

J. R. FOODS LIMITED

**EIGHTEENTH ANNUAL REPORT
2010 - 11**

J. R. FOODS LIMITED

BOARD OF DIRECTORS

| | |
|------------------------|-------------------|
| Shri. J.K. KOTHARI | MANAGING DIRECTOR |
| Smt. KAMALA J. KOTHARI | DIRECTOR |
| Shri. G. ASHOKKUMAR | DIRECTOR |
| Shri. P. RAMAMOORTHY | DIRECTOR |

AUDITORS

Messers. CNGSN & ASSOCIATES
CHARTERED ACCOUNTANTS
4th CROSS, ANNA NAGAR,
PUDUCHERRY - 605 004

COMPANY SECRETARY

Smt. MADHAVI KOLA,
J.K. TOWERS,
100 FEET ROAD,
PUDUCHERRY 605 013.

REGISTERED OFFICE

J.K. TOWERS,
100 FEET ROAD,
PUDUCHERRY – 605 013.

WORKS

THIRUBHUVANAI VILLAGE
PUDUCHERRY – 605 107

J. R. FOODS LIMITED

NOTICE TO MEMBERS

NOTICE is hereby given that the EIGHTEENTH ANNUAL GENERAL MEETING of J.R.FOODS LIMITED will be held on Thursday, 29^h September, 2011 at 10.00 am at "J.K. Towers, 100 Feet Road, Puducherry-605013, to transact the following business:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the year ended on that date with the Notes thereon and the Schedules thereto and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mrs. J.K. Kothari who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Mr. P. Ramamoorthy who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration. The retiring auditors M/s. CNGSN & Associates, Chartered Accountants, Pondicherry are eligible for reappointment.

By Order of the Board

Registered office:

J.K. Towers, 100 Feet Road,
Puducherry 605 013
30th May, 2011

J.K. Kothari
Managing Director

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and on a poll to vote instead of himself. a proxy need not be a member, proxies to be effective must be received by the company not less than 48 hours before the meeting.
2. A short resume of the Directors proposed to be re-appointed as per Serial Numbers 2 and 3 is enclosed as Annexure A to the Notice.
3. The register of members and share transfer books will remain closed from 23rd September 2011 to 29th September 2011 (both days inclusive).
4. You are advised to send all your correspondence regarding change of address and share transfer documents to Cameo Corporate Services Limited, 1, Club House Road, Chennai - 600 002.

J. R. FOODS LIMITED

Annexure A

Details of Directors seeking re-appointment in Annual General Meeting scheduled to be held on 29th September, 2011

(Pursuant to Clause 49 (IV)(E) and 49 (IV)(G)(i) of the Listing Agreement)

| | | |
|---|--|-------------------------------|
| Name of Director | J.K. Kothari | P. Ramamoorthy |
| Date of Appointment | 20 th August, 1993 | 10 th March, 2006 |
| Qualification | Bachelor of Science in Chemistry | Pre University Course |
| Expertise in Specific Function area | Wide managerial experience | Rich Experience in Technology |
| List of outside Directorships held as on 31 st March, 2011 | Indian Companies Mailam India Ltd., Pondicherry Extraction Industries (P) Ltd., | Nil |
| Chairman/Member of the Committee of the Board of Directors of the Company as on 31 st March, 2011 | Member - Transfer and Investor's Grievance Committee | Audit Committee Member |
| Chairman/Member of the Committee of Directors of other Companies in which he is a Director as on 31 st March, 2011 | | |
| a. Audit Committee | Nil | Nil |
| b. Shareholder's Grievance Committee | Nil | Nil |
| c. Board Governance Committee | Nil | Nil |
| d. Compensation Committee | Nil | Nil |
| e. Other Committees | Nil | Nil |
| Number of shares held in the Company as on 31 st March, 2011 | 753700 | Nil |

J. R. FOODS LIMITED

DIRECTORS' REPORT

Dear Shareholders,

The Directors present the Annual Report together with the audited Balance Sheet and the Profit and Loss Account of J.R. Foods Limited for the year ended 31st March, 2011.

Performance of the Company

Your Company's performance during 2010-11 is summarized below:

Financial Results

| Particulars | (Rs. in Lakhs) | |
|--|----------------|----------|
| | 2011 | 2010 |
| Sales & Other Income (net of excise duty) | 1472.52 | 755.76 |
| Profit/Loss before Depreciation and Interest | 102.12 | 94.63 |
| Depreciation | 63.12 | 67.84 |
| Interest | 62.94 | 60.52 |
| Loss before Tax | (23.93) | (33.72) |
| Provision for Tax | 0.0 | 0.0 |
| Loss after Tax | (23.93) | (33.72) |
| Balance Brought forward from Previous year | (582.37) | (548.65) |
| Balance Carried to Balance Sheet | (606.30) | (582.37) |

Your Directors regret that they are unable to recommend any dividend for the year, due to continued loss.

J. R. FOODS LIMITED

Review of Operations & Prospects:

Due to renovation and technical modification of refinery unit carried out in the previous year the Company's turnover during the year has almost doubled while compared to the previous year. The impact of the heavy local competition in procuring the Raw materials tuned the cost of manufacturing to a very high which result the loss.

The Company has incurred a loss during the previous year despite of its best efforts towards cost control.

The Company received during the year the approval of its shareholders by postal ballot to increase its authorized capital to Rs. 40.00 crores and to transfer, sell and/or dispose off the whole or part of the land, building, plant and machinery, etc. of he Company located at Thirubuvanai, Puducherry , for such consideration as the Board of Directors of the Company may think fit.

Directors' Responsibility Statement

The Directors hereby confirm that:

1. in the preparation of accounts for the financial year ended 31st March,2011, the applicable accounting standards have been followed along with proper explanation relating to material departures.
2. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were 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 loss of the Company for the year under review;
3. the Directors have taken proper and sufficient care for maintenance of adequate records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
4. the Directors have prepared the accounts for the financial year ended 31st March, 2011 on a going concern basis.

J. R. FOODS LIMITED

Corporate Governance

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Reports on Management Discussion and Analysis and on Corporate Governance have been included elsewhere in this report.

A certificate of the Auditors on the Report on Corporate Governance is enclosed elsewhere in this Annual report.

Directors

Mr. J. K. Kothari and Mr. P. Ramamoorthy, directors retire by rotation and being eligible offer themselves for re-appointment at this Annual General Meeting.

Statutory Auditors

The retiring statutory auditors M/s. CNGSN & Associates, Chartered Accountants, Puducherry retire at the ensuing Annual General Meeting and offer themselves for reappointment as the statutory auditors of the Company pursuant to Section 224 of the Companies Act, 1956.

Public Deposit

The company has not accepted during the year under review any deposits from the public within the meaning of Section 58A of the Companies Act, 1956.

Auditors' Report

With reference to the observations of the Auditors in item no.10 to the annexure to their report, it is clarified that:

1. Accounting Standard 22: As per the accounting policy the deferred tax liability of Rs.24,29,267/- arising out of timing differences has not been recognized in books of accounts in view of the carry forwarded losses and will be adjusted only if there will be sufficient taxable income available to realize such losses.

Particulars of Employees

The Company had no employees during the year, who came under the purview of the provisions of Sec.217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

Particulars under section 217 (1) E of the Companies Act, 1956 and the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988:

A. DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

| | 2010 - 11 | 2009 - 10 |
|------------------------------|------------|------------|
| Electricity | | |
| Units Consumed | 804320 | 513950 |
| Total amount | Rs.3105258 | Rs.1962848 |
| Rate/Unit | Rs.3.86 | Rs.3.82 |
| Own generation | | |
| Through Diesel Generator | | |
| Unit per Liter of Diesel Oil | 2.90 | 2.90 |
| Rate per Unit | Rs.13.46 | Rs.12.69 |

B. CONSUMPTION PER UNIT PRODUCTION

| | | |
|-------------------------|-----------|-----------|
| Per tonne of Production | Rs.384.34 | Rs.242.59 |
| Technology Absorption | Nil | Nil |

C. FOREIGN EXCHANGE EARNINGS & OUTGO

| | | |
|------------------------------|-----|-----|
| i. Foreign Exchange Earnings | Nil | Nil |
| ii. Foreign Exchange Outgo | Nil | Nil |

Acknowledgements and Appreciation

The Directors take this opportunity to thank Company's customers, shareholders, suppliers, bankers and Central and State Governments for their consistent support to the Company. The Directors also wish to place on record their appreciation to employees at all levels for their hard work, dedication and commitment.

For and on behalf of the Board

Kamala J. Kothari
Director

J.K. Kothari
Managing Director

Puducherry, 30th May 2011

J. R. FOODS LIMITED

CORPORATE GOVERNANCE REPORT

A brief statement on Company's philosophy on code of governance

The Company is committed to good corporate governance. It realizes the rights of the shareholders to information on the performance of the company. The basic philosophy of Corporate Governance of the Company is to achieve improved performance and dedicate itself to increase the long term shareholder value, keeping in view the needs and interests of its entire stakeholder. The Company believes in transparency in its dealings and adherence to basic ethics in business. The Company has initiated steps for implementation of the additional requirements of new Clause 49 of the Listing Agreement with the Stock Exchanges.

Board of Directors

i. Details of the Board composition, other Directorship and attendance are given below.

The Board of Directors of the Company has an optimum combination of Executive and Non-Executive Directors with two Independent Non-Executive Directors out of four Directors on the Board as on date. The Managing Director is an Executive Director and the number of Independent Non-Executive Directors on the Board is more than 50% of the Board strength at any point of time.

All Independent Non-Executive Directors comply with the requirements of the Listing Agreement for being "Independent Director". Further each of the Independent Directors also affirmed that he satisfies all the prescribed requirements for being an Independent Director.

J. R. FOODS LIMITED

The Composition of the Board of Directors as on Mar. 31, 2011 as follows:

| Name | Category | Designation | Date of Appointment | Directorship in other Companies | Chairmanship of Committees of Board of other Companies | Membership of Committees of Boards of other companies |
|------------------|--|----------------------|---------------------|---------------------------------|--|---|
| J.K. Kothari | Promoter Director | Managing Director | 20.08.1993 | 2 | - | - |
| Kamala J.Kothari | Promoter Non-Executive Director | Director | 15.09.2004 | 1 | - | - |
| G. Ashokkumar | Independent Non-Executive Director | Director | 10.03.2006 | - | - | - |
| P. Ramamoorthy | Independent Non-Executive Director | Director | 10.03.2006 | - | - | - |

ii. The attendance of the Directors at the Board meetings and AGM held during the year is as follows:

| Director | Number of meetings held | Number of meetings attended | Attendance at the AGM held on 30 th September 2010 (Yes / No) |
|------------------|-------------------------|-----------------------------|--|
| J.K. Kothari | 6 | 6 | Yes |
| M.Sivagurunathan | 6 | 2 | Yes |
| Kamala J.Kothari | 6 | 6 | Yes |
| G. Ashokkumar | 6 | 6 | Yes |
| P. Ramamoorthy | 6 | 5 | Yes |

J. R. FOODS LIMITED

Particulars of Directors appointed/re-appointed/resigned

As per the provisions of the Articles of Association of the Company, Mr. J.K. Kothari and Mr. P. Ramamoorthy retire by rotation and being eligible offer themselves for re-appointment at the forthcoming Annual General Meeting.

In terms of the Listing Agreement, a brief resume of the Directors proposed to be re-appointed at the ensuing Annual General Meeting is provided as an Annexure to the Notice of the Annual General Meeting.

i. Directors' membership in board/committees of other companies

In terms of the Listing Agreement, none of the Directors of the Company were members in more than 10 committees nor acted as chairman of more than five committees across all companies in which they were Directors. Details of other Directorships / Committee membership / Chairmanship held by them are given in Para 2 i) above.

ii. Number of Board meeting held, dates on which held.

During the financial year 2010-11, the Board met six times, on 30th April 2010, 29th May 2010, 31st July 2010, 30th October 2010, 27th November 2010 and 29th January 2011. The gap between any two successive Board meetings did not exceed four months.

Code of Conduct

Pursuant to Clause 49 of the Listing Agreement, the Board has approved a code of conduct for the Board of Directors and senior management and the same has been circulated. The Board of Directors and senior management personnel have affirmed their compliance with the provisions of the code of conduct.

Audit Committee:

i. Brief description of the terms of reference of the Audit Committee

The Audit committee reviews, acts and reports to the Board of Directors with respect to:

- ❖ auditing and accounting matters, including the appointment of Statutory auditors;
- ❖ compliance by the Company with legal and statutory requirements;

- ❖ integrity of the Company's financial statements, the scope of the annual audits, and fees to be paid to the Statutory auditors.
- ❖ performance of the Company's Internal audit function, Independent Auditors and accounting practices.

The Audit Committee reviews the unaudited quarterly and yearly audited financial results with the management before submitting them to the Board for its consideration and approval. The Chairman of the Audit Committee is present at the Annual General Meeting.

ii. Composition & Qualifications

The Audit Committee consists of the three independent non-executive Directors and one non - executive Director. All the Members of the Audit committee of the Company are financially literate with the Chairman of the Committee having the accounting or related financial management expertise. None of the members receives, directly or indirectly, any consulting, advisory or compensatory fees from the Company other than their remuneration as Director.

| | | |
|-----------------------|---|----------|
| Mr. J.K. Kothari | - | Chairman |
| Mrs. Kamala J.Kothari | - | Member |
| Mr. G. Ashokkumar | - | Member |
| Mr. P. Ramamoorthy | - | Member |

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, the Board has approved the Code of Conduct for prevention of insider trading and authorized the Audit Committee to implement and monitor the requirements set out in the code.

iii. Meetings and attendance during the year

The Audit committee met four times during the financial year 2010-11 on 29th May 2010, 31st July 2010, 30th October 2010 and 29th January 2011.

| Name | Number of meetings held during the year | Number of meetings attended during the year |
|-------------------|---|---|
| M.Sivagurunathan | 4 | 1 |
| J.K. Kothari | 4 | 4 |
| Kamala J. Kothari | 4 | 4 |
| G. Ashokkumar | 4 | 4 |
| P. Ramamoorthy | 4 | 4 |

Remuneration Committee

The Remuneration Committee consisted of the following Directors.

1. Mrs. Kamala J. Kothari
2. Mr. G. Ashokkumar

The Committee considered and approved the terms of remuneration payable to M/s. CNGSN & Associates, the statutory Auditors on their appointment.

Transfer and Investors' grievance.

Transfer and Investors' Grievance Committee consisting of Shri. J.K. Kothari and Shri. P. Ramamoorthy met regularly to consider and approve transfers of shares. Shri. Dinesh Kothari is the Compliance officer.

General Body meetings

The Dates, location and time of the last three AGMs are as follows:

| Year | Location | Date | Time |
|---------|---|------------|-----------|
| 2007-08 | J.K. Towers,100 Feet Road Puducherry-605 013. | 29.09.2008 | 10.00 a.m |
| 2008-09 | J.K. Towers,100 Feet Road, Puducherry-605 013. | 30.09.2009 | 10.00 a.m |
| 2009-10 | J.K. Towers,100 Feet Road, Puducherry-605 013. | 30.09.2010 | 10.00 a.m |

Disclosures:

During the year 2010-11, no transactions of material nature had been entered into by the Company with the management or their relatives that may have a potential conflict with interest of the Company. None of the Non-executive Directors has any pecuniary material relationship or transaction with the Company for the year ended March 31, 2011 and has given undertaking to that effect.

Means of Communication

i. Financial Results:

The quarterly unaudited financial results, the half yearly unaudited financial results and the audited financial results are normally published in Trinity Mirror and Makkal Kural (Tamil).

ii. Annual Report:

The Annual Report is mailed to the shareholders in the month of August.

General Shareholder's information:

i. AGM: Date, time and Venue

The forthcoming Annual General Meeting of the Company will be held on Thursday, 29th September, 2011 at 10.00 am at J.K. Towers, 100 Feet Road, Puducherry – 605 013.

ii. Financial Calendar of the Company

The financial year covers the period from 1st April to 31st March.

Financial Reporting for

| | |
|---|--------------------|
| Quarter ending 30 th June, 2011 | - End July,2011 |
| Half-year ending 30 th September, 2011 | - End October,2011 |
| Quarter ending 31 st December, 2011 | - End January,2012 |
| Year ending 31 st March, 2012 | - End June,2012 |

The above dates are indicative

iii. Book Closure

The Company's Register of Members and Share Transfer books will remain closed from 24th September, 2011 to 30th September, 2011 both days inclusive.

iv. Shareholding Pattern as on 31st March, 2011

| Sl.No. | Category | No. of Shares held | Percentage of Holdings |
|--------------|--|--------------------|------------------------|
| 1. | Directors & their relatives | 57,16,200 | 60.17 |
| 2. | Institutional Investors Nationalised Bank | 10,000 | 0.11 |
| 3. | Corporate Bodies | 2,03,200 | 2.14 |
| 4. | Public | 35,70,600 | 37.58 |
| TOTAL | | 95,00,000 | 100.00 |

v. Distribution of Shareholding as on 31st March, 2011

| Category | No. of Shareholders | % | No. of Shares Held | % |
|--------------------|---------------------|-----------------|--------------------|-----------------|
| 10 - 5000 | 2412 | 62.2452 | 9536000 | 10.0379 |
| 5001 - 10000 | 829 | 21.3935 | 7679000 | 8.0832 |
| 10001 - 20000 | 330 | 8.5161 | 5536000 | 5.8274 |
| 20001 - 30000 | 159 | 4.1032 | 4162000 | 4.3810 |
| 30001 - 40000 | 34 | 0.8774 | 1292000 | 1.3600 |
| 40001 - 50000 | 44 | 1.1355 | 2171000 | 2.2853 |
| 50001 - 100000 | 43 | 1.1097 | 3499000 | 3.6832 |
| 100001 - And Above | 24 | 0.6194 | 61125000 | 64.3420 |
| Total : | 3875 | 100.0000 | 95000000 | 100.0000 |

vi. Listing on Stock Exchanges

The shares are listed on the Stock Exchanges at Chennai and Mumbai. Trading on the shares of the Company has been infrequent. Share Code of the **BSE is 530915**

vii. Share Transfer Process

The Transfers of Shares are approved by a committee consisting of Shri. J. K. Kothari and Shri. P. Ramamoorthy.

viii. Dematerialization of Shares

In terms of the directive of the Securities and Exchange Board of India, the company has sought to have its shares dematerialized and has entered into agreements with CDSL.

ISIN allotted to the Company is INE989E01018 for dematerialization of its shares.

It has appointed Cameo Corporate Services Limited., 1 Club House Road, Chennai– 600 002 as its Share Transfer Agents in respect of both physical and electronic holding of shares.

ix. Outstanding ADR / GDR / Warrants

There are no outstanding ADR / GDR / Warrants or convertible instruments.

x. Outstanding Fixed Deposits

There are no outstanding / matured Fixed Deposits.

xi. Plant location :

Thirubuvanai Village, Puducherry-605 107.

xii. Address for Correspondence:

1. Registrar and Share Transfer Agents:

Cameo Corporate Services Ltd.,
No. 1, Club House Road, Chennai - 600 002.
Ph: 044 - 28460390 (6 lines) Fax : 044 - 28460129

2. Company – Registered Office:

J.K. Towers, 100 Feet Road, Puducherry - 605 013.
Ph: 0413 - 2249036

Non mandatory requirements

The Company has not adopted the non-mandatory requirements as mentioned in Annexure - 3 of Clause 49 of the listing agreement.

For and on behalf of the Board,

Place : Puducherry

Date : 30th May, 2011.

J.K.KOTHARI
Managing Director

J. R. FOODS LIMITED

MANAGEMENT DISCUSSION & ANALYSIS REPORT

We herewith submit the Management Discussion & Analysis Report on the business of the Company for the year ended 31st March, 2011. In this we have attempted to include discussion on all the specified matters to the extent relevant or within limits that in our opinion are imposed by the Company's own competitive position.

COMPANY & INDUSTRY STRUCTURE

The Company manufactures Solvent Extracted oils and Refined vegetable oils exclusively at its factory at Thirubhuvanai Village, Puducherry. This unit is self sufficient to perform its duties and functions. The commitment of the Company towards quality and customer orientation reflects in its growing clientele.

REVIEW OF OPERATIONS

A summary of major performance indicators is given below, while the detailed and physical performance may be viewed from the Balance Sheet and Profit & Loss Account and the Annexures thereto.

| | 2010 - 11 (Rs in Lakhs) | 2009 - 10 (Rs in Lakhs) |
|----------------------|----------------------------|----------------------------|
| Sales | 1311.16 | 672.03 |
| Net Profit after Tax | (23.93) | (33.72) |

Though the renovation and technological improvement taken place in the refinery plant in the previous year improved the turnover remarkably, the Company has faced a difficult task because of the heavy competition in procuring raw material available in local market which affected the profitability very much. Due to which the financial results have not been satisfactory despite the best efforts of total team.

OUTLOOK

The Industry continues to be in uncertainty owing to frequent changes in Government policies. However, hopes have lately been revived that the current year will prove to be good for the industry.

ENVIRONMENT & SAFETY

The Company is conscious of the need for environmentally, clean and safe operations. Our industry is not a polluting one. The Company's policy requires that all operations be conducted in such a way as to ensure safety of all concerned, compliance of statutory and industrial requirement for environment protection and conservation of natural resources.

OTHER MATTERS

There are no further or typical areas of risks or concerns in the usual course of business foreseeable at this time. Internal control system had been found to be adequate and is continuously reviewed for further improvement. Our team is committed to the Board's dictates on standards of conduct as well as good governance and exercise of due diligence including compliances of all relevant laws and regulations. Our appreciation is due to all employees and gratefulness to our Board, shareholders, financial institutions/Banks and other stakeholders.

CAUTIONARY STATEMENT

Statements in this "Management Discussion & Analysis" which seek to describe the company's objectives, projections, estimates, expectations or predictions may be considered to be forward looking statements with in the meaning of applicable Laws and Regulations.

Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the company's operations include global and Indian demand – supply conditions, finished goods prices, stock availability and prices, cyclical demand and pricing in the company's markets, changes in the government regulations, tax regimes, economic developments within India and in countries with which the company conducts business besides other factors, such as litigation and other labour negotiations.

For and on behalf of the Management Team

Puducherry
30th May, 2011

J. K. KOTHARI
Team Head

J. R. FOODS LIMITED

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of J.R. Foods Limited.,

We have examined the compliance of conditions of Corporate Governance by J.R. Foods Limited, for the year ended 31st March 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state generally no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For M/S. CNGSN & ASSOCIATES

Chartered Accountants,

Puducherry
30th May, 2011

D. KALAIALAGAN
Partner
Membership No.29525
Firm Regn. No.004915S

J. R. FOODS LIMITED

AUDITORS' REPORT

To

The shareholders of J. R. Foods Ltd.,

1. We have audited the attached Balance Sheet of J. R. Foods Ltd., as at 31st March 2011 and the Profit and Loss Account of the Company for the year ended on that date, annexed thereto and also the cash flow statement for the period ended on that date. The financial statements are the responsibility of the management of the company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted the audit in accordance with auditing standards generally accepted in India. These standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended issued by the Company Law Board in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956 (the Act), we enclose in the annexure a statement on the matters specified in paragraph 4 and 5 of the said order to the extent applicable.
4. Further to our comments in the Annexure referred to above, we state that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - ii. In our opinion proper books of account, as required by law, have been kept by the Company so far as appears from our examination of those books.

- iii. The Balance Sheet, Profit and Loss Account and the cash flow statement dealt with by this report are in agreement with the books of account.
- iv. In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Sec 211 of the Companies Act, 1956;
- v. On the basis of written representations received from directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
- vi. Attention is invited to the note 22 regarding non provision of deferred tax Liability amounting to Rs.24,29,267/-
- i. In our opinion, and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and other notes thereon give that information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March 2011
 - (b) In the case of Profit and Loss Account, of the Loss for the year ending 31st March 2011
 - and
 - (c) In the case of the Cash Flow Statement, of the Cash flows for the year ended on that date.

For **M/S. CNGSN & ASSOCIATES,**
Chartered Accountants

D. KALAIALAGAN
Partner

Place : Puducherry
Date : 30th May, 2011

Membership No.29525
Firm Regn. No.004915S

J. R. FOODS LIMITED

Annexure referred to in para 3 of our report of even date

1. (a) The Company has maintained proper records, showing full particulars, including quantitative details and situation of fixed assets.
(b) The fixed assets have been physically verified by the management during the year and we have been informed that no material discrepancies were found on such verifications.
(c) None of the fixed asset has been revalued during the year.
2. As explained to us, the stocks of stores, spare parts, raw materials have been physically verified by the management at reasonable intervals during the year.
(a) In our opinion, the frequency of such verification is reasonable having regard to the size of the Company and the nature of its business.
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the company and the nature of its business.
(c) As explained to us there were no material discrepancies noticed on physical verification of the stocks of raw materials , stores and spares having regard to the size of the operations of the company and the same is properly dealt with in the books of account.
(d) The valuation of stocks is fair and proper and is in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
3. (a) The company has taken rent deposit from M/s. Mailam India Limited (Unlisted Public Limited Company) a sum of Rs. 2,73,00,869/- (for the year 31.03.2011) a company listed in the register maintained under Section 301 of the Companies Act, 1956. This deposit is interest free. A lease agreement has been executed.

In our opinion the terms and conditions of the aforesaid deposit are not prima facie prejudicial to the interest of the Company.

(b) The debts due by M/s. Pondicherry Extraction Inds. P. Ltd., for a sum of Rs. 9,51,152/-, a company under the same

management listed in the register maintained under section 301 of the Companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956.

In our opinion and as per information and representation made to us the aforesaid debts are not prejudicial to the interest of the Company.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for the sale of goods. We have not come across any continuing failure to correct major weakness in internal control system.
5. According to the information and explanations given to us, the transaction of purchase of stores, raw materials, sale of goods and services made in pursuance of contracts or agreements entered in the Registers maintained under section 301 and aggregating to Rs.5,00,000/- or more during the year in respect of each party have been made at prices which are reasonable having regard to prevailing market prices for stores, raw materials or services or the prices at which transactions for similar goods or services have been made with other parties.
6. The Company has not accepted deposits from the public. According to information and explanations given to us, no order under the aforesaid sections has been passed by the Company law Board.
7. The Company has an Internal Audit system which in our opinion is commensurate with the size and nature of its business.
8. The company is regular in paying the provident fund dues to the appropriate authorities.
9. According to information and explanation given to us no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty were outstanding as on 31st March, 2011 for a period of more than six months from the date they became payable.
10. The Company has accumulated loss of Rs.606.30 Lakhs and more than 50% of net worth of the company as at the end of the financial year. The Company has not incurred any cash loss during the financial year and there was no cash loss in the immediately preceding year.

11. According to the records of the Company examined by us and the information and explanations given to us by the management, the Company has not defaulted in repayment of dues to any financial institution or Bank as at the Balance Sheet date.
12. Based on our examination and according to the information and explanations given to us the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a Chit Fund/Nidhi/Mutual Benefit Fund/ Society.
14. The Company is not dealing or trading in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they have been obtained.
16. On the basis of our examination of the Balance Sheet of the Company and according to the explanations given to us, in our opinion, funds raised on short term basis have not been used for long term investment and vice versa.
17. The Company has not allotted any shares on preferential basis to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
18. The Company has not issued any secured debentures during the year.
19. The Company has not raised any money by issue of shares to the public during the year.
20. During the course of examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year nor we have been informed of such case by the management.

For M/S. CNGSN & ASSOCIATES,
Chartered Accountants

D. KALAIALAGAN, Partner
Membership No.29525
Firm Regn. No.004915S

Place : Puducherry
Date : 30th May, 2011

J. R. FOODS LIMITED

BALANCE SHEET AS AT 31ST MARCH 2011

| PARTICULARS | SCHEDULE | 31-03-2011 | | 31.03.2010 | |
|--|----------|-------------------------|-------------------------|-------------------------|-------------------------|
| | | (Rs.) | (Rs.) | (Rs.) | (Rs.) |
| I. SOURCES OF FUND | | | | | |
| 1. Share Holders Fund | | | | | |
| a. Share Capital | (1) | 95000000 | | 95000000 | |
| | | | 95000000 | | 95000000 |
| 2. Loan Funds | | | | | |
| a. Secured Loans | (2) | 46136032 | | 46647193 | |
| b. Unsecured Loans | (3) | 4500000 | | 4500000 | |
| | | <u>50636032</u> | | <u>51147193</u> | |
| | | <u>145636032</u> | | <u>146147193</u> | |
| II. APPLICATION OF FUNDS | | | | | |
| Fixed Assets : | | | | | |
| (a) Gross Block | (4) | 153634684 | | 153597354 | |
| Less : Depreciation | | <u>96427881</u> | | <u>90155710</u> | |
| Net Block | | | 57206802 | | 63441644 |
| Current Assests, Loans and Advances | | | | | |
| (a) Inventories | (5) | 70065081 | | 60234411 | |
| (b) Sundry Debtors | (6) | 8146048 | | 6849555 | |
| (c) Cash & Bank Balance | (7) | 505550 | | 78457 | |
| (d) Loans & Advances | (8) | <u>7378144</u> | | <u>6628918</u> | |
| | | 86094823 | | 73791341 | |
| LESS : Current Liabilities | (9) | <u>58295405</u> | | <u>49322466</u> | |
| Net Current Assets | | | 27799418 | | 24468875 |
| Profit and Loss Account | (17) | | <u>60629812</u> | | <u>58236674</u> |
| | | | <u>145636032</u> | | <u>146147193</u> |
| Notes on Accounts | (18) | | | | |

Schedules 1 to 9, 17 and 18 annexed form part of the balance sheet

As per our Report Annexed
For M/S. CNGSN & ASSOCIATES,
Chartered Accountants.

MADHAVI KOLA **KAMALA J. KOTHARI** **J. K. KOTHARI**
Company Secretary Director Managing Director
Membership No.A20238

D. Kalaiyalagan
Partner

Place : Puducherry
Date : 30th May 2011

Membership No.029525
Firm Regn. No.004915S

J. R. FOODS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2011

| PARTICULARS | SCHEDULE | 31.03.2011 (Rs.) | 31.03.2010 (Rs.) |
|--|--------------------------------------|---|--|
| Sales (Net of Excise Duty & Sales Tax) | (10) | 131116234 | 67203190 |
| Other Income | (11) | 16135514 | 8372790 |
| Increase/(Decrease) in Stock | (15) | 13198524 | 17599954 |
| | | 160450272 | 93175934 |
| EXPENDITURE: | | | |
| Consumption of Raw Materials | (12) | 139282467 | 74257296 |
| Manufacturing and other Expenses | (13) | 7497608 | 6079723 |
| Administrative & Selling Expenses | (14) | 3457989 | 3375497 |
| Interest on Loan | (16) | 6293834 | 6051509 |
| Depreciation | (4) | 6311512 | 6784067 |
| | | 162843410 | 96548092 |
| Profit before Tax (MAT tax) | | (2393138) | (3372158) |
| Provision for Tax (including FBT) | | 0 | 0 |
| Profit After Tax | | (2393138) | (3372158) |
| Basic Earning Per Share(EPS) | | (0.25) | (0.35) |
| Notes forming Part of Accounts (18) | | | |
| Schedules 10 to 16 annexed form part of the Profit and Loss Account | | | |
| As per our Report Annexed For M/S. CNGSN & ASSOCIATES, Chartered Accountants. | | | |
| MADHAVI KOLA Company Secretary Membership No.A20238 | KAMALA J. KOTHARI Director | J. K. KOTHARI Managing Director | D. Kalaiyalagan Partner Membership No.029525 Firm Regn. No.004915S |
| Place : Puducherry Date : 30 th May 2011 | | | |

J. R. FOODS LIMITED

SCHEDULES FORMING PART OF BALANCE SHEET AS ON 31.03.2011

| PARTICULARS | 31.03.2011 (Rs.) | 31.03.2010 (Rs.) |
|--|---------------------|---------------------|
| SCHEDULE - 1 | | |
| SHARE CAPITAL | | |
| AUTHORISED : | | |
| 10000000 Equity Shares of Rs. 10/- each | 100,000,000 | 100,000,000 |
| Issued, Subscribed and Paid up capital | | |
| 9500000 Equity Shares of Rs. 10/- each | 95,000,000 | 95,000,000 |
| | <u>95,000,000</u> | <u>95,000,000</u> |
| SCHEDULE - 2 | | |
| SECURED LOANS: | | |
| Vijaya Bank-CCHA/c | 41,115,104 | 40,582,508 |
| Vijaya Bank - Term Loan | 5,020,928 | 6,064,685 |
| (Secured by a first charge on entire Fixed Assets (movable & immovable) of the Company and Hypothecation of all current assets like Inventory, Stocks, Book Debts and Receivables) | | |
| | <u>46,136,032</u> | <u>46,647,193</u> |
| SCHEDULE - 3 | | |
| UNSECURED LOANS | | |
| (a) From Companies in which the Directors are interested | - | - |
| (b) From Individuals Relatives to Directors | 4,500,000 | 4,500,000 |
| | <u>4,500,000</u> | <u>4,500,000</u> |
| SCHEDULE - 5 | | |
| INVENTORIES | | |
| (As per inventory taken valued and certified by the Management) | | |
| 1. Raw Materials | 8,522,834 | 11,707,438 |
| 2. Consumable Stores | 469,450 | 652,700 |
| 3. Finished Goods | 61,072,797 | 47,874,273 |
| 4. Packing Materials | - | - |
| | <u>70,065,081</u> | <u>60,234,411</u> |

J. R. FOODS LIMITED - FIXED ASSETS - SCHEDULE - 4 (YEAR 2010-2011)

| J. R. FOODS LIMITED - FIXED ASSETS - SCHEDULE - 4 (YEAR 2010-2011) | | | | | | | | | | | |
|---|--------------------------------|------------------------|------------------|-------------------|-------------------------|------------------------|---------------------|------------------|-------------------------|-------------------------|-------------------------|
| GROSS BLOCK | | | | | DEPRECIATION | | | | NET BLOCK | | |
| Sl. No | Particulars | As at 1-04-2010 | Additions | Deductions | As at 31-03-2011 | As at 1-04-2010 | For the Year | Delitions | As at 31-03-2011 | As on 31-03-2011 | As on 31-03-2010 |
| | | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| 1 | LAND & SITE DEVELOPMENT | 2,578,354 | | | 2,578,354 | | | | | 2,578,354 | 2,578,354 |
| 2 | FACTORY BUILDING | 44,487,583 | | | 44,487,583 | 19,014,073 | 1,442,353 | | 20,456,426 | 24,031,157 | 25,473,510 |
| 3 | OFFICE BUILDING | 566,918 | | | 566,918 | 65,286 | 9,298 | | 74,584 | 492,334 | 501,632 |
| 4 | PLANT AND MACHINERY | 93,990,514 | | | 93,990,514 | 61,182,965 | 4,539,561 | | 65,722,526 | 28,267,988 | 32,807,549 |
| 5 | ELECTRICAL INSTALLATION | 2,935,661 | | | 2,935,661 | 2,144,628 | 155,123 | | 2,299,751 | 635,910 | 791,033 |
| 6 | GENERATOR | 1,574,170 | | | 1,574,170 | 928,130 | 83,116 | | 1,011,246 | 562,924 | 646,040 |
| 7 | TOOLS | 250,022 | 2,080 | | 252,102 | 151,633 | 11,780 | | 163,413 | 88,689 | 98,389 |
| 8 | LAB EQUIPMENTS | 339,188 | 36,000 | | 375,188 | 222,748 | 17,668 | | 240,416 | 134,772 | 116,440 |
| 9 | OFFICE EQUIPMENTS | 557,040 | 38,592 | | 595,632 | 557,038 | 350 | | 557,388 | 38,245 | 3 |
| 10 | FURNITURE AND FITTINGS | 241,909 | | | 241,909 | 153,198 | 13,039 | | 166,237 | 75,672 | 88,711 |
| 11 | PACKING MACHINE | 638,783 | | | 638,783 | 353,513 | 33,728 | | 387,241 | 251,542 | 285,270 |
| 12 | ELECTRONIC SCALE & KITS | 104,094 | | | 104,094 | 49,392 | 5,496 | | 54,889 | 49,205 | 54,702 |
| 13 | VEHICLES | 5,333,117 | | 39,342 | 5,293,775 | 5,333,106 | | 39,341 | 5,293,765 | 10 | 11 |
| | TOTAL | 153,597,354 | 76,672 | 39,342 | 153,634,684 | 90,155,710 | 6,311,512 | 39,341 | 96,427,881 | 57,206,802 | 63,441,644 |
| | PREVIOUS YEAR (2009-10) | 149,638,625 | 3,958,729 | | 153,597,354 | 83,371,644 | 6,784,066 | | 90,155,710 | 63,441,644 | 66,266,979 |

SCHEDULES FORMING PART OF BALANCE SHEET AS ON 31.03.2011

| PARTICULARS | 31.03.2011 | 31.03.2010 |
|---|--------------------------|--------------------------|
| | (Rs.) | (Rs.) |
| SCHEDULE - 6 | | |
| <u>SUNDRY DEBTORS</u> | | |
| Outstanding for a period not exceeding 6 months and considered good | 7,166,424 | 5,898,402 |
| Other Debts considered good | <u>979,624</u> | <u>951,153</u> |
| | <u>8,146,048</u> | <u>6,849,555</u> |
| SCHEDULE - 7 | | |
| <u>CASH AND BANK BALANCES</u> | | |
| Cash on Hand | 838,13 | 33,962 |
| In Current a/c with Scheduled Banks | <u>421,737</u> | <u>44,495</u> |
| | <u>505,550</u> | <u>78,457</u> |
| SCHEDULE - 8 | | |
| <u>LOANS AND ADVANCES</u> | | |
| Advances (Recoverable in cash or in kind or for value to be received unsecured but considered good) | 834,883 | 825,032 |
| Extra Duty Deposits | 859,104 | 859,104 |
| Other Deposits | 604,541 | 604,541 |
| TDS A/C (Receivable) | 4,438,106 | 3,180,391 |
| Advance paid to suppliers | <u>641,510</u> | <u>1,159,850</u> |
| | <u>7,378,144</u> | <u>6,628,918</u> |
| SCHEDULE - 9 | | |
| <u>CURRENT LIABILITIES & PROVISIONS</u> | | |
| <u>A) CURRENT LIABILITIES</u> | | |
| Sundry Creditors for Goods & Others | 21,066,661 | 14,841,592 |
| Rent Advance Received | 34,813,369 | 32,546,969 |
| Other Liabilities for Expenses | 1,068,964 | 704,804 |
| Advance Received from Customers | 313,187 | 331,178 |
| <u>B) PROVISIONS</u> | | |
| Provision for Income Tax(MAT) including FBT | 4,594 | - |
| Provision for Gratuity | <u>1,028,630</u> | <u>897,923</u> |
| | <u>58,295,405</u> | <u>49,322,466</u> |

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2011

| PARTICULARS | 31.03.2011 | 31.03.2010 |
|--------------------|-------------------|-------------------|
| | (Rs.) | (Rs.) |

SCHEDULE - 10

SALES (Net of Excise Duty & Sales Tax)

| | | |
|--------------------------|--------------------|-------------------|
| 1. Oil | 106,168,260 | 33,100,973 |
| 2. De Oiled Bran / Cakes | 24,947,974 | 34,102,217 |
| 3. Miscellaneous | - | - |
| | 131,116,234 | 67,203,190 |

SCHEDULE - 11

OTHER INCOME :

| | | |
|--------------------------|-------------------|------------------|
| Insurance Claim Received | 2,387,878 | - |
| Rent Received | 12,709,303 | 8,280,980 |
| Others | 1,038,334 | 91,810 |
| | 16,135,515 | 8,372,790 |

SCHEDULE - 12

CONSUMPTION OF RAW MATERIALS & CONSUMABLES

| | | |
|-----------------------------------|--------------------|-------------------|
| Opening Stock | | |
| Raw Materials | 11,707,438 | 17,762,209 |
| Consumables & Husk | 652,700 | 209,825 |
| Packing Materials | - | 163,807 |
| | 12,360,138 | 18,135,841 |
| Add : Purchases during the year : | | |
| Raw Materials | 124,901,178 | 67,437,312 |
| Consumables & Husk | 10,734,286 | 834,857 |
| Packing Materials | 279,149 | 209,424 |
| | 148,274,751 | 86,617,434 |
| Less : Closing Stock | | |
| Raw Materials | 8,522,834 | 11,707,438 |
| Consumables & Husk | 469,450 | 652,700 |
| Packing Materials | - | - |
| | 139,282,467 | 74,257,296 |

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2011

| PARTICULARS | 31.03.2011 | 31.03.2010 |
|--------------------|-------------------|-------------------|
| | (Rs.) | (Rs.) |

SCHEDULE - 13

MANUFACTURING EXPENSES

| | | |
|----------------------------|------------------|------------------|
| Ash Handling Expenses | 76,288 | 2,650 |
| Boiler Maintenance | 70,316 | 14,195 |
| Contract Wages | 1,786,620 | 1,002,867 |
| Electrical Maintenance | 97,955 | 99,475 |
| Power and Fuel | 3,395,075 | 2,263,817 |
| Factory Maintenance | 645,873 | 320,753 |
| Lab Maintenance | 14,847 | 6,953 |
| Plant Maintenance | 703,720 | 306,962 |
| Salary - Factory | 685,114 | 797,180 |
| Weighing Scale Maintenance | 1,000 | - |
| Repairs and Maintenance | 20,800 | 90,234 |
| Quantity & Quality Rebate | - | 1,174,638 |
| | 7,497,608 | 6,079,724 |

SCHEDULE - 14

ADMINISTRATIVE & SELLING EXPENSES

| | | |
|-----------------------------|---------|---------|
| Advertisement Expenses | 3,000 | 20,626 |
| Audit Fees: | 40,450 | 40,450 |
| Statutory Audit - 26966 | | |
| Tax Audit - 6742 | | |
| Certificate - 6742 | | |
| Internal Audit Fee | 40,450 | 40,450 |
| Bank Charges | 313,783 | 83,036 |
| Brokerage | 229,417 | 27,265 |
| Computer Maintenance | 42,245 | 13,675 |
| Consultancy Charges | 48,000 | 47,299 |
| E.S.I | 19,642 | 30,458 |
| Ex-Gratia | 70,510 | 84,860 |
| Freight Paid | 150 | 1,220 |
| Insurance Charges | 140,537 | 32,584 |
| Licence Fees, Rates & Taxes | 47,484 | 174,188 |
| Listing Fees | 16,545 | 19,370 |
| Office Maintenance | 86,241 | 66,078 |
| Postage & Telegram | 61,413 | 15,124 |
| Prior period Expenses | - | 222 |

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2011

| PARTICULARS | 31.03.2011 (Rs.) | 31.03.2010 (Rs.) |
|---|-----------------------------|-----------------------------|
| Printing & Stationery | 30,183 | 28,519 |
| Provident Fund | 84,594 | 109,834 |
| Remuneration to M. D | 900,000 | 900,000 |
| Salary - Office | 432,570 | 380,543 |
| Gratuity | 130,707 | 61,385 |
| Share Transfer Expenses | 41,891 | 42,773 |
| Subscription | - | 5,000 |
| Telephone Expenses | 63,499 | 43,130 |
| Travelling & Conveyance | 24,856 | 6,166 |
| Vehicle Maintenance | 305,753 | 584,064 |
| Cash Discount | - | 264,622 |
| Legal Fees | 2,000 | 3,000 |
| Security Charges | 255,069 | 249,557 |
| | 3,457,989 | 3,375,497 |
| SCHEDULE - 15 | | |
| <u>INCREASE / (DECREASE) IN STOCK:</u> | | |
| Opening Stock : | | |
| Finished Goods | 47,874,273 | 30,274,319 |
| Work in Progress | - | - |
| | 47,874,273 | 30,274,319 |
| Closing Stock: | | |
| Finished Goods | 61,072,797 | 47,874,273 |
| Work in Progress | - | - |
| Increase / (Decrease) | 13,198,524 | 17,599,954 |
| SCHEDULE - 16 | | |
| <u>INTEREST ON LOAN:</u> | | |
| Bank Interest | 6,293,834 | 6,051,509 |
| | 6,293,834 | 6,051,509 |
| SCHEDULE - 17 | | |
| <u>PROFIT AND LOSS ACCOUNT:</u> | | |
| Balance Brought forward | (58,236,674) | (54,864,516) |
| Less: Profit During the year | (2,393,138) | (3,372,158) |
| | (60,629,812) | (58,236,674) |

J. R. FOODS LIMITED

SCHEDULE – 18

NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS:

- I. Accounting Policies/Compliance of Accounting Standards issued by the Institute of Chartered Accountants of India.
 - 1) **A.S. 1: Disclosure on accounting policies**

The accounts are maintained on accrual basis as a going concern.
 - 2) **A.S. 2: Valuation of Inventories**

Inventories are valued at lower of Cost or net realizable value. Cost is ascertained on weighted average basis in accordance with the method of valuation prescribed by the Institute of Chartered Accountants of India. Raw materials are valued at Cost of Purchase and include all expenses incurred in bringing the materials to their present location and condition. Work-in-progress and finished goods include conversion costs in addition to the landed cost of raw materials.
 - 3) **A.S. 3 Cash Flow Statements**

The Cash flow statement annexed.
 - 4) **A.S. 4 Events occurring after the Balance Sheet Date**

Not Applicable
 - 5) **A.S.5 Net Profit or loss for the period, prior period items and changes in accounting policies.**

Not Applicable
 - 6) **A.S. 6: Depreciation Accounting**

Depreciation is provided under straight-line method as per Amended Schedule XIV of the Companies Act, 1956.
 - 7) **A.S. 7 Construction Contracts**

This accounting Standard is not applicable
 - 8) **A.S. 8 Research and Development**

This Accounting Standard is withdrawn
 - 9) **A.S. 9: Revenue Recognition**

The revenue and expenditure are accounted on a going concern basis.

10) A.S. 10: Accounting for Fixed Assets

The gross blocks of fixed assets are shown at the cost of acquisition, which include taxes duties and other identifiable direct expenses incurred upto the date the asset is put into use.

11) A.S. 11: Accounting for effects in Foreign Exchange

Foreign currency transactions are accounted at the exchange rates prevailing on the date of the transactions.

12) A.S. 12: Accounting for Government Grants

The Company has not received any grants

13) A.S. 13 Accounting for Investments

The company has no investments

14) A.S. 14 Accounting for amalgamation

During the year there was no amalgamation

15) A.S. 15: Accounting for retirement benefits

- (i) Contribution to Provident Fund is made to the Regional Provident Fund Commissioner.
- (ii) Provision made for Gratuity during the year Rs. 1,30,707/- has yet to be funded.

16) A.S. 16: Borrowing Costs

The Borrowing Costs have been treated in accordance with the Accounting Standard on borrowing cost issued by The Institute of Chartered Accountants of India

17) A.S. 17: Segment Reporting

The Company operates in only one segment, viz. Extraction of Oil. Hence the Accounting Standard on Segment reporting is not applicable

18) A.S. 18: Related party Disclosures

a) List of Related Parties

- 1. Mailam India Limited - (MIL)
- 2. Pondicherry Extraction Industries Limited- (PEIPL)
- 3. Smt. Jasodabai Kothari (Individual) (Mother of Sri J K Kothari & Mother in Law of Smt. Kamala J Kothari)

b) Key Management Personnel

| Name of the related Party | Nature of relation ship | Directorship |
|---------------------------|-------------------------|--------------|
| 1. Sri. J.K. Kothari | Managing Director | MIL/PEIPL |
| 2. Sri. M. Sivagurunathan | Director | MIL |
| 3. Smt.Kamala J. Kothari | Director | PEIPL |

c) Rent advance received from the Company in which Directors are interested

| | 31.03.2011 | 31.03.2010 |
|----------------------|---------------|---------------|
| Mailam India Limited | 2,73,00,869/- | 2,73,00,869/- |

d) Loan Taken from Directors' relatives

| | | |
|------------------------|-------------|-------------|
| Smt. Jasodabai Kothari | 45,00,000/- | 45,00,000/- |
|------------------------|-------------|-------------|

e) Debts due by the Company in which Directors are interested

| | | |
|---------------------------------------|------------|------------|
| Pondicherry Extraction Inds. P. Ltd., | 9,51,152/- | 9,51,152/- |
|---------------------------------------|------------|------------|

19) A.S. 19: Leases

The Company has no Hire Purchases Loans hence A.S.19 is not applicable to this Company.

20) A.S. 20: Earnings per Share

| | 2010-11 | 2009-10 |
|--------------------------------------|-----------|-------------|
| a. Net Loss as per Profit & Loss A/c | 2393138/- | 33,72,158/- |
| b. No. of Equity Shares | 95,00,000 | 95,00,000 |
| c. Basic earnings per share (a/b) | Rs.(0.25) | Rs.(0.35) |
| d. Diluted earnings per share (a/b) | Rs.(0.25) | Rs.(0.35) |

21) A.S. 21: Consolidated financial statements

Not Applicable

22) A.S. 22: Accounting for Taxes

In line with the accounting policy deferred tax liability of Rs.24,29,267/- arising out of timing differences has not been recognized in books of accounts in view of the carry forward losses and will be recognized only if there will be sufficient taxable income available to realize such losses.

23) A.S. 23: Accounting for investments in associates in consolidated financial statements

Not Applicable

24) A.S. 24: Discontinuing Operations

During the Year the company has not discontinued any of its operations

25) A.S. 25: Interim Financial Reporting

Quarterly financial results are published in accordance with the guidelines given by SEBI. The recognition and measurement principles as laid down in the Standard are followed with respect to such results. The quarterly results are also subjected to a limited review by the auditors as required by SEBI.

26) A.S. 26: Accounting for intangible assets –

There is no intangible assets hence, not applicable

27) A.S. 27: Financial Reporting of interests in Joint Venture –

Not Applicable

28) A.S. 28: Impairment of assets

There is no impairment of assets during the year.

29) A.S. 29: Provisions, Contingent Liabilities and Contingent Assets

Provision for Income-tax has been made as detailed below:

Income-tax (MAT) - Rs. Nil

II. INFORMATION PERSUANT TO THE PROVISIONS OF PART II OF SCHEDULE VI OF THE COMPANIES ACT, 1956.

a. Licenced & Installed capacity (of input per annum): (As certified by the Management)

| PLANT | INPUT MATERIAL | QTY. |
|----------------------------------|-----------------------|-------------|
| 1. Two Solvent Extraction Plants | a. Oil seeds/Cakes | 75000 MTS |
| | b. Rice Bran | 120000 MTS |
| 2. Refinery Plant | Crude Oil | 15000 MTS |

b. Actual input (Utilised Capacity)

| PLANT | INPUT MATERIAL | QTY. |
|----------------------------------|-----------------------|--------------|
| 1. Two Solvent Extraction Plants | a. Oil Seeds/Cakes | Nil |
| | b. Rice Bran | 8079.518 MTS |
| 2. Refinery Plant | Crude Oil | Nil |

J. R. FOODS LIMITED

c. Actual Production of Finished Goods and Sales

| PARTICULARS | 31.03.2011 | 31.03.2010 |
|--|----------------|------------|
| | (Qty. in MTS.) | |
| 1. Opening Stock: | | |
| a. Crude Oil | 783 | 395 |
| b. Refined Oil | - | - |
| c. D.O.B | 1168 | 2256 |
| d. Acid Oil | 19 | 19 |
| 2. Actual Production/Purchases: | | |
| a. Crude Oil | 2183 | 1388 |
| b. Refined Oil | - | - |
| c. D.O.B | 7639 | 6703 |
| d. Acid Oil | - | - |
| 3. Sales: | | |
| a. Crude Oil | 2056 | 1000 |
| b. Refined Oil | - | - |
| c. D.O.B | 5824 | 6744 |
| d. Acid Oil | - | - |
| 4. Closing Stock of Finished Goods: | | |
| a. Crude Oil | 910 | 783 |
| b. Refined Oil | - | - |
| c. D.O.B | 329 | 1168 |
| d. Acid Oil | 19 | 19 |
| 5. Particulars of Raw Materials Consumed: | | |
| a. Rice Bran | 8080 | 8091 |
| b. Oil Seed/Cake | - | - |
| c. Crude Oil | - | - |
| d. Others – which individually do not account For 10% or more of the total value hexane (in Rs.) | 1398096 | 2420523 |
| e. D.O.B | 2654 | 1047 |
| 6. C.I.F. Value of Imports: | | |
| a. Raw Materials | Nil | Nil |
| b. Spares | Nil | Nil |

| | | |
|---|---------|---------|
| c. Capital Goods | Nil | Nil |
| d. Finished Goods | Nil | Nil |
| 7. Consumption of Imported and indigenous Raw materials and components: | | |
| a. Imported | 0.00% | 0.00% |
| b. Indigenous | 100.00% | 100.00% |
| 8. Consumption of Imported and indigenous Stores and Spares | | |
| a. Imported | Nil | Nil |
| b. Indigenous | 100.00% | 100% |
| 9. Earnings in Foreign Exchange | | |
| FOB value of goods exported | Nil | Nil |
| 10. Expenditure incurred in Foreign Currency on | | |
| a. Technical Know-how | Nil | Nil |
| b. Other Matters | Nil | Nil |

III. Contingent Liabilities: Nil

VI. Dues to Small Scale Industrial undertakings which are over Rupees one lakh and outstanding for more than 30 days is Rs. Nil

V. Smt. Madhavi Kola is the Company Secretary as required by Sec.383 A of the Companies Act, 1956.

VI. Smt. Kamala J. Kothari, Shri. M. Sivagurunathan, Shri. G. Ashokkumar and Shri. P. Ramamoorthy Directors, have waived sitting fees due to them for the year.

V. Managing director's Remuneration

 Salary : Rs.9,00,000/-

VI. Confirmation of balances from debtors and creditors has not been received in some cases.

VII. Figures of the previous year have been regrouped/reclassified wherever necessary to conform to current year's classification.

As per our Report Annexed
For M/S. CNGSN & ASSOCIATES,
Chartered Accountants.

MADHAVI KOLA
Company Secretary
Membership No.A20238

KAMALA J. KOTHARI
Director

J. K. KOTHARI
Managing Director

D. KALAIALAGAN
Partner
Membership No.029525
Firm Regn. No.004915S

Place : Puducherry
Date : 30th May 2011

J. R. FOODS LIMITED

**INFORMATION PURSUANT TO THE PROVISIONS OF PART IV OF SHCEDULE VI TO THE
COMAPNEIS ACT, 1956**

Balance Sheet Abstract & Company's General Business Profile

| | | | |
|--|--|---------------------------|--------------------------|
| I. Registration Detail | 9 1 1 / 9 3 | | 5 9 |
| Balance Sheet Date | 3 1 0 3 2 0 1 1 | | |
| II. Capital Raised during the year (Amount in Rs. Thousands) | | | |
| Public Issue | - | Right Issue | - |
| Bonus Issue | - | Private Placement | - |
| III. Position of Mobilisation & Deployment of Funds (Amount in Rs. Thousands) | | | |
| Total liabilities | 1 4 5 6 3 6 | Total Assets | 1 4 5 6 3 6 |
| Source of Funds | | | |
| Paid up Capital | 9 5 0 0 0 | Reserves & Surplus | - |
| Secured loans | 4 6 1 3 6 | Unsecured loans | 4 5 0 0 |
| Application of Funds | | | |
| Net Fixed Asstes | 5 7 2 0 7 | Investments | - |
| Net Current Assets | 2 7 7 9 9 | Miscellaneous Expenditure | - - |
| Accumulated Losses | 6 0 6 3 0 | | |
| IV. Performance of Company (Amount in Rs. Thousands). | | | |
| Turnover | 1 3 1 1 1 6 | Total Expenditure | 1 3 3 5 0 9 |
| Profit before Tax | + -√ 2 3 9 3 | Profit after Tax | + -√ 2 3 9 3 |
| Earnings per Share in Rs. | - 0 . 2 5 | Dividend | - |
| V. Generic names of three principle products / services of company (as per monetary terms) | | | |
| Item Code No. (ITC Code) | 1 5 0 8 9 0 0 1 | | |
| Product Description | D E O D O R I Z E D O I L | | |
| Item Code No. (ITC Code) | 2 3 0 5 0 0 0 2 | | |
| Product Description | O I L C A K E & O I L C A K E M E A L O F G N S O L V E N T E X T R A C T E D | | |
| Item Code No. (ITC Code) | 1 5 1 9 2 0 0 0 | | |
| Product Description | A C I D O I L F R O M R E F I N I N G | | |

MADHAVI KOLA
Company Secretary
Membership No.A20238

Kamala J. KOTHARI
Director

J. K. KOTHARI
Managing Director

J. R. FOODS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2011

| | 31.03.2011 (Rs. in Lacs) | 31.03.2010 (Rs. in Lacs) |
|--|-----------------------------|-----------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit before Tax | (23.93) | (33.72) |
| Adjustment for: | | |
| Depreciation | 63.12 | 67.84 |
| Financial Expenses | 62.94 | 60.52 |
| Interest Received | - | - |
| Loss on Sale of Assets | - | - |
| Loss on Fire Accident (Fixed Asset - WDV) | - | - |
| | <u>102.13</u> | <u>94.64</u> |
| Operating Profit before Working Capital Changes | | |
| Adjustment for: | | |
| Inventories | (98.31) | (118.24) |
| Sundry Debtors | (12.96) | (29.13) |
| Loan & Advances | (7.49) | (8.14) |
| Current Liabilities | 89.73 | 353.72 |
| | <u>73.10</u> | <u>292.85</u> |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | (0.77) | (39.59) |
| Sale of Assets | - | - |
| Deposits | - | - |
| Interest Received | - | - |
| | <u>(0.77)</u> | <u>(39.59)</u> |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Repayment of Borrowings | (5.12) | (208.02) |
| Financial Expenses | (62.94) | (60.52) |
| Borrowings from Bank & Other Unsecured Loans | - | - |
| | <u>(68.06)</u> | <u>(268.54)</u> |
| Net Increase/(Decrease) in Cash and Cash Equivalents | 4.27 | (15.28) |
| Opening Balance of Cash and Cash Equivalents | 0.78 | 16.06 |
| Closing Balance of Cash and Cash Equivalents | 5.05 | 0.78 |

Note : Previous year's figures have been regrouped and rearranged wherever necessary

As per our Report Annexed
For M/S. CNGSN & ASSOCIATES,
Chartered Accountants.

MADHAVI KOLA **KAMALA J. KOTHARI** **J. K. KOTHARI**
Company Secretary Director Managing Director
Membership No.A20238

Place : Puducherry
Date : 30th May 2011

D. Kalaialagan
Partner
Membership No.029525
Firm Regn. No.004915S

J. R. FOODS LIMITED

J.K. TOWERS, 100 FEET ROAD, PUDUCHERRY – 605 013

PROXY FORM

I / We _____ of

_____ being a Member / Members of J.R. FOODS LIMITED hereby appoint _____ of _____ of failing him / her _____ of _____ as my / our Proxy in my / our absence to attend and vote for me/us, and on my /our behalf at the **EIGHTEENTH ANNUAL GENERAL MEETING** of the Company to be held on Thursday, the 29th day of September 2011 at 10.00 A.M at its Registered Office “J.K. Towers”, 100 Feet Road, PUDUCHERRY - 605 013 or at any adjournment thereof.

Signed this _____ day of _____ 2011.

For OFFICE USE ONLY

Proxy No.....

Signature

Affix a 1/-
Rupee
Revenue
Stamp

Folio No.....

No. of Shares

Notes :

- a. The form should be signed across the stamp as per specimen signature.
- b. The Proxy form duly completed must be deposited at the Registered Office of the Company in not less than 48 hours before the time fixed for holding the aforesaid meeting.

J. R. FOODS LIMITED

J.K. TOWERS, 100 FEET ROAD, PUDUCHERRY – 605 013

ATTENDANCE SLIP

(To be filled in and handed over at the entrance of the meeting hall)

Full name of the attending member _____

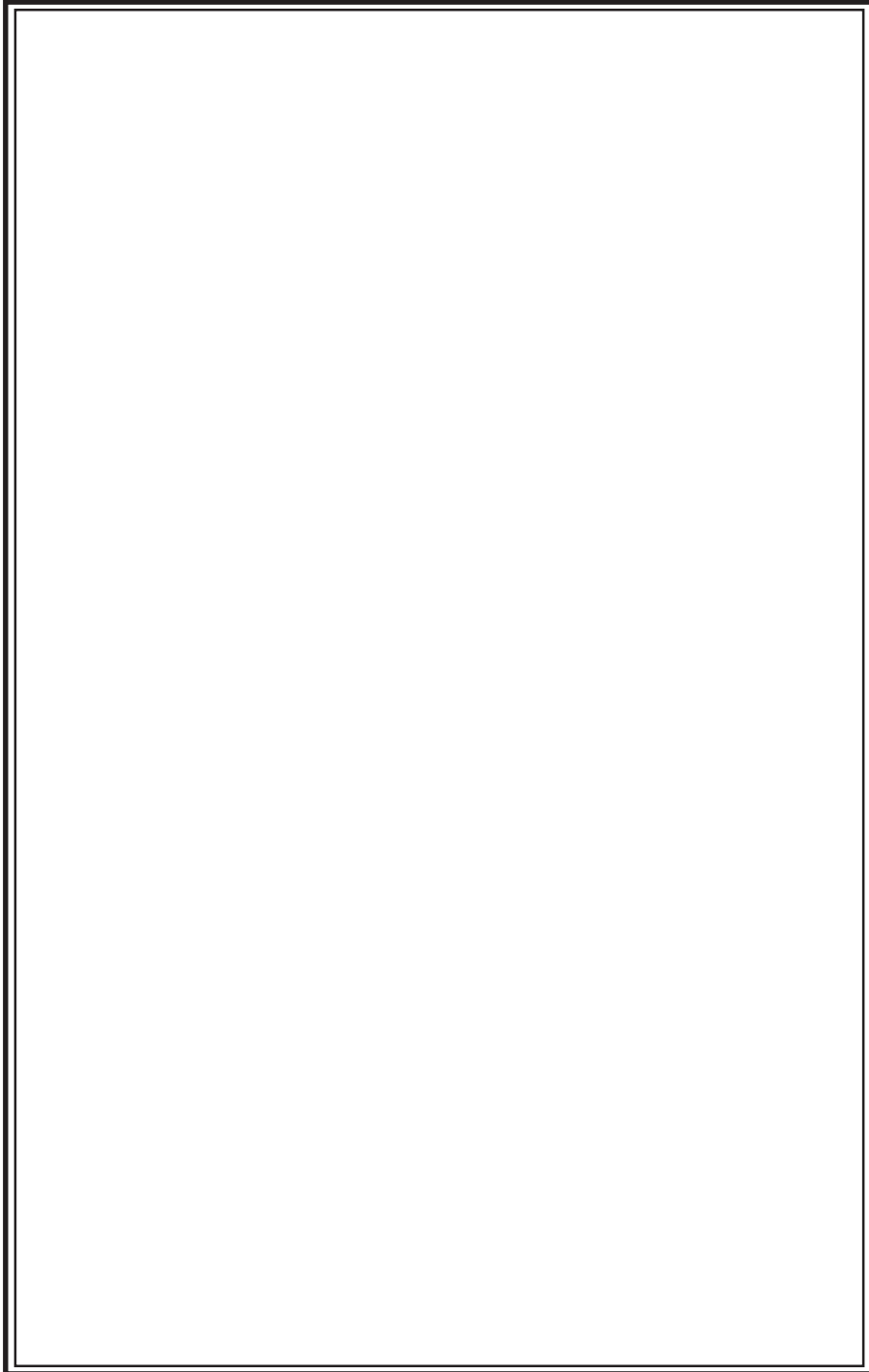
Reg. Folio No. _____

No. of Shares held _____

Full Name of Proxy (in Block Letters) _____

SIGNATURE OF THE MEMBER(S) OR
PROXY / PROXIES PRESENT _____

I hereby record my presence at the EIGHTEENTH ANNUAL
GENERAL MEETING held on Thursday, the 29th day of September
2011 at 10.00 A.M. at its Registered Office situated at “ **J.K. TOWERS,
100 FEET ROAD, PUDUCHERRY – 605 013**”.



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