

**19<sup>th</sup> Annual Report & Accounts  
For the Year Ended  
31<sup>st</sup> March, 2011**



***RCL FOODS LIMITED***

(Formerly known as Passari Cellulose Limited)

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**D**ear Shareholders,

It is once again a great pleasure to interact with you at the occasion of ensuing Annual General Meeting.

Your company had gone through kind of few major changes in the recent past. We shifted our registered office from Orissa to Tamil Nadu, Chennai and altered the main object to cope with food industrial activity.

We have achieved a turnover of Rs.3.15 Crores in the year 2011. We are competing with major players in the market. Comparing to other players we have competitive advantage with reference to low cost of labour and purchasing knowledge of the promoters. Now we are mainly concentrating on marketing of our products. We are also planning to export our products to Abroad in near future.

We have strong conviction and commitment towards achievement of our mission.

In the words of our father of the Nation,

..“Satisfaction does not come with achievement, but with effort. Full effort is full victory”... Mahatma Gandhi Ji.

We believe that we will have bright future as a result of our strategic insights, the conviction to invest on those insights and the ability to rigorously execute and convert the insights to reality. We have invested substantial amount in fixed assets with specific reference to plant & machineries in our factory. Our installed capacity has tremendously increased. We are concentrating on retail market very rigorously.

I express my sincere appreciation to my colleagues on the Board for their invaluable contribution. I also thank our Bankers, Customers and Employees for their support and cooperation.

Finally, I thank all the shareholders for their consistent support. I believe we are heading towards the path of bright future and I look forward to your continued support in achieving our goal.

With warm regards,

Nitesh R Lodha

Chairman & Director

## **BOARD OF DIRECTORS**

Mr. Nitesh R Lodha	- Chairman & Director*
Mr. Satish Jain	- Director
Mr. D Suresh Jain	- Director
Mr. Prakash Jain	- Director
Mr. Bafna Mahaveer Chand	- Director
Mr. Kushal Jain	- Director

## **AUDITORS**

M/s. Krishnan & Giri,  
Chartered Accountants, Chennai

## **COMPANY LAW ADVISORS**

M/s. A.K Jain & Associates,  
Company Secretaries, Chennai

## **BANKERS**

1. Indian Overseas Bank  
Sowcarpet Branch, Chennai

2. ING Vysya Bank,  
G. N Street Branch, Chennai

## **LISTING INFORMATION**

1. The Bombay Stock Exchange Ltd
2. Madras Stock Exchange Ltd\*\*
3. The Calcutta Stock Exchange Ltd\*\*\*

## **REGISTERED OFFICE**

No.84/85, Walltax Road,  
I Floor, Chennai - 600 003

## **REGISTRAR & SHARE TRANSFER AGENT**

Cameo Corporate Services Limited  
No.2, Club House Road,  
Chennai 600 002

## **FACTORY**

Plot No.60, Chettymedu  
Village Road, K.K Nagar,  
Madhavaram, Chennai – 60

\* Change in designation from whole Time Director to Director without remuneration w.e.f 30.05.2011.

\*\* Listed with Madras Stock Exchange Ltd w.e.f 30.12.2010

\*\*\* Delisted in terms of SEBI (Delisting of Securities) Guidelines, 2009 w.e.f 25.05.2011 vide notice dated 24.05.2011.

## **NOTICE**

Notice is hereby given that the 19<sup>th</sup> Annual General Meeting of the members of M/s. RCL Foods Limited, (Formerly Known as Passari Cellulose Limited) will be held on Wednesday the 13<sup>th</sup> day of July 2011 at YMCA Madras Youth Centre, No.6/74, Ritherdon Road, Vepery, Chennai – 600 007 at 11.00 AM to transact the following business:

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2011 together with the Directors and the Auditors' reports thereon.
2. To appoint a Director in place of Mr. Satish Jain, who retires by rotation and being eligible offers himself for re- appointment.
3. To appoint a Director in place of Mr. Prakash Jain, who retires by rotation and being eligible offers himself for re- appointment.
4. To appoint a Director in place of Mr. Kushal Jain, who retires by rotation and being eligible offers himself for re- appointment
5. To appoint Auditors to hold office from the conclusion of this Annual General meeting till conclusion of the next Annual General Meeting and fix their remuneration.

### **SPECIAL BUSINESS**

**6. To pass with or without modification, the following as an ordinary resolution;**

RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 1956, Mr. Nitesh R Lodha, Whole Time Director of the Company be and is hereby redesignated (change in designation) as a Director and Chief Executive Officer of the Company without remuneration w.e.f 30.05.2011. Mr. Nitesh R Lodha shall be continued as Chairman of the company.

“RESOLVED FURTHER THAT the Board of Directors of the company be and are hereby authorised to do all such other acts, deeds, matters and things as may be deemed necessary or expedient to give effect to the above resolution.”

By Order of the Board  
For **RCL Foods Limited**  
(Formerly known as Passari Cellulose Limited)

Place: Chennai  
Date: 30.05.2011

Sd/-  
**Nitesh R Lodha**  
Director

### **Notes**

- a) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of themselves and the proxy need not be a member. (Proxy form is annexed herewith). The proxy form duly completed must be sent so as to reach the Company at its Registered Office of the Company, not less than 48 hours before the commencement of the meeting.
- b) Members / Proxies should bring the Attendance slip sent herewith duly filled in and signed and hand over the same at the entrance of the Hall for attending the meeting.
- c) The Register of Members and Share Transfer Books of the Company shall remain closed from 11.07.2011 to 13.07.2011 (both days inclusive).
- d) The members are requested to intimate to the Company and or to its Share Transfer Agent M/s. Cameo Corporate Services Limited, No.2, Club House Road, Chennai - 600002 for changes, if any, in their registered address along with Pin Code Number.
- e) Members/ Proxies are requested to deposit the enclosed “Attendance Slip” duly filled in and signed for attending the meeting.
- f) Members are requested to quote their Folio Number in all correspondences with the Company.
- g) Members are requested to send query(ies), if any, regarding Audited Accounts at least 10 days before the meeting.
- h) Members are requested to bring with them their copy of the Annual Report in the meeting.
- i) The Company's Shares are under compulsory demat mode and hence the Members are requested to dematerialize their holdings for their convenience.

j) Information pursuant to Clause 49 of the Listing Agreement for directors seeking appointment / re-appointment:-

<b>Name of the Director</b>	<b>Mr. Satish Jain</b>	<b>Mr. Prakash Jain</b>	<b>Mr. Kushal Jain</b>
Date of Birth	01.07.1975	07.03.1949	14.11.1973
Date of Appointment	20.02.2008	22.04.2008	20.10.2009
Qualification	Higher Secondary	B.E.,	B.Com, CA ( Inter )
Experience	12 years in the business of manufacturing & trading of agriculture equipment including pumps, sprayers and other tools	32 years experience in the field of Agro Industries	Has 13 year of experience as Chief Accounts Officer with M/s. Mukesh & Co., Chartered Accountants. And around 7 years of Experience as Bullion merchants which is a family owned business
Directorship in other Public Limited Companies	Pragat Akshay Urja Limited	Pragat Akshay Urja Limited	NIL
Chairman/Membership of the committees of other public limited companies	NIL	Pragat Akshay Urja Limited – Chairman & Managing Director	NIL

By Order of the Board  
**For RCL Foods Limited**  
(Formerly known as Passari Cellulose Limited)

Place: Chennai  
Date: 30.05.2011

Sd/-  
**Nitesh R Lodha**  
Director

**Disclaimer**

*“The following report should be read in conjunction with the audited financial statements and notes for the year ended March 31, 2011 and the audited financial statements and notes for the year ended March 31, 2010. This report contains forward looking statements, which may be identified by their use of words like plans, expects, will, anticipates, believes, intends, projects, estimates or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the company’s strategy for growth, market position, expenditures, and financial results, are forward looking statements. Forward – looking statements are based on certain assumptions and expectations of future events. The company cannot guarantee that these assumptions and expectations are accurate or will be realized. The company’s actual results, performance or achievements could thus differ materially from those projected in any such forward - looking statements. The company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events”.*

## **MANAGEMENT DISCUSSION & ANALYSIS:**

The Branded Packaged Foods business continued to expand rapidly. The range of offerings now comprises more than 50 distinct food products under RCL brand. Your Company is confident of redefining this category on the strength of its insightful understanding of consumers; a robust product development strategy bolstered by the FMCG 'Others'

Your Company's strong farm linkages ensuring access to high quality and select grades of raw materials is a distinct source of sustainable competitive advantage comparing to others in the field.

On the manufacturing front, the business expanded its production capacity by adding few more machineries. Product mix continued to improve driven by enhanced sales of value added products like Khari, Cookies, Mouth freshners and Namkeen etc. which aided, albeit only partially, in neutralising the impact of an unprecedented increase in input costs.

Product portfolio was further expanded in the Ready-to-Eat segment with the introduction of candies and Khakra in the domestic market.

Our brand is now available in Andhaman & Nicobar

Your Company will continue to rapidly scale up the Branded Packaged Foods business drawing upon product development capabilities, branding, sales & distribution competencies to establish itself as the 'most trusted provider of food products in the Indian market'.

Your company launched 19 variants of namkeen viz., papdi, aloo bhujia, plain bhujia, palak sev, tomato sev, methi sev, lasun sev, laung sev, childrens bhel, makai chivda, spicy garlic chivda, panchratna mix, plain sev, khara boondi, masoor dal, channa dal, khatta meetha, gujrathi ganthiya, nylon sev; 3 variants of mouhtfresheners viz., madras supari, gulmarg supari, sweet scented sounf; and 5 variants of chutneys and masalas Viz., kopal plain chutney, koplal garlic chutney, rice podi, tea masala, milk masala during this current financial year 2011 – 2012 in the month of April.

## **INDIA 2020**

According to a new report released by the Confederation of Indian Industry (CII), Fast moving consumer goods (FMCG) industry in India is expected to grow at an annual 12 per cent to become a Rs.4,00,000 crores industry by 2020. The report further state with supportive government policy to remove supply constraints, the industry could even see a 17 per cent growth over the next decade, leading to an overall industry size of Rs.6,20,000 crores by 2020. The robust growth in GDP, rising income levels, especially in the rural areas of the country as also increased urbanisation and evolving consumer lifestyle and buying behaviour are the positive growth drivers.

## DIRECTORS' REPORT

**To the Members,**

Your Directors have pleasure in presenting the 19th Annual Report together with the Audited Statement of Accounts for the financial year ended 31st March, 2011.

Financial Results	(Rs. In '000)	
	31 <sup>st</sup> March, 2011	31 <sup>st</sup> March, 2010
<b>Profit/(Loss) before Interest, Depreciation &amp; Tax</b>	<b>2661.37</b>	<b>3950.89</b>
Less: Interest	897.00	139.00
<b>Profit/(Loss) before Depreciation &amp; Tax</b>	<b>1764.37</b>	<b>3811.89</b>
Less: Depreciation	1018.12	384.83
Less: Diminution in value of investments	---	(221.20)
<b>PROFIT/(LOSS) FOR THE YEAR BEFORE EXCEPTIONAL ITEMS</b>	<b>746.25</b>	<b>3,648.26</b>
Income on account of one time settlement of Loan	---	6705.48
Loss on Disposal of Undertaking	---	(14181.47)
<b>PROFIT/(LOSS ) FOR THE YEAR BEFORE TAX</b>	<b>746.25</b>	<b>(3827.73)</b>
Less: Tax	300.00	(515.00)
Less: Provision for Deferred Taxation	72.18	(73.73)
<b>Profit/(Loss) after tax</b>	<b>518.43</b>	<b>(4269.00)</b>
Deficit in Profit & Loss A/c. Brought Forward	18136.19	(13,867.19)
Carried Forward	(17617.76)	(18136.19)

### CURRENT YEAR AND FUTURE PROSPECTS

The sales achieved during the financial year ended 31<sup>st</sup> March 2011, was Rs. 3,15,97,348/- The profit before Depreciation & Tax for the year ended 2011 was Rs. 17,64,366/-

### DIVIDEND

Your Directors express their inability to recommend any dividend for the period under report.

### DIRECTORS

Mr. Satish Jain, Mr. Prakash Jain and Mr. Kushal Jain are liable to retire by rotation, being eligible offers themselves for reappointment. Your Board recommends their continuation.

### COMPLIANCE CERTIFICATE

In terms of provisions of Section 383 A of the Companies Act, 1956, Compliance Certificate received from a Practicing Company Secretaries is enclosed with this report.

## **AUDITORS**

The retiring auditors M/s. Krishnan & Giri, Chartered Accountants, Chennai have expressed their willingness to be appointed as a statutory auditors of the Company and confirmed that if appointed, their appointment would be within the limits prescribed under section 224 (1 B) of the Companies Act, 1956.

The Comments of the Auditors in their report are self explanatory.

## **DEPOSIT**

The Company has not accepted any deposit pursuant to Section 58A of the Companies Act, 1956.

## **LISTING**

The Company Shares are listed at Bombay Stock Exchange Limited and the Madras Stock Exchange Limited and the necessary listing fees have been paid to the stock exchanges. The Company made delisting application for its securities from the Calcutta Stock Exchange Limited during the second quarter. Subsequently companies securities was delisted with effect from 25.05.2011 vide Exchange notice dated 24.05.2011.

## **PARTICULARS OF EMPLOYEES**

None of the employees is covered under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

## **DEPOSITORY SYSTEM**

Company's Shares are under compulsory demat mode and members are requested to dematerialize their shares for operational convenience.

## **CORPORATE GOVERNANCE**

Report on Corporate Governance along with Certificate thereon is annexed herewith and forms part of our report.

## **RESPONSIBILITY STATEMENT:**

Pursuant to Section 217 (2AA) of the Companies Act, 1956 the Board hereby confirms:

- a) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimate that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period ;
- c) that the Directors has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that the Directors had prepared the annual accounts ongoing concern basis.

## **PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The product manufactured by the Company is material intensive and not power intensive. However, the thrust on energy conservation continues and necessary measures for optimization of energy consumption have been taken. The technology used is indigenous, neither any foreign exchange was earned nor there was any outgo of foreign exchange during the period under report. The quantitative and other details of the various raw materials used are duly given in Notes on Accounts in Schedule 14 to the Statement of Accounts of the Company.



**INFORMATION PURSUANT TO SECTION 217 (1) (e)**

**A. CONSERVATION OF ENERGY:**

**1. POWER AND FUEL CONSUMPTION:**

<b>1. Electricity</b>	<b>Current Year</b>	<b>Previous Year</b>
(a) Unit	5126	1957
Total Amount	30757	11740
Rate/Unit (Rs.)	6	6
(b) Own generation	NIL	NIL
(i) Through Diesel Generator Unit Units per Ltr. of Diesel Oil Cost/ Unit		
(ii) Through Steam turbine/generator Unit Units per Ltr. of fuel oil/gas Cost/Unit		
2. Coal (specify quality and where used)	NIL	NIL
Quantity		
Total Cost		
Average rate		
3. Furnace Oil	NIL	NIL
Quantity (k Ltrs)		
Total amount		
Average Rate		
4. Others/ internal generation (please give details)	NIL	NIL
Quantity		
Total Cost		
Rate/Unit		

## **2. CONSUMPTION PER UNIT OF PRODUCTION**

Since the Company's production is material intensive and not energy intensive, the consumption of energy is at minimum levels.

## **3. RESEARCH AND DEVELOPMENT (R & D)**

The Company has not spent any amount on Research & Development and Technology Absorption. The Company is planning for marketing the products through focused research and consumer feedback.

## **ACKNOWLEDGEMENT**

Your Directors wish to place on record their appreciation for the co-operation received from the employees and support received from various authorities under the Government of Orissa and Tamil Nadu, the Company's Bankers, Business Associates. Your Directors also place on record the whole-hearted support received from employees and Shareholders of the Company.

By Order of the Board  
For **RCL Foods Limited**  
(Formerly known as Passari Cellulose Limited)

Place: Chennai  
Date: 30.05.2011

Sd/-  
**Nitesh R Lodha**  
Director

Sd/-  
**Kushal Jain**  
Director

**COMPLIANCE CERTIFICATE**  
**CIN: L 01407 TN 1992 PLC 075956**

To

The Members

**M/s. RCL FOODS LIMITED**  
**(Formerly known as Passari Cellulose Limited)**

We have examined the registers, records, books and papers of **M/s. RCL FOODS LIMITED** (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the year ending 31<sup>st</sup> March, 2011. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained registers as stated in Annexure `A' to this certificate, as per the provisions of the Act and the rules made thereunder and wherever required entries therein have been recorded.
2. The Company has filed the forms and returns as stated in Annexure `B' to this certificate, with the Registrar of Companies, Chennai, within the time prescribed / with late fees, as applicable, under the Act and the rules made there under.
3. The Company being a Public Limited Company has the minimum prescribed paid up capital.
4. The Board of directors met Seven times on 24.04.2010, 29.05.2010, 14.06.2010, 09.08.2010, 29.09.2010, 15.11.2010 and 09.02.2011 in respect of which meetings notices were given and the proceedings were recorded and signed in the Minutes Book maintained for the purpose.
5. The Company has closed its Register of Members from 22.07.2010 to 24.07.2010.
6. The Annual General Meeting for the financial year ended on 31.03.2010 was held on 24.07.2010 after giving notice to the members of the Company and the resolutions passed thereat were recorded in Minutes Book maintained for the purpose.
7. One extra ordinary meeting was held during the financial year after giving notice to the members of the Company and the resolutions passed thereat were recorded in the Minutes Book maintained for the purpose
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.
9. According to information and explanations given to us, the Company has not entered into any contract falling within the purview of Section 297 of the Act.
10. The Company made necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of directors, Members or Central Government, as the case may be.
12. The Company has not issued any duplicate share certificates during the year.
13. The Company has:
  - (i) not made any allotment of securities during the financial year under review. The Company has delivered all the certificates on lodgment thereof for transfer / transmission or any other purpose in accordance with the provisions of the Act.

(ii) has not deposited any amount in a separate Bank Account as no Dividend was declared during the financial year.

(iii) has not posted warrants to any member of the Company as no dividend was declared during the financial year.

(iv) has not transferred the amounts in unpaid dividend account and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund as there is no such account.

v) Generally, complied with the requirements of Section 217 of the Act.

14. The Board of directors of the Company is duly constituted. There was no appointment of additional directors, alternate directors and directors to fill casual vacancy during the financial year.

15. The Company has passed Special Resolution in its Annual General Meeting held on 24.07.2010 for appointment of Mr. Nitesh R Lodha as Whole time director of the Company for a period of Five years effective from 01.04.2010 and filed the relevant forms with the Registrar of Companies, Chennai.

16. The Company has not appointed any sole -selling agents during the financial year.

17. During the year under review, the Company

a) has approached the Company Law Board, Eastern Region Bench, Kolkata to shift the registered office from the State of Orissa to the State of Tamil Nadu pursuant to section 17 of the Companies Act, 1956 and that the Company Law Board, Eastern Region Bench, Kolkata, had confirmed the alteration to the Registered Office clause of the Memorandum of Association of the Company vide its order 12.05.2010.

b) has made an application to the Registrar of Companies, Chennai for obtaining approval for change in objects clause of the Memorandum of Association of the Company. The Company has obtained Certificate from the Registrar of Companies; Chennai for registration of Special Resolution passed on 24.07.2010 by adopting postal ballot process pursuant to section 192 (A) read with Section 17(1) of the Companies Act 1956.

c) has made an application to the Registrar of Companies, Chennai for obtaining approval for change in name of the Company. Approval of the Registrar of Companies, Chennai u/s. 23 has been received for change in the name of the Company from "PASSARI CELLULOSE LIMITED" to "RCL FOODS LIMITED" vide their fresh certificate of incorporation consequent upon Change of Name dt.04.08.2010."

The Company has not obtained any other approvals of the Central Government, Regional Director or such other authorities as may be prescribed under the various provisions of the Act.

18. The directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.

19. The Company has not issued any shares, debentures or other securities during the financial year.

20. The Company has not bought back any shares during the financial year.

21. The Company has not issued any Preference shares / debentures, hence the question of redeeming any Preference shares / debentures does not arise.

22. There were no transaction necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.

23. The Company has not invited /accepted any deposits falling within the purview of Section 58A during the financial year under review.

24. The amount borrowed by the Company from directors, members, Public, financial institutions, banks and others during the financial year ending 31.03.2011 are within the borrowing limits of the Company and that necessary resolutions as per Section 293(1)(d) of the Act have been passed in duly convened Extra Ordinary General Meeting held on 17.04.2010.

25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has altered the provisions of the memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny after complying with the provisions of the Act.
27. The Company has altered the provisions of the memorandum with respect to the objects of the Company during the year under scrutiny and complied with provisions of the Act.
28. The Company has altered the provisions of the memorandum with respect to the name of the Company.
29. The Company has altered the provisions of the memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has altered its articles of association during the year under review and complied with the provisions of the Act.
31. There was no prosecution initiated against or show cause notices received by the Company, during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. According to information and explanations given to us, the Company has not constituted its own Provident Fund Trust for its employees, therefore provisions of Section 418 of the Act is not applicable to the Company.

**For A.K.JAIN & ASSOCIATES**  
**Company secretaries**

Place: CHENNAI  
Date: 30.05.2011

SD/-  
**BALU SRIDHAR**  
Partner  
C.P.No.3550

### **Annexure A**

#### Registers as maintained by the Company

1. Register of Members u/s 150.
2. Register of Share Transfer.
3. Register of Charges u/s 143.
4. Register of Directors u/s 303.
5. Register of Directors Share Holding u/s 307.
6. Register of Contracts in which Directors are interested u/s 301.
7. Minutes of the meeting of the Board of Directors / Committee(s) along with Attendance Register.
8. Minutes of the meeting of Share Holders & Directors.
9. Register of Investments.

## Annexure B

### Forms and Returns as filed by the Company, during the financial year ending on 31<sup>st</sup> March, 2011 with the Registrar of Companies, Chennai:

1. e Form No.32 for resignation of company secretary w.e.f. 03.04.2010, filed u/s 303(2) on 12.04.2010. (SRN A82651712).
2. e Form No.5 for increased in Authorised Share Capital from Rs. 10 Crores to Rs. 12 Crores w.e.f. 17.04.2010, filed u/s 95, 97/94A(2)/81(4) on 07.05.2010. (SRN: A84626431)
3. e Form No. 23 for Registration of Resolution(s) passed in the Extra Ordinary General Meeting of the Members held on 17.04.2010, filed u/s 192 on 07.05.2010. (SRN: A84626134)
4. e Form No. 21 for notice of the company law board order dated 12.05.2010 filed on 21.05.2010 ( SRN : A85565372 )
5. e Form No. 18 for notice of change of situation of registered office from one state to another filed u/s 146 on 26.05.2010 ( SRN : A85883882 )
6. e Form 1A for application for availability of name filed on 03.06.2010 (SRN : A86429040)
7. e Form No. 61 for intimation of calendar of events pursuant to sec 192 A of the companies act,1956, filed on 19.06.2010 ( SRN : A87450987 ).
8. e Form No. 32 for appointment whole time director w.e.f. 01.04.2010, filed u/s 303(2) with additional fees on 26.07.2010. (SRN A89929202)
9. e Form No. 25C for appointment whole time director w.e.f. 01.04.2010, filed u/s 269 (2) with additional fees on 26.07.2010. (SRN A89928899)
10. e Form No. 23 for Registration of Resolution(s) passed in the Board Meeting held on 24.04.2010, filed u/s 192(4)(c) with additional fees on 26.07.2010. (SRN: A89929350)
11. e Form No. 23 for Registration of Resolution(s) passed through postal ballot, filed u/s 192 on 27.07.2010. (SRN: A90040296)
12. e Form No.32 for confirmation of appointment additional director and whole time director filed u/s 303(2) on 30.07.2010 ( SRN : A90247297 )
13. e Form No. 23 for Registration of Resolution(s) passed in the Annual General Meeting of the Members held on 24.07.2010, filed u/s 192 on 30.07.2010. (SRN: A90244120)
14. e form 1B for approval of change of name filed under section 21 of the companies Act,1956 on 03.08.2010. ( SRN : A90531104 )
15. e Form 23AC & 23ACA - Profit & Loss a/c and Balance Sheet for the year ending 31.03.2010 filed u/s 220 on 11.08.2010 (SRN: P49453871).
16. e Form 20B - Annual Return - Schedule V made up to 24.07.2010 filed u/s 159 with additional fees on 23.09.2010. (SRN: P52769627).

## CORPORATE GOVERNANCE REPORT:

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

Company's philosophy on Corporate Governance envisages the attainment of the highest levels of transparency, accountability and equity in all facets of its operation and in all its interactions of its stake holders including shareholders, employees, the Government and Lenders. The Company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value over a sustained period of time.

### 2. BOARD OF DIRECTORS:

#### a) Composition and category of Directors

The Composition and category of the Board of Directors are detailed hereunder

<b>Name of Directors</b>	<b>Category</b>
Satish Jain	Promoter Director (Non Executive)
Nitesh R Lodha	Chairman – Promoter – Whole Time Director (Executive)*
Prakash Jain	Non Executive Director
D. Suresh Jain	Non Executive Independent Director
Bafna Mahaveer Chand	Non Executive Independent Director
Kushal Jain	Non Executive Independent Director

\* Redesignated from whole time director to director without remuneration w.e.f 30.05.2011

#### b) Attendance of each Director at the Board Meetings and the last Annual General Meeting

<b>Name of Directors</b>	<b>No. of Board Meetings held</b>	<b>No. of Meetings attended</b>	<b>Attendance at the last A.G.M</b>
Satish Jain	7	7	Absent
Nitesh R Lodha	7	7	Present
Prakash Jain	7	7	Absent
D. Suresh Jain	7	5	Present
Bafna Mahaveer Chand	7	6	Present
Kushal Jain	7	7	Present

#### c) Number of other Directorship and Chairmanship/ Membership of Committee of each Director \*

<b>Name of Directors</b>	<b>No. of Directorship in other Boards of other Companies</b>	<b>No. of Chairmanship in Board / Committees of other Companies</b>	<b>No. of Membership in Committees of other Companies</b>
Satish Jain	1	0	0
Nitesh R Lodha	1	0	0
Prakash Jain	1	1	0
D. Suresh Jain	0	0	0
Bafna Mahaveer Chand	2	2	1
Kushal Jain	0	0	0

**Note:** Number of Directorships / Memberships held in other companies excludes Directorships / Memberships in Private Limited Companies, Foreign Companies, membership of various committees of various chambers / bodies and Companies under Section 25 of the Companies Act, 1956 and alternate Directorships whereas the Membership or Chairmanship of any committee includes Audit Committee and Shareholders'/ Invertors' Grievance Committees only.

d) Details of Board Meetings held during the year:

The Board met 7 times during the year and the time gap between two Board Meetings are not more than four months. Details of Board Meetings held during the year 2010 – 2011 are as under:

Date	Board Strength	No. of Directors present
24.04.2010	6	5
29.05.2010	6	6
14.06.2010	6	5
09.08.2010	6	6
29.09.2010	6	5
15.11.2010	6	6
09.02.2011	6	6

**Brief resumes of the Directors proposed to be appointed/re-appointed is mentioned in Point No.(j) of Notes to Notice calling Annual General Meeting.**

**CODE OF CONDUCT:**

The Company has formulated and implemented a Code of Conduct for all Board Members and Senior Management of the Company in compliance with clause 49 of the Listing Agreement. All Board Members and Senior Management personnel has affirmed compliance with the code on annual basis.

**3. COMMITTEE OF THE BOARD:**

**(A) AUDIT COMMITTEE:**

The Audit Committee comprises of the following Non-Executive Independent Directors as on 31.03.2011

- |                             |   |          |
|-----------------------------|---|----------|
| 1. Mr. D Suresh Jain        | - | Chairman |
| 2. Mr. Bafna Mahaveer Chand | - | Member   |
| 3. Mr. Nitesh R Lodha       | - | Member   |

Meetings of the Audit Committee and attendance of the members therein in 2010-2011

Date of Meeting	D. Suresh Jain	Mr. Bafna Mahaveer Chand	Mr. Nitesh Lodha
29.05.2010	Present	Present	Present
09.08.2010	Present	Present	Present
15.11.2010	Present	Present	Present
09.02.2011	Present	Present	Present

All the members of the Committee are eminent in their respective fields and financially literate with sufficient accounting or related financial management expertise.



The Committee acts as a link between the management, auditors and the Board of Directors of the Company and has full access to the financial information. The terms of reference of the Audit Committee are in lieu with Clause 49 II(C) and (D) of the Stock Exchange Listing Agreement coinciding with the provisions under Section 292A of the Companies Act, 1956 and inter alia, includes:

### **FUNCTIONS OF THE COMMITTEE**

#### **i. Review with the management and/or Internal Audit Department and / or Statutory Auditors:**

- i) Company's financial statements and reports;
- ii) Disclosure of Company's financial information to ensure the same is correct, sufficient and credible;
- iii) Changes/ improvements in Financial/Accounting practices;
- iv) Adequacy of Internal Audit Function and Systems and;
- v) Charter of Audit Committee;

#### **II. HOLD DISCUSSION WITH:**

- i) Statutory Auditors, before and after audit on the scope and area of Concern;
- ii) Internal Audit Department on its significant findings and also failure of Internal Control Systems, if any, and
- iii) Management before submission of financial statements to the Board.

#### **iii. Compliance with Accounting Standards, Legal requirements and Ethical Code.**

### **(B) REMUNERATION COMMITTEE:**

The remuneration committee comprises of the following Non-Executive Directors as on 31.03.2011.

- 1. Mr. Bafna Mahaveer Chand - Chairman
- 2. Mr. D Suresh Jain - Member
- 3. Mr. Kushal Jain - Member

<b>Date of Meeting</b>	<b>D. Suresh Jain</b>	<b>Mr. Bafna Mahaveer Chand</b>	<b>Mr. Kushal Jain</b>
24.04.2010	Absent	Present	Present

### **FUNCTIONS OF THE COMMITTEE:**

The function of the Committee is to prescribe payment of Compensation to Directors by way of salary and other perquisites and sitting fees.

#### **Shares/Convertible Instruments held by Non-Executive Independent Directors as on 31.03.2011**

<b>Name of the Non-Executive Independent Directors</b>	<b>No. of shares of the Company</b>	<b>Convertible Instruments</b>
Mr. Bafna Mahaveer Chand	NIL	NA
Mr. D Suresh Jain	NIL	NA
Mr. Kushal Jain	NIL	NA

### **(C) SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE:**

Shareholders'/Investors' Grievance Committee under the Chairmanship of Independent Non-Executive Director comprises of the following Directors as on 31.03.2011.

1. Mr. Kushal Jain - Chairman
2. Mr. D Suresh Jain - Member
3. Mr. Nitesh R Lodha - Member

The Committee met 14 times in the year under review

<b>Date of Meeting</b>	<b>Mr. Kushal Jain</b>	<b>D. Suresh Jain</b>	<b>Mr. Nitesh Lodha</b>
02.04.2010	Present	Present	Present
20.04.2010	Present	Present	Present
22.04.2010	Present	<i>Absent</i>	Present
01.06.2010	Present	Present	Present
07.06.2010	Present	Present	Present
30.06.2010	Present	Present	Present
09.08.2010	Present	Present	Present
20.09.2010	Present	Present	Present
05.10.2010	Present	Present	Present
15.11.2010	Present	Present	Present
22.12.2010	Present	Present	Present
11.02.2011	Present	Present	Present
21.02.2011	Present	Present	Present
31.03.2011	Present	Present	Present

### **FUNCTIONS AND ACTIVITIES:**

The Committee, inter alia, approves issue of duplicate certificates and overseas and reviews all matters connected with the securities transfer. The Committee also looks into redressal of Shareholders'/Investors' complaints like transfer of shares, non-receipt of Balance Sheet etc. during the year under review the Company has generally processed all the applications within time.

### **SHARE TRANSFER SYSTEM:**

The Company's shares are traded in the Stock Exchange compulsorily in Demat mode.

i) Share Transfers: Share transfers are registered and returned in the normal course within a period of 15 days from the date of receipt, if the documents are order in all respects. Request for dematerialization of shares are processed and confirmation is given to the respective depositories i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CSDL) within 15 days.

ii) Investor Correspondence: Shareholders can send in their correspondence to No.84/85, Walltax Road, Chennai – 600 003 of the Company at or to the share transfer agents at the above address.

iii) Intimation of change of address, bank details etc. All the members are requested to notify immediately any change in their address, bank details, and bank mandate and nominate details to the Registrar and Share transfer agent of the Company.

M/s. Cameo Corporate Services Limited  
No.2, Club House Road,  
Chennai 600 002  
Ph: (044) 2846 0390 (6 Lines)

iv) Investor Grievances & Share Transfer

During the year 56 transfer deeds comprising of 18,300 shares were received for Physical Transfer. 1300 shares were received for transmission. Requests received for dematerialization of shares were generally processed promptly.

The Company has a regular system of attending to investor grievances. These grievances are promptly attended to and there is no complaint pending as on date.

**4. GENERAL BODY MEETINGS:**

(i) The last three Annual General Meetings of the Company were held as under:

Year	Location	Date	Time
2007-2008	Passari Cellulose Limited 20, Balgopalpur Industrial Estate Balasore, Orissa - 756020	16.07.2008	11 AM
2008-2009	-do-	17.09.2009	11 AM
2009-2010	Ajanta Hall, Hotel Deccan Plaza, No.36, Royapettah High Road, Royapettah, Chennai – 600 014	24.07.2010	11 AM

(ii). Special resolutions passed in the previous 3 AGMs

16 <sup>th</sup> AGM - 16.07.2008	17 <sup>th</sup> AGM - 17.09.2009	18 <sup>th</sup> AGM – 24.07.2010
<p><b>Item No. 10</b></p> <p>Shifting of Registered office from the state of Orissa to Tamil Nadu</p> <p><b>Item No.11</b></p> <p>Resolution u/s 81 for preferential allotment of shares</p> <p><b>Item No.12</b></p> <p>Resolution u/s 17 for object change by alteration of memorandum of association through postal ballot process</p> <p><b>Item No.13</b></p> <p>Resolution u/s 81 for preferential allotment of shares to re issue forfeited shares</p>	<p><b>Item No.6</b></p> <p>Shifting of Registered office from the state of Orissa to Tamil Nadu</p> <p><b>Item No.7</b></p> <p>Ratification of resolution passed by shareholders on 14.01.2009, the act of Board to issue and allot 12,27,500 Equity shares at a premium of Rs.5.25/- per share instead of Rs.5.00/- per share.</p>	<p><b>Item No.6</b></p> <p>Appointment / confirmation of Mr. Nitesh Lodha as Whole time Director with the remuneration of Rs.40,000/- p.m for a period of five years.</p> <p><b>Item No.7</b></p> <p>Approval for paying Sitting fees to Non executive directors</p> <p><b>Item No.8</b></p> <p>Resolution u/s 17 for object change by alteration of memorandum of association through postal ballot process</p> <p><b>Item No.9</b></p> <p>Resolution u/s 21 for name change from Passari Cellulose Limited to RCL Foods Limited.</p>

iii. Special resolution passed last year through postal ballot – details of voting pattern

The company passed special resolution for change of its object by deletion of existing object No.1 and new object was replaced / substituted / amended in place of existing object no.3.

Summary of the postal ballot forms received

<b>Particulars</b>	<b>No. of postal ballot forms</b>	<b>No. of shares</b>	<b>% of total paid up equity capital</b>
(a) Total postal ballot forms received	43	1616556	35.55
(b) <b>Less:</b> Invalid postal ballot forms	4	17928	0.39
(c) Net valid postal ballot forms (as per register)	39	1598628	35.16
(d) Postal ballot forms with assent for the Resolution	39	1598628	35.16
(e) Postal ballot forms with dissent for the resolution	0	0	0

Voting pattern

Number of valid postal ballot forms received	39
Votes in favour of the Resolution	1598628
Votes against the Resolution	0
Number of invalid postal ballot	4

iv. **Person who conducted the postal ballot exercise**

The Board of Directors appointed Mr. Balu Sridhar, partner of M/s. A.K Jain & Associates, Company Secretaries, as Scrutinizer for conducting this Postal Ballot voting process in a fair and transparent manner.

v. **Procedure for postal ballot**

- (i) Board meeting held on 14.06.2010 approved the proposal for conducting Postal Ballot to seek the approval of the Members of the Company by Special Resolution for purpose of altering the Memorandum of Association by deletion and alteration to the Main Objects clause.
- (ii) The company gave paper advertisement on 21.06.2010 intimating the dispatch of notice of postal ballot.
- (iii) The company completed the dispatch of postal ballot forms along with postage prepaid business reply envelope to its Members whose name(s) appeared on the Register of Members/list of beneficiaries as on 18.06.2010, on 21.06.2010
- (iv) Particulars of all the postal ballot forms received from the Members have been entered in a register separately maintained for the purpose.
- (v) The postal ballot forms were kept under safe custody in sealed and tamper proof ballot boxes before commencing the scrutiny of such postal ballot forms.
- (vi) The ballot boxes were opened on 21.07.2010 after the closing hours by the Scrutinizers.
- (vii) The postal ballot forms were duly opened by the Scrutinizers and scrutinized and the shareholding was matched/ confirmed with the Register of Members of the Company/list of beneficiaries as on 18.06.2010.
- (viii) All postal ballot forms received upto the close of working hours on 21.07.2010, the last date and time fixed by the company for receipt of the forms, were considered for the scrutiny.
- (ix) Envelopes containing postal ballot forms received after closing hours on 21.07.2010 were not considered for the scrutiny.

## **5. DISCLOSURES:**

(i) The financial statements are prepared following the Accounting Standards and there is no deviation from it.

(ii) Disclosures on materially significant related party transactions, i.e. transactions of the Company of material nature, with its promoters, the Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.

There are no significant transactions with related parties which may have a potential conflict with the interests of the Company. The Register of Contracts containing transactions in which directors are interested is placed before the Board regularly.

(iii) Details of non-compliance by the Company, penalties, and strictures imposed on the Company by the Stock Exchange or SEBI or any statutory authority or any matter related to Capital Markets, during the last three years:

There were no such significant instances of non-compliances of any matter related to the capital markets during the last year.

(iv) The Company has complied with all the mandatory and non-mandatory requirements of the revised Clause 49 of the Listing Agreement. The extents of compliance of the following non-mandatory requirements are given below:

(a) With regard to training of Board Members, the directors of the Company are continuously trained in the business model of the Company and the risk profile of business parameters through various presentations at Board/Committee Meetings.

(b) With regard to Whistle Blower Policy, the Company is examining the formulation and implementation of the same, after which the same would be submitted to the Board.

## **6. SUBSIDIARY COMPANY:**

The Company does not have any subsidiary Company.

## **7. MEANS OF COMMUNICATION:**

The Company's Notice, Results etc. generally published in 'Trinity Mirror' (in English) and in 'Makkal Kural' (in Tamil). Whereas the printed Annual Report along with statement of accounts and notices convening the Annual General Meeting are mailed to the shareholders.

The unaudited quarterly financial results, limited review by the Auditors and the audited full year financial results are sent to the Bombay Stock Exchange Limited, The Calcutta Stock Exchange Association Ltd and Madras Stock Exchange Limited, within the specified time limit.

## **8. CEO/CFO CERTIFICATE:**

The CEO / Director of the Company have certified to the Board that the particulars as stipulated vide Clause 49 V of the Listing Agreement is complied.

## **9. GENERAL SHAREHOLDER INFORMATION:**

### **(a) Annual General Meeting**

Date & Time : 13.07.2011, 11 A.M  
Venue : YMCA Madras Youth Centre,  
No.6/74, Ritherdon Road, Vepery,  
Chennai – 600 007

### **(b) Financial Calendar 2011-2012 (tentative)**

Annual General Meeting (next year)	- September 2012
Results for the quarter ending June 30, 2011	- Last week of July 2011
Results for the quarter ending Sept. 30, 2011	- Last week of Oct. 2011
Results for the quarter ending Dec. 31, 2011	- Last week of Jan. 2012
Results for the quarter ending Mar. 31, 2012	- Last week of April 2012

**(c) Book Closure date:**

The Register of Members and Share Transfer records shall be closed from 11.07.2011 to 13.07.2011 (both days inclusive) for the purpose of AGM.

**(d) Listing:**

Shares are Currently listed at:

i) The Bombay Stock Exchange Limited  
Phiroze Jeejeebhoy Towers, Dalal Street  
Mumbai – 400 001

ii) Madras Stock Exchange Limited,  
No.30, Second Line Beach,  
Chennai – 600 001

**Note:**

The Company made application to Madras Stock Exchange Ltd on 29.11.2010 for listing of its securities and same was approved/ accepted and listed with the Exchange w.e.f 30.12.2010.

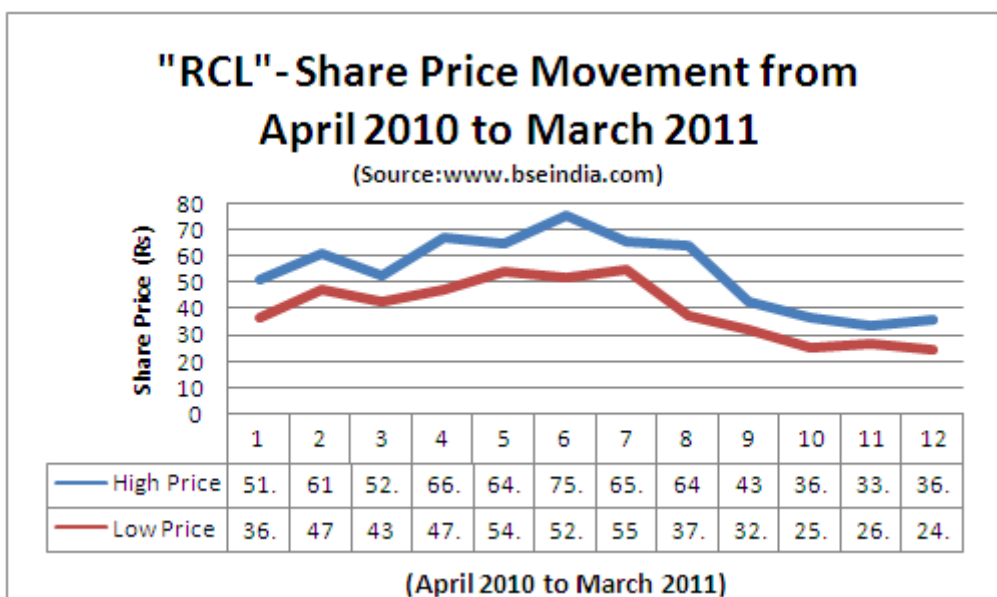
The company made application to Calcutta Stock Exchange Ltd for delisting of its securities in terms of SEBI (Delisting of Securities) Guidelines, 2009. The same was approved and delisted w.e.f 25.05.2011 vide Calcutta Stock Exchange general notice dated 24.05.2011.

Demat : ISIN: INE 008F01014  
Scrip Code : 530923  
CIN : L 01407 TN 1992 PLC 075956

The Listing Fees for the Stock Exchanges are paid upto 31.03.2011.

e) Market Price Data & Performance:

i) Stock Market Price & Stock Performance - BSE



**(f) Registrar & Share Transfer Agent:**

Cameo Corporate Services Limited  
No.2, Club House Road,  
Chennai 600 002

Phone : 044 - 2846 0390  
Fax : 044 – 2846 0129  
Email : [investor@cameoindia.com](mailto:investor@cameoindia.com)

**Depositories** : The National Securities Depository Limited  
4th Floor, Trade World  
Kamala Mill compound  
Senapati Bapat Marg  
Lower Parel, Mumbai – 400 013

Central Depository Services (India) Limited  
Phirozee Jeejeebhoy Towers  
17th Floor Dalal Street  
Mumbai – 400 001

**(g) Distribution of Shareholding (as on 31.3.2011)**

<b>Category</b>	<b>No. of Shares Held</b>	<b>% of Share Holding</b>
<b>A. Promoter(s) Holding</b>		
1. <u>Promoters</u>		
a. Indian Promoters	756060	16.63
b. Foreign Promoters		
Sub-Total	756060	16.63
2. Persons Acting in concert	212497	04.67
<b>B. Non-Promoters Holding</b>		
3. <u>Institutional Investors</u>		
a. Mutual Funds & UTI	--	--
b. Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/ Non-Government Institutions)	--	--
c. FIIS	--	--
Sub-Total	--	--
4. <u>Others</u>		
a. Bodies Corporate	1102751	24.25
b. Individual Holding		
(i) Nominal Share Capital upto Rs.1 Lakh	1182389	26.00
(ii) Nominal Share Capital in excess of Rs.1 Lakh	1054713	23.19
c. Any Other		
Clearing Members	31566	00.69
Hindu Undivided Families	187474	04.12
Non Resident Indians	2700	00.06
Trust	17350	00.39
Sub-Total	239090	5.26
<b>GRAND TOTAL</b>	<b>4547500</b>	<b>100.00</b>

(ii) Distribution Schedule (as on 31.03.2011)

Share Holding	Share Holders	%	No. of Shares	%
10 - 5000	2390	80.26	498703	10.97
5001 - 10000	317	10.64	244688	5.38
10001- 20000	117	3.93	171592	3.77
20001- 30000	48	1.61	122725	2.71
30001- 40000	14	0.47	51855	1.14
40001- 50000	8	0.27	37045	0.81
50001- 100000	35	1.17	282479	6.21
100001- Above	49	1.65	3138413	69.01
Total	2978	100.00	4547500	100.00

(iii) Holding pattern as on 31.03.2011

	Shareholders		Shares	
	No.	%	No.	%
Physical	1540	51.71	699205	15.38
NSDL	812	27.27	1997307	43.92
CDSL	626	21.02	1850988	40.70
TOTAL	2978	100.00	4547500	100.00

(h) i) Address for correspondence : No.84/85, Walltax Road, First Floor,  
Chennai - 600 003.

ii) Any query on Annual Report : No.84/85, Walltax Road, First Floor,  
Chennai- 600 003.

iii) Investor Correspondence:

Cameo Corporate Services Limited  
No.2, Club House Road,  
Chennai 600 002

Phone : 044 - 2846 0390  
Fax : 044 – 2846 0129  
Email : investor@cameoindia.com

**COMPLIANCE OFFICER:**

**Name** : Mr. Nitesh R Lodha  
**Address** : No.84/85, Walltax Road, Chennai – 600 003  
**Phone No** : (044) 2534 5283  
**Fax No.** : (044) 2534 5275  
**Email** : [rcffoods@gmail.com](mailto:rcffoods@gmail.com)



## **10. MANAGEMENT ANALYSIS AND REVIEW:**

### **a. Industry structure & Development:**

India is the second largest producer of food in the world. Whether it is canned food, processed food, food grains, dairy products, frozen food etc, the Indian agro industry has a huge potential, the significance and growth of which will never cease. A few years ago, companies struggled to sell packaged foods. But now it is much easier to break into the Indian market because of a younger population, higher incomes, new technologies and a growing middle class, estimated at 50 million households. An average Indian spends around 53 per cent of his/her income on food. The domestic market for processed foods is not only huge but is growing fast in tandem with the economy. It is estimated to be worth \$90 billion. Processed Food Manufacturing companies are required to be persistent and must adapt products to the Indian cultural preferences. With modernization, innovation and incorporation of latest trends and technology in the entire food chain as well as agro-production, the total production capacity of agro products in India and the world is likely to double by the next decade.

### **b. Opportunities & Threats**

The Company deals in FMCG goods like mouth Fresheners; Agro based processed food products, Ready to eat Foods and Bakery products. There is a positive support from the Government for manufacturing of Agro based processed food products. Moreover, the Indian Government is providing stimulus wherever possible by cutting taxes and duties and granting of Subsidies, in order to increase the consumption among the consumer fraternity. Since the company is manufacturing Agro based processed food products, timely availability of raw material and failure of crops is a threat to your Company.

### **c. Segment-wise analysis**

Your Company is concentrating in only one segment i.e., Manufacturing and trading of Agri based Fast Moving Consumer Goods and Food Products.

### **d. Outlook:**

The company is planning to introduce the following products in the years to come like, additional Variety of Mouth Freshener, Bakery Products like Khari, Cookies, Dry Amla and Dry Chapatti (Khakra), Namkeens. These products are having good market both domestic and international market. The Company has appointed 10 dealers for marketing the products in the following states Tamil Nadu, Kerala and Karnataka.

Our endeavour to drive organic growth is driven by a two pronged strategy. Firstly, we are focusing on expanding the number and variety of products offered to customers across categories based upon focused research and consumer feedback. Secondly, our thrust is on enhancing distribution and presence in the country.

### **e. Risks and concerns**

The key risks that affect the functioning of the Company and are actively considered for risk management activities are:

- Seasonal Fluctuations / Failure of Crops / Non availability of raw materials
- Economic depression and inflation
- Shelf Life of the products of the Company
- Labour shortages and attrition of key staff
- Increasing costs of raw material, transport and storage

Compliance and regulatory pressures including changes to tax laws.

### **f. Internal control systems and their adequacy**

Your Company has in place, adequate internal control systems and procedures commensurate with the size and nature of our business. The system is designed to adequately ensure that financial and other records are reliable for preparing financial information and other data and for maintaining accountability of assets. These procedures are designed to ensure that:

? An effective and adequate internal control environment is maintained across the Company.

? All assets and resources are acquired economically, used efficiently and are adequately protected.

? Significant financial, managerial and operating information is accurate, reliable and is provided timely, and

? All internal policies and statutory guidelines are complied with.

**g. Discussion on financial performance with respect to operational performance.**

The sales achieved during the financial year ended 31<sup>st</sup> March 2011, was Rs. 3,15,97,348/-. The Company producing FMCG products like mouth freshers, Dry Chappati (Khakra), Namkeen, additional Variety of Mouth Freshner, Bakery Products like Khari, Cookies, Dry Amla, etc., in different sizes, shapes and tastes throughout the year. The Company has appointed 10 dealers for marketing the products in the States of Tamil Nadu.

**h. Material developments in human resources / industrial relations front, including number of people employed**

The Company is continuously endeavoring to align the employee's objectives with the business objectives of the organization through its HR policies, process and other development initiatives to achieve its organizational goals. Industrial relations have been cordial. The total number of employees in the Company during the financial year 2010 – 2011 was 5 permanent employees. The Company also engages the services of Casual labourers on weekly basis as and when the need arises.

**11. CAUTIONARY STATEMENT:**

Details given herein above relating to various activities and future plans may be forward looking statements within the meaning of applicable laws and regulations. The actual performance may differ from those expressed or implied.

**12. CERTIFICATE:**

The Company has obtained the Certificate from M/s. AK Jain & Associates, Company Secretaries regarding compliance of Corporate Governance as stipulated in Clause 49 of the listing agreement and the same is annexed.

All material requirements with respect to Corporate Governance as stipulated in the Listing Agreement have been complied with.

On behalf of the Board  
**For RCL Foods Limited**  
(Formerly known as Passari Cellulose Limited)

Place: Chennai  
Date: 30.05.2011

Sd/-  
**Nitesh R Lodha**  
Director

**CERTIFICATE OF COMPLIANCE OF THE CODE OF CONDUCT OF THE COMPANY:**

This is to confirm that a code of conduct for the Board Members and Senior Management Personnel of the Company has been adopted in the Board Meeting held on 31.01.2006. The Code of Conduct as adopted by the Board was also circulated. The Company received declarations affirming compliance of the Code from the persons concerned for the Financial Year ended 31<sup>st</sup> March, 2011. The same has also been noted by the Board.

Place: Chennai  
Date: 30.05.2011

On behalf of the Board  
**For RCL Foods Limited**  
(Formerly known as Passari Cellulose Limited)  
Sd/-  
**Nitesh R Lodha**  
Director

**CERTIFICATE OF CORPORATE GOVERNANCE**

To

The Members of

RCL Foods Limited

(Formerly known as Passari Cellulose Limited)

We have examined the compliance of conditions of Corporate Governance by RCL Foods Limited (Formerly Known as Passari Cellulose Limited) for the year ended on 31<sup>st</sup> March, 2011 as stipulated in Clause 49 of the Listing Agreements of the said Company with Stock Exchange(s) in India.

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

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has generally complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreement and that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by Company's Registrar and Transfer Agents.

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.

Place : Chennai  
Date : 30.05.2011

For **A.K. Jain & Associates**  
Company Secretaries  
Sd/-  
**Balu Sridhar**  
CP No.3550

**AUDITOR'S REPORT TO THE MEMBERS OF**  
**RCL FOODS LIMITED**

We have audited the attached Balance Sheet of **RCL FOODS LIMITED** (Formerly Known as Passari Cellulose Limited), as at 31st March, 2011, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These 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.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those statements require 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditors' Report) Order, 2003 issued by the Department of company affairs in June 2003 in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.
2. Further to our comments in the annexure referred to in paragraph '1' above :-
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b. In our opinion, proper books of account as required by law have been maintained by the Company so far as it appears from our examination of such books.
  - c. The Balance Sheet and the Profit and Loss Account and the Cash Flow Statement referred to in this report are in agreement with the books of account and comply with the Accounting Standards specified in Sec. 211(3A) of the Companies Act, 1956.
  - d. On the basis of written representation received from the Directors as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors are disqualified as at March 31, 2011 from being appointed as a director u/s 274 (1) (g) of the Companies Act, 1956.

In our opinion and to the best of our information and explanations given to us, the said accounts read together with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :

- i. in the case of Balance Sheet of the state of affairs of the company as at 31st March 2011 and
- ii. in the case of Profit and Loss Account the **PROFIT** for the year ended as on that date; and
- iii. in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Place : CHENNAI  
Dated : 30-05-2011

For **KRISHNAN & GIRI**  
Chartered Accountants

**(M. JAYANTILAL JAIN)**  
Partner  
Membership No. 029712  
Firm Regn No. 001512S

**ANNEXURE**  
**RE : RCL FOODS LIMITED**  
**REFERRED TO IN PARAGRAPH (1) OF OUR REPORT OF EVEN DATE**

1. The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets. All the assets have been physically verified by the management and no serious discrepancies were noticed on such verification of the Fixed Assets.
2. The stock of raw materials, packing materials and finished goods has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable and adequate in relation to the size of the company and nature of its business.

The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.

In our opinion, the company has maintained proper records of its inventory. No material discrepancies have been noticed on verification between physical stock and book records.

3. In our opinion, the terms and conditions on which loans have been taken from a party listed in the register maintained under Sec. 301 of the Companies Act, 1956, are prima facie not prejudicial to the interests of the Company. The balance outstanding at the end of the year is Rs.9,55,000/-. The company has not advanced amounts to any party listed in the register maintained under Section 301 of the Companies Act, 1956.
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 nature of its business, for purchase of inventories, fixed assets and for the sale of goods.
5. In our opinion, and according to the information and explanations given to us, the company has not entered into transactions made in pursuance of contracts and arrangements entered into in the register maintained U/S 301 of the Companies Act, 1956.
6. In our opinion, and according to the information and explanations given to us, the company has not accepted any deposit within the meaning of provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
7. We have been informed that the Company is in the process of setting up an internal audit system, which would be in operation from the next year.
8. According to the information and explanations given to us, the Central Government has not prescribed for the maintenance of cost records required to be maintained Under Section 209(1)(d) of the Companies Act, 1956.
9. According to the information and explanations given to us, the provisions of Employees Provident Fund and Miscellaneous Provisions Act, 1952 and the Employees State Insurance Act, 1948 are not applicable to the company

According to the information and explanations given to us and on the basis of our examination of books of account, the Company is regular in depositing undisputed material statutory dues including Income tax, sale tax, VAT, cess with appropriate authorities during the year.

According to the information and explanations given to us and on the basis of our examination of books of account, there are no undisputed material statutory dues payable in respect of Income tax, sale tax, VAT, cess and others which are in arrears as on 31<sup>st</sup> March, 2011.

10. On the basis of the audited financial statements, the accumulated loss of the company at the close of the year is **Rs.176.18 Lakhs** which is not more than 50% of its net worth. The Company has not incurred cash loss during the year.

11. The company has not issued any debentures and has not taken any loan from any financial institution. In respect of loan taken from a Bank, the company has not defaulted in repayment of installments during the year.
12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4(xii) of the Order is not applicable.
13. The company is not a Chit fund, Nidhi, Mutual benefit fund or a Society. Accordingly, clause 4(xiii) of the Order is not applicable.
14. According to the information and explanations given to us, the company has maintained proper records in respect of the transactions for shares and has been duly entered into on a timely basis. Further on verification, it is observed that the investments have been held by the company in its own name.
15. On the basis of information and explanations given to us, the company has not given guarantee to any Bank on behalf of other parties.
16. The company has not taken any term loans during the year. Hence clause 4(xvi) is not applicable to the company.
17. In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements, the funds raised on short term basis have not been used for long term investment.
18. The company has not any made preferential allotment of shares during the year.
19. The company has not issued debentures. Hence, clause 4(xix) of the Order is not applicable to the company.
20. The company has not raised any money by way of public issues during the year.
21. As represented to us by the management and based on our examination in the normal course of audit , no fraud on or by the company has been noticed or reported during the year.

Place :CHENNAI  
Dated : 30.05.2011

For **KRISHNAN & GIRI**  
Chartered Accountants  
  
**(M.JAYANTILAL JAIN)**  
Partner  
Membership No: 029712  
Firm Regn No. 001512S

**M/S. RCL FOODS LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH, 2011**

	SCHEDULE		FIGURES AS AT 31.03.2011 Rs.	FIGURES AS AT 31.03.2010 Rs.
<b>SOURCES OF FUNDS :</b>				
<b>SHAREHOLDERS FUND</b>				
Share Capital	1	45,475,000		45,475,000
Reserves & Surplus	2	10,781,485		10,781,485
			56,256,485	56,256,485
<b>LOAN FUNDS :</b>				
Secured Loans	3		327,766	482,021
UnSecured Loans	4		5,119,218	2,548,825
<b>TOTAL</b>			<b>61,703,469</b>	<b>59,287,331</b>
<b>APPLICATION OF FUNDS :</b>				
<b>FIXED ASSETS</b>				
Gross Block	5	7,912,492		3,639,437
Less: Depreciation		1,499,617		481,500
<b>Net Block</b>			6,412,875	3,157,937
<b>INVESTMENTS</b>	6		12,911,160	10,029,419.21
<b>DEFERRED TAX ASSET</b>			145,909	73,730
<b>CURRENT ASSETS , LOANS &amp; ADVANCES</b>				
Current Assets :				
Inventories	7	1,589,066		4,077,159
Sundry Debtors	8	6,943,036		19,812,986
Cash & Bank Balance	9	620,548		564,409
Loans & Advances	10	18,183,460		14,840,088
<b>A</b>		<b>27,336,111</b>		<b>39,294,642</b>
<b>Less: CURRENT LIABILITIES &amp; PROVISIONS</b>				
Current Liabilites	11	2,019,788		11,020,102
Provisions	12	880,561		534,520
<b>B</b>		<b>2,900,349</b>		<b>11,554,622</b>
<b>Net Current Assets</b>	<b>A-B</b>		24,435,762	27,740,020
<b>MISCELLANEOUS EXPENDITURE</b>	13		180,000	150,000
( To the extent not Written off/adjusted)				
<b>Deficit Balance in Profit &amp; Loss Account</b>			17,617,763	18,136,224
<b>TOTAL</b>			<b>61,703,469</b>	<b>59,287,331</b>
<b>NOTES ON ACCOUNTS</b>				
20				
The Schedules referred to herein forms an integral part of this Balance Sheet				
"This is the Balance Sheet referred to in our report of even date"				
		For KRISHNAN & GIRI Chartered Accountants	for RCL FOODS LIMITED	
		Sd/-	Sd/-	Sd/-
Place : Chennai		(M. JAYANTILAL JAIN)	NITESH R	KUSHAL
Dated :30.05.2011		Partner	LODHA	JAIN
		M No. 029712	DIRECTOR	DIRECTOR
		Firm Regn No.001512S		

M/S. RCL FOODS LIMITED

<b>PROFIT &amp; LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2011</b>			
	<b>SCHEDULE</b>	<b>FIGURES FOR THE YEAR Rs.</b>	<b>PREVIOUS YEAR FIGURES Rs.</b>
<b>INCOME :</b>			
Sales		31,597,348	50,507,931
Other Income		893,110	573,475
Increase/(Decrease) in Stock	<b>14</b>	(2,959,531)	449,963
		<b>29,530,927</b>	<b>51,531,368</b>
<b>EXPENDITURE :</b>			
Materials consumed/Cost of Purchases	<b>15</b>	23,608,081	45,564,474
Manufacturing Expenses	<b>16</b>	1,146,677	317,740
Administrative Expenses	<b>17</b>	1,841,014	1,617,322
Selling & Distribution Expenses	<b>18</b>	273,786	80,948
Finance Charges	<b>19</b>	897,003	138,998
		<b>27,766,561</b>	<b>47,719,482</b>
<b>PROFIT/(LOSS )BEFORE DEPRECIATION</b>		<b>1,764,366</b>	<b>3,811,886</b>
<b>Less/(ADD) :Depreciation</b>		1,018,117	384,827
<b>Provision( diminution Value of Investments)</b>		-	(221,200)
<b>PROFIT/(LOSS) FOR THE YEAR BEFORE EXCEPTIONAL ITEMS</b>		<b>746,249</b>	<b>3,648,259</b>
Exceptional Items (Refer Notes 1 (C) and 4			
-Income on account of one time settlement of Loan		-	6,705,480
-Loss on Disposal of Undertaking		-	(14,181,470)
<b>PROFIT/(LOSS ) FOR THE YEAR BEFORE TAX</b>		<b>746,249</b>	<b>(3,827,731)</b>
<b>Less: Provision for Current Tax(FBT)</b>		300,000	515,000
<b>Deferred Tax Asset/(Liability)</b>		72,179	73,730
<b>PROFIT/(LOSS ) AFTER TAX</b>		<b>518,428</b>	<b>(4,269,001)</b>
<b>LESS:DEFICIT BROUGHT FORWARD FROM PREVIOUS YEAR</b>		<b>18,136,191</b>	<b>13,867,190</b>
<b>DEFICIT CARRIED TO BALANCE SHEET</b>		<b>(17,617,763)</b>	<b>18,136,191</b>
<b>BASIC EARNINGS PER SHARE(EPS)</b>		0.11	0.71
<b>NOTES ON ACCOUNTS</b>	<b>20</b>		
<p>The Schedules referred to herein forms an integral part of this Profit &amp; Loss Account                      "This is the Profit &amp; Loss Account referred to in our report of even date"</p>			
	for KRISHNAN & GIRI Chartered Accountants	for RCL FOODS LIMITED	
	Sd/- (M. JAYANTILAL JAIN)	Sd/- NITESH R LODHA	Sd/- KUSHAL JAIN
Place : Chennai	Partner	Director	Director
Dated :30.05.2011	M.No.: 029712		
	Firm Regn No.001512S		



<b>M/S. RCL FOODS LIMITED</b>		
<b>SCHEDULES FORMING PART OF THE BALANCE SHEET</b>		
	<b>FIGURES AS AT 31.03.2011</b>	<b>FIGURES AS AT 31.03.2010</b>
<b>SCHEDULE 1 :</b>	<b>Rs.</b>	<b>Rs.</b>
<b><u>SHARE CAPITAL</u></b>		
<b>AUTHORISED</b>		
1,20,00,000 Equity Shares of Rs.10/- each (Previous Year 1,00,00,000/- Equity shares of 10/- each)	<b>120,000,000</b>	<b>100,000,000</b>
<b><u>ISSUED,SUBSCRIBED &amp; PAID UP</u></b>		
45,47,500 Equity Shares of Rs.10/-each fully paid up <b>(Previous Year 45,47,500 shares)</b>	45,475,000	45,475,000
	<b>45,475,000</b>	<b>45,475,000</b>
<b>SCHEDULE 2 :</b>		
<b><u>RESERVES &amp; SURPLUS</u></b>		
Capital Reserve		
-On account of Shares forfeited	3,512,710	3,512,710
-Capital Subsidy	824,400	824,400
Share Premium	6,444,375	6,444,375
	<b>10,781,485</b>	<b>10,781,485</b>
<b>SCHEDULE 3 :</b>		
<b><u>SECURED LOANS</u></b>		
From Others -Vehicle Loan (Secured by Hire Purchase Agreement)	327,766	482,021
	<b>327,766</b>	<b>482,021</b>
<b>SCHEDULE 4 :</b>		
<b><u>UNSECURED LOANS</u></b>		
From a Director	955,000	-
From Body Corporates	4,164,218	<b>2,548,825</b>
	<b>5,119,218</b>	<b>2,548,825</b>

**M/S. RCL FOODS LIMITED**  
**FIXED ASSETS**

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS ON	ADDITION	(DELETIONS)	AS AT	AS ON	FOR THE	ADJUST	AS AT	AS AT	AS AT
	01.04.2010			31.03.2011	01.04.2010	YEAR	MENT	31.03.2011	31.03.2011	31.03.2010
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
LAND	345143			345143	0	0	0	0	345143	345143
GENERATOR	0	263936		263936	0	15088	15088	15088	248848	0
PLANT & MACHINERY	1932648	3925303		5857951	143061	636040	779101	779101	5078850	1789587
FACTORY EQUIPMENTS ELECTRONIC WEIGH MACHINE	0			0	0	0	0	0	0	0
FURNITURE & FIXTURES OFFICE EQUIPMENTS	25397	22500		22500	0	1105	1105	1105	21395	0
VEHICLES	1260099	47116		72513	6792	7552	14344	14344	58169	18605
COMPUTER & PRINTER SOFTWARE	54850	14200		14200	0	1633	1633	1633	12567	0
	3639437	4273055	0	7912492	481500	1018117	1499617	1499617	6412875	3157937
<b>PREVIOUS YEAR FIGURES</b>	<b>26303000</b>	<b>0</b>		<b>28111604</b>	<b>7937000</b>	<b>96673</b>	<b>8033673</b>	<b>8033673</b>	<b>20077931</b>	<b>18365678</b>

<b>SCHEDULE 6 :</b> <b><u>INVESTMENTS</u></b> <b><u>(LONG TERM , AT COST)</u></b> <b><u>Unquoted, Fully paid-up</u></b>	<b>QTY</b>		
Equity Shares of Passari Organics Private Limited @ Rs.10/- each		5,711,160	5,711,160
Equity shares of Altona (Exim) Private Limited @ Rs.10/-each		300,000	300,000
Equity shares of MBR Promoters Private Limited @ Rs.10/- each		400,000	400,000
Equity shares of Udhya Energy Phtovolticas Pvt Ltd., Private Limited @ Rs.20/- each		3,500,000	3,500,000
Equity shares of RCL Retail Pvt Ltd., Private Limited @ Rs.10/- each		3,000,000	-
	<b>A</b>	<b>12,911,160</b>	<b>9,911,160</b>
<b><u>(CURRENT INVESTMENTS, AT COST)</u></b> <b><u>Quoted Investments, Fully Paid-Up</u></b>			
Edserve Soft Systems limited	<b>B</b>	-	118,259
		-	<b>118,259</b>
<b>Aggregate cost of total Investments</b>	<b>(A+B)</b>	<b>12,911,160</b>	<b>10,029,419</b>
<b>Value of Total Investments</b>		<b>12,911,160</b>	<b>10,029,419</b>
* Current quoted investmets are valued at lower of Cost and fair value.			
<b>SCHEDULE 7 :</b> <b><u>INVENTORIES</u></b> (As taken, valued & certified by Management)			
Raw Materials ( At Cost)		248,743	38,000
Packing Materials (At Cost)		976,804	716,110
Finished Goods ( Cost or Market Value which ever is lower)		363,519	3,323,049
		<b>1,589,066</b>	<b>4,077,159</b>
<b>SCHEDULE 8 :</b> <b><u>SUNDRY DEBTORS</u></b> (Unsecured, considered good)			
More than six months		1,498,494	3,486,968
Others		5,444,543	16,326,018
		<b>6,943,036</b>	<b>19,812,986</b>
<b>SCHEDULE 9 :</b> <b><u>CASH &amp; BANK BALANCE</u></b>			
Cash in hand (As certified by the Management)		599,831	40,768
Balance with Scheduled Banks In Current Accounts		20,717	523,641
		<b>620,548</b>	<b>564,409</b>
<b>SCHEDULE 10 :</b> <b><u>LOANS &amp; ADVANCES</u></b> (Unsecured, considered Good)			
Advance recoverable in cash or in kind or for value to be received		16,277,347	8,850,088
Deposits		478,070	5,590,000
Advance Payment of Taxes		1,028,043	-
<b>Share Application (Pending Allotment)</b>		400,000	400,000
		<b>18,183,460</b>	<b>14,840,088</b>

<b>SCHEDULE</b>	<b>11</b>	<b>:</b>		
<b><u>CURRENT LIABILITIES</u></b>				
Sundry Creditors				
For Goods			510,901	10,328,769
Others			1,508,887	691,332
			<b>2,019,788</b>	<b>11,020,102</b>
<b>SCHEDULE</b>	<b>12</b>	<b>:</b>		
<b><u>PROVISIONS</u></b>				
For Taxation			9,086	9,086
For Income Tax/Fringe Benefit Tax			815,000	515,000
Provison for Gratuity			56,475	10,434
			<b>880,561</b>	<b>534,520</b>
<b>SCHEDULE</b>	<b>13</b>	<b>:</b>		
<b><u>MISCELLANEOUS EXPENDITURE</u></b>				
(To the extent not written off or adjusted)				
Preliminary Expenses			180,000	150,000
<b>SCHEDULE</b>	<b>14</b>	<b>:</b>		
<b><u>INCREASE/(DECREASE) IN STOCK</u></b>				
Closing Stock			363,519	3,323,049
Less: Opening Stock			3,323,049	2,873,086
			<b>(2,959,531)</b>	<b>449,963</b>
<b>SCHEDULE</b>	<b>15</b>	<b>:</b>		
<b><u>MATERIALS CONSUMED</u></b>				
Opening Stock			754,110	1,353,158
Add: Purchases			3,827,654	961,941
			<b>4,581,764</b>	<b>2,315,099</b>
less: Closing Stock			1,225,547	754,110
<b>Materials consumed (A)</b>			<b>3,356,217</b>	<b>1,560,989</b>
<b><u>PURCHASE OF TRADED GOODS :</u></b>				
Purchases			19,897,458	43,400,448
Freight Inwards			354,406	603,038
<b>COST OF PURCHASES (B)</b>			<b>20,251,864</b>	<b>44,003,486</b>
<b>TOTAL (A + B)</b>			<b>23,608,081</b>	<b>45,564,474</b>
<b>SCHEDULE</b>	<b>16</b>	<b>:</b>		
<b><u>MANUFACTURING EXPENSES</u></b>				
Power & Fuel			35,215	11,740
Factory Expenses			1,111,462	306,000
			<b>1,146,677</b>	<b>317,740</b>

<b>SCHEDULE 17 :</b>		
<b><u>ADMINISTRATIVE EXPENSES</u></b>		
Salary	249,179	221,500
Director's Remuneration	480,000	-
Directors' Sitting Fees	7,500	10,000
Rent	75,900	-
Electricity Charges	30,757	-
Gratuity	46,041	2,002
Postage & Telegram	41,641	32,653
Printing & Stationery	36,972	26,954
Professional Charges	252,296	198,337
Travelling & Conveyance	102,398	68,427
AGM Expenses	27,900	-
Auditors Remuneration		
- Statutory Audit	55,150	44,120
- Tax Audit	11,030	11,030
Car Maintenance	14,983	-
Insurance, Rates & Taxes	260,445	114,647
Membership Fees	6,500	-
Office Expenses	72,322	250,976
Assets Discarded	-	584,210
Preliminary Expenses Written off	70,000	50,000
Donation	-	2,500
	<b>1,841,014</b>	<b>1,617,356</b>
<b>SCHEDULE 18 :</b>		
<b><u>SELLING &amp; DISTRIBUTION EXPENSES</u></b>		
Advertisement Expenses	132,069	22,600
Exhibition Expenses	84,018	-
Transport Charges	55,300	58,348
Sundries Written Off	2,399	-
	<b>273,786</b>	<b>80,948</b>
<b>SCHEDULE 19 :</b>		
<b><u>FINANCE CHARGES</u></b>		
Bank Charges	10,051	6,459
Interest Expenses	886,952	132,539
	<b>897,003</b>	<b>138,998</b>

**RCL FOODS LIMITED**  
**SCHEDULE: 20**

**NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS:**

**A.SIGNIFICANT ACCOUNTING POLICIES:**

**i) Basis of Accounting:**

The Company maintains accounts under the historical cost convention accounts on accrual basis as a going concern and in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India and as per the provisions of the Companies Act, 1956.

**ii) Income & Expenditure Recognition:**

All items of Income and Expenditure are accounted for on Accrual basis.

**iii) Use of Estimates :**

The preparation of the financial statements in conformity with the generally accepted accounting principles required estimates an assumption to be made that affect the reported amount of assets and liabilities on the date of financial statement and the reported amount of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the period in which the results are known /materialised.

**iv) Fixed Assets:**

All fixed assets are stated at cost less accumulated depreciation.

Cost of Fixed Assets includes all duties and taxes and all expenses incurred up to erection and installation but net of tax credit recoverable from tax authorities, wherever applicable.

**v) Depreciation**

Depreciation has been provided on "Written Down Value Method" in accordance with the rates specified in Schedule XIV to the Companies Act, 1956. Depreciation on additions/sale are calculated on pro rata basis from the date of additions or up to the date of sale, as the case may be.

**vi). Investments:**

Long term Investments are stated at cost. Provision for diminution in value is made, if the decline is other than temporary in nature. Current Investments are stated at lower of cost or fair value determined on the basis of each category of Investments.

**vii) Accounting of Employee Benefits:**

Defined benefit plan: The liability for Gratuity to employees as at Balance Sheet date is determined on the basis of Actuarial Valuation based on Projected Unit Credit Method.

**viii) Liability Recognition:**

Provision is made in the accounts in respect of all liabilities relating to the period under review, which have material effect on the position stated in the Balance Sheet.

**ix)Taxation:**

(i) Provision for current Income Tax is made in accordance with the Income Tax Act, 1961.

(ii) Provision for deferred tax is made for timing differences arising between taxable income and accounting income computed using tax rates and laws that have been enacted or substantially enacted as of balance sheet date. Deferred Tax Liability/Asset are recognized, subject to consideration of prudence, timing difference and materiality.

(iii) Deferred tax asset are recognized only if there is virtual certainty that they will be realized and reviewed for appropriateness of their carrying values at each balance sheet date.

**x) Miscellaneous Expenditure:**

Preliminary Expenses is being amortized over a period of 5 years.

## B) NOTES ON ACCOUNTS:

### 3. Taxation:

The Company has made provision for Deferred tax asset on account of timing difference, as there is virtual certainty that they will be realized in subsequent period.

	<b>Current Year('000)</b>	<b>(Previous Year('000))</b>
Deferred Tax on account of timing difference :		
Depreciation	57.92	73.11
On account of Provisions	14.28	0.62

### 5. Auditor's Remuneration :

	<b>Current Year('000)</b>	<b>Previous Year('000)</b>
Audit Fees	50.00	40.00
Tax Audit Fees	10.00	10.00
Service Tax	6.18	5.15
Other Matters	-	-

### 6. Payments to Directors :

Remuneration	480.00	-
Sitting Fees	7.50	10.00

### 7.. Expenditure in Foreign Currency :

- Towards Travel	Nil	Nil
------------------	-----	-----

### 8. Related Party Disclosures under AS 18:

(a) The list of related parties as identified by the management are as under:

Key management personnel of the company

Director Mr. Nitesh Lodha

(b) The following transactions were carried out with the related parties:

(i) Investments in :		<b>(Rs. In Lakhs)</b>
RCL Retail Pvt Ltd.,	30.00	NIL
(ii) Unsecured Loan - Nitesh R Lodha	9.55	NIL

### 9. Contingent Liabilities:

(a) Estimated amt of contracts remaining to be executed on capital account	NIL	Nil
--	-----	-----

10. The Company has not received intimation from the Suppliers regarding 'SSI' Status and status under Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to the amounts unpaid as at the year end together with interest paid/payable as required under the Act not furnished.

11. In the opinion of the Board, Current Assets, Loans & Advances have value on realization in the ordinary course of business approximately the same at which these are stated in the Balance Sheet and provision for all known liabilities have been made and the same are not in excess of the amount reasonably necessary.

### 12. Basic and Diluted Earning per Share:

For the purpose of calculation of Basic and Diluted Earning per Share, the following amounts are considered:

Particulars	Current Year Rs. In '000	Previous Year Rs. In '000
a) Net Profit before Exceptional Items	746.25	3648.26
Less: Dividend and Tax thereon	227.82	441.27
Net Profit available for Equity Shareholders	518.43	3206.99
b) Weighted Average No. of Equity Shares (Nos.)	45,47,500	45,47,500
<b>c) Basic and Diluted Earning per Share</b>	<b>0.11</b>	<b>0.71</b>

13. Employee benefits Obligations:

**Defined contribution plans:**

The company is yet to devise a scheme/fund for defined contribution plan towards Provident and other Funds.

**Defined Benefit Plans:**

The company offers its employees defined benefit plans in the form of gratuity (a lump sum amount). Benefits under the defined benefit plans are based on years of service and the employees last drawn salary immediately before exit. The gratuity scheme covers substantially all regular employees. However the company has not created any fund in accordance with the scheme. Commitments are actuarially determined at year end. On adoption of the revised Accounting Standard (AS 15) on "Employee Benefits" notified under the Companies (Accounting Standards) Rules, 2006, actuarial valuation is done based on "Projected Unit Credit Method". Gains and loss of changed actuarial assumptions are charged to Profit & Loss Account.

The net value of the defined benefit commitment is detailed below:

(Rs. In thousands)

	Gratuity (Non funded)	
	As at 31.03.11	As at 31.03.10
Obligation		
Present value of obligation	56.47	10.43
Fair Value of Plan Assets	Nil	Nil
Net Liability recognized in the	56.47	10.43

(Rs. In thousands)

Plan Assets	Gratuity (Non funded)	
	As at 31.03.11	As at 31.03.10
Opening Balance	Nil	Nil
Expected Return	Nil	Nil
Contributions by the company	Nil	Nil
Benefits paid	Nil	Nil
Actuarial Gain	Nil	Nil
Closing balance 31.03.10	Nil	Nil

The company has not created any fund into which contributions are made. Hence furnishing of information on Return on Plan Assets does not arise.

(Rs. In thousands)

Expense recognized in the	Gratuity (Non funded)	
	Year ended	Year Ended 31.03.10
Current Service Cost	<b>45.23</b>	5.91
Interest Cost	<b>0.84</b>	Nil
Expected Return on Plan	<b>Nil</b>	Nil
Benefits paid directly	Nil	
Net Actuarial (Gain)/loss		Nil
Expense charged to Profit &	46.04	2.00



Actuarial calculations used to estimate defined benefit commitments and expenses are based on the following assumptions, which if changed, would affect the defined benefit commitment's size.

Gratuity (Non funded)	
Year ended 31.03.11	
Rate of Discount applied	8.0%
Expected Salary Escalation	10%
Expected Return on plan	Does not arise
Mortality Table Used	LIC (94-96)

The Institute of Chartered Accountants of India, in May 2007 released its Guidance on the implementation of the Revised Accounting Standard on 'Employee Benefits" (AS 15 Revised 2005). The present value of the obligation, Actuarial assumptions and its charge to the Profit & Loss Account and has been adopted by the company in the financial year.

14. Information pursuant to the provisions of paragraphs 3,4c, 4d of schedule VI to the Companies Act,1956.

a) Quantitative information in respect of goods manufactured :

	Installed Capacity	Licenced Capacity	Actual Production
Food Products in Kgs	78000.00	NA	77845.50

Particulars	Units	Opening Stock		Purchases		Sales / Consumption		Closing stock	
		Qty.	Value in '000	Qty.	Value in '000	Qty.	Value in '000	Qty.	Value in '000
<b>Raw Materials</b>									
Bush Chocalate	Bttle.	0	0	2	975.00	0	0	2	375.00
Savouries & Cookeis		0	0	29888.00			954494.33	3092	120521.89
Sounf		0	0	4040.00	256740.00	3500.00	222423.27	540	34316.73
Sugar	Kgs.	1000	38000.00	43371.00	1244134.00	41139.00	1188604.08	3232	93529.92
			<b>38000.00</b>		<b>2576265.22</b>		<b>2365521.68</b>		<b>248743.54</b>
Boxes		0	0		1251388.97		724585.05		526803.92
Pouches			716110.00		0		266110.00		450000.00
			<b>716110.00</b>		<b>1251388.97</b>		<b>990695.05</b>		<b>976803.92</b>
Cookies	Kgs.				2182022.50		3314634.00	956	
Gulmarg Sounf	Kgs	158	6500.00	51930.00	2442435.00	46021.00	2790498.00	6067	
									<b>363518.50</b>

16. Previous Year's figures have been regrouped, rearranged and reclassified wherever necessary.

	For <b>KRISHNAN &amp; GIRI</b> Chartered Accountants Sd/- <b>( M.JAYANTILAL JAIN)</b> Partner M No: 029712 Firm Regn No. 001512S	<b>FOR RCL FOODS LIMITED</b> Sd/- Sd/- <b>NITESH R LODHA</b> DIRECTOR <b>KUSHAL JAIN</b> DIRECTOR
Place :Chennai Dated: 30.05.11		

<b>M/S. RCL FOODS LIMITED</b>		
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011		
	<b>FIGURES AS AT 31.03.2011 (Rs. In '000)</b>	<b>FIGURES AS AT 31.03.2010 (Rs. In '000)</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Net Profit before Taxation and Extra ordinary items	746,249	(3,827,731)
<b>Adjustments for :</b>		
Interest Paid	886,952	132,539
Depreciation	1,018,117	384,827
Gratuity	46,041	2,002
Diminution Provision in the value of Invesments written back	-	(221,200)
Preliminary Expenses Written off	70,000	50,000
Non - Operating Income	(857,291)	(531,440)
<b>Operating Profit before working capital changes</b>	<b>1,910,068</b>	<b>(4,011,002)</b>
<b>Changes in Working Capital:</b>		
Less : (Increase)/decrease in Current Assets	12,014,671	(11,717,310)
Add: Increase/(decrease) in Current Liabilites	(9,000,314)	10,239,480
<b>Net Cash Flow from Operating activites (A)</b>	<b>4,924,425</b>	<b>(5,488,832)</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Purchase of fixed assets	(4,273,055)	(1,830,830)
Sale of Fixed Assets	-	18,365,690
Purchase of Shares	(2,881,741)	(1,918,120)
Expansion of business	(100,000)	-
Profit on sale of shares and F & O	28,783	328,190
Interest Received on FDR	-	-
<b>Net Cash Flow from investing activites (B)</b>	<b>(7,226,013)</b>	<b>14,944,930</b>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Preferential issue of Equity Shares	-	-
Share Premium Account	-	-
Secured Loans	(154,255)	(12,567,330)
Unsecured Loans	2,570,393	2,518,830
Extra Ordinary Items	-	-
Interest Paid	(886,952)	(132,539)
FBT Paid	-	(7,500)
Interest on Loan	828,541	203,240
<b>Net Cash Flow from financing activites ( C)</b>	<b>2,357,727</b>	<b>(9,985,299)</b>
<b>Net Increase in Cash and Cash Equivalentts (A)+(B)+( C)</b>	<b>56,139</b>	<b>(529,201)</b>
Opening Cash and Cash Equivalensts	564,409	1,093,610
Closing Cash and Cash Equivalensts	620,548	564,409

**The Schedules referred to above form an integral part of the Accounts**

In terms of our report of even date attached

<p>Place : Chennai Dated : 30.05.2011</p>	<p><b>For KRISHNAN &amp; GIRI</b> Chartered Accountants <b>(M.JAYANTILAL JAIN)</b> Partner M.No. 029712 Firm Regn No.001512S</p>	<p>for RCL FOODS LIMITED</p> <p>Sd/- <b>NITESH R LODHA</b> DIRECTOR</p> <p>Sd/- <b>KUSHAL JAIN</b> DIRECTOR</p>
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## M/S. RCL FOODS LIMITED

### BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

	Rs.
<b>1. REGISTRATION DETAILS</b>	
a) Registration No.	075956
b) State Code	18
c) Balance Sheet Date	31.03.11
<b>2. CAPITAL RAISED DURING THE YEAR (Amount Rs.'000)</b>	
a) Public Issue/Preference Allotment	Nil
b) Rights Issue	Nil
c) Bonus Issue	Nil
d) Private Placement	Nil
<b>3. POSITION OF MOBILISATION &amp; DEPLOYMENT OF FUNDS</b>	
a) Total Assets	61,703,469
b) Total Liabilities	61,703,469
<u>Source of Funds</u>	
a) Paid-up Capital	45,475,000
b) Reserves & Surplus	10,781,485
c) Secured Loans	327,766
d) Unsecured Loans	5,119,218
<u>Application of Funds</u>	
a) Net Fixed Assets	6,412,875
b) Investments	12,911,160
c) Net Current Assets	24,435,762
d) Miscellaneous Expenditure	180,000
d) Accumulated loss	17,617,763
e) Deferred Tax	145,909
<b>4. PERFORMANCE OF COMPANY</b>	
a) Turnover & Other Income	29,530,927
b) Total Expenditure	28,784,678
c) Profit/(Loss) before Tax	746,249
d) Profit/(Loss) after Tax	518,428
e) Earnings per Share	0.11
f) Dividend Rate	Nil
<b>5. GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF COMPANY (AS PER MONETARY TERMS)</b>	
(ITC Code)	
Product Description	FMCG GOODS, PACKAGED FOODS

Place :CHENNAI  
Dated:30.05.2011

By order of the Board  
**For RCL Foods Limited**  
Sd/- Sd/-  
Nitesh R Lodha Kushal  
Director Director

**RCL FOODS LIMITED**  
**Regd off:- No.84/85, Walltax Road, 1<sup>st</sup> Floor,**  
**Chennai – 600 003**

**ATTENDANCE SLIP**

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL. ONLY MEMBERS OR THEIR PROXIES ARE ENTITLED TO BE PRESENT AT THE MEETING.

Folio No:

No. of Shares held:

I hereby record by presence at the 19<sup>th</sup> Annual General Meeting held at YMCA Madras Youth Centre, No.6/74, Ritherdon Road, Vepery, Chennai – 600 007 on Wednesday the 13<sup>th</sup> day of July 2011 at 11.00 A.M as Shareholder/Proxy.

-----  
Name of the Shareholder/Proxy

-----  
Signature of the Shareholder/Proxy

**RCL FOODS LIMITED**  
**Regd off:- No.84/85, Walltax Road, 1<sup>st</sup> Floor,**  
**Chennai – 600 003**  
**PROXY FORM**

Folio No:

No. of Shares held:

I/We ----- of ----- in the district of -----  
----- being a member/members of M/s. RCL FOODS LIMITED, hereby appoint -----  
----- of ----- in the District of ----- or failing him -----of-----  
----- in the District of----- as my / our Proxy to vote for me/ us on my/our  
behalf, at the 19<sup>th</sup> Annual General Meeting to be held at YMCA Madras Youth Centr, No.6/74, Ritherdon  
Road, Vepery, Chennai – 600 007 on Wednesday the 13<sup>th</sup> day of July 2011 at 11.00 A.M and at any  
adjournment thereof.

Signed this ----- day of -----, 2011

Affix 30  
paise  
Revenue  
stamp

Signature-----

**NOTE:**

1. In the case of a Corporation this Proxy shall be either given under the Common Seal or signed on its behalf by an Attorney or Officer of the Corporation.
2. Proxies to be valid must be deposited at the Registered Office of the Company, not later than 48 hours before the time for holding the Meeting.

## BOOK POST

*If undelivered please return to,*  
**RCL Foods Limited,**  
No.84/85, Walltax Road,  
1st Floor,  
Chennai - 600 003.  
Tamilnadu, India.