Independent -Non-Executive | 6 | 2 | No | NIL | NIL |
| 4. | Mr. S.R.K Agnihotri | Independent Non-Executive | 6 | 4 | Yes | 1 | NIL |
| 5. | Mr. B.B. Huria | Independent Non-Executive | 6 | 6 | Yes | 2 | NIL |
| 6. | Mr Arvind Kalra | Executive Director | 6 | 1 | Yes | 3 | NIL |
| 7. | Mr. Ajay Arora | Independent Non- Executive | 6 | 4 | Yes | 5 | NIL |
| 8. | Mr. Dilsher Singh | Director | 6 | 2 | No | 2 | NIL |
| 9. | Mr. P.K. Sethi** | Nominee Director | 6 | 5 | No | NIL | NIL |
| 10. | Mr. Rajesh Malhotra*** | Nominee Director | NA | NA | NA | NIL | NIL |

*Resigned from directorship w.e.f. 10th February, 2011

**Withdrawn from Nomination w.e.f. 23rd May, 2011

*** Substitution of the nominee w.e.f. 23rd May, 2011

### DETAILS OF BOARD MEETINGS HELD DURING THE YEAR

| Date of Board Meeting | 29th April, 2010 | 14th May, 2010 | 2nd August, 2010 | 14th August, 2010 | 13th November, 2010 | 12th February, 2010 |
|---|---|---|---|---|---|---|
| Board Strength | 10 | 10 | 9 | 9 | 9 | 8 |
| No. of Directors Present | 7 | 6 | 5 | 4 | 6 | 5 |

### DIRECTORS' ATTENDANCE RECORD & DIRECTORSHIPS

Table I gives the composition of the Board of Directors, the category of Directors, their attendance record and the number of directorships.

### INFORMATION SUPPLIED TO THE BOARD

The Board has complete access to the information within the company including the information as per Clause 49 of the listing agreement. The agenda papers for the meetings are circulated in advance of each meeting.

## DIRECTORS WITH MATERIALLY SIGNIFICANT PECUNIARY RELATIONSHIP OR BUSINESS TRANSACTIONS WITH THE COMPANY

There have been no materially relevant pecuniary relationships or transactions between the Company and its Directors for the year 2010-11.

## REMUNERATION OF DIRECTORS

Table 2 gives full details of remuneration paid/payable to each director. During 2010-11, the Company did not advance any loans to any of its directors.

### TABLE 2: REMUNERATION PAID/PAYABLE TO DIRECTORS DURING 2010-11 AND RELATIONSHIP, IF ANY

| Name of Director | Remuneration Paid/Payable in 2010-2011 (Rs.) | | | |
|---|---|---|---|---|
| | Sitting Fees | Salaries, Allowances and Perquisites | Commission | Total (Rs.) |
| Mr. Malvinder Singh | Nil | Rs.46,80,000 | Nil | Rs.46,80,000 |
| Mr. Gurpreet Singh | Nil | Rs.32,50,000 | Nil | Rs.32,50,000 |
| Dr. H.S. Garcha | Rs.13,000 | Nil | Nil | Rs.13,000 |
| Mr. S.R.K Agnihotri | Rs.18,000 | Nil | Nil | Rs.18,000 |
| Mr. B.B. Huria | Rs.28,000 | Nil | Nil | Rs.28,000 |
| Mr. Arvind Kalra | Rs. 5,000 | Nil | Nil | Rs.5,000 |
| Mr. Ajay Arora | Rs.18,000 | Nil | Nil | Rs.18,000 |
| Mr. Dilsher Singh | Nil | Nil | Nil | Nil |
| Mr. P.K Sethi | NA | NA | NA | NA |

## COMMITTEE OF DIRECTORS

## AUDIT COMMITTEE

The Audit Committee presently comprises of four non-executive directors. It reviews the Company's financial reporting process, disclosure norms, internal control systems, accounting policies and practices, Secretarial Audit Report, Listing agreement Compliances, reports of the Company's Internal Auditors, quarterly/half yearly financial statements. It also recommends appointment of statutory auditors recommends fixation of audit fees and reviews internal control systems, scope for observations of the auditors. It met five times during the year and the composition of the committee as well as the attendance record of its members are as follows: -

### TABLE 3: DETAILS OF THE AUDIT COMMITTEE

| Name of the Member | No. of Meeting Held | No. of Meeting Attended | Sitting Fees (Rs.) |
|---|---|---|---|
| Dr. H.S. Garcha | 5 | 2 | Rs.10,000 |
| Mr. S.R.K Agnihotri | 5 | 3 | Rs.15,000 |
| Mr. Arvind Kalra* | 3 | 1 | Rs.5,000 |
| Mr Ajay Arora | 5 | 3 | Rs.15,000 |
| Mr. B.B. Huria | 5 | 3 | Rs.15,000 |

* Mr. Arvind Kalra ceased to be a member of Audit Committee w.e.f 13th November, 2010.

## SHAREHOLDERS/INVESTORS GRIEVANCES AND SHARE/DEBENTURE TRANSFER COMMITTEE

The committee was reconstituted during the year. The committee consists of three directors viz Mr. S.R.K. Agnihotri, Mr. Ajay Arora & Mr. Arvind Kalra. This Committee deals with the transfer of shares, issue of duplicate share certificates, and dematerialization of shares, investor grievances and complaints. The Board has appointed Mr. Vivek Atri, Company Secretary, as Compliance Officer. No valid transfer/transmission of share was pending as on 31st March, 2011.

## REMUNERATION COMMITTEE

Remuneration committee presently comprises of Mr. S.R.K. Agnihotri, Mr. B.B. Huria and Mr. Ajay Arora.

During the financial year, one Remuneration Committee meeting was held on 13th November, 2010 to recommend to the

Board of Directors the payment of remuneration to the Executive Director for the financial year 2010-2011.

## INFORMATION ON GENERAL BODY MEETINGS

The date, time and venue of the last three Annual General Meetings are as follows:-

| YEAR | LOCATION | DATE AND TIME |
|---|---|---|
| 2007-2008 | CHANDIGARH INSTITUTE OF HOTEL MANAGEMENT (FORMERLY FOOD CRAFT INSTITUTE), SECTOR 42-D, CHANDIGARH | 30th September, 2008 AT 11.30 A.M. |
| 2008-2009 | CHANDIGARH INSTITUTE OF HOTEL MANAGEMENT (FORMERLY FOOD CRAFT INSTITUTE), SECTOR 42-D, CHANDIGARH | 12th October, 2009 AT 10.30 A.M. |
| 2009-2010 | CHANDIGARH INSTITUTE OF HOTEL MANAGEMENT (FORMERLY FOOD CRAFT INSTITUTE), SECTOR 42-D, CHANDIGARH | 28th September, 2010 AT 10.30 A.M |

## DISCLOSURES

During the year, there were no transactions of material nature with the Director or the management or their subsidiaries or relatives that had potential conflicts with the interest of the Company.

There have been no instances of non-compliance on any matter related to the capital markets during the last three years.

## MEANS OF COMMUNICATION

Quarterly, half yearly, annual results and statutory notices are published in prominent daily newspapers, i.e. The Jansatta (All Editions) and The Financial Express (All Editions). All these information are also uploaded on the web-site of the company i.e. www.agro-dutch.com

## ANNUAL GENERAL MEETING

| Date | Time | Venue |
|---|---|---|
| 24.09.2011 | 10.30 A.M. | Chandigarh Institute of Hotel Management, (Formerly Food Craft Institute) Sector 42-D, Chandigarh |

## FINANCIAL CALENDAR

April 01 to March 31

## DATES OF BOOK CLOSURE

23rd September, 2011 to 24th September, 2011. (Both Day inclusive)

## REGISTERED OFFICE

S.C.O.30, 2nd FLOOR, SECTOR 33-D, CHANDIGARH – 160 020

TEL.NO. 0172-2606575, 2663336

FAX NO. 0172-2604045

E.MAIL NO. investors@agro-dutch.com

## REGISTRAR AND SHARE TRANSFER AGENT

M/S. KARVY COMPUTERSHARES PVT LIMITED

PLOT NO.17-24, VITHAL RAO NAGAR, MADHAPUR,

HYDERABAD – 500 081

## SHARE TRANSFER SYSTEM

Share transfers are registered and returned within a period of twenty one days from the date of receipt, if the documents are in order in all respects.

## LISTING AND STOCK CODE

Share of ADIL are listed on the Mumbai, and National Stock Exchange Limited, Mumbai. The code for Mumbai Stock Exchange is 519281.

## SHAREHOLDING PATTERN AS ON 31.03.2011

| | CATEGORY | NO. OF SHARES HELD | % OF HOLDING |
|---|---|---|---|
| A | **Promoters Holding** | | |
| | 1. Indian Promoters | 53,67,529 | 9.87 |
| | 2. Ministry of Food Processing | 15,00,000 | 2.76 |
| | 3. Persons acting in concert | 2,51,36,419 | 46.24 |
| | **Sub Total** | **3,20,03,948** | **58.87** |
| B | **Non Promoters Holding** | | |
| | 4. Institutional Investors | | |
| | a) Mutual Funds and UTI | 7,900 | 0.01 |
| | b) Banks/Financial Institutions, Insurance Companies (Central/State Govt. Institutions/ Non-Govt. Institutions) | 3,00,000 | 0.55 |
| | c) Foreign Institutional Investors | 0.00 | 0.00 |
| | **Sub Total** | **3,07,900** | **0.56** |
| | 5. Others | | |
| | a) Private Corporate Bodies | 46,06,265 | 8.47 |
| | b) Indian Public | 1,67,10,024 | 30.74 |
| | c) Non Resident Indians/Overseas Corporate Bodies | 5,90,660 | 1.09 |
| | d) Any Other | | |
| | a) Directors | 16,300 | 0.03 |
| | b) Clearing Members | 1,29,903 | 0.24 |
| | **Sub Total** | **2,20,53,152** | **40.57** |
| | **Grand Total** | **54365000** | **100%** |

## STOCK MOVEMENT DATA

| Month | Bombay Stock Exchange | | | National Stock Exchange | | |
|---|---|---|---|---|---|---|
| | High (Rs.) | Low (Rs.) | Monthly Volume | High (Rs.) | Low (Rs.) | Monthly volume |
| April 2010 | 25.80 | 20.75 | 3,96,91,858 | 25.80 | 20.60 | 20,87,986 |
| May 2010 | 25.90 | 21.90 | 1,90,29,512 | 26.05 | 21.90 | 10,95,262 |
| June 2010 | 27.60 | 24.10 | 1,80,31,215 | 27.50 | 24.30 | 12,16,218 |
| July 2010 | 37.25 | 24.55 | 8,45,31,535 | 37.70 | 24.60 | 40,98,926 |
| August 2010 | 33.40 | 28.55 | 2,20,85,950 | 33.40 | 29.20 | 9,60,037 |
| Sept 2010 | 31.20 | 22.70 | 2,42,93,520 | 31.15 | 22.75 | 13,01,100 |
| October2010 | 32.45 | 22.75 | 11,37,77,665 | 32.45 | 22.70 | 45,42,825 |
| Nov 2010 | 31.00 | 14.50 | 11,81,00,183 | 30.70 | 14.45 | 72,92,928 |
| Dec 2010 | 18.80 | 13.50 | 1,78,54,186 | 18.90 | 14.15 | 18,78,061 |
| Jan 2011 | 16.35 | 11.20 | 82,80,338 | 16.40 | 11.55 | 9,59,978 |
| Feb 2011 | 12.50 | 8.70 | 70,90,198 | 12.45 | 8.85 | 11,19,809 |
| Mar 2011 | 10.59 | 9.00 | 59,12,249 | 10.95 | 9.25 | 6,46,730 |

## DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2011

| Category From | | To | Number of Cases | % of Cases | Amount | % of Amount |
|---|---|---|---|---|---|---|
| 01 | - | 5000 | 17986 | 77.51 | 34802480.00 | 6.40 |
| 5001 | - | 10000 | 2532 | 10.91 | 21091610.00 | 3.88 |
| 10001 | - | 20000 | 1375 | 5.93 | 21815600.00 | 4.01 |
| 20001 | - | 30000 | 433 | 1.87 | 11382340.00 | 2.09 |
| 30001 | - | 40000 | 200 | 0.86 | 7226740.00 | 1.33 |
| 40001 | - | 50000 | 200 | 0.86 | 9581040.00 | 1.76 |
| 50001 | - | 100000 | 247 | 1.06 | 18830210.00 | 3.46 |
| 100001 | > | above | 231 | 1.00 | 418919980.00 | 77.06 |
| **Total** | | | **23204** | **100.00** | **543650000.00** | **100.00** |

## DEMATERALISATION OF SHARES

As on 31st March 2011, in total 5,21,78,945 (95.98% of the total number of shares) shares are in dematerialised form. The Company's shares are compulsorily traded in dematerialised form.

## OUSTANDING WARRANTS AND THEIR IMPLICATIONS ON EQUITY

The Company issued 10,00,000 (Ten Lacs) convertible warrants of Rs.10/- each, at a premium of Rs.13.00 per warrant to the Financial Investors on preferential basis. Out of these warrants, 2,00,000 warrants are outstanding for conversion. The last date for conversion is 4th January, 2012, If the Investor opts to exercise these option for conversion, the paid up capital shall increased by Rs. 20,00,000.

## INVESTOR CORRESPONDENCE

Shareholders can contact the Company's Registrar & Share Transfer Agent:-

M/S. KARVY COMPUTERSHARES PVT LIMITED
PLOT NO.17-24, VITHAL RAO NAGAR, MADHAPUR, HYDERABAD – 500 081

## AUDITORS' CERTIFICATE OF CORPORATE GOVERNANCE

The Company has obtained a certificate from ADIL's statutory auditors regarding compliance of the requirements of corporate governance as stipulated in clause 49 of the listing agreement with the Stock Exchanges and the same is annexed. The certificate will also be sent to the Stock Exchanges along with the Annual Report to be filed by the Company.

## CERTIFICATE

To the Members of

Agro Dutch Industries Limited

We have examined the compliance of conditions of corporate governance by Agro Dutch Industries Limited, for the year ended on March 31, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchange(s).

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

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

We state that no investor grievance(s) are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders Grievance Committee.

We further state that such compliance is neither and 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 Suresh Mittal & Associates**
**Chartered Accountants**
**Sd/-**
**(Suresh Mittal)**
**Partner**

**Place : Village Tofapur**
**Dated : 15.07.2011**

## AUDITOR'S REPORT

To the members of Agro Dutch Industries Limited

We have audited the attached Balance Sheet of Agro Dutch Industries Limited as at March 31, 2011 and the Profit & Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As required by the Companies (Auditor's Reports) Order, 2003 as amended by the Companies (Auditor's Report) [Amendment] Order, 2004 together 'the order' issued by the Central Government of India in terms of Sub Section (4A) of Section 227 of the Companies Act, 1956, and on the basis of such checks of the books and records of the company as we may consider appropriate, we enclose in the Annexure a statement on matters specified in paragraph 4 & 5 of the said order.

Further to our comments in the Annexure referred to above, we report that:-

a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;

b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

c) The Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d) In our opinion the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the applicable Accounting Standards referred to in sub-Section (3C) of section 211 of the Companies Act, 1956.

e) On the basis of written representation received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

f) In respect of following items no provision/charge to profit and loss account has been made.

   **(i) Old/slow moving stock of Canned Mushroom amounting to Rs 1071.69 lacs, included in closing stock, which in our opinion, has no reliasable value.**

   **(ii) Debts amounting to Rs 1480.24 lacs due against export, which are outstanding for more than two years, bills discounted against which has not been made good by the buyer and as such in our opinion, are doubtful of recovery (Refer para 16 of schedule 19).**

   **We further report that had the effect of items mentioned In (f) above considered, loss for the year would have been increased by Rs 2551.93 lacs resulting into a loss of Rs 14949.51 lacs for the year and accumulated loss at the year end would have been higher by Rs 2551.93 lacs. Further current assets would have been lower by Rs 2551.93 lacs and the balance of the Profit and Loss Account in assets side of the Balance Sheet would have been higher by Rs 2551.93 lacs.**

g) Without qualifying attention is drawn to;

   (i) Note 1 B of schedule 19 regarding pending export obligations against machinery imported under advance license as stated in the said note.

   (ii) Note 15 of schedule 19, regarding reasons for preparing the financial statements of the company on a going concern basis, notWithstanding the fact that its net worth is totally eroded. The appropriateness of the said basis is interalia depends on the admission of its case by BIFR and the rehabilitation packages sanctioned by BIFR, repayment obligations of its loans and interest due as on date and falling due during the year ending 31.3.2012 and infusion of funds for meeting obligations.

h) Subject to out comments in para (f) and (g) above, in our opinion and to the best of our information and according

to the explanations given to us, the said financial statements read together with Significant Accounting Policies and Notes thereon appearing in schedule 19, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principals generally accepted in India;

i) In the case of the Balance Sheet of the state of affairs of the Company as on March 31st, 2011;

ii) In the case of Profit & Loss Account. of the loss of the Company for the year ended on that date and

iii) In the case of Cash Flow Statement, of the cash flows of the company for the year ended on that date.

**For Suresh Mittal & Associates**
**Chartered Accountants**
**FRN003800N**

**(Suresh Mittal)**
**Partner**
**Membership No 82740**

**PLACE : Village Tofapur**
**Dated : 15.7.2011**

## ANNEXURE TO THE AUDITOR'S REPORT

Annexure referred to in the Auditors report to the members of Agro Dutch Industries Limited on the accounts for the year ended on March 31st, 2011.

i. a. The Company has maintained proper records in respect of fixed assets showing full particulars including quantitative details and situation of fixed assets.

b. As explained to us, the management has physically verified certain fixed assets according to a phased programme of periodic verification which, in our opinion is reasonable having regard to the size of the company and nature of the assets. As informed, no material discrepancies between book records and physical inventory have been noticed in respect of the fixed assets physically verified during the year.

c. In our opinion and accordingly to the information and explanations given to us, no substantial part of the fixed assets have been disposed of during the year.

ii. a) As informed the inventories have been physically verified during the year by the management and in our opinion the frequency of verification is reasonable.

b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the Company are reasonable and adequate commensurate with the size of the Company and the nature of its business.

c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of inventory, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical inventory & book records were not material.

iii. a) The Company has not granted any loans, Secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the Clause (iii)(b), (iii)(c) and (iii)(d) of the paragraph 4 of the order are not applicable.

b) The company has taken loan from parties covered in the register maintained under section 301 of the Companies Act, 1956. Total number of party is two, the maximum amount involved during the year was Rs 6,04,55,174 and the year end balance of loan taken from such parties was Rs 6,04,55,174.

c) In our opinion and according to information and explanations given to us, the rate of interest and other terms and conditions for such loan are not prima facie prejudicial to the interest of the company.

d) In respect of loans taken, repayment of the principal amount is as stipulated and payment of interest have been regular.

Iv. In our opinion and according to the information and explanation given to us and having regard to the explanations that some of the items purchased/sold are of special nature and alternative quotations are not available, there are adequate internal control procedures commensurate with the size of the company and nature of its business for the purchase of inventory and fixed assets and for the sale of goods. Further, on the basis of our examination of the books and records of the company and according to the information and explanations given to us, we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.

v. a. In our opinion and according to information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.

b. In our opinion and according to the information and explanation given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rs. Five Lacs in respect of each party during the year, have been made at prices which are reasonable having regard to the prevailing market price at the relevant time.

vi. The company has not accepted deposit from the public. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal

vii. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.

viii. We are informed that maintenance of cost records has not been prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956 in respect of the Company's product.

ix. a) According to the information and explanation given to us and the records of the company examined by us, ,In our opinion, the company has been regular in depositing during the year undisputed statutory dues including Provident Fund, Employee's State Insurance Dues, Investor Education and Protection Fund, Income-Tax, Sales-Tax, Wealth Tax, Custom Duty, Service Tax, Excise Duty, Cess and other material statutory dues as applicable, with the appropriate authority in India.

b) According to the information and explanation given to us and the records of the company examined by us, the dues outstanding of income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty and on account of any cess are as under;

| Sr. No. | Nature of Statue | Nature of Dues | Duty/ Service Tax Involved | Period | Forum where dispute is pending |
|---|---|---|---|---|---|
| 1 | Finance Act | GTA Service Tax Outward | 173,265 | Jan 2005-Nov 05 | Appeal filed in CESTAT, New Delhi |
| 2 | Finance Act | GTA Service Tax Outward | 356,575 | Oct 2006-10.5.2007 | Appeal filed in CESTAT - New Delhi |
| 3 | Finance Act | GTA Service Tax Outward | 51,817 | Mar 2008-June 2008 | Commissioner appeals Chandigarh. |
| 4 | Finance Act | Service Tax on Business Exhibition. | 215,288 | 1-10-2004 to 17.2.2006 | A. C - Dera Bassi. |
| 5 | Finance Act | Service Tax on Business Exhibition. | 140,318 | April 2007- to March 2008 | Commissioner appeals Chandigarh. |
| 6 | Finance Act | Service Tax on Business Exhibition. | 98,396 | April 2008- to March 2009 | A. C - Dera Bassi. |
| 7 | Custom | Penalty on Duty | 47,877 | May 2010 | Commissioner appeals Chandigarh. |

**x. The company has accumulated losses as at 31.3.2011 not less than fifty percent of its net worth. Company has incurred cash losses in the financial year ended on that date and also incurred cash losses in the immediately proceeding financial year.**

**xi. Based on our audit procedures and on the basis of information and explanations given by the management, we report that the company has defaulted in repayment of loans and interest thereon. The details are as per Annexure-I**

xii. According to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii. In our opinion, the Company is not a chit fund, nidhi, mutual benefit or a society. Accordingly, Clause 4 (xiii) of the Order is not applicable.

xiv. In our Opinion, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditors' Report) Order, 2003 (as amended) are not applicable to the company.

xv. In our opinion and according to the information and explanations given to us and the records produced before us the company has given guarantee for loans taken by others from bank and the terms and conditions thereof are not prejudicial to the interest of the company.

xvi. In our opinion and according to the information and explanations given to us, on an overall basis, term loans availed by the company were, prima facie, applied for the purpose for which they were raised.

xvii. On the basis information and explanations given to us, and on the basis of an overall examination of the balance sheet of the company, no funds raised on short term basis have been utilized for long-term investments.

xviii. The company has not made any preferential allotment of shares to the parties and companies covered in the register maintained u/s 301 of the Companies Act during the year.

xix. Company has no outstanding Debentures as on 31.03.2011.

xx. During the year company has raised funds by way of preferential allotment amounting to Rs 195.50 lacs including a premium of Rs 104.00 lacs and the company has disclosed the utilization of funds raised and the same has been verified.

xxi. During the course of our examination of the books and records of the company carried out in accordance with generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

**For Suresh Mittal & Associates**
**Chartered Accountants**
**FRN003800N**

**(Suresh Mittal)**
**Partner**
**Membership No 82740**

**PLACE : Village Tofapur**
**Dated : 15.7.2011**

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**Annexure1 - Relating to point (xi) of our report under Companies ( Auditors' Report) order, 2003**

**Amount in lacs**

| Name of the Institution | Principle Due | Interest Due | Due Date | Interest | Period of default (days) |
|---|---|---|---|---|---|
| Axis bank | 1.78 | 7.56 | Thursday, March 31, 2011 | 2.19 | 1 |
| Axis bank | 0 | 2 | Monday, February 28, 2011 | | 31 |
| Axis bank | 0 | 2.19 | Monday, January 31, 2011 | | 59 |
| UBI | 0.00 | 116.70 | Thursday, March 31, 2011 | 6.85 | 1 |
| UBI | 0 | 6.52 | Monday, February 28, 2011 | | 31 |
| UBI | 0 | 6.85 | Monday, January 31, 2011 | | 59 |
| BOI | 0 | 9 | Thursday, March 31, 2011 | 9 | 1 |
| BOI | 0 | 9 | Monday, February 28, 2011 | | 31 |
| BOI | 0 | 9 | Monday, January 31, 2011 | | 59 |
| FEDERAL | 0.00 | 49.22 | Thursday, March 31, 2011 | 0.00 | 1 |
| FEDERAL | 0 | 0 | Monday, February 28, 2011 | | 31 |
| FEDERAL | 0 | 0 | Monday, January 31, 2011 | | 59 |
| ICICI | 6.5 | 6.55 | Thursday, March 31, 2011 | 8.61 | 1 |
| ICICI | 6.5 | 7.05 | Monday, February 28, 2011 | | 31 |
| ICICI | 6.5 | 8.61 | Monday, January 31, 2011 | | 59 |
| SBI | 306.19 | 251.63 | Thursday, March 31, 2011 | 208.40 | 1 |
| SBI | 281 | 230.01 | Monday, February 28, 2011 | | 31 |
| SBI | 254 | 208.40 | Monday, January 31, 2011 | | 59 |
| SBH | 0 | 7.05 | Thursday, March 31, 2011 | 0 | 1 |
| SBH | 0 | 6.52 | Monday, February 28, 2011 | | 31 |
| SBH | 0 | 0 | Monday, January 31, 2011 | | 59 |

## BALANCE SHEET AS ON 31st MARCH 2011

| PARTICULARS | SCHEDULE | | AS ON 31ST MARCH 2011 | | AS ON 31ST MARCH 2010 |
|---|---|---|---|---|---|
| **1. SOURCES OF FUNDS :** | | | | | |
| i) Shareholder's Fund | | | | | |
| a) Share Capital | 1 | **940,061,000** | | 932,061.000 | |
| b) Reserves & Surplus | 2 | **1,018,118,931** | | 1,007,718,931 | |
| c) Subscription Against Warant | | **1,150,000** | | - | |
| | | | **1,959,329,931** | | 1,939,779,931 |
| ii) Loan Funds | | | | | |
| a) Secured Loans | 3 | **4,468,723,228** | | 3,895,413,927 | |
| b) Unsecured Loans | 4 | **302,467,360** | **4,771,190,588** | 258,369,589 | 4,153,783,516 |
| III) Deferred Tax liabilities | 5 | | **196,684,542** | | **-** |
| **Total** | | | **6,927,205,061** | | 6,093,563,447 |
| **2. APPLICATION OF FUNDS:** | | | | | |
| i) Fixed Assets | 6 | | | | |
| a) Gross Block | | **3,775,227,892** | | 3,742,907,353 | |
| b) Depreciation | | **1,109,506,810** | | 945,316,580 | |
| c) Net Block | | **2,665,721,082** | | 2,797,590,774 | |
| d) Capital Work-in-Progress | | **1,345,329,979** | **4,011,051,061** | 1,230,555,804 | 4,028,146,578 |
| ii) Investments | | | - | | - |
| iii) Current Assets, Loans & Advances | | | | | |
| A) Curent Assets | | | | | |
| a) Inventories | 7 | **966,322,717** | | 1,215,254,101 | |
| b) Debtors | 8 | **356,176,639** | | 200,139,410 | |
| c) Cash & Bank Balances | 9 | **22,667,139** | | 96,825,038 | |
| B) Loans & Advances | 10 | **204,612,582** | | 269,449,764 | |
| Total (iii) | | **1,549,779,076** | | 1,781,668,313 | |
| iv) Less : Current liabilities & Provisions | 11 | | | | |
| a) Current Liabilites | | **354,740,209** | | 322,497,578 | |
| b) Provisions | | **3,317,877** | | 2,306,262 | |
| | | **358,058,086** | | 324,803,840 | |
| Net Current Assets (iii) - (iv) | | | **1,191,720,990** | | 1,456,864,473 |
| v) Misc. Expenditure (to the extent not written off) | 12 | | **259,905** | | 659,905 |
| vi) Profit and Loss account | | | **1,724,173,105** | | 484,414,696 |
| vii) Deferred Tax Assets | 5 | | **-** | | 123,477,795 |
| **Total** | | | **6,927,205,061** | | 6,093,563,447 |

Notes to Accounts 19

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

**For Suresh Mittal & Associates**
**Chartered Accountants**

**For and on Behalf of the Board**

**Suresh Mittal**
Partner

**Dilsher Singh**
Director

**Arvind Kalra**
Executive Director

**Malvinder Singh**
Chairman & Managing Director

Place : Village Tofapur
Dated : 15.07.2011

**Raj Kumar Mehra**
G.M. (Accounts)

**Vivek Atri**
CFO & Company Secretary

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING 31st MARCH 2011

| PARTICULARS | SCHEDULE | AS ON 31ST MARCH 2011 | AS ON 31ST MARCH 2010 |
|---|---|---|---|
| **A. INCOME** | | | |
| Sales | | | |
| - Exports | | **1,186,803,450** | 887,720,351 |
| - Domestic | | **165,689,330** | 82,974,521 |
| Less Excise Duty | | **8,163,740** | 7,133,485 |
| **Net Sales** | | **1,344,329,040** | 963,561,387 |
| Other Income | 13 | **94,438,931** | 86,487,400 |
| Increase/(Decrease) in Stock | | **(240,965,503)** | (154,034,892) |
| Total Income | | **1,197,802,468** | 896,013,896 |
| **B. EXPENDITURE** | | | |
| Raw Material Consumed | | **618,982,504** | 543,444,029 |
| Manufacturing Expenses | 14 | **566,953,316** | 425,274,241 |
| Salaries, Wages and Other Benefits | 15 | **36,594,401** | 36,235,992 |
| Administrative Expenses | 16 | **63,729,519** | 57,260,804 |
| Interest and Finance Charges | 17 | **311,162,843** | 351,611,332 |
| Selling & Other Expenses | 18 | **256,316,312** | 175,794,340 |
| Depreciation | 6 | **164,190,233** | 160,109,227 |
| Expenses Written Off | | **400,000** | 3,865,177 |
| Total Expenditure | | **2,018,329,128** | 1,753,595,142 |
| **PROFIT/(LOSS) FOR THE PERIOD BEFORE TAX** | | **(820,526,660)** | (857,581,246) |
| **Less Tax Expense** | | | |
| **Current Tax** | | | |
| Income Tax/Wealth Tax | | **183,879** | 210,428 |
| Mat Credit Entitlement | | **169,950** | - |
| Deferred Tax | | **320,162,338** | (314,264,533) |
| Previous Year Expences/(Income) | | **1,338,556** | (1,177,840) |
| Less: Exceptional items | | **97,377,028** | 77,296,695 |
| **PROFIT/(LOSS) FOR THE PERIOD AFTER TAX** | | **(1,239,758,410)** | (619,645,996) |
| **Balance Available for Appropriation** | | **(1,239,758,410)** | (619,645,996) |
| Last year Profit brought forward | | **(484,414,695)** | 135,231,301 |
| **PROFIT/(LOSS) TRANSFERRED TO BALANCE SHEET** | | **(1,724,173,105)** | (484,414,695) |
| Earning per Share (Basic) | | **(22.91)** | (11.57) |
| Earning per Share (Diluted) | | **(22.82)** | (11.57) |
| Nominal value per Share | | **10** | 10 |
| **Notes to Accounts** | 19 | | |

This is the Profit & Loss Account referred to in our report of even date.

**For Suresh Mittal & Associates**
**Chartered Accountants**

**For and on Behalf of the Board**

**Suresh Mittal**
Partner

**Dilsher Singh**
Director

**Arvind Kalra**
Executive Director

**Malvinder Singh**
Chairman & Managing Director

Place : Village Tofapur
Dated : 15.07.2011

**Raj Kumar Mehra**
G.M. (Accounts)

**Vivek Atri**
CFO & Company Secretary

**SHARE CAPITAL** **SCHEDULE 1**

| PARTICULARS | AS ON 31ST MARCH 2011 | AS ON 31ST MARCH 2010 |
|---|---|---|
| **Authorised Share Capital** | | |
| **Equity Share Capital** | | |
| 7,00,00,000 Equity Shares of Rs.10/-each | **700,000,000** | 700,000,000 |
| **Preference Share Capital** | | |
| 40,00,000 Preference Shares of Rs.100/-each | **400,000,000** | 400,000,000 |
| | **1,100,000,000** | 1,100,000,000 |
| **Issued, Subscribed and paid up Capital** | | |
| 5,43,65,000 Equity Share of Rs 10/- Each<br>(Previous year 5,35,65,000 Equity share of Rs 10/- each) | **543,650,000** | 535,650,000 |
| **Preference Share Capital** | | |
| 6% Optionally Convertible Cummulative Reedemable Preference Shares<br>(39,64,110 Preference Shares of Rs 100/- each) | **396,411,000** | 396,411,000 |
| **Total** | **940,061,000** | 932,061,000 |

Company allotted 39,64,110, 6% Optional Convertible Cummulative Reedemable Preference Shares of Rs. 100/- each to the lenders as per the terms of CDR. During 2009-10, the OCCRPS are redeemable in 4 Equal instalments starting from 2015-16 and ending in 2018-19. The holders of OCCRPS, in case of default by the company having right/option to convert OCCRPS into equity at the end of four years. The Company shall have the right of first refusal in case of conversion of OCCRPS into equity.

**RESERVE & SURPLUS** **SCHEDULE 2**

| PARTICULARS | | AS ON 31ST MARCH 2011 | AS ON 31ST MARCH 2010 |
|---|---|---|---|
| **GENERAL RESERVE** | | | |
| As per previous year balance sheet | | **559,224,181** | 559,224,181 |
| **CAPITAL RESERVE** | | | |
| As per last Balance Sheet | **16,707,250** | | |
| Additions during the year | **-** | **16,707,250** | 16,707,250 |
| **Share Premium Account** | | | |
| As per last Balance Sheet | **431,787,500** | | |
| Additions during the year | **10,400,000** | | |
| | | **442,187,500** | 431,787,500 |
| **Total** | | **1,018,118,931** | **1,007,718,931** |

**SECURED LOANS** **SCHEDULE 3**

| PARTICULARS | AS ON 31ST MARCH 2011 | AS ON 31ST MARCH 2010 |
|---|---|---|
| **Rupee Term Loans** | | |
| - from Banks | **1,498,247,350** | 1,383,482,924 |
| **Working Capital Term Loans** | | |
| - from Banks | **770,649,053** | 457,651,754 |
| **Working Capital Demand Loans** | | |
| - from Banks | **213,639,466** | 235,596,134 |
| **Funded Interest term Loan-1** | | |
| - from Banks | **474,027,265** | 267,666,706 |
| **Funded Interest term Loan-2** | | |
| - from Banks | **22,609,027** | 31,911,868 |
| **Foreign Currency Loans** | | |
| - from Banks | **426,878,141** | 414,457,269 |
| **Working Capital Limits** | | |
| - from Banks | **912,490,312** | 1,104,449,780 |
| **Corporate Term Loans** | | |
| - from Banks | **74,393,735** | 84,515,392 |
| **Short Term Loans** | **4,368,915** | 3,743,720 |
| Interest Accrued & Due | **71,419,963** | 32,141,112 |
| | **4,468,723,228** | 4,015,616,658 |

The above said Term Loan/WCTL/FITL/FCL/Corporate term loans are secured by way of pari passu first charge on the Fixed assets of the company and Pari passu second charge on the current assets of the company, present and future.

Working capital facilities are secured by way of pari passu first charge on the current assets of the company and pari passu second charge of the fixed assets of the company, present and future.

The above said Term Loan/WCTL/FITL (except Foreign Currency Loans) and working capital facilities are further secured by personal guarantee of two directors of the company as well as pledge of their 100% holding (present and future) in the company. The said facilities are further secured by the corporate-guarantee of M/s Vishwa Calibre Builders Pvt. Ltd. and M/s Penta Homes Pvt. Ltd. guarantee being limited to the extent of face value of 19,00,000 equity shares in Agro Dutch Industries Limited.

Foreign currency loan from M&T is secured by hypothecation of equipment

Short Term Loans are secured against hypothecation of vehicles.

**UNSECURED LOANS** **SCHEDULE 4**

| PARTICULARS | AS ON 31ST MARCH 2011 | AS ON 31ST MARCH 2010 |
|---|---|---|
| From Banks | **192,638,741** | 193,457,249 |
| From Corporates | **25,366,478** | 9,302,341 |
| Interest accrued on Loans from Banks | **84,462,141** | 55,610,000 |
| | **302,467,360** | 258,369,589 |

**DEFERRED TAX ASSETS/LIABILITIES** **SCHEDULE 5**

| PARTICULARS | AS ON 31ST MARCH 2011 | AS ON 31ST MARCH 2010 |
|---|---|---|
| Assets | **200,934,915** | 532,234,035 |
| Liabilities | **397,619,458** | 408,756,239 |
| Net Assets/(Liabilities) | **(196,684,542)** | 123,477,795 |

**FIXED ASSETS** **SCHEDULE - 6**

| PARTICULARS | GROSS BLOCK | | | | DEPRECIATION BLOCK | | | | WDV | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As on 01.04.2010 (Rs.) | Additions during the period (Rs.) | Deletions during the period (Rs.) | Total as on 31-3-2011 (Rs.) | As on 01-04-2010 (Rs.) | During the period (Rs.) | Adjustments during the year (Rs.) | Total as on 31-3-2011 (Rs.) | As on 31-3-2011 | As on 31.3.2010 |
| LAND | 97,558,353 | - | 5,000,419 | **92,557,934** | - | - | - | **-** | **92,557,934** | 97,558,353 |
| BUILDING | | | | | | | | | | |
| - FACTORY | 1,543,593,138 | 1,813,417 | | **1,545,406,555** | 285,657,498 | 51,581,989 | - | **337,239,487** | **1,208,167,068** | 1,257,935,641 |
| - NON FACTORY | 1,421,629 | - | - | **1,421,629** | 210,298 | 23,173 | - | **233,470** | **1,188,159** | 1,211,331 |
| PLANT & MACHINERY (IMP) | | | | | | | | | | |
| CONTINOUS | 198,288,715 | 476,402 | - | **198,765,118** | 38,799,756 | 10,492,800 | - | **49,292,556** | **149,472,562** | 159,488,960 |
| OTHERS | 332,530,414 | - | - | **332,530,414** | 135,218,275 | 15,795,195 | - | **151,013,469** | **181,516,945** | 197,312,139 |
| PLANT & MACHINERY (IND) | | | | | | | | | | |
| CONTINOUS | 1,160,643,152 | 17,381,572 | - | **1,178,024,724** | 351,852,195 | 61,525,806 | - | **413,378,001** | **764,646,724** | 808,790,957 |
| OTHERS | 283,544,628 | 13,627,590 | - | **297,172,218** | 75,022,322 | 13,975,513 | - | **88,997,835** | **208,174,382** | 208,522,306 |
| VEHICLES | 86,178,649 | 3,192,660 | - | **89,371,309** | 38,750,026 | 8,260,097 | - | **47,010,122** | **42,361,187** | 47,428,623 |
| FURNITURE & FIXTURE | 27,509,543 | 565,829 | - | **28,075,372** | 10,760,890 | 1,761,879 | - | **12,522,769** | **15,552,603** | 16,748,653 |
| COMPUTERS | 11,639,131 | 263,489 | - | **11,902,620** | 9,045,321 | 773,782 | - | **9,819,103** | **2,083,517** | 2,593,810 |
| **Total** | **3,742,907,352** | **37,320,960** | **5,000,419** | **3,775,227,892** | **945,316,580** | **164,190,233** | **-** | **1,109,506,810** | **2,665,721,080** | **2,797,590,774** |
| **Previous year figures** | 3,645,613,046 | 98,014,307 | 720,000 | 3,742,907,353 | 787,713,672 | 160,109,227 | 2,506,319 | 945,316,580 | 2,797,590,774 | 2,857,899,374 |
| *Capital Work in Progress Including Capital Advances | | | | | | | | | 1,345,329,978 | 1,230,555,804 |
| | | | | | | | | | 4,011,051,058 | 4,028,146,578 |

## INVENTORIES — SCHEDULE-7

| PARTICULARS | AS ON 31ST MARCH 2011 | AS ON 31ST MARCH 2010 |
|---|---|---|
| Raw Materials | **96,041,202** | 104,043,810 |
| Stores and Spares | **16,646,753** | 16,610,027 |
| Work in Process | **634,488,794** | 525,354,016 |
| Finished Goods | **219,145,968** | 569,246,249 |
| | **966,322,717** | 1,215,254,101 |

## DEBTORS (UNSECURED CONSIDERED GOOD) — SCHEDULE-8

| PARTICULARS | AS ON 31ST MARCH 2011 | AS ON 31ST MARCH 2010 |
|---|---|---|
| **Sundry Debtors** | | |
| More than Six Months | **151,338,922** | 170,171,247 |
| Others | **204,837,717** | 150,170,894 |
| | **356,176,639** | 320,342,141 |

## CASH AND BANK BALANCES — SCHEDULE - 9

| PARTICULARS | AS ON 31ST MARCH 2011 | AS ON 31ST MARCH 2010 |
|---|---|---|
| **Cash in hand** | **213,307** | 1,615,954 |
| **Balances With Scheduled Banks** | | |
| In Current Accounts | **17,116,174** | 68,190,513 |
| In EEFC Accounts | **89,839** | 90,349 |
| Margin Money with banks | **5,247,818** | 26,928,221 |
| | **22,667,139** | 96,825,038 |

## LOANS & ADVANCES (UNSECURED CONSIDERED GOOD) — SCHEDULE - 10

| PARTICULARS | AS ON 31ST MARCH 2011 | AS ON 31ST MARCH 2010 |
|---|---|---|
| Advances recoverable in cash or kind or for the value to be received | **128,680,026** | 212,897,861 |
| Security Deposits | **29,040,705** | 9,733,852 |
| Union Excise Duty | **5,647** | 4,620 |
| Pre Paid Expenses | **3,464,141** | 3,221,419 |
| Mat Credit entitlement | **43,422,062** | 43,592,012 |
| | **204,612,582** | 269,449,764 |

## CURRENT LIABILITIES & PROVISIONS — SCHEDULE - 11

| PARTICULARS | AS ON 31ST MARCH 2011 | AS ON 31ST MARCH 2010 |
|---|---|---|
| **Current Liabilities** | | |
| Sundry Creditors | | |
| Due to Micro & Small Enterprises | **11,667,409** | 9,907,567 |
| Others | **146,132,117** | 181,569,452 |
| Interest Accrued but not due | **1,976,851** | 2,007,851 |
| Expenses Payable | **83,181,138** | 95,875,979 |
| Due to Directors | **3,834,183** | 3,448,839 |
| Statutory Liabilities | **30,645,394** | 1,606,746 |

| | | |
|---|---|---|
| Sundry Advances | **36,442,962** | 14,331,211 |
| Others | **40,860,155** | 13,749,933 |
| **Total (a)** | **354,740,209** | 322,497,578 |
| **Provisions** | | |
| Gratuity | **3,133,998** | 2,095,834 |
| Provisions for Income /Wealth Tax (Net of payments) | **183,879** | 210,428 |
| **Total (b)** | **3,317,877** | 2,306,262 |
| **Total (a+b)** | **358,058,086** | 324,803,841 |

**MISCELLANEOUS EXPENDITURE** **SCHEDULE - 12**
(to the extent not written off or adjusted)

| PARTICULARS | AS ON 31ST MARCH 2011 | AS ON 31ST MARCH 2010 |
|---|---|---|
| Deferred Revenue Expenses | **659,905** | 3,115,637 |
| Less : Misc. Balance Written Off | **400,000** | 2,455,732 |
| | **259,905** | 659,905 |

**OTHER INCOME** **SCHEDULE-13**

| PARTICULARS | AS ON 31ST MARCH 2011 | AS ON 31ST MARCH 2010 |
|---|---|---|
| Insurance Claim Receipts | **264,517** | 1,569,537 |
| Miscellaneous Balances Written Off | **-** | 13,788,833 |
| Interest Receipt | **1,309,995** | 3,357,582 |
| Vishesh Krishi Udyog | **50,897,877** | 39,309,351 |
| Other Misc. Income | **767,974** | 888,734 |
| Profit on Sales of Fixed Assets | **35,745,832** | - |
| Exchange Rate Fluctuation | **5,452,736** | 27,573,364 |
| | **94,438,931** | 86,487,401 |

**MANUFACTURING EXPENSES** **SCHEDULE-14**

| PARTICULARS | AS ON 31ST MARCH 2011 | AS ON 31ST MARCH 2010 |
|---|---|---|
| Laboratory Expenses | **589,994** | 379,413 |
| Consumables | **21,1902,207** | 17,457,227 |
| Power & Fuel | **335,291,175** | 252,628,055 |
| Repair & Maintenance | **32,280,333** | 30,226,686 |
| Labour | **39,249,711** | 30,677,940 |
| Material Handling Charges | **138,351,896** | 93,904,920 |
| | **566,953,316** | 425,274,241 |

**SALARIES, WAGES AND OTHER BENEFITS** **SCHEDULE- 15**

| PARTICULARS | AS ON 31ST MARCH 2011 | AS ON 31ST MARCH 2010 |
|---|---|---|
| Salary | **19,434,192** | 18,882,763 |
| Director's Remuneration | **7,926,667** | 9,750,000 |
| Staff Welfare | **1,525,733** | 1,074,719 |
| Provident Fund, ESI and Earned Leave Encashment | **5,169,565** | 4,736,150 |
| Bonus | **1,382,179** | 1,267,941 |
| Gratuity | **1,156,065** | 524,419 |
| | **36,594,401** | 36,235,992 |

**ADMINISTRATIVE EXPENSES** **SCHEDULE - 16**

| PARTICULARS | AS ON 31ST MARCH 2011 | AS ON 31ST MARCH 2010 |
|---|---|---|
| Advertisement | **311,296** | 251,120 |
| AGM/EGM Expenses | **266,684** | 80,570 |
| Auditors Remuneration | **650,000** | 600,000 |
| Business Promotion | **713,039** | 1,035,246 |
| Charity and donation | **84,100** | 15,200 |
| Hiring charges | **27,219** | 506,591 |
| Insurance Charges | **13,869,252** | 14,319,865 |
| Lease Rent | **317,834** | 562,833 |
| Legal & Professional Fee | **4,031,681** | 5,034,144 |
| Miscellaneous Expenses & Balances Written Off | **2,157,345** | 722,873 |
| Newspaper,Books & Periodicals | **18,357** | 69,185 |
| Office Expenses | **452,113** | 371,319 |
| Printing & Stationery | **746,783** | 1,383,714 |
| Rates,Fees & Taxes | **4,069,764** | 3,601,352 |
| Rent | **1,122,296** | 659,900 |
| Sitting Fees | **207,000** | 125,000 |
| Telephone, Postage & Telegrams | **3,116,343** | 3,096,756 |
| Travelling Expenses | **15,950,872** | 22,649,140 |
| Vehicle Runnning & Maintenance | **10,549,626** | 1,231,313 |
| Building Repair | **1,895,476** | 944,683 |
| Rebate, Claim & Discount | **3,172,438** | - |
| | **63,729,519** | 57,260,804 |

**INTEREST AND FINANCE CHARGES** **SCHEDULE - 17**

| PARTICULARS | AS ON 31ST MARCH 2011 | AS ON 31ST MARCH 2010 |
|---|---|---|
| Interest on Term Loan | **153,077,809** | 135,841,942 |
| Interest on Working Capital | **145,632,510** | 197,112,685 |
| Bank Charges | **12,012,024** | 18,656,706 |
| Interest Others | **440,500** | - |
| | **311,162,843** | 351,611,332 |

**SELLING AND OTHER EXPENSES** **SCHEDULE - 18**

| PARTICULARS | AS ON 31ST MARCH 2011 | AS ON 31ST MARCH 2010 |
|---|---|---|
| Freight Outward | **102,206,192** | 72,680,020 |
| Anti Dumping Duty Expense | **4,024,008** | 2,708,718 |
| Selling Expenses - Custom Duties & Others | **107,989,321** | 61,796,970 |
| Packing Material Consumed | **42,096,791** | 38,608,632 |
| | **256,316,312** | 175,794,340 |

**ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS** **SCHEDULE- 19**

Notes to the Accounts

## A. SIGNIFICANT ACCOUNTING POLICIES

### I) Basis of Preparation of Financial Statements

The financial statements have been prepared to comply in all material respects with the notified accounting standards by Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies applied by the company are consistent with those used in the previous year.

### II). Revenue Recognition

Revenue/Income and Cost/Expenditure are generally accounted on accrual basis as they are earned or incurred. Incentives from various government agencies (for which the company is entitled under different schemes of the Government) are accounted for in the year of eligibility.

### III) Use of Estimates

The preparation of financial statements requires management to make certain estimates and assumptions that effects the amounts reported in the financial statements and notes thereto. Difference between actual results and estimates are recognized in the period in which the results are known/ materialized.

### IV) Fixed Assets and Depreciation

Fixed Assets are stated at cost of construction/acquisition less accumulated depreciation and impairment losses. Cost comprises Purchase price and all other Costs of bringing the assets to its working condition for intended use. Financial costs relating to acquisition of qualifying fixed assets are also included to the extent they relate to the period till such assets are ready to be put to use. Pre-operative expences for major projects are also capitalised where appropriate.

Depreciation on fixed assets is provided on straight line method in the manner and at the rates specified in Schedule-XIV to the Companies Act, 1956.

Company has reviewed the future earning of its cash generating unit as on 31.3.2011 in accordance with the accounting standard as issued by The Institute of Chartered Accountants of India. Since the carrying amount of the assets does not exceed the future recoverable amount, consequently, no adjustment is considered necessary by the management.

### V) Inventories

Inventories are valued at lower of cost or net realizable value. The bases of determination of cost for different categories of inventories are as follows:

| | |
|---|---|
| Raw Material, Store and spares | At lower of cost or net realizable value on first-in first-out basis |
| Finished Goods | At cost or Net realizable value whichever is lower. By-products are valued at net realizable value. |
| Work in progress | The cost includes - Material cost, Labour and appropriate share of manufacturing and other costs incurred in bringing the inventories to the present location and condition. |

### VI) Sales

Sales/Sales Returns are accounted for on dispatch of goods from/receipt of goods in the factory to/from the customers; Sales are net of returns, if any.

### VII) Custom Duty and Excise Duty

Custom Duty and Excise Duty is accounted for at the time of dispatch of goods from factory.

### VIII) Foreign Exchange Transactions

a) Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of transaction.

b) At the year end, monetary items denominated in foreign currencies other than those covered by forward contracts are converted into rupee equivalent at the year-end exchange rates.

c) All exchange differences arising on settlement/conversion of foreign currency transactions are recorded in the Profit and loss account

d) In respect of transactions covered by forward exchange contracts, the difference between the forward rate and the exchange rate at the date of the transaction is recognized as income or expense over the period of contract.

**IX) Research & Development**

Revenue expenditure on research & Development (other than Cost of Assets acquired) are charged to Profit and Loss Account in the year in which they are incurred.

**X) Employee Benefits**

a) Short Term Employee Benefit :

All employees benefits payable within twelve months of rendering of services are classified as short term benefits. Such benefits include salaries, wages, bonus, short term compensated absences, earned leave, awards, exgratia etc. and the same are recognized in the period in which the employee renders the related service.

b) Post Employment Benefits:

i) Defined Contribution Plan:

The Company's approved superannuation scheme, provident Fund Scheme are defined contribution plans. The contribution paid/Payable under the schemes are recognized during the period in which the employee renders the related services.

ii) Defined Benefit Plan:

The employee's gratuity fund scheme is company's defined benefit plan. The present value of the obligation under such defined benefit plan is determined based on the actuarial valuation using the Project Unit Credit Method as at the date of the Balance Sheet. In case of Funded plans, the fair value of the plan asset is reduced from the gross obligation under the defined benefits plan, to recognize the obligation on the net basis.

**XI) Deferred Revenue Expenditure**

Processing charges and Syndication paid for obtaining Term Loans for repayment of High cost loans has been treated as Deferred Revenue Expenditure and are written off over the period of loan.

**XII) -**

**XIII) Taxation**

Current tax is determined as the amount of tax payable in respect of taxable income for the period based on applicable tax rate and laws.

Deferred tax is recognized on timing difference, being the difference between taxable income and accounting income that originates in one period and are capable of reversal in one or more subsequent periods and is measured using tax rate and laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are reviewed at each Balance Sheet date or re-assess realization.

**XIV) Expenditure during Construction**

In the case expansion of existing/New units, all pre-operating expenditure especially for the project, incurred up to the date of installation, are capitalized and added pro rata to the cost of fixed assets.

**XV) Borrowing costs:**

Borrowing costs attributable to the acquisition and construction of qualifying assets are added to the cost up to the date when such assets are ready for the intended use. The other borrowing costs are recognized as expense in the period in which these are incurred

**XVI) Pre Period and Extra Ordinary Items**

Prior period, extra ordinary items and changes in accounting policies having material impact on the financial affairs of the company are disclosed.

**XVII) Provisions and Contingent Liabilities**

The company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estmate 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. Where there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote, no provision or disclousre for contingent liability is made.

**XVIII)**

Accounting policies not specifically referred to above are consistent with Generally Accepted Accounting Polcies (GAAP)

**B. Notes to the Accounts**

**1a. CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:-**

| Particulars | (Rs. In Lacs) Current Year | Previous Year |
|---|---|---|
| Letter of credit established by the Company | **1085.72** | 655.98 |
| Bills discounted with Company's Bankers | **1879.24** | 1202.02 |
| Collateral Security Bond with US Customs and Protection USA | **128.76** | 128.76 |
| Surety Bond to the Excise Department | **5000.00** | 5000.00 |
| Estimated amount of contracts remaining to be executed on capital account and not provided | **-** | 15.00 |
| Litigation Pending against company and not provided for | **107.53** | 112.93 |
| Guarantee given to AXIS Bank (Against facilities to farmers/JLGs) | **600.00** | 600.00 |
| Preference Dividend on 6% OCCRPS for 2009-10 & 2010-11 including Dividend Tax thereon. | **552.86** | 277.09 |

1b. Custom duty saved on Machinery imported against advance license scheme as on 31st March, 2011 and 31st March, 2010 is Rs. 2136.31 lacs and 2105.52 lacs respectively. The management is of the view that considering the future export prospects there is certainty that pending export obligation under advance licenses will be fulfilled before expiry of respective licenses.

2. Company has provided Rs. 40.24 lacs towards liability of Anti Dumping Duty for the period 1-2-2010 to 31-1-2011. As there will be no review for this period, as such liability has been provided on the basis of last assessment.

3. Under the provisions of Accounting Standard-18 Issued by the Institute of Chartered Accounts of India following information is disclosed:

| Name | Relationship | Nature of Transactions | Current Year | Previous Year |
|---|---|---|---|---|
| Shri Malvinder Singh | Key Management personnel and promoter | Director's Remuneration | **46,80,000** | 46,80,000 |
| Shri Gurpreet Singh | Key Management personnel and promoter | Director's Remuneration | **19,50,000** | 39,00,000 |
| Shri Arvind Kalra | Key Management | Director's Remuneration | **9,06,667** | - |
| Col. Satinder Singh | Key Management | Director's Remuneration | **3,90,000** | 11,70,000 |
| Saptarishi Agro Industries Ltd. | Directors interested | Rent | **-** | 2,20,000 |
| Penta Homes Pvt. Ltd | Directors interested | Loan | **4,40,00,000** | 16,60,50,000 |
| Calibre Rehabs Ltd | Directors interested | Loan | **34,00,000** | — |
| Penta Homes Pvt. Ltd | Directors interested | Loan | **1,33,00,000** | — |
| Calibre Rehabs Ltd | Directors interested | Interest | **55,174** | — |

**4. Earning Per Share**

| | (Rs. In Lacs) Current Year | Previous Year |
|---|---|---|
| Profit After Tax | **(12,397.58)** | (6,196.46) |
| Preference Dividend | **—** | — |
| Profit Attributable to ordinary share holders | **(12,397.58)** | (6,196.46) |
| Weighted Average of No. of Ordinary shares | **54,117,329** | 5,35,65,000 |
| Nominal value of Ordinary share | **Rs 10/-** | Rs 10/- |
| Earning per share Basic | **(22.91)** | (11.57) |
| Earning per share Diluted | **(22.82)** | (11.57) |

**5. Deferred Tax Liability**

Accounting for Taxes on Income - Disclosure as per AS 22 : Major components of deferred tax assets and liabilities on account of timing differences are as follows :

| Particulars | Deferred Tax Liability/ (asset) As at 31.03.11 Rs. in Lacs | Deferred Tax Liability/ (asset) As at 31.03.10 Rs. in Lacs |
|---|---|---|
| **Deferred Tax Liability** | | |
| Difference between book and Tax depreciation | 3976.19 | 4087.56 |
| **Deferred Tax Asset:** | | |
| Effect of expenditure debited to profit and loss account in current year but allowed for tax purposes in following years in accordance with section 43B of Income-Tax Act, 1961 | **-** | 61.62 |
| Unabsorbed Depreciation | **2009.35** | 1468.97 |
| Business Loss | **-** | 3791.75 |
| **Total** | **2009.35** | 5322.34 |
| Net Deferred Tax Liability (Asset) | **1966.84** | (1234.77) |

The company follows Accounting Standard - 22 "Accounting for Taxes on Income" Issued by the Institute of Chartered Accountants of India. Since there is no convincing evidence which demonstrates virtual certainty of realization of deferred tax assets, the company has prudently decided not to recognise deferred tax asset other than on unabsorbed depreciation during the year. Company has reviewed the deferred tax assets as on 31.3.2010 and has decided to write back deferred tax assets other than on unabsorbed depreciation as there is no convincing evidence which demonstrates virtual certainty of realization of deferred tax assets.

**6. Additional Information required pursuant to the provisions of Schedule VI of the Companies Act, 1956.**

| | Particulars | (Rs. In lacs) | | | |
|---|---|---|---|---|---|
| | | Current Year | | Previous Year | |
| | | Qty (Mt) | Rs. in Lacs | Qty (Mt) | Rs. In Lacs |
| a. | EXPORT SALES (Canned) Mushroom | 10511.89 | 11868.04 | 9349.96 | 8877.20 |
| | DOMESTIC SALES (Others) | - | 1656.89 | - | 829.74 |

**b. Particulars capacity and production**

| | Current Year | | Previous Year | |
|---|---|---|---|---|
| | Fresh Qty (Mt) | Processed Qty (Mt) | Fresh Qty (Mt) | Processed Qty (Mt) |
| Licensed Capacity | **60000** | **36000** | 60000 | 36000 |
| Installed Capacity | **60000** | **36000** | 60000 | 36000 |
| Actual Production | **16705.60** | **10042.15** | 12866.11 | 8440.54 |

**c. Detail of Opening Stock, Production, Sales and Closing Stock.**

| PARTICULARS | UOM | Current Year | Previous Year |
|---|---|---|---|
| **FRESH MUSHROOM** | | | |
| Opening Stock | QTY in MT | **-** | - |
| Production | QTY in MT | **16705.60** | 12886.11 |
| Closing Stock | QTY in MT | **-** | - |
| Closing Stock Value | Rs in Lacs | **-** | - |
| **CANNED MUSHROOM** | | | |
| Opening Stock | QTY in MT | **5445.98** | 6718.27 |
| Production | QTY in MT | **10042.15** | 8440.54 |
| Closing Stock | QTY in MT | **3928.24** | 5445.98 |
| Closing Stock Value | Rs. (Lacs) | **1824.26** | 5382.50 |

| SALES | | | |
|---|---|---|---|
| Fresh Mushroom | Qty in MT | **34.01** | 1780.96 |
| | Rs. (Lacs) | **6.80** | 216.02 |
| Canned Mushroom | Qty in MT | **11548.46** | 9699.78 |
| | Rs. (Lacs) | **12278.03** | 8977.96 |
| **Other Sales** | Rs. (Lacs) | **1240.09** | 512.96 |

| | | (Rs. In lacs) | |
|---|---|---|---|
| | | **Current Year** | **Previous Year** |
| **d.** | **CIF Value of Imports** | | |
| | Capital Goods | **69.37** | 10.29 |
| | Raw Material & Consumables | **1152.85** | 354.68 |
| | Spares & Components | **63.67** | 26.09 |
| **e.** | **Earning in Foreign Currency** | | |
| | FOB Value of Exports | **10363.91** | 7861.87 |
| | Interest | **-** | - |
| **f.** | **Expenses in foreign currency** | | |
| | Travelling | **39.12** | 40.84 |
| | Interest and Finance charges | **359.78** | 316.55 |
| | Legal & Professional Charges | **14.30** | 12.20 |
| | Rates and taxes | **0.16** | - |
| | Subscription | **-** | 1.27 |
| | Others | **210.81** | 17.52 |
| **g.** | **Foreign Currency Remittance** (Repayment of Foreign currency loan) | - | **-** |

**h. Details of Raw Material Consumed**

| Sr. | Particulars | UM | Value (in Lacs) Current Year Quantity | Current Year Value | Previous Year Quantity | Previous Year Value |
|---|---|---|---|---|---|---|
| 1 | Wheat Straw | MT | **75934.66** | **3080.93** | **61283.45** | **2345.75** |
| 2 | Chicken Manure | MT | **50187.35** | **638.31** | **5035743** | **760.94** |
| 3 | LDPE Granules | MT | **528.17** | **410.45** | **489.78** | **348.84** |
| 4 | Tin Plate | MT | **1847.40** | **1050.92** | **1713.84** | **926.81** |
| 5 | Others (Lacquer, Spawn, Copper wire, Cow dung etc) | | **17113.01** | **1013.69** | | **1051.66** |

**i) Value of Raw Materials, Spare Parts and Components Consumed During the Year**

| | (Rs. In lacs) | | | |
|---|---|---|---|---|
| | **Current Year** | | **Previous Year** | |
| **Particulars** | **Value** | **%** | **Value** | **%** |
| **Raw Material** | | | | |
| Imported | **1390.92** | **22.46** | 1276.80 | 23.50 |
| Indigenous | **4803.24** | **77.54** | 4157.20 | 76.50 |
| **Spare parts and Components** | | | | |
| Imported | **66.77** | **22.69** | 27.19 | 10.09 |
| Indigenous | **227.45** | **77.31** | 242.38 | 89.91 |

**j) Auditors Remuneration**

| Particulars | Current Year | Previous Year |
|---|---|---|
| Audit Fee | **5,50,000/-** | 5,00,000/- |
| Certification Charges | **60,000/-** | 60,000/- |
| Others | **40,000/-** | 40,000/- |
| Total | **6,50,000/-** | 6,00,000/- |
| Tax Audit Fees | **30,000/-** | 30,000/- |

(The above figures excludes Service Tax Rs. 64,890/- Previous Year Rs. 64890/-)

## 7. SEGMENT INFORMATION

Company deals in one product i.e. export of canned mushroom. As such Board is of the opinion that no disclosure is required as per Accounting standard 17.

## 8. a) Prior Period adjustments represents

| Particulars | Rs. in Lacs | |
|---|---|---|
| | Current Year | Previous Year |
| **Debits relating to Earlier Years** | | |
| On account of Income Tax | **-** | - |
| Others | **13.39** | (11.78) |

### b) Foreign Currency Gain / (loss)

| Particulars | Rs. in Lacs | |
|---|---|---|
| | Current Year | Previous Year |
| Sales | **87.84** | **(297.39)** |
| Financial Charges | **(33.31)** | **573.12** |

### c) Exceptional Items Includes :

| Particulars | Rs. in Lacs | |
|---|---|---|
| | Current Year | Previous Year |
| Apeda Transport Subsidy | **730.63** | - |
| Anti Dumping Duty | **170.62** | 772.97 |
| State Subsidy Receivable | **50.00** | - |
| Custom Duty Receivable | **22.52** | - |
| Total | **973.77** | - |

9 During the year company made allotment of 10,00,000 convertible warrants on preferential basis. Out of this 8,00,000 warrants were converted into equity shares during the year. The Company received total amount of Rs. 195.50 lacs on Allotment and conversion of Warrants during 2010-11. The amount raised through Preferential Allotment during the year has been utilized on over all basis as set out below:

| Particulars | Rs. In Lacs |
|---|---|
| Working Capital | 195.50 |

10 Valuation of Work-in-Process & Finished Goods being a technical matter has been taken as certified by the Management and cost Accountant

11. As per notification of APEDA, the Company is entitled to transport Subsidy in respect of freight on Exports made during the year. The estimated value of Subsidy works out to Rs. 94.30 Lacs for 2010-11. The same amount has been considered in the Profit & Loss account against the Ocean Freight.

Company is entitled for C.S.T reimbursement and Duty drawback on H.S.D under the EXIM Policy. During the year company paid Rs 40.66 Lacs (Previous year 26.76 Lacs) as C.S.T. The amount has been taken under the head advance since the whole amount is reimbursable under the above policy. Duty drawback for Rs 29.54 Lacs (Previous year 24.10 Lacs) on Diesel has been adjusted against consumption of diesel

12. On the basis of information available with the Company, regarding the status of suppliers as defined under the "Micro Small and Medium Enterprises Development Act 2006", total dues to suppliers as at 31st March 2011 amounts to Rs.1,19,64,619/- (Previous Year : Rs. 99,07,567/-)

Further as per information available there were no overdues during the period/close of the year and therefore the question of provision/payment of related disclosure under the said Act, does not arise.

13. In the opinion of the Board Current Assets, Loans & Advances are approximately of the value stated if realized in the ordinary course of business except stated otherwise. The provisions for all the known liability are adequate.

14. Company has till date spent a sum of Rs. 137.24 lacs on easy open ends can unit being coming up in Chennai. The project is expected to be operational in near future.

15. The Company has incurred substantial losses and its net worth after considering audit qualification has been eroded.

The Company has also received recall notice from Kotak Mahindra Bank, Barclays Bank, M & T and DEG. Barclays bank has filed an application with DRT for recovery of dues. However having regard to the fact that company shall be making necessary reference to Hon'ble BIFR for suitable rehabilitation scheme which will help it in the turnaround operations, the financial statements have been prepared on the basis that the Compay is a going concern and that no adjustments are required to the carrying value of assets and liabilities.

16. Sundry debtors include an amount of Rs. 1480.24 lacs due from a foreign buyer, which has been disputed by the said buyer. The company is making its efforts for the recovery of said amount and, therefore, no provision for the same has been made in the books.

17. Previous year figures have been regrouped or rearranged wherever necessary.

18. Schedule 1 to 19 form an integral part of Balance Sheet and Profit & Loss A/c.

## C. DISCLOUSERS IN ACCORDANCE WITH REVISED AS-15 ON "EMPLOYEEES BENEFITS"

### a) Defined Contribution Plan:-

The Company has recognized the following amounts in the Profit and Loss Account for the Year::

| Particulars | Current Year Figures | Rs. In Lacs Previous Year Figures |
|---|---|---|
| Employer's Contribution to Provident Fund | **7.27** | 6.79 |
| Employer's Contribution to Superannuation Fund | - | - |
| Employer's Contribution to Employee's State Insurance | **16.67** | 13.89 |
| Employer's Contribution to Employee's Pension Scheme, 1995 | **16.51** | 15.42 |
| Total | **40.45** | 36.10 |

### b) Defined Benefit Plans:-

The following figures are as per actuarial valuation, as at the Balance Sheet Date, carried out by an independent actuary.

i) A reconciliation of Opening and Closing Balances of the Present Value of the Defined Benefit Plan (DBO)

| Sr. No. | Particulars | Current Year | Rs. In Lacs Previous Year |
|---|---|---|---|
| | Opening Balance at the beginning of the year | **66.03** | **63.28** |
| 1 | Current Service Cost | **10.49** | **4.21** |
| 2 | Interest Cost | **5.28** | **5.06** |
| 3 | Actuarial Gain/(Loss) | - | - |
| 4 | Benefits Paid | **(14.93)** | **(6.52)** |
| | Closing DBO as on 31st March 2011 | **66.87** | **66.03** |

ii) A reconciliation of Opening and Closing Balances of the Fair Value of Plan Assets

| Sr. No. | Particulars | Current Year | Rs. In Lacs Previous Year |
|---|---|---|---|
| | Opening Fair Value of Plan Assets | **45.07** | 44.35 |
| 1 | Expected Return on Plan Assets | **3.74** | 3.68 |
| 2 | Actuarial Gain/(Loss) | **0.45** | 0.35 |
| 3 | Contribution by Employer | **1.20** | 3.22 |
| 4 | Benefits Paid | **(14.93)** | (6.52) |
| | Closing Fair Value of Plan assets | **35.53** | 45.08 |

iii) Amount recognized in Balance Sheet including a Reconciliation of the Present Value of the Defined obligation in (a) and Fair value of the Plan assets in (b) to the assets and liabilities recognized in the balance sheet

| Sr. No. | Particulars | Current Year | Rs. In Lacs Previous Year |
|---|---|---|---|
| 1 | Present Value of Funded Obligations | **66.87** | 66.03 |
| | Unfunded Obligations | - | - |
| 2 | Fair Value of Plan Assets | **35.53** | 45.08 |
| | Net Liability/(Assets) recognised in Balance Sheet | **31.34** | 20.96 |

iv) The Total Expense Recognised in the Profit and Loss Account:

| Sr. No. | Particulars | Current Year | Rs. In Lacs Previous Year |
|---|---|---|---|
| 1 | Current Service Cost | **10.49** | 4.21 |
| 2 | Interest Cost | **5.28** | 5.06 |
| 3 | Expected Return on Plan Assets | **(3.74)** | (3.68) |
| 4 | Actuarial (Gain)/Losses | **(0.45)** | (0.35) |
| 5 | Past Service Cost | **-** | - |
| | Total | **11.58** | 5.24 |

v) For each major category of Plan Assets, following is the percentage that each major constitutes of the fair value of the Plan Assets:

| Sr. No. | Particulars | Amount | Percentage |
|---|---|---|---|
| 1 | Government of India Securities | **-** | - |
| 2 | Corporate Bonds | **-** | - |
| 3 | Special Deposit Scheme | **-** | - |
| 4 | Equity Shares of Listed Companies | **-** | - |
| 5 | Property | **-** | - |
| 6 | Insurance Managed Funds | **-** | 100% |
| 7 | Others | **-** | - |
| | Total | **-** | 100% |

vi) The overall expected rate of return on assets is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

vii) The Actual Return on Plan Assets is as follows :

| Sr. No. | Particulars | | Rs. In Lacs |
|---|---|---|---|
| 1 | Actual Return on Plan Assets | **0.45** | 4.03 |
| | Total | **0.45** | 4.03 |

viii) Following are the Principal Actuarial Assumptions used as at the Balance Sheet Date:

| Sr. No. | Particulars | | Rs. In Lacs |
|---|---|---|---|
| 1 | Attrition Rate | **5.65%** | 5.65% |
| 2. | Discount Rate | **8.00%** | 8.00% |
| 2 | Expected Rate of Return on Plan Assets | **9.15%** | 9.15% |
| 3 | Salary Escalation Rate | **7.00%** | 7.00% |

**For Suresh Mittal & Associates**
**Chartered Accountants**

**For and on Behalf of the Board**

**Suresh Mittal**
Partner

**Dilsher Singh**
Director

**Arvind Kalra**
Executive Director

**Malvinder Singh**
Chairman & Managing Director

Place : Village Tofapur
Dated : 15.07.2011

**Raj Kumar Mehra**
G.M. (Accounts)

**Vivek Atri**
CFO & Company Secretary

ADDITIONAL INFORMATION 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. | **12321** | State Code | **53** |
| Balance Sheet Date | **31.03.2011** | | |

### II. Capital Raised during the year (Amount in Rs. Thousands)

| | | | |
|---|---|---|---|
| Public Issue | **NIL** | Right Issue | **NIL** |
| Bonus Issue | **NIL** | Private Placement | **19550** |

### III. Position of Mobilization and deployment of Funds

**(Amount in Rs. Thousands)**

| | | |
|---|---|---|
| | **Total Liabilities** | **Total Assets** |
| | 6927205 | 6927205 |
| **Sources of funds** | **Paid up capital** | **Reserves & Surplus** |
| | 940061 | 1018119 |
| | **Subscription Against Warrant** | |
| | 1150 | |
| | **Secured Loans** | **Unsecured Loans** |
| | 4468723 | 302467 |
| | **Defered Tax Liability** | |
| | 196685 | |
| **Application of funds** | **Net Fixed Assets** | **Investments** |
| | 4011051 | Nil |
| | **Net Current Assets** | **Misc. Expenditure** |
| | 1191721 | 260 |
| | **Accumulated Losses** | **Defered Tax Assets (Net)** |
| | 1724173 | NIL |

### IV. Performance of Company (Amount in Rs. Thousands, except EPS)

| | |
|---|---|
| **Turnover** | **Total Expenditure** |
| 1438768 | 2259295 |
| **Profit/(Loss) Before Tax** | **Profit/(Loss) After Tax** |
| (820527) | (1239758) |
| **Earning Per Share (EPS)** | **Dividend** |
| (22.91) | NIL |

### V. Generic Names of Three Principal/Services of Company (As per monetary terms)

i) Item Code No. (ITC Code) **07095100**
Product Description Mushrooms

ii) Item Code No. (ITC Code) **07310210**
Product Description Metal Cans

iii) Item Code No. (ITC Code) **07115100**
Product Description Preserved Mushrooms

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

| | | 2010-11 CURRENT YEAR (RS. IN LACS) | | 2009-10 PREVIOUS YEAR (RS. IN LACS) | |
|---|---|---|---|---|---|
| A. | **CASH FLOW FROM OPERATING ACTIVITIES** | | | | |
| | NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS | | **(8.205.27)** | | (8,575.81) |
| | ADJUSTMENT FOR :- | | | | |
| | Depreciation and Amortisation | **1,641.90** | | 1,576.03 | |
| | Capital Gain on sale of Fixed Assets | **357.46** | | - | |
| | Miscellaneous Expenses W/o | **4.00** | | 38.65 | |
| | Interest/Dividend | **3,111.63** | **5,115** | 3,516.11 | 5,131 |
| | **OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES** | | **(3,090.28)** | | (3,445.02) |
| | INCREASE/DECREASE IN ADJUSTMENT FOR :- | | | | |
| | Increase/(Decrease) in Other Payable | **669.32** | | (2,511.01) | |
| | Increase/(Decrease) in Trade Payable | **(336.77)** | | (853.98) | |
| | Increase/(Decrease) Trade & Other Receivable | **358.34** | | 1,283.38 | |
| | Increase/(Decrease) Inventories | **(2,489.31)** | | (3,278.46) | |
| | Increase/(Decrease) in Loans & Advances | **(648.37)** | **(3,112)** | (767.66) | 602.27 |
| | **CASH GENERATED FROM OPERATIONS** | | **21.61** | | (4,047.29) |
| | Interest | **3,111.63** | | 3,516.11 | |
| | Current Tax | **1.84** | | 2.10 | |
| | | | **3,113.47** | | 3,518.22 |
| | **CASH FLOW BEFORE EXTRAORDINARY ITEMS** | | **(3,091.86)** | | (7,565.50) |
| | Extraordinary Items including Previous Year Exp. | **988.86** | | 761.19 | |
| | **NET CASH USED IN OPERATING ACTIVITIES** | | **(4,081)** | | (8,327) |
| B. | **CASH FLOW IN INVESTING ACTIVITIES** | | | | |
| | Purchase/Capitalization of Fixed Assets | **1,828.41** | | 415.00 | |
| | Capital Work in Progress | **-** | | - | |
| | **NET CASH USED IN INVESTING ACTIVITIES** | | **1,828.41** | | 415.00 |
| C. | **CASH FLOW FROM FINANCING ACTIVITIES** | | | | |
| | Short Term Borrowing | **6.25** | | (1,216.69) | |
| | Long Term Borrowings | **6,444.41** | | 7499.50 | |
| | Working Capital Limits | **(1,919.59)** | | (6,692.34) | |
| | Unsecured Loans | **440.98** | | 2,583.70 | |
| | Issue of Capital | **195.50** | **5,167.54** | 5,964.11 | 8,138.28 |
| | NET INCREASE/(DECREASE) IN CASH | | **(741.58)** | | (603.41) |
| | CASH AND CASH EQUIVALENTS AS AT 01.04.2010 | | **968.25** | | 1,571.66 |
| | CASH AND CASH EQUIVALENTS AS AT 31.03.2011 | | **226.67** | | 968.25 |

**For Suresh Mittal & Associates**
**Chartered Accountants**

**For and on Behalf of the Board**

**Suresh Mittal**
Partner

**Dilsher Singh**
Director

**Arvind Kalra**
Executive Director

**Malvinder Singh**
Chairman & Managing Director

Place : Village Tofapur
Dated : 15.07.2011

**Raj Kumar Mehra**
G.M. (Accounts)

**Vivek Atri**
CFO & Company Secretary

**CERTIFICATE**

We have examined the above Cash Flow Statement of Agro Dutch Industries Limited for the year ended on 31st March, 2011. The Statement has been prepared by the Company in accordance with the requirements of clause 32 of the listing agreement and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report of 2011 to the members of the Company.

**For Suresh Mittal & Associates**
**Chartered Accountant**

**Place : Village Tofapur**

**Date :** 15.07.2011

**Suresh Mittal**
**Partner**

Dated: 27.08.2011

Dear Shareholders,

**Subject : Green Initiative**

We value your relationship with Agro Dutch Industries Limited and thank you for all support.

Ministry of Corporate Affairs (MCA) has issued a Circulars No. 17/2011 dated 21.04.2011 propagating "Green Initiative", by allowing paperless compliances by serving documents through electronic mode (e-mail) as an enlightened corporate citizen, we propose to send all future Shareholders communication like Notices, Company's Annual Report through electronic mode. This will ensure prompt receipt of communication and avoid in postal transit.

We request you to inform your e-mail address to your Depository Participant and also register your e-mail ID at our Register and share transfer agents viz. "M/s Karvy Computershare Pvt. Ltd" at the website www.karvycomputershare.com, in case you have not already registered the same. You are not required to re-register unless there is change in your e-mail address.

You are also requested to intimate to the Depository Participants (DP), changes, if any, in your registered addresses, e-mail ID and / or changes in your bank account details.

Please note that, as the member of the company, you will be entitled to be furnished, free of cost , with a printed copy of the Balance sheet of the company and all other documents required by law to be attached thereto including the Profit & Loss account and Auditor's Report etc. and all other communication that any be sent to you, through electronic mode of Communication.

Soliciting your co-operation and continued patronage.

Thanking you.

For **Agro Dutch Industries Limited**

S/d
**(Vivek Atri)**
CFO & Company Secretary

## AGRO DUTCH INDUSTRIES LIMITED

Regd. Office : S.C.O. 30, 2nd Floor, Sector 33-D, Chandigarh - 160020

| | |
|---|---|
| DP ID | |
| Client ID | |

**PROXY FORM**

| | |
|---|---|
| Folio No . | |
| No. of Shares held | |

I/We .....

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

being a member/members of AGRO DUTCH INDUSTRIES LIMITED hereby appoint Mr./Ms. ..... of ..... in the district of ..... or failing him/her Mr./Ms. ..... of ..... in the district of ..... as my/our proxy to vote for me/us on my/our behalf at the 19th Annual General Meeting of the Company to be held on **Saturday 24th September, 2011 at 10.30 A.M at Chandigarh Institute of Hotel Management (Formerly Food Craft Institute), Sector 42-D, Chandigarh** any adjournment thereof.

Signed this ..... day of ..... 2011.

Affix Rs. 1 Revenue Stamp here

NOTE:- The proxy must be returned so as to reach the Registered Office of the Company, not less than 48 hours before the Commencement of the Meeting.

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## AGRO DUTCH INDUSTRIES LIMITED

Regd. Office : S.C.O. 30, 2nd Floor, Sector 33-D, Chandigarh - 160020

**ATTENDANCE SLIP**

(THIS ATTENDANCE SLIP DULY FILLED TO BE HANDED AT THE ENTERANCE OF THE MEETING HALL)

| | |
|---|---|
| DP ID | |
| Client ID | |

| | |
|---|---|
| Folio No . | |
| No. of Shares held | |

Name of the attending Member .....
(In Block Letters)

Name of Proxy(s) (In Block Letters) .....
(to be filled in if the Proxy attends instead of the Member)

No. of share held .....

I, hereby record my presence at the 19th Annual General Meeting of the Company to be held on **Saturday 24th September, 2011 at 10.30 A.M at Chandigarh Institute of Hotel Management (Formerly Food Craft Institute), Sector 42-D, Chandigarh**.

Member's/ Proxy's Signature
(To be signed at the time
of handing over this slip)

Note : Member attending the meeting must fill this attendance slip and hand it over at the entrance hall. Members are requested to bring their copy of Annual Report in the Meeting.

**BOOK POST**

*If undelivered, Please return to :*

**AGRO DUTCH INDUSTRIES LIMITED**
**Regd. Office : S.C.O. 30, 2nd Floor,**
**Sector 33-D, Chandigarh - 160020**