

MD	✓		BKC	✓
CS	✓		DPY	✓
RO	✓		DIV	✓
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓			✓



**AMERICAN DRY FRUITS LIMITED****BOARD OF DIRECTORS**

Shri Hariram J. Thakkar	<i>Chairman</i>
Shri Ramesh H. Thakkar	<i>Managing Director</i>
Shri Kishore H. Thakkar	<i>Joint Managing Director</i>
Shri Ashok H. Thakkar	<i>Executive Director</i>
Shri V. R. Momaya	
Shri S. A. Naik	

SENIOR MANAGEMENT

Shri Bimal R. Thakkar	<i>President</i>
Shri Nimish K. Thakkar	<i>Vice President</i>
Shri Bhavesh R. Thakkar	<i>Vice President</i>
Shri Nagin C. Patel	<i>General Manager (Works)</i>

COMPANY SECRETARY

Shri Ajay Nadkarni	<i>Company Secretary</i>
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AUDITORS

D. P. Ghevaria & Co.
<i>Chartered Accountants</i>
K. D. Godbole
<i>Chartered Accountants</i>

SOLICITORS

Thakker & Thakker

BANKERS

State Bank of Hyderabad
Bank of Baroda
State Bank of India

REGISTERED OFFICE

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

**REGISTRARS AND SHARE
TRANSFER AGENTS**

K. R. Financial & Management Services Pvt. Ltd.
103 Omex Apartments
64 Sahar Road, Koldongri, Andheri (East), Mumbai-400 069.

ANNUAL REPORT 1997-98**NOTICE**

NOTICE is hereby given that The Eighth Annual General Meeting of the Members of the Company will be held at Sheth Khushaldas Gokaldas Municipal Town Hall, Station Road, Nadiad - 387 001 on Wednesday the 30th September, 1998 at 11.00 a.m. to transact the following business.

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1998, the Profit and Loss Account for the year ended on the date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Shri Hariram J. Thakkar who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri Ashok H. Thakkar who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

5. Amendment to the Articles of Association:

To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED that pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered in the following manner:

Insert the following Article as Article 25A after Article 25:

Buy Back of Shares: 25A - Notwithstanding anything contained in these Articles, in the event it is permitted by law for a company to purchase its own shares or securities, the Board of Directors may, when and if thought fit, buy back such of the Company's own shares or securities as it may think necessary, subject to such limits, upon such terms and conditions, and subject to such approvals, as may be permitted by law.

6. Buy-Back of Shares/Securities:

To Consider and if thought fit, to pass with or without modification, the following Resolution as a Special Resolution:

"RESOLVED that if and when permitted by the law and subject to all applicable provisions of the law and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors of the Company (hereinafter referred to as the "Board" which expression shall also include a Committee thereof), or as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to or accepted by the Board, the consent of the Company be and is hereby accorded to the Board, to purchase such number of Ordinary Shares or other Securities specified by the Government, of the Company, as may be thought fit, from the holders of the Ordinary Shares or other Securities of the Company in such proportion and manner as may be permitted by the law, not exceeding 10% of the present paid-up capital of the Company, from such funds of the Company as may be permitted to be used for the purpose or out of the proceeds of any issue made by the Company, on such terms and subject to such conditions as may be prescribed by law."

"RESOLVED FURTHER that for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do all such acts and things and give such directions as may be necessary or desirable and to settle all questions or difficulties whatsoever that may arise with regard to the said purchase of Ordinary Shares or other Securities."

"RESOLVED FURTHER that nothing hereinabove contained shall confer any right on any shareholder or holder of security to offer or any obligation on the Company or the Board to buy back any Ordinary Shares or Securities."



AMERICAN DRY FRUITS LIMITED

Notes:

- (a) The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the business under Item Nos. 5 and 6 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. 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 23rd September, 1998 and will remain closed till 30th September, 1998 (both days inclusive).
- (d) Shareholders desiring any information as regards the Accounts are requested to write to the Company atleast 8 days in advance so as to enable the Management to keep the information ready.
- (e) The unclaimed dividend amount pertaining to the 2nd dividend for the year 1993-94 declared on 30th November, 1994, has been transferred to the General Revenue Account of the Central Government in terms of Section 205-A of the Companies Act, 1956 on 3.2.98.
The Unclaimed dividend amounts pertaining to 3rd dividend for the year 1994-95 which was declared on 27th September, 1995 are required to be transferred to the General Revenue Account of the Central Government within 14 days from 13th November, 1998. Shareholders who have not encashed their dividend warrants pertaining to the said Dividend are requested to write to the Company's Share Department immediately.
- (f) 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 holdings in one folio.
- (g) Members are requested to notify the Company immediately of any Change in their Registered Addresses along with the pin code.

By Order of the Board of Directors

AJAY NADKARNI
Company Secretary

Mumbai, August 27, 1998.

Registered Office:

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

ANNUAL REPORT 1997-98



ANNEXURE TO NOTICE

As required by Section 173 of the Companies Act, 1956, (hereinafter referred to as "the Act") the following Explanatory Statements set out all material facts relating to the business mentioned under item Nos. 5 and 6 of the accompanying Notice dated 27th August, 1998.

Item No. 5: Article 25 of the Articles of Association of the Company prohibits the Company from buying its own shares. It is proposed to introduce a new Article 25A in the Articles of Association as set out in the Resolution at Item No. 5 to enable the Company to purchase any of its own shares or securities, as proposed in the Resolution at Item No. 6 in the event it is permissible by the law.

Item No. 6: The Act presently prohibits a company from purchasing its Own Shares and Securities. However, it is anticipated that the law may in future permit a company to buy-back its own securities.

Subject to the buy-back of securities being legally permissible, it is proposed to enable the Company to buy back its Ordinary Shares or such other permissible securities, not exceeding 10% of the paid-up capital of the Company from the Members of the Company either from the open market or from the holders of odd lots, or from the holders of the shares that may be issued under the Employees' Stock Option Scheme or as permitted by the law. The buy-back of shares or securities would be at the rate and from the funds permitted by the law as set out in the Resolution.

The Resolution, if approved, will be operative for and will be given effect to within a period of 15 months from the date of passing the Resolution or such other time limit laid down by the law.

The Directors commend the Resolution for acceptance by the Members.

By Order of the Board of Directors

AJAY NADKARNI
Company Secretary

Mumbai, August 27, 1998.

Registered Office:

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



AMERICAN DRY FRUITS LIMITED

DIRECTORS' REPORT

To:
The Members
American Dry Fruits Limited

Your Directors submit herewith their report and the statement of accounts for the year ended 31st March, 1998.

Financial Results:

Your Company's total income is Rs. 4306.26 lacs during the year under review as compared to Rs. 6160.52 lacs in the previous year. The Company has ended the year with a loss of Rs. 155.25 lacs as compared to a loss of Rs. 241.75 lacs after providing for depreciation and adjusting the prior period expenses. In view of the losses incurred during the year your Directors are not recommending any dividend for the current year.

Review of Performance:

The substantial drop in the sales is attributed mainly towards the drop in the traded turnover. This is in line with the decision taken by your Company of curtailing the trading business on account of poor profit margins. However the Company has achieved its targeted turnover from the manufacturing business. Further your Company has ended the year with a loss of Rs. 155.25 lacs. This significant reduction in loss as compared to last year is mainly as a result of various cost reduction measures implemented by the Company. The manufacturing and selling expenses has decreased substantially as compared to last year. However the drop in domestic division sales due to stiff competition and the delay in launching of ground spices and masalas coupled with the high financial cost has resulted in the Company ending the year with a loss of Rs. 155.25 lacs.

Future Outlook:

Mango Crop:

You must be aware of the very poor mango crop our country has had this year. Not only have the rates gone up by nearly 200% but also there was a major shortfall in quantity as well. Mangoes are one of the key raw materials for our various products and unfortunately this year most manufacturers were unable to cover their entire requirements. The same situation holds good for your Company, however we have done our best possible to see that our sales do not get majorly affected on account of this.

International Markets:

U.K.

Your Company has tied up with a new Company in September '97 for distribution of its products in the ETHNIC MARKET as well as for introduction of select products in the MAINSTREAM MARKET (SUPERMARKETS). Our distributor has launched the products in the U.K. Ethnic Market in November '97 and the response for the same is very encouraging. All efforts are on by the distributor to get our products launched in the mainstream market as well, however, due to stiff competition from local manufacturers in the U.K. and high entry costs in these supermarkets it would still take some time before our products get into these supermarkets. In spite of this and the bad mango crop we are confident that the U.K. markets contribution to overall international sales would be much higher when compared to last year.

Saudi Arabia

We are pleased to inform you that your Company's brand "Mother's Recipe" is now widely available in yet another country. We have successfully launched a wide range of Spices, Pickles, Canned Foods, etc. in the Saudi Market in February '98. We have already received repeat orders from the distributors in May '98. We are very hopeful that this market too would boost your Company's top line as well as bottom line.

Other Markets:

Most of the other markets i.e. Europe, North America have been doing pretty well and we are continuously focussing on strengthening our distribution and promoting our manufactured items.

The Australian market as well as Far East markets have not really performed very well. Though these markets never contributed very significantly efforts are on to try and improve performance in these markets.

ANNUAL REPORT 1997-98**Domestic Market:**

Last year we saw a major restructuring on the distribution network of your Company. Presently, we are probably in a little more than half of the markets when compared to the previous year. However, we are more focussed and are trying to improve market share within the priority markets. Most of this year we do not intend to open up anymore markets, however we are confident that sales would go up significantly when compared to last year.

Ground Spices and Masalas have been launched in all the markets, we are currently in. Though the initial response has not been as per our expectations, we are confident that in the years to come these products would contribute significantly to your Company's Revenues.

Our thrust is going to be to grow in the domestic market aggressively (atleast by over 25% year on year till the turn of the century) and your Company is confident of doing this by adding on newer products and opening up of newer markets next year.

Warrants to Promoters:

Your Company had issued 725,806 warrants to Promoters including Directors, Relatives, Associates and Group Companies to an extent of 4.50 crores with an option to convert the warrants to Equity Shares within a period of 18 months from the date of allotment i.e. 31st October, 1994. Since the warrant holders have not exercised their option, it was decided to cancel the warrants at the Board Meeting held on 24th September, 1997 and subsequently the Stock Exchanges have also have been intimated on 26th September, 1997.

Employee Relations:

The relations between the employees and the management continued to be cordial. Your Directors place on record their sincere appreciation to all the employees of the Company for their hard work and dedication.

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended from time to time forms part of this Report as Annexure II.

Energy, Technology Absorption and Foreign Exchange:

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

Directors:

Shri Hariram J. Thakkar and Shri Ashok H. Thakkar, Directors retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Auditors:

M/s. D. P. Ghevaria & Company, Chartered Accountants and M/s. K. D. Godbole, Chartered Accountants retire and are eligible for re-appointment as Auditors.

Appreciation:

Your Directors thank all the employees of the Company, the Bankers, viz. State Bank of Hyderabad, Bank of Baroda and State Bank of India, Export Import Bank of India, the distributors, business associates and shareholders for their support during the year under review and look forward to their continued support in the future.

For and on behalf of the Board of Directors

RAMESH H. THAKKAR
Managing Director

KISHORE H. THAKKAR
Joint Managing Director

Mumbai, August 27, 1998.



AMERICAN DRY FRUITS LIMITED

ANNEXURE I

Annexure I to the Directors' Report under Section 217(1)(e) of the Companies Act, 1956

A. Conservation of Energy

The Company has been continuously attempting to create a conscious awareness against waste of energy at all levels. The Company is taking all possible steps to conserve energy. Maximum efforts to conserve energy will continue.

FORM A

Form for disclosure of particulars with respect to Conservation of Energy

(A) Power and Fuel Consumption:

	1997-98	1996-97
1. Electricity		
(a) Purchased Units (KWH)	6,41,105	5,10,902
Total Amount (Rs.)	28,47,706	26,50,691
Average rate/Unit (Rs.)	4.44	5.19
(b) Own Generation		
(i) Through Diesel Generator	N.A.	N.A.
Units (KWH)		
Units/Lt. of Diesel		
Cost/Unit (Rs.)		
(ii) Through Steam Turbine/Generator	N.A.	N.A.
2. Coal	N.A.	N.A.
3. Fuel Furnace Oil + Light Diesel		
Quantity (KL)	2,60,461	2,14,817
Total Amount (Rs.)	22,39,402	17,62,488
Average Rate/KL (Rs.)	8.60	8.20
4. Others/Internal Generation	N.A.	N.A.

(B) Consumption per unit of production:

Products (with details)

Unit

Electricity

Furnace Oil

Coal (Specify Quality)

Since the Company manufactures several items viz. pickles, chutneys, pastes and other food stuffs, having regard to the records and other books maintained by the Company, it is impracticable to apportion the utilities.

B. Technology Absorption, Research and Development (R&D)

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

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