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*(Formerly Agro Dutch Foods Limited)*

# **20<sup>TH</sup> ANNUAL REPORT**

## **2011-12**

### Disclaimer

In this annual report, we have disclosed forward-looking information to help investors comprehend our prospectus and take informed Investments decisions. This report is based on certain forward-looking statements that we periodically make to anticipate results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumption. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialsie ,or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward- looking statements, whether as a result of new information, future events or otherwise.

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**BOARD OF DIRECTORS**

Shri Malvinder Singh	Chairman & Managing Director
Shri Vivek Atri	Dy. Managing Director & Secretary
Shri Harpreet Singh Nagra	Whole Time Director
Shri Jalesh Grover	Independent Director
Shri Ajay Arora	Independent Director
Shri Multan Singh Kadian	Independent Director
Shri Rajesh Malhotra	Nominee Director ( IDBI Bank )

**REGISTERED & CORPORATE OFFICE**

S.C.O. 30, 2nd Floor, Sector 33-D, Chandigarh – 160 020

**BANKERS/ TERM LENDERS**

Union Bank of India  
Bank of India  
State Bank of Patiala  
ICICI Bank Ltd.  
The Federal Bank Ltd.  
Axis Bank Ltd.  
IDBI Bank Ltd  
State Bank of India  
State Bank of Hyderabad  
Allahabad Bank  
Kotak Mahindra Bank Ltd.  
Barclays Bank Plc.  
DEG Germany  
M & T Bank, USA

**WORKS**

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

**STATUTORY AUDITORS**

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

**REGISTRAR & SHARE TRANSFER AGENT**

M/s Karvy Computershare Pvt. Ltd.  
Plot No.17-24, Vithal Rao Nagar,  
Madhapur,  
Hyderabad – 500 081

**NOTICE**

NOTICE is hereby given that the 20th Annual General Meeting of the Company shall be held on Saturday 29th September, 2012 at 10.00 A.M at Chandigarh Institute of Hotel Management (Formerly Food Craft Institute), Sector 42-D, Chandigarh to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March 2012 and the Balance Sheet as at that date together with the Reports of the Directors and Auditors thereon.
2. To consider and if thought fit pass with or without modification the following resolution, as an ordinary resolution :  
"Resolved that M/s Suresh Mittal & Associates, Chartered Accountants, the retiring auditors be and is hereby reappointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, at a remuneration to be fixed by the Board of Directors and/or any committee thereof."

**SPECIAL BUSINESS**

3. To consider & confirm and, if thought fit, to pass with or without modification(s), the following resolution, as an ORDINARY RESOLUTION:  
"RESOLVED that Mr. Jalesh Grover who was appointed as an Additional Director of the Company and hold such office upto the date of this Annual General Meeting, and in respect of whom the Company has received a notice in writing from a member signifying his intention to propose him as a candidate for the office of the Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."
4. To consider & confirm and, if thought fit, to pass with or without modification(s), the following resolution, as an ORDINARY RESOLUTION:  
"RESOLVED that Mr. Ajay Arora who was appointed as an Additional Director of the Company and hold such office upto the date of this Annual General Meeting, and in respect of whom the Company has received a notice in writing from a member signifying his intention to propose him as a candidate for the office of the Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."
5. To consider & confirm and, if thought fit, to pass with or without modification(s), the following resolution, as an ORDINARY RESOLUTION:  
"RESOLVED that Mr. Multan Singh Kadian who was appointed as an Additional Director of the Company and hold such office upto the date of this Annual General Meeting, and in respect of whom the Company has received a notice in writing from a member signifying his intention to propose him as a candidate for the office of the Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."
6. To consider & confirm and, if thought fit, to pass with or without modification(s), the following resolution, as a SPECIAL RESOLUTION:  
"RESOLVED that subject to the provisions of Sections 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956(including any statutory modifications or re-enactment thereof for the time in force) and subject to the approval of Central Government if necessary, Mr. Harpreet Singh Nagra be and is hereby appointed as Whole Time Director of the Company for a period of Five years w.e.f 24th July, 2012 on the terms and conditions of payment of remuneration as set out in the Explanatory Statement annexed hereto."
7. To consider and, if thought fit, to pass with or without modification(s), the following resolution, as a SPECIAL RESOLUTION:  
"RESOLVED that subject to the provisions of Sections 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956(including any statutory modifications or re-enactment thereof for the time in force) and subject to the approval of Central Government if necessary, Mr. Vivek Atri be and is hereby appointed as Deputy Managing Director of the Company for a period of Five years w.e.f 1st August 2012 on the terms and conditions of payment of remuneration as set out in the Explanatory Statement annexed hereto."

By order of the Board  
Sd/-

Place: Vill. Tofapur, Punjab

(Vivek Atri)

Date : 30.08.2012

Dy. Managing Director & Secretary

**Notes:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT BE MEMBER OF THE COMPANY. A PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE COMPANY'S REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE TIME OF COMMENCEMENT OF MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed for 2 days from 28th September, 2012 to 29th September, 2012 (both days inclusive).
3. Members desirous of seeking any further information or clarification in respect of accounts and operations of the Company are requested to send their queries in writing to the Company at the Registered Office so as to reach at least 7 days before the date of the meeting so that the required information can be made available at the meeting.
4. Members are requested to bring with them the attendance slips sent with this Annual Report duly completed and signed to hand it over at the entrance.
5. The Explanatory statement pursuant to Section 173 (2) of the Companies Act 1956 in respect of Item No.3, 4, 5,6 and 7 set out above is annexed hereto.
6. Members holding shares in physical form are requested to notify immediately the change in their address, if any at the Registered Office of the Company.
7. In support of the green initiative of the Ministry of Corporate Affairs, the Company has also decided to send all future communications including the annual report through email to those shareholders, who have registered their e-mail id with their depository participant / Company's registrar and share transfer agent. In case a shareholder wishes to receive a printed copy of such communications, he/she may please send a request to the Company, which will send a printed copy of the communication to the shareholder.

**EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT 1956****ITEM NO.3**

Mr. Jalesh Grover was appointed as an Additional director of the Company on 26th April, 2012 by the Board of Directors. According to the provisions of the Section 260 of the Companies Act, 1956, he holds office as Director only upto the date of ensuing Annual General Meeting. As required by Section 257 of the Act, a notice has been received from member proposing his candidature for appointment as Director.

Mr. Jalesh Grover holds Directorship in following Companies:-

1. Recorders & Medicare Systems (P) Ltd.
2. Intelligent Medical Services (P) Ltd.

He does not hold any equity share in the Company as on 31st March, 2012.

None of Directors except Mr. Jalesh Grover is interested in the proposed resolution.

**ITEM NO.4**

Mr. Ajay Arora was appointed as an Additional director of the Company on 31st July, 2012 by the Board of Directors. According to the provisions of the Section 260 of the Companies Act, 1956, he holds office as Director only upto the date of ensuing Annual General Meeting. As required by Section 257 of the Act, a notice has been received from member proposing his candidature for appointment as Director.

Mr. Ajay Arora hold Directorship in following Companies:-

1. Indian Yarns Ltd.
2. Kudos Chemi Ltd.
3. Vishal Papertceh Ltd.
4. Riken Instruments Ltd.
5. Samrat Forgings Ltd.

He does not hold any equity share in the Company as on 31st March, 2012.

None of Directors except Mr Ajay Arora is interested in the proposed resolution.

**ITEM NO.5**

Mr. Multan Singh Kadian was appointed as an Additional director of the Company on 31st July, 2012 by the Board of Directors. According to the provisions of the Section 260 of the Companies Act, 1956, he holds office as Director only upto the date of ensuing Annual General Meeting. As required by Section 257 of the Act, a notice has been received from member proposing his candidature for appointment as Director.

He does not hold any equity share in the Company as on 31st March, 2012. He also does not hold directorship position in any other Company.

None of Directors except Mr. Multan Singh Kadian is interested in the proposed resolution.

**ITEM NO.6**

Keeping in view the involvement and hard work put up in the affairs of the Company by Mr. Harpreet Singh Nagra, the management has decided to appoint Mr. Harpreet Singh Nagra as Whole Time Director for a period of five years pursuant to the provisions of section 198, 269, 309, 310 read with Schedule XIII of the Companies Act, 1956 w.e.f. 24th July, 2012 subject to the approval of shareholders in the general meeting.

The terms and conditions of his appointment are as follows:

- I. Salary : Rs.42,500 /- per month
- II. Perquisites : In addition to Salary the Whole Time Director will be allowed perquisites as specified in Category A, B & C below:

**Category 'A'**

- i) Housing : The Whole Time Director shall be provided rent free accommodation by the company. In case no accommodation is provided, Whole Time Director shall be entitled to a House Rent Allowance @ Thirty percent of salary.

**Category 'B'**

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

**Category 'C'**

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

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

**ITEM NO.7**

Mr. Vivek Atri was appointed as an Additional Director by the Board at its meeting held on 31st July 2012 to assume responsibilities as Executive Director. However, The Board of Directors in their meeting held on 30th August, 2012 designated him as Dy. Managing Director w.e.f. 01.08.2012 in accordance with Section 260 of the Companies Act, 1956 to hold office till the conclusion of the Annual General Meeting.

The terms and conditions of his appointment are as follows:

- I. Salary : Rs.1,25,000 /- per month
- II. Perquisites : In addition to Salary the Dy. Managing Director will be allowed perquisites as specified in Category A, B & C below:-

**Category 'A'**

- i) Housing : The Dy. Managing Director shall be provided rent free accommodation by the company. In case no accommodation is provided, Dy. Managing Director shall be entitled to a House Rent Allowance @ Thirty percent of salary.

**Category 'B'**

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

**Category 'C'**

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

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

None of the Directors except Mr. Vivek Atri is concerned or interested in this appointment.

## DIRECTORS' REPORT

The Directors are pleased to present the 20th Annual Report and Audited Statements of Accounts for the period ended on 31st March, 2012.

### FINANCIAL RESULTS

	(Rs. in lacs)	
Particulars	2011-12	2010-11
Net Sales/Income	17951.46	13962.59
Other Income	76.67	425.09
Increase/(Decrease)in Stock	(176.81)	(2409.66)
Total Expenditure	20334.80	22592.95
Profit ( Loss ) before Int/Tax/Dep	3134.41	(3525.78)
Interest	3789.16	3033.59
Depreciation	1651.92	1645.90
Misc Expenses W/o	-	4.00
Profit ( loss ) before Tax	(5305.79)	(9179.04)
Provision for Taxation	-	-
Profit after Current Tax	(5305.79)	(9180.88)
Provision for deferred Tax/Mat Credit Entitlement	(520.48)	(3201.62)
Profit/Loss after Tax	(4793.57)	(12397.58)
Extra Ordinary Items including Previous year adjustments	10.62	13.38
<b>Net Profit/Loss After tax</b>	<b>(4793.57)</b>	<b>(12397.58)</b>

### DIVIDEND

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

### PERFORMANCE

During the year under review, your company has achieved a net income of Rs.180.21 Crores (previous year Rs. 143.88 Crores). The Sales in the Current financial year i.e. 2012-13 of the Company have been adversely affected due to presence of some traces of Carbendazim in Shipments of Canned Mushrooms to US. The said traces have been found during testing by USFDA. The Company has recalled the said containers back to India. The said development has resulted into reduced level of production.

The company is exploring domestic and other export markets for future sales.

### CHENNAI PLANT

The Liquidity crunch is causing delay in the final commissioning of Chennai can unit.

### AUDITORS

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

### DIRECTORS

Shri Jalesh Grover, Sh. Ajay Arora and Mr. M.S. Kadian who were appointed as additional directors of the Company retiring at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

During the year Mr. Arvind Kalra has resigned as an Executive Director of the Company. The Board of Directors has appointed Mr. Vivek Atri as Dy. Managing Director and Mr. Harpreet Singh Nagra as Whole Time Director. Also, Mr. H.S. Garcha, Mr. Dilsher Singh, Mr. B.B. Huria and Mr. S.R.K. Agnihotri has resigned from the directorship during the year.



**PARTICULARS OF EMPLOYEES**

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

**DIRECTORS' RESPONSIBILITY STATEMENT**

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

- i) that in the preparation of accounts for the period ended 31st March, 2012, the applicable Accounting Standards had been followed and there are no material departures;
- ii) that the selected Accounting Policies are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the year end and profit of the Company for that period;
- iii) that proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities;
- iv) that the accounts have been prepared on a going-concern basis.

**INTERNAL CONTROL AND ADEQUACY**

The Company has adequate system of internal controls to ensure that all assets are safeguard, transactions are authorized, optimum utilization of resources, costs are controlled, reporting of financial transactions and compliance with applicable law and regulations.

**BIFR AND REHABILITATION**

Considering, the observations by the Auditors, The Company made a reference to the BIFR to declare the Company Sick. However, the same was dismissed. The Company has now filed an appeal with AAIFR, which has been admitted.

The Net Worth of the Company continue to be eroded considering the audited financial results of the Company. The Company propose to file a fresh reference in terms of the current year's balance Sheet, in case there is a decline from AAIFR to declare the Company sick.

Thereafter, the Company propose to submit a suitable rehabilitation plan upon declaration it as sick.

**COST AUDIT**

The Company has appointed Dr. Vimal Kumar (Membership No. 9982) prop.of M/s V.Kumar and Associates, SCO 124-125, Sector 34A, Chandigarh, Cost and Works Accountants as the Cost Auditors of the Company for the financial year 2011-12 for filing of Compliance Report as per Cost Accounting Record Rules, 2011 issued vide notification of Ministry of Company Affairs (MCA) dated 3rd June,2011

**AUDITOR'S REPORT**

Observations made in the Auditors' Report are self- explanatory and therefore do not call for any further explanation.

**AUDIT COMMITTEE**

The Board of Directors in their meeting held on 13th August, 2012 have re-constituted the Audit Committee consisting of the following:-

1. Mr. Jalesh Grover
2. Mr. Ajay Arora
3. Mr. Multan Singh Kadian

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

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

**CORPORATE GOVERNANCE**

The Company aims to conduct its affairs in an ethical manner. A separate Report on Corporate Governance forms a part of the Annual Report. A certificate from the Company Secretary in practice regarding the Compliance of Conditions of



Corporate Governance as stipulated under Clause 49 is also annexed with the report.

### **LISTING OF SHARES & SEBI REGULATION**

The Equity shares of the company are listed on The Stock Exchange Mumbai & National Stock Exchange of India Ltd., Mumbai.

The listing fee for 2011-2012 has been paid on time and there being neither delisting nor suspension of shares from trading during the period under review.

### **INSURANCE**

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

### **DEPOSITS**

During the year under Report, your Company did not accept any deposits from the public in terms of the provisions of Section 58A and 58AA of the Companies Act, 1956.

### **ACKNOWLEDGEMENTS**

Company would like to thank its Shareholders including suppliers, vendors, investors and bankers. Company also records its appreciation of the contribution made by employees at all levels. The diligent hard work, cooperation and support is a backbone of all endeavors of the company.

**For and on behalf of the Board**

-sd/-

Place: Village Tofapur

Dated: 30.08.2012

**Malvinder Singh**

Chairman & Managing Director

## **ANNEXURE TO THE DIRECTORS' REPORT**

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

### **i) Conservation of Energy**

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

### **ii) Technology Absorption : Not Applicable**

### **iii) Foreign Exchange Earning and Outgo**

Earnings	Rs. 13711.94 Lacs
Interest	Rs. -
<b>Outgo:</b>	
Capital A/c	Rs. -
Raw Material & Consumables	Rs. 266.01 lacs
Spares & Components	Rs. 24.91 Lacs
Travelling	Rs. 54.51 Lacs
Interest & Financial Charges	Rs. 334.38 Lacs
Others	Rs. 45.48 Lacs
Repayment of term loans	Rs. 0.00 Lacs

## **MANAGEMENT DISCUSSIONS & ANALYSIS REPORT**

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

### **a) Business Environment**

India's economic growth has slowed to 6.5 per cent in 2011-12 mainly due to weakening industrial growth affected by an uncertain global environment. With agriculture and service sectors continuing to perform well, the slowdown can be attributed almost entirely to the continuous weakening of industrial growth. India was also affected by the financial crisis world over. Almost every sector got affected due to the same. However, the company registered significant growth in exports during the financial year.

### **b) Industry Structure and Outlook**

There was a significant slowdown in the exports of the country. However, the demand for the mushrooms was robust. The Company achieved significant sales during the financial year under review. However, the sales of the Company have been adversely affected in the current financial year due to the presence of some traces of Carbendazim in shipment of the Canned Mushroom to U.S.

### **c) Opportunities and Threats**

Although there is going to be significantly low export to the USA, the Company is exploring the new markets including domestic. The response from the new markets is encouraging.

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

### **d) Segment Review and Analysis**

Segment has been identified in line with the Accounting Standard on Segment Reporting (AS-17) taking into account the organization structure as well as the differential risks and returns of these segments.

### **e) Outlook**

The Company is exploring out the new markets to export of Mushrooms along with the domestic market.

### **f) Risks and concerns**

There is always high risk from diseases, contamination, fall in standard of production and quality of produce.

### **g) Internal Control Systems and their adequacy**

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

### **h) Human Resource Development/Industrial Relations**

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

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

### **i) Cautionary Statement**

Certain statement found in this document may constitute forward looking statement. Such "forward looking statement" reflects management current views with respect to certain future event & financial performance.

Many factors may affect the actual results, which could be different from what the Director's envisage in terms of future performance and outlook.