

ADF FOODS LTD

BOARD OF DIRECTORS	Shri Ramesh H. Thakkar Shri Kishore H. Thakkar Shri Ashok H. Thakkar Shri D. E. Udwadia Shri Nipun C. Shah Shri Yasir J. Varawala Shri Vikram S. Munshi Shri Jay M. Mehta Shri Bimal R. Thakkar	Chairman and Managing Director Joint Managing Director Executive Director Director Director Director Director Additional Director Additional Director
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SENIOR MANAGEMENT	Bhavesh R. Thakkar Nagin C. Patel Kedar S. Sapre Dilip S. Golwala	President Vice President (Works) Factory Manager Finance & Accounts Manager
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COUNTRY MANAGER Steve Pezzack for UK

AUDITORS D. P. Ghevaria & Co.
Chartered Accountants

K. D. Godbole
Chartered Accountants

SOLICITORS Udwadia Udeshi and Berjis
Thakkar & Thakkar

BANKERS State Bank of Hyderabad
Bank of Baroda
State Bank of India
Central Bank of India

REGISTERED OFFICE 83/86, G.I.D.C. Industrial Estate,
Nadiad – 387 001.
Gujarat.

**REGISTRAR AND SHARE
TRANSFER AGENTS** INTIME SPECTRUM REGISTRY LIMITED
C-13, Pannalal Silk Mills Compound, L.B.S. Marg,
Bhandup (W), Mumbai – 400 078.

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13TH ANNUAL GENERAL MEETING

On Friday 29th August 2003, at 11.00 a.m.
at Sheth Khushaldas Gokaldas Patel Municipal Town Hall, Nadiad – 387 001, Gujarat

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

ADF FOODS LTD

NOTICE

Notice is hereby given that the Thirteenth Annual General Meeting of the Members of the Company will be held at Sheth Khushaldas Gokaldas Patel Municipal Town Hall, Nadiad – 387 001, Gujarat, on Friday, 29th August, 2003 at 11:00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2003, the Profit and Loss Account for the year ended as at that date and the Report of the Directors and the Auditors thereon.
2. To appoint a Director in place of Shri Nipun C. Shah who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Vikram S. Munshi who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

5. To consider and if thought fit to pass with or without modifications the following resolution as an ordinary resolution :

“RESOLVED THAT pursuant to section 198, 269, 309, 310 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the re-appointment and payment of remuneration, perquisites and benefits to Shri Ramesh H. Thakkar, Managing Director for a period of three years w.e.f. 1st October 2002 upto 30th September 2005 as set out in the Explanatory Statement and the draft agreement entered into between the Company of the one part and Shri Ramesh H. Thakkar, Managing Director of the other part with authority to the Board of Directors to alter or vary the said remuneration and/or perquisites and/or benefits as it may deem fit and as acceptable to Shri Ramesh H. Thakkar, Managing Director within the limits specified in Schedule XIII of the Companies Act, 1956, or any amendments made thereafter in that regard.

RESOLVED FURTHER THAT where in any financial year during his term of office the Company makes no profits or inadequate profits, the Company may pay him remuneration by way of salary and perquisites not exceeding the limits laid down in Section II Part II of Schedule XIII of the Companies Act, 1956, or any statutory modifications, substitutions or re-enactments thereof as may be agreed to by the Board of Directors and acceptable to Shri. Ramesh H. Thakkar, Managing Director.

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

6. To consider and if thought fit to pass with or without modifications the following resolution as an ordinary resolution :

“RESOLVED THAT pursuant to section 198, 269, 309, 310 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the re-appointment and payment of remuneration, perquisites and benefits to Shri Kishore H. Thakkar, Joint Managing Director for a period of three years w.e.f. 1st October 2002 upto 30th September 2005 as set out in the Explanatory Statement and the draft agreement entered into between the Company of the one part and Shri Kishore H. Thakkar, Joint Managing Director of the other part with authority to the Board of Directors to alter or vary the said remuneration and/or perquisites and/or benefits as it may deem fit and as acceptable to Shri Kishore H. Thakkar, Joint Managing Director within the limits specified in Schedule XIII of the Companies Act, 1956, or any amendments made thereafter in that regard.

RESOLVED FURTHER THAT where in any financial year during his term of office the Company makes no profits or inadequate profits, the Company may pay him remuneration by way of salary and perquisites not exceeding the limits laid down in Section II Part II of Schedule XIII of the Companies Act 1956 or any statutory modifications, substitutions or re-enactments thereof as may be agreed to by the Board of Directors and acceptable to Shri Kishore H. Thakkar, Joint Managing Director.

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

7. To consider and if thought fit to pass with or without modifications the following resolution as an ordinary resolution :

“RESOLVED THAT pursuant to section 198, 269, 309, 310 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the re-appointment and payment of remuneration, perquisites and benefits to Shri Ashok H. Thakkar, Executive Director for a period of three years w.e.f. 1st October 2002 upto 30th September 2005 as set out in the Explanatory Statement and the draft agreement to be entered into between the Company of the one part and Shri Ashok H. Thakkar, Executive Director of the other part with authority to the Board of Directors to alter or vary the said remuneration and/or perquisites and/or benefits as it may deem fit and as acceptable to Shri Ashok H. Thakkar, Executive Director within the limits specified in Schedule XIII of the Companies Act, 1956, or any amendments made thereafter in that regard.

RESOLVED FURTHER THAT where in any financial year during his term of office the Company makes no profits or inadequate profits, the Company may pay him remuneration by way of salary and perquisites not exceeding the limits laid down in section II Part II of Schedule XIII of the Companies Act, 1956, or any statutory modifications, substitutions or re-enactments thereof as may be agreed to by the Board of Directors and acceptable to Shri Ashok H. Thakkar, Executive Director.



RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds and things as may be considered necessary or expedient to give effect to the said resolution."

8. To consider and if thought fit to pass with or without modifications the following resolution as an ordinary resolution :

"RESOLVED THAT Shri. Jay M. Mehta who was appointed as Additional Director by the Board of Directors of the Company at their meeting held on 30th May 2003 and whose term of office expires at the commencement of this meeting and in respect of whom notice under section 257 of the Companies Act, 1956, has been received from a member signifying his intention to propose Shri Jay M. Mehta as a candidate for the office of Director of the Company, be and is hereby appointed as Director of the Company liable to retire by rotation."

9. To consider and if thought fit to pass with or without modifications the following resolution as an ordinary resolution :

"RESOLVED THAT Shri Bimal R. Thakkar, who was appointed as Additional Director by the Board of Directors of the Company pursuant to Article 114 of the Articles of Association of the Company and who holds office upto the date of the ensuing Annual General Meeting under section 260 of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Executive Director be and is hereby appointed as Executive Director of the Company liable to retire by rotation for a period of three years w.e.f. 1st June 2003 upto 31st May 2006, as set out in the Explanatory Statement and the draft agreement to be entered into between the Company of the one part and Shri Bimal R. Thakkar, Executive Director of the other part with authority to the Board of Directors to alter or vary the said remuneration and/or perquisites and/or benefits as it may deem fit and as acceptable to Shri Bimal R. Thakkar, Executive Director within the limits specified in Schedule XIII of the Companies Act, 1956, or any amendments made thereafter in that regard.

RESOLVED FURTHER THAT where in any financial year during his term of office the Company makes no profits or inadequate profits, the Company may pay him remuneration by way of salary and perquisites not exceeding the limits laid down in section II Part II of Schedule XIII of the Companies Act, 1956, or any statutory modifications, substitutions or re-enactments thereof as may be agreed to by the Board of Directors and acceptable to Shri Bimal R. Thakkar, Executive Director.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds and things as may be considered necessary or expedient to give effect to the said resolution."

10. To consider and if thought fit to pass with or without modifications 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, and subject to the approval of the Central Government and subject to such changes as the Central Government may stipulate and as acceptable to the Board of Directors, the consent of the Company be and is hereby accorded to the payment of remuneration to Shri Bhavesh R. Thakkar, President with effect from 1st April 2003 as mentioned below:

- (i) Salary : Rs 46,250 – 7,500 – 69,500
- (ii) House Rent Allowance : 40% of Basic.
- (iii) Other Allowances Rs. 5000/- per month.
- (iv) Commission @ 1/3rd of 0.5 % of export sales subject to a maximum of Rs. 50,000/- Commission payable will be reviewed every quarter end.
- (v) Medical Reimbursement : Expenses incurred for the appointees and their families subject to a ceiling of one month's basic salary in a year or three month's basic salary over a period of three years.
- (vi) Leave Travel Allowance : For the appointees and their families, once in a year incurred in accordance with the rules specified by the Company.
- (vii) Club Fees : Fees of Club subject to a maximum of two clubs. This will not include admission and life membership fees.
- (viii) Personal Accident Insurance and Mediclaim: Premium not to exceed Rs. 20,000/- per annum.
- (ix) Contribution to Provident Fund, Superannuation Fund, Annuity Funds, if any.
- (x) Gratuity payable at half a month's salary for each completed year of service and encashment of leave at the end of the tenure.
- (xi) Provision of one car with driver for use on Company's business and telephone at residence. Use of car with driver and telephone for the purpose shall not be considered as a perquisite. The valuation of personal use of car would be as per Income Tax Rules.
- (xii) The appointees shall be entitled to reimbursement of expenses actually and properly incurred by them for the business of the Company.

ADF FOODS LTD

Notes:

- a. The relative Explanatory Statement pursuant to section 173(2) of the Companies Act 1956, setting out the material facts in respect of the business under item nos. 5 to 10 above is annexed hereto.
- b. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY, the proxy form duly completed and stamped must reach the Registered office of the Company not less than 48 hours before the time for holding the aforesaid meeting.
- c. The Register of Members and Transfer Books of the Company will be closed from Thursday, 21st August, 2003 to Friday, 29th August, 2003 (both days inclusive).
- d. Shareholders desiring any information as regards the accounts are requested to write to the Company at least 8 days in advance so as to enable the management to keep the information ready.
- e. Members holding shares in identical order of names in more than one folio are requested to write to the Company's Share Department enclosing their Share Certificates to enable the company to consolidate their holding in one folio.
- f. Members are requested to notify the Company immediately of any change in their Registered Addresses alongwith the pin code.

By Order of the Board of Directors
ADF FOODS LIMITED

RAMESH H. THAKKAR
Chairman & Managing Director

Mumbai, May 30, 2003

Registered Office:

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

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

Item No. 5 & 6

The Company is presently being managed by Shri. Ramesh H. Thakkar, Managing Director and Shri Kishore H. Thakkar, Joint Managing Director subject to the superintendence, control and direction of the Board of Directors.

The appointments of Shri Ramesh H. Thakkar as Managing Director and Shri Kishore H. Thakkar as Joint Managing Director and the remuneration payable to them were approved by the shareholders at the Ninth Annual General Meeting held on 24th September, 1999 for a period of 3 years with effect from 1st October 1999 to 30th September 2002, in terms of schedule XIII of the Companies Act, 1956.

It is now proposed to re-appoint Shri Ramesh H. Thakkar as Managing Director and Shri Kishore H. Thakkar as Joint Managing Director on such remuneration in terms of the provisions of schedule XIII which stipulates obtaining the approval of the Shareholders in a general meeting.

The terms of remuneration proposed to be paid to Shri Ramesh H. Thakkar, Managing Director and Shri Kishore H. Thakkar, Joint Managing Director are as follows:

- (i) Salary : Rs 45,000 – 7,500 – 60,000
- (ii) House Rent Allowance : 40% of Basic
- (iii) Medical Reimbursement : Expenses incurred for the appointees and their families subject to a ceiling of one month's basic salary in a year or three month's basic salary over a period of three years.
- (iv) Leave Travel Allowance : For the appointees and their families, once in a year incurred in accordance with the rules specified by the Company.
- (v) Club Fees : Fees of Club subject to a maximum of two clubs. This will not include admission and life membership fees.
- (vi) Personal Accident Insurance : Premium not to exceed Rs. 20,000/- per annum.
- (vii) Contribution to Provident Fund, Superannuation Fund, Annuity Funds, if any.
- (viii) Gratuity payable at half a month's salary for each completed year of service and encashment of leave at the end of the tenure.
- (ix) Provision of one car with driver for use on Company's business and telephone at residence. Use of car with driver and telephone for the purpose shall not be considered as a perquisite. The valuation of personal use of car would be as per Income Tax Rules.
- (x) The appointees shall be entitled to reimbursement of expenses actually and properly incurred by them for the business of the Company.

**Minimum Remuneration :**

Where in any financial year, during the currency of tenure of Shri Ramesh H. Thakkar, Managing Director and Shri Kishore H. Thakkar, Joint Managing Director, the Company has no profit or its profits are inadequate, both of them may be paid remuneration by way of salary, allowances and perquisites upto Rs 1,25,000/- per month. He shall also be eligible to the other perquisites, which shall not be included in the computation of the said ceiling on remuneration of Rs 1,25,000/- per month and within limits, prescribed under Schedule XIII of the Companies Act, 1956; the same currently being :

- (a) contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income-Tax Act, 1961.
- (b) gratuity payable at the rate not exceeding half a month's salary for each completed year of service, and
- (c) encashment of leave at the end of the tenure.

Keeping in view the frequently changing environment, power is also being taken in terms of this resolution for the Board to effect any variations, alterations or modifications in future in respect of the appointment and remuneration of Shri Ramesh H. Thakkar, Managing Director and Shri Kishore H. Thakkar, Joint Managing Director within the limits specified in schedule XIII of the Companies Act, 1956, or any statutory modifications, substitutions or re-enactments thereof as may be agreed to by the Board of Directors and Shri Ramesh H. Thakkar, Managing Director and Shri Kishore H. Thakkar, Joint Managing Director.

The approval of the members is therefore sought to the remuneration and perquisites of Shri Ramesh H. Thakkar, Managing Director and Shri Kishore H. Thakkar, Joint Managing Director with authority to the Board of Directors to alter or vary the said terms of appointment and remuneration and perquisites within the limits specified in schedule XIII of the Companies Act, 1956, or any amendments made hereafter in that regard.

Shri Ramesh H. Thakkar, Shri Kishore H. Thakkar and also Shri Ashok H. Thakkar and Shri Bimal R. Thakkar, being relatives of Shri Ramesh H. Thakkar and Shri Kishore H. Thakkar are deemed to be concerned or interested in the resolution. The above may be treated as an abstract as required under section 302 of the Companies Act, 1956.

The draft of the agreements between the Company and Shri Ramesh H. Thakkar and Shri Kishore H. Thakkar are open for inspection of the members at the registered office of the Company between 10:30 a.m. to 1:00 p.m. on all working days of the Company upto and including the day of the meeting.

Item No. 7

The appointment of Shri Ashok H. Thakkar as Executive Director and the remuneration payable to him were approved by the shareholders at the Ninth Annual General Meeting held on 24th September 1999 for a period of 3 years with effect from 1st October 1999 to 30th September 2002 in terms of schedule XIII of the Companies Act, 1956.

It is now proposed to re-appoint Shri Ashok H. Thakkar as Executive Director on such remuneration in terms of the provisions of schedule XIII which stipulates obtaining the approval of the Shareholders in a general meeting.

The terms of remuneration proposed to be paid to Shri Ashok H Thakkar are as follows:

- (i) Salary : Rs 45,000 – 7,500 – 60,000
- (ii) House Rent Allowance : 40% of basic
- (iii) Commission @ 1/3rd of 0.5 % of export sales subject to a maximum of Rs. 50,000/-. Commission payable will be reviewed every quarter end.
- (iv) Medical Reimbursement : Expenses incurred for the appointees and their families subject to a ceiling of one month's basic salary in a year or three month's basic salary over a period of three years.
- (v) Leave Travel Allowance : For the appointees and their families, once in a year incurred in accordance with the rules specified by the Company.
- (vi) Club Fees : Fees of Club subject to a maximum of two clubs. This will not include admission and life membership fees.
- (vii) Personal Accident Insurance and Mediclaim: Premium not to exceed Rs. 20,000/- per annum.
- (viii) Contribution to Provident Fund, Superannuation Fund, Annuity Funds, if any.
- (ix) Gratuity payable at half a month's salary for each completed year of service and encashment of leave at the end of the tenure.
- (x) Provision of One car with driver for use on Company's business and telephone at residence. Use of car with driver and telephone for the purpose shall not be considered as a perquisite. The valuation of personal use of car would be as per Income Tax Rules.
- (xi) The appointees shall be entitled to reimbursement of expenses actually and properly incurred by them for the business of the Company.

ADF FOODS LTD

Minimum Remuneration :

Where in any financial year, during the currency of tenure of Shri Ashok H. Thakkar, Executive Director, the Company has no profit or its profits are inadequate, he may be paid remuneration by way of salary, allowances and perquisites upto Rs 1,25,000/- per month. He shall also be eligible to the other perquisites, which shall not be included in the computation of the said ceiling on remuneration of Rs 1,25,000/- per month and within limits, prescribed under Schedule XIII of the Companies Act, 1956; the same currently being :

- (a) contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income-Tax Act, 1961.
- (b) gratuity payable at the rate not exceeding half a month's salary for each completed year of service, and
- (c) encashment of leave at the end of the tenure.

Keeping in view the frequently changing environment, power is also being taken in terms of this resolution for the Board to effect any variations, alterations or modifications in future in respect of the appointment and remuneration of Shri Ashok H. Thakkar, Executive Director within the limits specified in schedule XIII of the Companies Act, 1956, or any statutory modifications, substitutions or re-enactments thereof as may be agreed to by the Board of Directors and Shri Ashok H. Thakkar, Executive Director.

The approval of the members is therefore sought to the remuneration and perquisites payable to Shri Ashok H. Thakkar, Executive Director with authority to the Board of Directors to alter or vary the said terms of appointment and remuneration and perquisites within the limits specified in schedule XIII of the Companies Act, 1956, or any amendments made hereafter in that regard.

Shri Ashok H. Thakkar and also Shri Ramesh H. Thakkar, Shri Kishore H. Thakkar and Shri Bimal R. Thakkar, being relatives of Shri Ashok H. Thakkar are deemed to be concerned or interested in the resolution. The above may be treated as an abstract as required under section 302 of the Companies Act, 1956.

A draft of the agreement between the Company and Shri Ashok H. Thakkar is open for inspection of the members at the registered office of the Company between 10:30 a.m. to 1:00 p.m. on all working days of the Company upto and including the day of the meeting.

Item No. 8

Shri. Jay M. Mehta has completed his MBA – IMD from Lausanne, Switzerland in 1991, and BS (Industrial Engineering) from Columbia University, New York U.S.A. He has been a Director of many reputed Companies since 1992 onwards. He is the Group Director – Indian Operations of the Mehta Group, Executive Vice Chairman of Saurashtra Cement Limited and Executive Vice Chairman of Gujarat Sidhee Cement Limited. He has also headed the group Cement Business in India and been a pioneer in the industry.

Under Section 260 of the Companies Act, 1956, Shri Jay M. Mehta hold office as Director upto the commencement of the forthcoming Annual General Meeting.

Company has received notices from some members, Under Section 257 of the Companies Act, 1956, signifying their intention to propose the appointment of Shri Jay M. Mehta as Director of the Company. In view of their vast varied experience, it is desirable to appoint Shri Jay M. Mehta as Director of the Company.

None of the Directors of the Company are interested in the resolution except as member of the Company.

Item No. 9

The appointment of Shri Bimal R. Thakkar as President and the remuneration payable to him were approved by the shareholders at the First Annual General Meeting held on 29th September, 1993, in accordance with the provisions of section 314 of the Companies Act, 1956.

It is now proposed to appoint Shri Bimal R. Thakkar as Executive Director on such remuneration in terms of the provisions of schedule XIII which stipulates obtaining the approval of the Shareholders in a general meeting.

The terms of remuneration proposed to be paid to Shri Bimal R. Thakkar are as follows :

- (j) Salary : Rs 52,500 – 7,500 – 67,500
- (ii) House Rent Allowance : 40% of basic
- (iii) Commission @ 1/3rd of 0.5% of export sales subject to a maximum of Rs. 50,000/-. Commission payable will be reviewed every quarter end.
- (iv) Medical Reimbursement : Expenses incurred for the appointees and their families subject to a ceiling of one month's basic salary in a year or three month's basic salary over a period of three years.
- (v) Leave Travel Allowance : For the appointees and their families, once in a year incurred in accordance with the rules specified by the Company.
- (vi) Club Fees : Fees of Club subject to a maximum of two clubs. This will not include admission and life membership fees.
- (vii) Personal Accident Insurance and Mediclaim: Premium not to exceed Rs. 20,000/- per annum.
- (viii) Contribution to Provident Fund, Superannuation Fund, Annuity Funds, if any.



- (ix) Gratuity payable at half a month's salary for each completed year of service and encashment of leave at the end of the tenure.
- (x) Provision of One car with driver for use on Company's business and telephone at residence. Use of car with driver and telephone for the purpose shall not be considered as a perquisite. The valuation of personal use of car would be as per Income Tax Rules.
- (xi) The appointees shall be entitled to reimbursement of expenses actually and properly incurred by them for the business of the Company.

Minimum Remuneration:

Where in any financial year, during the currency of tenure of Shri Bimal R. Thakkar, Executive Director, the Company has no profit or its profits are inadequate, he may be paid remuneration by way of salary, allowances and perquisites upto Rs 1,25,000/- per month. He shall also be eligible to the other perquisites, which shall not be included in the computation of the said ceiling on remuneration of Rs 1,25,000/- per month and within limits, prescribed under Schedule XIII of the Companies Act, 1956; the same currently being :

- (a) contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income-Tax Act, 1961.
- (b) gratuity payable at the rate not exceeding half a month's salary for each completed year of service, and
- (c) encashment of leave at the end of the tenure.

Keeping in view the frequently changing environment, power is also being taken in terms of this resolution for the Board to effect any variations, alterations or modifications in future in respect of the appointment and remuneration of Shri Bimal R. Thakkar, Executive Director within the limits specified in schedule XIII of the Companies Act, 1956, or any statutory modifications, substitutions or re-enactments thereof as may be agreed to by the Board of Directors and Shri Bimal R. Thakkar, Executive Director.

The approval of the members is therefore sought to the remuneration and perquisites payable to Shri Bimal R. Thakkar Executive Director with authority to the Board of Directors to alter or vary the said terms of appointment and remuneration and perquisites within the limits specified in schedule XIII of the Companies Act, 1956, or any amendments made hereafter in that regard.

Shri Bimal R. Thakkar and also Shri Ramesh H. Thakkar, Shri Kishore H. Thakkar and Shri Ashok H. Thakkar being relatives of Shri Bimal R. Thakkar are deemed to be concerned or interested in the resolution. The above may be treated as an abstract as required under section 302 of the Companies Act, 1956.

A draft of the agreement between the Company and Shri Bimal R. Thakkar is open for inspection of the members at the registered office of the Company between 10:30 a.m. to 1:00 p.m. on all working days of the Company upto and including the day of the meeting.

Item No. 10.

Shri Bhavesh R. Thakkar was appointed as Vice President (Finance) of the Company by the shareholders in the First Annual General Meeting of the Company. It is now proposed to appoint Shri Bhavesh R. Thakkar as President of the Company and pay him remuneration at par with other senior executives in the industry. Since he is related to some of the directors of the Company approval of the shareholders is required by way of special resolution under section 314 of the Companies Act, 1956, for payment of the proposed remuneration. The proposal will also require the approval of the Central Government. Shri Ramesh H. Thakkar, Shri Kishore H. Thakkar, Shri Ashok H. Thakkar and Shri Bimal R. Thakkar being relatives of Shri Bhavesh R. Thakkar are deemed to be concerned or interested in the said resolution.

By Order of the Board of Directors
ADF FOODS LIMITED

RAMESH H. THAKKAR
Chairman & Managing Director

Mumbai, May 30, 2003

Registered Office:

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

ADF FOODS LTD

DIRECTORS' REPORT

To,
The Members of
ADF FOODS LIMITED

Your Directors are pleased to present the Thirteenth Annual Report on the business and operations of your company and the Audited Financial Accounts for the year ended 31st March 2003.

Financial Results:

Review of Financial Performance:

	FOR THE YEAR ENDED	
	Rs. In lacs 31-03-2003	Rs in Lacs 31-03-2002
1) Net sales/Income from operations	5009.91	4441.45
2) Other Income	230.89	37.44
	5240.80	4478.89
3) Total expenditure		
a) Increase/decrease in stock in trade	(87.37)	(141.67)
b) Consumption of raw materials	3467.60	3046.22
c) Staff Cost	168.20	197.88
d) Other expenditure	1214.05	986.69
	4762.48	4089.12
4) Interest	150.27	217.08
5) Depreciation	102.42	100.69
6) Profit(+)/Loss(-) before tax (1+2-3-4-5)	225.63	72.00
7) Provision for taxation	12.41	5.02
8) Deferred tax assets/(Liabilities)	(69.19)	(15.00)
9) Net profit(+)/Loss(-) (6-7-8)	144.03	51.98
10) Extra Ordinary Income	450.00	--
11) Prior Period Expenses/Income (Net off)	0.73	4.21
12) Net Profit(+)/Loss(-) (9+10-11)	593.30	47.77

FINANCIAL CONDITION AND RESULTS OF OPERATION

Management Discussion and Analysis of the financial condition and results of operation of the Company for the year under review, as stipulated in clause 49 of the Listing Agreement with the Stock Exchanges, is given as a separate statement in the Annual Report.

DIVIDEND

In view of the requirement of funds for an envisaged expansion, the Directors have not recommended any distribution of dividend.

CONSOLIDATED ACCOUNTS

As per the Listing Agreement with the Stock Exchanges, consolidated financial statement has been annexed with the financial results of the Company.

INTERNATIONAL MARKETS

Your Company's performance in the international markets has been encouraging and in the forthcoming year these markets would still perform better due to introduction of new varieties of products. Your Company is Constantly strengthening its distribution in these markets and hopes to further improve consumer loyalty and increase sales.



New product introductions – your company introduced a range of frozen vegetables, sweet items (like Dudhi Halwa, Carrot Halwa, Seera and Moong Halwa) in easy pouch, seven new items viz. Shahi Rajma, Pav Bhaji, Palak Paneer, Chatpate Choley, Matar Paneer, Dal Makhani and Aloo Matar under the Classic Ashoka range during the year. The initial response to these products has been very encouraging and a special focus and emphasis is being given to study the market trends and the needs of the consumers, as your company sees a strong growth within this segment in the international markets.

This year also your Company intends to introduce other varieties of products within the frozen foods segment as well as in the shelf stable product segments. Continuous development work is being done at the factories to ensure that we are always one step ahead of our competitors.

DOMESTIC MARKETS

As you are aware, the Company had entered into an arrangement for the transfer of the business under the Mothers' Recipe Brand to Desai Brothers Limited.

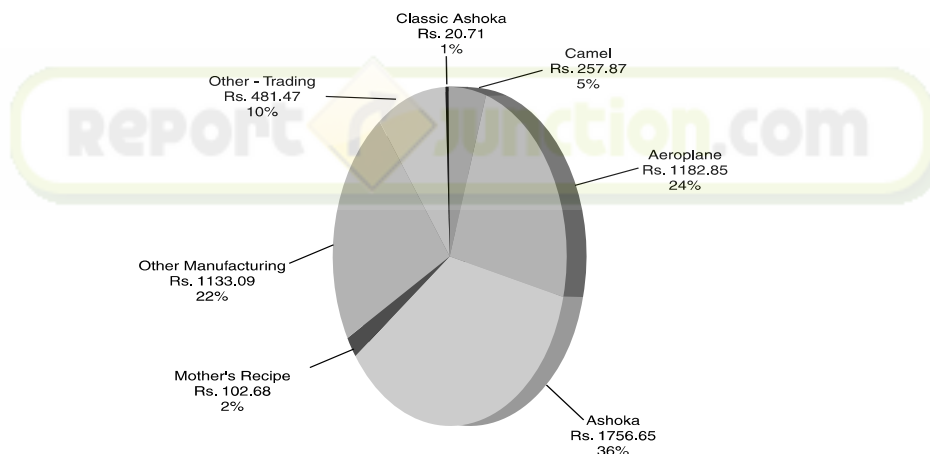
The above arrangement was done to enable the management to focus its attention on the international markets which is where your company's strengths lie. The benefits of the above arrangement is evident from the performance of the company in the current year, where the Company has experienced an overall increase in export turnover of approximately 20%. As per the terms of the arrangement the Company manufactured and supplied goods to Desai Brothers Limited (DBL) on a cost plus basis.

Further your Company continues to supply goods in the domestic markets to the Canteen Stores Department, Ministry of Defence, Govt. of India.

COMPANY'S PERFORMANCE

Your Company's performance is given hereunder.

BRANDWISE SALES 31-03-2003



Sales under "Ashoka" our premium brand have shown a remarkable growth during the year (Current year Rs. 1756.65 lacs as compared to last year Rs. 1086.81 lacs thereby recording nearly 60% growth over last years sales). Sales under other brands have remained more or less stagnant. The Company will take steps to improve the performance under these brands in future.

WHOLLY OWNED SUBSIDIARY IN THE UK

The Company has successfully incorporated a wholly owned subsidiary in the United Kingdom to primarily launch the frozen foods range in the UK and other European markets and to set up a marketing and distribution network for a cold chain.

The said wholly owned subsidiary company is also meant to target other European Markets which today lie outside the purview of the Company. This arrangement will also help service both large and small distributors better and cater to their needs in a more professionally managed manner. Being based in the United Kingdom would further instill confidence in the minds of our customers.

PROSPECTS

Your company believes that for success to be sustainable, it must evolve a more personalized customer relation. Such relationships will not only enable the Company to get a better coverage of the market but enables your company to comprehend the business of its distributors with a greater depth and deliver better service to the ultimate consumer.

ADF FOODS LTD

STRATEGY

Your Company has adopted a selective focus and is concentrating on increasing exports with the development and introduction of new products and by targeting new untapped markets.

Your company has achieved this milestone through continuous efforts of participating in food shows and market feedback and through the implementation of documented processes using the results for planning and executing new market strategies in a systematic and disciplined manner. In the pursuit of achieving the international quality benchmarks, your company has been keeping itself abreast of the latest happenings in the market place and development of its products in a manner so as to meet the quality standards of the international markets and continuous development of the products keeping in mind the taste and the needs of the ultimate consumer which translates into a better performance and a consequent increase in the consumers confidence.

QUALITY

We are pleased to inform you that in the process of our ongoing commitment to provide customers with world-class quality packaging, your Company has gained the accreditation of HACCP, the Hazard Analysis and Critical Control Point, and renewed its ISO 9001:2000 certification as well.

The HACCP certification is a logical extension of our ISO 9001:2000 quality program. Hence obtaining these certifications is only a recognition of our commitment to continuous improvement both in terms of product quality and customer service.

You may be aware that HACCP system, is designed for quality control within any industry. It is an indication of quality assurance and ensures that contamination of food products is either eliminated or reduced to acceptable levels, through a rigorous evaluation of manufacturing processes and careful monitoring. Moreover, HACCP certification is internationally recognised.

Obtaining a HACCP Food Safety Certification is a means of conveying that the quality of the final product supplied to your Company's Customers meets the highest standards of quality.

These milestones have been possible only due to your continuous efforts to support our commitment to quality.

CUSTOMER FOCUS

We are committed at ensuring that all our products are of high standards of quality and safety for our consumers to consume. Our safety assurance efforts start right from the raw material stage and include full assessment from all elements of product and packaging.

The assurance process spans the entire supply chain from raw materials to handling and distribution.

The trust reposed by the consumers is paramount and our focus on products consistent quality is one way to maintain this trust.

FUTURE CAPITAL EXPANSIONS

The Company is planning to set up a new factory in Gujarat as a part of its expansion plans. This will assist the Company to increase its capacity of certain existing product categories and also to manufacture new products.

TRANSFER TO THE INVESTOR EDUCATION AND PROTECTION FUND

In terms of section 205C of the Companies Act 1956, an amount of Rs.1,06,519/- being Application monies due for refund and an amount of Rs. 3,62,605/- being unpaid dividends for the year 1994-95 was transferred to the Investor Education and Protection Fund established by the Central Government.

DIRECTOR'S RESPONSIBILITY STATEMENT

As required under section 217(2AA) of the Companies Act 1956, your Directors hereby confirm that:

- a. In the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b. The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss account of the company for that year.
- c. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- d. The Annual Accounts have been prepared on a going concern basis.