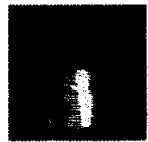


11TH ANNUAL REPORT 2000-2001



The world of food.
Nurtured with expertise.



ADF FOODS LTD

Formerly known as American Dry Fruits Ltd.



Dear Shareholder

First of all, let me acknowledge the exemplary contribution and guidance of Mr Hariram Thakkar our outgoing Chairman under whose able stewardship the company has grown in size and stature over the years. It is an honour to inherit this position and I look forward to his support in fulfilling my duties.

I believe in this era of mega mergers and major consolidation which most industries are going through. The road ahead for small and medium-sized companies like ours is very clear. Identify a niche and capture it. Without this focus, no company can survive. I am proud to say, your company has progressed substantially in this direction.

Your company's strength is its expertise in understanding the Indian food culture. Your company is constantly raising the bar in terms of improving products and the product range to suit changing habits and trends. After all, the only thing constant in this business is change.

Towards the end of last year, a range of frozen foods was introduced in the UK and the USA ethnic markets, the response has been extremely heart warming. The current year 2001/2002 should see a new product range doing wonders for your company. I am happy to announce that the performance last year has been satisfactory, as far as the international market goes. However, the domestic market does have more room for improvement.

This year, our major thrust will be on the Frozen Food range and the domestic market, apart from consolidating our existing product line.

Your company, after a concentrated effort of four years has effected a turnaround, making a profit in the process. A trend we hope to continue. The company is poised to chart a new course into the future. And with your support, the future looks extremely delicious.

Ramesh Thakkar
Chairman & Managing Director

ADF FOODS LTD

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11TH ANNUAL GENERAL MEETING

On Wednesday, 27th June 2001,
at 11.00 a.m.
at Sheth Khushaldas Gokaldas Municipal Town Hall,
Station Road, 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

Formerly known as American Dry Fruits Ltd.

BOARD OF DIRECTORS

Shri D. E. Udwadia	<i>Director</i>
Shri Ramesh H. Thakkar	<i>Chairman & Managing Director</i>
Shri Kishore H. Thakkar	<i>Joint Managing Director</i>
Shri Ashok H. Thakkar	<i>Executive Director</i>
Shri Nipun C. Shah	<i>Director</i>
Shri Yasir J. Varawala	<i>Director</i>
Shri Vikram S. Munshi	<i>Director</i>

SENIOR MANAGEMENT

Bimal R. Thakkar	<i>President</i>
Nagin C. Patel	<i>Vice President (Works)</i>
Bhavesh R. Thakkar	<i>Vice President (Finance)</i>
Anshuman N. Vora	<i>Vice President (Sales & Mkt.)</i>
Kedar S. Sapre	<i>Factory Manager</i>
Dilip S. Golwala	<i>Finance & Accounts Manager</i>

COMPANY SECRETARY

Sanjay S. Risbud

AUDITORS

D. P. Ghevaria & Co.
Chartered Accountants

K. D. Godbole
Chartered Accountants

SOLICITORS

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**

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

**NOTICE**

NOTICE is hereby given that the Eleventh Annual General Meeting of the Members of the Company will be held at Sheth Khusaldas Gokaldas Municipal Town Hall, Station Road, Nadiad – 387 001, Gujarat, on Wednesday the 27th June, 2001 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, 2001, the Profit and Loss Account for the year ended on that date and the Report of the Directors and the Auditors thereon.
2. To appoint a Director in place of Shri Ashok H. Thakkar who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri Ramesh H. Thakkar who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and to authorise Board of Directors to fix their remuneration.

NOTES:

- a. 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.
- b. The Register of Members and Transfer Books of the Company will be closed from Wednesday 20th June, 2001 to Wednesday 27th June, 2001 (both days inclusive).
- c. 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.
- d. Members are requested to notify the Company immediately of any change in their Registered Addresses along with the pin code.

Mumbai, May 2, 2001

Registered Office :

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

By Order of the Board of Directors
ADF FOODS LIMITED

SANJAY RISBUD
Company Secretary

ADF FOODS LTD

Formerly known as American Dry Fruits Ltd.

DIRECTORS' REPORT

To,
The Members,
ADF FOODS LIMITED

Your Directors herewith present the Eleventh Annual Report and the Audited Accounts for the year ended 31st March, 2001.

Review of performance:

This year has ended with nearly a 10% growth in terms of sales over last year. The growth is on account of performance of the international markets. The growth in exports has been 15% as compared to last year, however domestic sales have not been up to expectation and infact the sales have dropped compared to last year by 5%. Export sales accounted for 79% of the turnover and the balance was domestic sales.

The point to note however is that your Company is back in the black after a long and bad patch of 4 years of losses. Your Company is continuously focusing upon increasing its manufacturing business and reducing its trading business. This has reflected in the improved performance over the last year i.e. manufacturing sales accounted for 97% of the total turnover and the trading activity was a meager 3%.

Dividend:

In view of inadequate profits, the Directors are not in a position to recommend any dividend for the current year.

International Markets:

U.S., U.K. and Canada – your Company's performance in these markets has been satisfactory and in fact in the New Year these markets would still perform better due to introduction of various products. Your company is constantly strengthening its distribution in these markets and hopes to further improve this in the New Year.

Middle East – the performance in this market has not been very encouraging and your company is taking necessary steps to improve its performance in this market.

New product introductions – your Company introduced a range of frozen foods towards the end of the 3rd quarter of last year. The initial response to these products has been very encouraging and a special focus and emphasis is being given to this range in the future, as your Company perceives a strong growth within this segment in the international markets.

This year also your Company intends to introduce at least another dozen 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 your Company is always one step ahead of our competitors.

Domestic Markets:

As mentioned above the domestic markets performance was not up to the mark and your Company is continuously striving to improve the performance of this division. There have been changes at the senior management level in this division and we hope with this change there will be new thrust and focus given to improve the performance of this division.

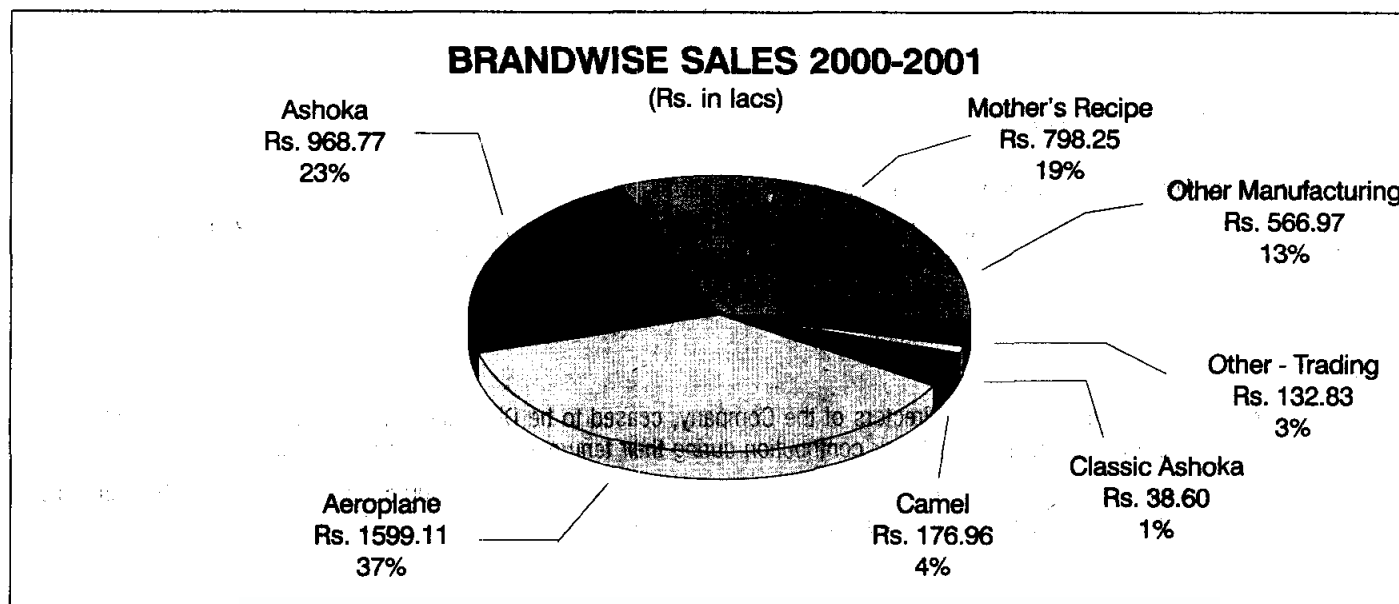
Brand performances:

Your Company's brand performance is given hereunder. The 3 major brands of your Company i.e. Ashoka, Aeroplane and Mother's recipe have all shown positive growth trends when compared to their performance last year.



Sales on the newly introduced brand of your Company i.e. Classic Ashoka has been more or less flat and Camel brand has infact declined by about 20% in comparison to last year.

Necessary steps are being taken to improve the sales of the Classic Ashoka and the Camel brands and the 3 major brands of your company should perform better in the New Year with the introduction of new products within these brands.



Director's Responsibility Statement:

Your Directors confirm that:

- In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- The Directors had selected such accounting policies and applied them consistently and made judgments 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 or loss of the Company for that period.
- 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.
- The annual accounts have been prepared on a going concern basis.

Corporate Governance:

As per the amended Listing Agreements with Stock Exchanges, your Company is required to comply with the requirements of Corporate Governance during the year 2001-2002. Several steps already taken by the Company in this direction are attached to this Report.

Depository System:

With effect from 25.09.2000 Equity Shares of the Company have been compulsorily traded in dematerialised forms, as mandated by the Securities and Exchange Board of India (SEBI). As on 31st March, 2001, Equity Shares representing about 26% of the Equity Share Capital have been dematerialised.

The ISIN number allotted to the Company is INE 982B01019.

ADF FOODS LTD

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Employee Relations:

Your Directors wish to place on record its appreciation of the contribution made by all employees in ensuring the highest levels of performance and growth that your Company has achieved during the year.

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 is not given, as there is no employee drawing salary more than that of mentioned under the said section.

Fixed Deposits:

Your Company had not accepted any deposits during the year under review.

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:**Resignation:**

1. Shri V.R. Momaya and Shri S.A. Naik – Directors of the Company, ceased to be Directors of the Company w.e.f. 13.09.2000. The Board places on record its appreciation for their contribution during their tenure as Directors of the Company.
2. Shri Hariram J. Thakkar resigned as Chairman and Director of the Company w.e.f. 26.10.2000 due to advance age. The Board places on record its appreciation for his contribution during his tenure as Chairman and Director of the Company.

Retirement by rotation:

Shri Ashok H. Thakkar and Shri Ramesh 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 at the ensuing Annual General Meeting 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, State Bank of India, Central Bank of India, and 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
Chairman & Managing Director

KISHORE H. THAKKAR
Joint Managing Director

Mumbai, May 2, 2001

Registered Office:

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



CORPORATE GOVERNANCE

Pursuant to the directives issued by the SEBI, Stock Exchanges added new clause 49 on Corporate Governance. This was applicable to your Company for the financial year commencing on 01.04.2001.

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:

Your Company strives to attain the highest levels of transparency, accountability and equity in all facets of operations.

All operations are committed to enhance shareholder value, over a sustained period of time.

2. BOARD OF DIRECTORS:

Composition of Board

Recommendation

The Board should have an optimum combination of Executive and Non-Executive Directors with not less than 50% of the Board consisting of Non-Executive Directors. Further, in the case of a Non-Executive Chairman, at least one-third of the Board should consist of independent Directors and in the case of an Executive Chairman, at least half of the Board should be Independent Directors.

Compliance

Your company has optimum combination of Board of Directors with more than 50% of the Board of Directors are Non-Executive Directors. The present strength of the Board is 7 Directors.

Director	Executive/Non-Executive/Independent	No. of outside Directorship held
Mr. Ramesh Thakkar	Executive	NIL
Mr. Kishore Thakkar	Executive	NIL
Mr. Ashok Thakkar	Executive	NIL
Mr. D.E. Udawadia	Non-Executive	14
Mr. Nipun Shah	Non-Executive	NIL
Mr. Yasir Varawala	Non-Executive	NIL
Mr. Vikram Munshi	Non-Executive	NIL

Board Meetings

Recommendations

Board Meetings should be held at least 4 times in a year, with a maximum time gap of 4 months between any two meetings. The relevant information should be available to the Board.

Compliance

The Board of the Company held 8 meetings during 2000-2001 i.e. on 28.04.2000, 21.07.2000, 26.07.2000, 10.08.2000, 13.09.2000, 26.10.2000, 13.01.2001, and 28.03.2001.

The maximum interval between any two Board Meetings was not more than 4 months and the meeting was held in every quarter of the financial year.

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Attendance of Directors**Recommendations**

Attendance of Directors at the Meetings of the Board and at the last AGM to be furnished.

Compliance

Details of attendance of each Director at the Board Meetings and the last Annual General Meeting (AGM) are as follows:

Director	No. of Meetings		Attendance at the last AGM
	Held	Attended	
Mr. Ramesh Thakkar	8	6	YES
Mr. Kishore Thakkar	8	4	YES
Mr. Ashok Thakkar	8	5	YES
Mr. D.E. Udawadia (appointed as Director w.e.f. 13.09.2000)	4	1	NO
Mr. Nipun Shah (appointed as Director w.e.f. 13.09.2000)	4	3	YES
Mr. Yasir Varawala (appointed as Director w.e.f. 13.09.2000)	4	3	YES
Mr. Vikram Munshi (appointed as Director w.e.f. 13.09.2000)	4	3	NO
Mr. H. J. Thakkar (ceased to be Director w.e.f. 26.10.2000)	6	Nil	NO
Mr. S.A. Naik (ceased to be Director w.e.f. 13.09.2000)	5	5	YES
Mr. V.R. Momaya (ceased to be Director w.e.f. 13.09.2000)	5	4	NO

Membership of Board Committees**Recommendation**

No Director shall be member of more than 10 committees of Directors.

Compliance

None of the Directors holds memberships of more than 10 committees of Board.

Details of Directors being appointed/re-appointed**Recommendation**

In the case of appointment of new Directors or re-appointment of a Director, the shareholders must be provided with a brief resume of the Director and nature of his experience in specific functional areas and names of companies in which he currently holds Directorships and memberships of its committees as a member.

Compliance

Shri Ashok H. Thakkar (47), the Executive Director of the Company is a Commerce Graduate and has 27 years of experience in this business. He is looking after export marketing of the Company in Middle East and Europe.

Shri Ramesh H. Thakkar (57), the Executive Chairman and Managing Director of the Company is a Commerce Graduate and has over 33 years experience in this business. He is handling day to day administration of the Company.

3. AUDIT COMMITTEE**Recommendation**

A qualified and independent Audit Committee should be set up by the Board of the Company. This would go a long way in enhancing the credibility of the financial disclosures and in promoting transparency.