



29th Annual Report 2018-19

Serving the Evolving Consumer

7

Flagship Brands

50+

Countries

180+

Distributors

2

State-of-the-art
Manufacturing Facilities

26,000

Total Installed Capacity (TPA)

95%

Revenue Share
from Export

At a Glance

ADF Foods Ltd. is one of the leading brands of prepared ethnic food with product offerings across ready-to-eat food, frozen snacks, frozen vegetables, and meal accomplishments like pickles, sauces and pastes.



Brand Portfolio



The flagship brand, Ashoka, is primarily aimed at the worldwide Indian diaspora, with over 300 products in different categories under the shelf-stable and frozen range. Through its richly diverse culinary delicacies, it offers authentic Indian food.



Camel is about 100-year old brand acquired by ADF in late 1960's . It is a premium brand in the Middle East market with a range of pickles, curry powders and cooking pastes targeted primarily at Arabic diaspora. The Mango Slice Pickle under this brand has gained significant acceptance across Middle East market.



Aeroplane is a leader in the economy category offering a range of pickles which are marketed globally primarily in the Middle East. Apart from its flagship offering of pickles, the company offers a variety of curry powders and pastes under this brand.



Launched in 2012, Truly Indian is primarily targeted to the mainstream Non – Indians. Ready-to-eat curries, condiment pastes , cooking sauces and poppadum (papad) are sold under this brand. In the year 2017, a range of organic food was launched in the US market.



Soul is an urban-centric brand, cooked with nutritive olive oil and less salt, offering a healthier option to consumers along with perfect taste. Every product of soul is made with a touch of goodness that allows you to eat more.



Made with a USDA certified organic ingredients, PJ's Organics offers a wide range of hand-rolled organic burritos. It is well known for its authentic Mexican flavours.



Nate's USP is non-genetically modified and vegetarian food. It offers all natural vegan and vegetarian protein rich food options like meatless meatballs, Chaats and Roti Wraps and Mediterranean bites falafels.

New Product launches

Flavoured Milk

BADAMazaa™



Use of Natural Flavours, No Artificial Colors and Essence

Ashoka presents 'Badamazaa' – a range of healthy and delicious Flavoured milk beverages packed with 'real pieces of Almond'. Currently available in 3 variants

Baked Snacks



100% Vegetarian, Just Heat and Eat, Microwavable in 90 seconds

Frozen Snacks and Chutneys



No Trans Fat, No Cholesterol, Vegan, Ready to use



Chairman's Message

Dear Shareholders,

It gives me immense pleasure to present the Annual Report of ADF Foods Limited for the fiscal year 2019. At ADF, we are committed to serving the ever-evolving tastes and preferences of our consumers through a blend of convenient and healthy food and product innovation.

We look back at the company's performance in 2018-19 with a sense of satisfaction and achievement, having reported robust growth both in revenue and profitability.

On a standalone basis, for the year, total income for the Company grew by 10.5% over the last year to Rs. 202 crores. During the year under review, Operating profit grew by 36% over the previous year to Rs. 49 crores. Further, the Company reported Profit after tax (PAT) of Rs. 31 crores, up by 37% over the fiscal year 2018.

On a consolidated basis, for the financial year 2018-19, total income grew by 12% over the previous year to reach Rs. 246 crores. During the year under review, operating profit grew by 32% to Rs. 53 crores and PAT stood at Rs. 25 crores, reporting an increase of 40% over the previous year. Our consolidated PAT would be higher but for the one-time charge to the tune of Rs. 10 crore on account of impairment of certain brands in our US subsidiary. However, I am glad to share that our US operations have stabilized, and we are poised to achieve robust growth.

Our growth this year was driven by multiple factors. We continued to strengthen our brands and product portfolio across categories and geographies. The food landscape is inherently dynamic with tastes and preferences globally constantly changing and with a visible shift towards healthy products. We already have an array of gluten free and vegan products under our various brands and are further investing in building capacities for such products. This year, your company has launched various new products like baked snacks, a range of flavoured milk drinks called "Badamazaa" and a range of pastes under our Ashoka and Camel brands.

ADF stands committed to investing in Human Capital. This year, we strengthened the senior management team with appointment of Mr. Anish Jhaveri as Chief Financial Officer. Anish has over 30 years of experience in corporate finance function for various companies. We have also appointed a General Manager-Works (Nasik), Mr. Narayan Kadam who has over 15 years of industry experience. In addition we have appointed additional Country Managers Mr. Apurva Patel for the US and Mr. Bharat Sareen for the UK as a continuous effort to strengthen our international sales team. I welcome all of them to the ADF family and look forward to scaling new heights through our combined efforts.

In line with our strategy to focus on premium products, this year we have initiated capex of Rs. 20 crore for expansion of product capacities both at the Nadiad and Nasik facilities. Your company

stands committed to the environment and is in the process of commissioning an Effluent Treatment Plant with zero-liquid discharge at our Nasik facility and solar panels at both the plants. The above expansions are expected to be on stream by the end of the current fiscal year.

We believe in creating value for our shareholders and during the year under review, we successfully completed a buyback of 11,78,742 equity shares through the open market route at an average price of Rs. 254.43 per equity share utilizing a total of Rs. 29.99 crore (excluding transaction cost) representing 99.97% of maximum buyback size.

Your Company is committed towards its Social Responsibility through its ongoing CSR activities in the areas of women empowerment , sponsoring education of urban and rural underprivileged students, financial aid for medical treatment of poor people, residential care expenses of physically challenged youth, environment protection etc.

A new generation of millennials and changing consumer preferences are framing industry mega trends globally and I believe we are well poised to adapt to such an environment.

I would like to thank all our stakeholders for their consistent support and trust in our company.

With best wishes

Bimal Thakkar

Chairman & Managing Director



BOARD OF DIRECTORS

BOARD OF DIRECTORS	Mr. Bimal R. Thakkar Mr. Jay M. Mehta Mr. Viren A. Merchant Mr. Ravinder Kumar Jain Ms. Anjali K. Seth Mr. Naresh L. Kothari	Chairman, Managing Director & CEO Director Director Director Director Director
SENIOR MANAGEMENT	Mr. Anish Jhaveri Mr. Raj Roop Singh Mr. Narayan Kadam Mr. Maneck Katpitia	CFO Vice President - Manufacturing General Manager - Works (Nashik) Vice President - International Operations & Supply Chain
COMPANY SECRETARY & COMPLIANCE OFFICER	Ms. Shalaka Ovalekar	
COUNTRY MANAGERS	Mr. Upinder Thakur Mr. Bharat Sareen Mr. Vimal Bhalla Mr. Apurva Patel Mr. Masud Sethi Mr. Savio Almeida	UK UK USA USA - East Coast & Mid-West Canada GCC, Levant Countries, Asia Pacific & Africa
STATUTORY AUDITORS	M/s. Kalyaniwalla & Mistry LLP Chartered Accountants	
INTERNAL AUDITORS	M/s. RMJ & Associates LLP, Mumbai	
SOLICITORS	M/s. D S K Legal	
BANKERS	State Bank of India Bank of Baroda HDFC Bank Ltd. Citi Bank N.A.	
REGISTERED OFFICE	83/86, G.I.D.C Industrial Estate, Nadiad - 387 001, Gujarat, India Tel.: 0268-2551381 / 2 Fax: 0268-2565068 E-mail: nadiadfactory@adf-foods.com	
CORPORATE IDENTITY NUMBER [CIN]	L15400GJ1990PLC014265	
CORPORATE OFFICE	Marathon Innova B2 - G01, Ground Floor, G. K. Road, Lower Parel, Mumbai - 400 013. Tel.: 022-6141 5555 Fax: 022-6141 5577 E-mail: info@adf-foods.com Website: www.adf-foods.com	
REGISTRAR AND SHARE TRANSFER AGENTS	LINK INTIME (INDIA) PRIVATE LIMITED (Formerly known as Intime Spectrum Registry Limited) C-101, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (W), Mumbai - 400 083, India Tel: 022-49186270, Fax: 022-49186060 E-mail: rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in	

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29th Annual General Meeting

Wednesday, 25th September, 2019 at 12.00 noon

At Nadiad Nagar Palika Ipcowala Town Hall, Near City Point, Paras Circle, Santram Road, Nadiad - 387 001.

As a measure of economy, copies of Annual Report will not be distributed at the Annual General Meeting.

Shareholders are requested to kindly bring copies to the Meeting.

NOTICE OF THE 29TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the **Twenty Ninth Annual General Meeting** of the Members of **ADF FOODS LIMITED** will be held at Nadiad Nagar Palika Ipcowala Town Hall, Near City Point, Paras Circle, Santram Road, Nadiad - 387 001 on Wednesday, 25th September, 2019 at 12.00 noon to transact the following business:

ORDINARY BUSINESS

- (1) To receive, consider and adopt the Audited Financial Statements of the Company, namely:
 - a) The Audited Standalone and Consolidated Balance Sheet as at 31st March, 2019;
 - b) The Audited Standalone and Consolidated Statement of Profit and Loss for the financial year ended 31st March, 2019;
 - c) The Audited Standalone and Consolidated Cash Flow Statement for the financial year ended 31st March, 2019;
 - d) Notes annexed to, or forming part of, the documents referred to in (a) to (c) above and the Reports of the Board of Directors and Auditors thereon.
- (2) To appoint a Director in place of Mr. Bimal R. Thakkar (DIN: 00087404) who retires by rotation and being eligible offers himself for re-appointment.
- (3) To re-appoint Auditors and to authorize the Board of Directors to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, M/s. Kalyaniwalla & Mistry LLP, Chartered Accountants, Mumbai (Registration No. 104607W/W100166) be and are hereby re-appointed as Statutory Auditors of the Company, for the second consecutive term of five years to hold office from the conclusion of this Annual General Meeting till the conclusion of the Annual General Meeting to be held for the Financial year 2023-24 of the Company.

RESOLVED FURTHER THAT remuneration of Rs.16,25,000/- plus applicable taxes and reimbursement of out of pocket expenses incurred be paid to M/s. Kalyaniwalla & Mistry LLP, Chartered Accountants for the Financial Year 2019-20 and for the subsequent financial years remuneration shall be fixed by the Board of Directors of the Company.”

SPECIAL BUSINESS

- (4) To consider and if thought fit to pass, the following resolution as a **Special Resolution**:

“RESOLVED THAT in partial modification of Special Resolution passed at the Annual General Meeting held on September 15, 2018 in respect of appointment of Mr. Bimal R. Thakkar (DIN: 00087404) as Chairman, Managing Director and CEO and pursuant to recommendation of the Nomination and Remuneration Committee and the Board of Directors and pursuant to provisions of Sections 196, 197, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, including any statutory amendment(s) or modification(s) thereto or re-enactment(s) or substitution(s) made thereof for the time being in force or any amendments and/ or modification(s) that may hereafter be made thereto by the Central Government in that behalf from time to time, the consent of the Members be and is hereby accorded to revise the remuneration structure of Mr. Bimal R. Thakkar (DIN: 00087404) with effect from May 01, 2019 till the remaining term of the appointment i.e. upto September 30, 2023 as under:

 - I. Commission based on percentage of Profit Before Tax of ADF Foods Ltd. and/or commission based on percentage of Net sales of the overseas subsidiary/subsidiaries i.e. ADF Foods (USA) Ltd. or ADF Foods UK Ltd. shall be paid to Mr. Bimal Thakkar in compliance with the applicable laws;

The commission will be calculated based on the audited financial statements of the relevant Financial Year;

Provided that the annual gross remuneration payable should not exceed overall ceiling of Managerial remuneration as set under Section(s) 197, 198 and as per monetary ceiling prescribed in Schedule V of the Companies Act, 2013.

2. An on account payment equivalent to Rs.10,00,000/- (Rupees Ten Lakhs only) will be made on monthly basis. The same shall be adjusted against the commission payable as stated in Point number 1.
3. Reimbursement of expenses: Reimbursement of the expenses including but not limited to the following expenses actually and properly incurred by him for the business of the Company and will not be considered as perquisite:
 - i) Actual expenses incurred for the Company's business by self including travel, hotel and other related expenses for himself incurred in India and abroad;
 - ii) Provision of two cars with drivers for use on Company's business;
 - iii) Telephone at residence for official purpose;
 - iv) Expenses incurred in respect of books and periodicals at actual against submission of supporting/s;
 - v) Subscription or reimbursement of club fees on actual basis.

RESOLVED FURTHER THAT in the financial year during the currency of the tenure of Mr. Bimal Thakkar (DIN: 00087404) as the Chairman, Managing Director & CEO, if the Company has no profits or its profits are inadequate, the remuneration to be paid to Mr. Bimal Thakkar (DIN: 00087404), shall be as per monetary ceiling prescribed in Section II of Part II of Schedule V of the Companies Act, 2013 or as may be modified from time to time or such monetary limits as may be prescribed by the Central Government from time to time."

- (5) To consider and if thought fit to pass, the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Viren A. Merchant (DIN: 00033464), Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act read with SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, Regulation 16 and 25 and who is eligible for appointment be and is hereby re-appointed as an Independent Director of the Company for the second consecutive term of five years with effect from September 24, 2019 upto September 23, 2024."

- (6) To consider and if thought fit to pass, the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Ravinder Kumar Jain (DIN: 00652148), Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act read with SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, Regulation 16 and 25 and who is eligible for appointment be and is hereby re-appointed as an Independent Director of the Company for the second consecutive term of five years with effect from September 24, 2019 upto September 23, 2024."

- (7) To consider and, if thought fit, to pass with or without modification/s, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 161 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable provisions, including any statutory amendment(s) or modification(s) thereto or enactment or re-enactment thereof for the time being in force and Regulations 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and pursuant to the

ADF FOODS LTD.

recommendation of the Nomination and Remuneration Committee and Board of Directors, Mr. Jay M. Mehta (DIN: 00152072), who was appointed as an Additional Director in the category of 'Non-Executive Non-Independent Director' with effect from February 12, 2019 pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting be and is hereby appointed as a Non-Executive Non-Independent Director of the Company liable to retire by rotation."

- (8) To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 188(1)(a) to (d) and all other applicable provisions of the Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter called 'the Board' which term shall be deemed to include any committee which the Board may constitute for this purpose) for renewal of contracts with the Related parties as set out below and in which Mr. Bimal Thakkar, Chairman, Managing Director & CEO is deemed to be interested, to sell, purchase and/or supply of any of goods or materials, to lease property and to avail or render any service of any nature, as the Board in its discretion deem proper, as per the terms and conditions set out and in the explanatory Statement annexed to Notice convening this meeting;

Name of Related Party	Nature of relationship	Particulars of the contract or arrangement	Nature, material terms, monetary value (Rs. in crore) (per annum)	Any other information relevant or important for the members to make a decision on the proposed transaction
ADF Foods (India) Ltd.	Wholly owned subsidiary	Sale, purchase or supply of any goods or materials and/ or availing/ rendering of any services and/ or leasing of property	50.00	Duration of Contract is from 1 st April, 2020 to 31 st March, 2023.
ADF Foods UK Ltd.	Wholly owned subsidiary	Sale, purchase or supply of any goods or materials and/ or availing/ rendering of any services	50.00	Duration of Contract is from 1 st April, 2020 to 31 st March, 2023.
ADF Holdings USA Ltd.	Step down Subsidiary	Sale, purchase or supply of any goods or materials and/ or availing of any services	50.00	Duration of Contract is from 1 st April, 2020 to 31 st March, 2023.
ADF Foods USA Ltd.	Step down Subsidiary	Sale, purchase or supply of any goods or materials and/ or availing/ rendering of any services	50.00	Duration of Contract is from 1 st April, 2020 to 31 st March, 2023.
M H Foods Pvt. Ltd	Director's relatives holding position of Director in M H Foods Pvt. Ltd.	Sale, purchase or supply of any goods or materials and/ or availing/ rendering of any services	0.10	Duration of Contract is from 1 st April, 2020 to 31 st March, 2023.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts, deeds and to sign all such documents and writings as may be necessary, expedient and incidental thereto including all the negotiations and settlements, to give effect to this resolution and for matter connected therewith or incidental thereto in the best interest of the Company."