

CREMICA AGRO FOODS LTD.

22nd

ANNUAL REPORT

2010-2011

CREMICA AGRO FOODS LIMITED

REGD. OFF. :- B-XXXIII-324, G.T. ROAD (WEST), NEAR JALANDHAR BYE PASS, LUDHIANA.

NOTICE

Notice is hereby given that the **22ND Annual General Meeting** of the Company shall be held on Friday the 30th Day of September, 2011 at 10.30 A.M. at its Registered Office i.e. B-XXXIII-324, G.T. Road (West), Near Jalandhar Bye Pass, Ludhiana to transact the following matter as ordinary business.

ORDINARY BUSINESS

1. To Receive, Consider and Adopt the Audited Balance Sheet as on 31.03.2011 and Profit & Loss Account for the year 2010-11 along with Auditors' Report, Compliance Certificate and Directors' Report thereon.
2. To Appoint M/s. Kumar Sunil & Associates, Chartered Accountants as Statutory Auditors and to fix their remuneration.
3. To re-appoint Mrs. Rajni Bector, as director of the Company, who retires by rotation and being eligible offers himself for reappointment.
4. To re-appoint Mr. Ajay Bector, as director of the Company, who retires by rotation and being eligible offers himself for reappointment.
5. To re-appoint Mr. Ravinder Nath Khanna, as director of the Company, who retires by rotation and being eligible offers himself for reappointment.

By order of Board of Directors
FOR CREMICA AGRO FOODS LIMITED

CHAIRMAN

Place : LUDHIANA.

Date : 03/09/2011.

NOTE :-

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and in a poll to vote instead of himself/herself. Such proxy need not be a member of the company.
2. The instrument appointing a proxy duly stamped and executed for use at the meeting must be lodged at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.
3. Share Transfer books of the Company shall be kept closed from 20.09.2011 to 27.09.2011 (both days inclusive).
4. Members desiring any information as regards Accounts are requested to write to the company at its registered office of the company at Least 7 days before the date of Annual General Meeting so as to enable the Management to keep the information ready.

CREMICA AGRO FOODS LIMITED

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MANAGEMENT

Sh. Dharamvir Bector	Chairman
Smt. Rajni Bector	Director
Sh. Ravinder Nath Khanna	Director
Sh. Ramesh Aggarwal	Director
Sh. Subhash Aggarwal	Director
Sh. Ajay Bector	Director
Sh. Akshay Bector	Director
Sh. Anoop Bector	Managing Director
Sh. Shantilal Sukalal Chaudhari	Executive Director

SHARE TRANSFER AGENTS

Link Intime India Pvt. Ltd.
A - 40, 2nd Floor, Naraina Industrial Area,
Phase - II, Near Batra Banquet Hall,
New Delhi - 110028

AUDITORS

M/s. Kumar Sunil & Associates, Ludhiana

REGISTERED OFFICE

B-XXXIII-324, G.T. Road (West),
Near Jalandhar Bye-Pass, Ludhiana

WORKS

11 - B, Udyog Vihar, Greater Noida, U.P.

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CREMICA AGRO FOODS LIMITED

REGD. OFF. :- B-XXXIII-324, G.T. ROAD (WEST), NEAR JALANDHAR BYE PASS, LUDHIANA.

DIRECTORS' REPORT

To
The Members of the
CREMICA AGRO FOODS LIMITED,

The Directors feel pleasure in presenting their Annual Report to the shareholder of the Company for the Financial Year ended on 31st March 2011. During the year 2010-11, the company manufactured Buns and Bakery products, whereas in the previous year the company was doing Job work only. Due to this the figure of sales during the year is much higher than the previous year. The financial results of the Company for the year are as under:

FINANCIAL PERFORMANCE

	2010 - 11	FIGURES (IN RUPEES LACS) 2009 - 10
Turnover & Other Income	1683.10	-
Income from Job work	-	222.98
Less:		
Exp. Including Depreciation and Interest	1630.97	216.43
Profit before Tax	52.14	6.54

SHARE CAPITAL

The Equity Share Capital of your company as on 31.03.2011 stood as Rs. 149.85 Lacs. There are no Debentures or Preference Shares as on even date.

DIVIDEND

Your Board has decided to plough back the profits, therefore, no dividend has been recommended during the financial year ending 31st March, 2011.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO, RESEARCH AND DEVELOPMENT ACTIVITY, REMUNERATION TO EMPLOYEES

A statement containing the information as per Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given as under:

The construction of the factory has been done in such a manner so as to make maximum utilization of natural light, in the plant and use of energy saving devices, for lighting etc. The Company has put lot of efforts to identify and use of alternate source of Energy, wherever possible in order to achieve optimum cost. During 2010 - 11, the company started the use of gas in manufacturing operations and entered into an agreement with Indraprastha Gas Limited for purchase of gas. Use of gas is not only cheaper than Diesel (previously used), it also helps in maintaining a clean, green environment, as the harmful emissions are negligible due to use of gas.

CREMICA AGRO FOODS LIMITED

REGD. OFF. :- B-XXXIII-324, G.T. ROAD (WEST), NEAR JALANDHAR BYE PASS, LUDHIANA.

The Company is adopting the well established indigenous technology with the scope of saving in cost in production, energy consumption and capital cost in terms quantum of production. The company has achieved its goal to certain extents and is making continuous efforts towards the production developments

There are no Foreign exchange earnings or outgo during the financial year.

The research and development activity was taken by the Company during the financial year, for improving the quality of product, and as a result the company is able to produce better quality of product. However, no separate division has formed for this purpose due to small size of the organization.

There are no employee drawing salary in excess of limit prescribed under section 217 (2A) of the Companies Act 1956. read with the companies particular of employees Rules 1975 as amended hence no information is furnished thereto.

APPOINTMENT OF AUDITORS

M/s Kumar Sunil & Associates, Chartered Accountants, Ludhiana, the Statutory Auditors of the company are retiring in at the Annual General Meeting and being eligible offer themselves for reappointment for the next Financial Year.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of section 217 (2AA) of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that:

1. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
3. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of this Act for safe guarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. The Directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

Your Directors wish to place on record their sincere thanks for the necessary and timely help always extended by the Bankers, Workers, Staff members, and Business Associates for their continued and timely support to the company. Our appreciation also goes to our esteemed Shareholders for their encouragement and support.

By order of Board of Directors
FOR CREMICA AGRO FOODS LIMITED

CHAIRMAN

Place : LUDHIANA.

Date : 03/09/2011.

AUDITOR'S REPORT

We have audited the attached Balance Sheet of Cremica Agro Foods Ltd., Ludhiana as at 31ST March 2011 and also the Profit and Loss Account of the company for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit also 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.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.

Further to our comments in the annexure referred to above, we report that :-

- i) We have obtained all the information and explanations, which to the best of the knowledge and belief were necessary for the purpose of our audit.
- ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
- iii) The Balance sheet and Profit & Loss Account dealt with by this report are in agreement with the books of accounts;
- iv) In our opinion, the Balance Sheet, and the Profit & Loss account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956
- v) On the basis of written representations received from the Directors as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts as per schedule no. 23, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-
 - (a) In the case of the Balance sheet of the state of affairs of the company as at 31st March 2011
 - (b) In the case of the Profit & Loss Account of the profit for the year ended on that date.

Place: Ludhiana
Date: 3-09-2011

For KUMAR SUNIL & ASSOCIATES
CHARTERED ACCOUNTANTS

SUNIL KUMAR
PROPRIETOR
M. NO. 084958

ANNEXURE TO AUDITOR'S REPORT

(Referred to in paragraph (3) thereof)

- i) a) The company has maintained proper records showing full particulars including quantitative details and situation of the fixed assets.
- b) According to the information and explanation given to us, the management has physically verified the fixed assets during the period and we are informed that no discrepancies between books, records and physical verification were noticed. In our opinion, the frequency of physical verification is reasonable having regards to the size of the company and nature of its business.
- c) In our opinion, the company has not disposed off substantial part of fixed assets during the year and going concern status of the company is not affected.
- ii) a) According to the information and explanation given to us, the inventories have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- b) In our opinion and according to the information and explanations given to us the procedures of physical verification of inventories followed by the management are reasonable.
- c) The company is maintaining proper record of inventory. As explained to us, no discrepancies were noticed on verification between physical stock and books records.
- iii) According to the information and explanations given to us, the loans secured/unsecured taken/granted by the company, to the companies, firms or other parties covered in register maintained under Section 301 of the Companies Act, 1956 are not prejudicial to the interests of the Company or its shareholders.
- iv) 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 with regard to purchase of inventory, fixed assets and with regard to sale of goods. During the course of our audit, we have not observed any major weaknesses in internal control.
- v) According to the information and explanations given us, we are of the opinion that the transaction that need to be entered in to the register maintained under section 301 of the Companies Act 1956 have been so entered. In our opinion and according to the information and explanations given to us, the transaction in pursuance of contract or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees Five Lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi) The Co. has not accepted any loans from persons other than shareholders and directors and hence the provisions of section 58A and section 58AA of the Companies Act, 1956, are not applicable.
- vii) In our opinion the company has an internal audit system commensurate with its size and nature of its business
- viii) Cost records are not applicable to the company.
- ix) According to the records of the Company, undisputed statutory dues including provident fund, investors education and protection fund, employees state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable to the company if any, have been regularly deposited with appropriate authorities.
- x) The Company does not have any accumulated losses at the end of the financial year and has not incurred any cash losses in the financial year and in the financial year immediately preceding such financial year.
- xi) In our opinion and according to the information given to us the company has not defaulted in repayment of dues to any financial institution, bank or debenture holders.

CREMICA AGRO FOODS LIMITED

BALANCE SHEET AS ON 31.03.2011

PARTICULARS	Sch. No.	AS AT 31.03.2011 (RS.)TOTAL	AS AT 31.03.2010 (RS.)TOTAL
I. SOURCES OF FUNDS			
Share Capital	'1'	14,985,000	14,985,000
Reserves & Surplus	'2'	141,627,675	138,008,798
TOTAL		156,612,675	152,993,798
II. APPLICATION OF FUNDS			
<u>FIXED ASSETS</u>			
Gross block	'3'	231,734	25,696
Less : Depreciation		(11,607)	(2,518)
Net Block		220,127	23,178
<u>INVESTMENTS</u>			
	'4'	176,832,835	176,832,835
<u>CURRENT ASSETS, LOANS & ADVANCES</u>			
Cash & Bank Balance	5A	52,766	50,714
Inventories	5B	1,390,100	0
Loans & Advances	5C	11,160,703	5,446,604
		12,603,569	54,97,318
Less: CURRENT LIABILITIES AND PROVISIONS	'6'	33,520,207	29,545,598
Net Current Assets		(20,916,639)	24,048,280
Deferred Tax Asset		356,352	51,064
<u>MISC EXP. NOT WRITTEN OFF</u>			
Deferred Expenditure not written off		120,000	135,000
TOTAL		156,612,675	152,993,798

NOTES TO THE ACCOUNTS

12

The Schedules referred to above form an integral part of the Balance Sheet
"Subject to our separate Audit Report of even date"

For Kumar Sunil & Associates
Chartered Accountants

DHARAMVIR BECTOR
Chairman

ANOOP BECTOR
Managing Director

Sunil Aggarwal
Prop

Place : LUDHIANA
Dated : 3-09-2011

- xii) In our opinion and according to the information given to us the company has not granted any loans and advances on the basis of security by way of pledge of share, debenture and other securities. Therefore the provisions of clause 4(xii) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.
- xiii) The company is not a chit fund or a nidhi mutual benefit fund/ society therefore the provisions of clause 4 (xiii) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.
- xiv) The provisions of Clause 4 (xiv) Of the CARO 2003 as amended are not applicable to the co.
- xv) As per the information and explanations given to us the Co. has not given any corporate guarantees.
- xvi) Based on the information and explanations given to us by the management, the term loan was applied for the purpose for which the loans were obtained.
- xvii) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet of the company we report that no fund raised on short term basis have been used for long term investment. Further no long-term fund raised have been used for short-term investment except as needed for business purposes.
- xviii) During the year company has not made any preferential allotment of share to the parties and companies covered in the register maintained under section 301 of the Companies Act 1956. hence clause 4(xix) of the order is not applicable.
- xix) The company has not issued debentures during the year . Therefore, the provisions of clause 4(xix) of the Companies (Auditor's Report) Order 2003 are not applicable to the company.
- xx) The company has not raised money by way of public issue during the year. Therefore, the provisions of clause 4(xx) of the companies (Auditor's Report) order, 2003are not applicable to the company.
- xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

Palace: Ludhiana
Date : 3.9.2011

For KUMAR SUNIL & ASSOCIATES
Chartered Accountants

Sunil Kumar
Prop.

M.No : 084398

CREMICA AGRO FOODS LIMITED

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

PARTICULARS	Sch. No.	Year Ending 31.03.2011 (Rs.)	Year Ending 31.03.2010 (Rs.)
INCOME			
Turnover		168,151,860	0
Income from services		0	21,961,240
Other Incomes		197,665	340,469
		168349525	22301709
Less :-Excise Duty		(39,251)	(3,875)
TOTAL		168,310,274	22,297,835
EXPENDITURE			
Raw Materials Consumed	7	117,745,896	0
Manufacturing Expenses	8	27,748,097	11,281,071
Personnel Expenses	9	14,483,624	8,649,395
Financial Expenses	10	7,961	6,202
Administration Expenses	11	3,087,016	1,690,127
Depreciation		9,089	1,627
Misc Expenditure w/off		15,000	15,000
		163,096,683	21,643,422
Profit before Tax		5,213,590	654,413
Provision for Income Tax: -			
- Current Tax		(1,900,000)	(197,712)
- Deferred Tax		305,288	8,416
Income Tax for earlier year		0	70,083
Profit after Tax		3,618,878	535,200
Profit brought forward from the previous year		118,867,866	118,332,666
Balance Carried to Balance Sheet		122,486,743	118,867,866
		122,486,743	118,867,866
NOTES TO THE ACCOUNTS	12		

The Schedules referred to above form an integral part of the Profit & Loss Account.

for Kumar Sunil & Associates
Chartered Accountants

DHARAMVIR BECTOR
Chairman

ANOOP BECTOR
Managing Director

Sunil Aggarwal
Prop

Place : LUDHIANA
Dated: 3-09-2011

CREMICA AGRO FOODS LIMITED

Schedule 1 to 12 Annexed to and Forming Part of the Audited
Final Accounts as at 31st March, 2011

PARTICULARS	AS AT 31.03.2011 (RS.)	AS AT 31.03.2010 (RS.)
Schedule 'I'		
SHARE CAPITAL		
AUTHORISED SHARE CAPITAL		
20,00,000 (Previous year 2000000) Equity Shares of Rs. 10/- each.	20,000,000	20,000,000
3,00,000 (Previous year 300000) Preference Shares of Rs. 100/- each	30,000,000	30,000,000
	50,000,000	50,000,000
ISSUED, SUBSCRIBED & PAID UP SHARE CAPITAL		
14,98,500 (Previous Year 1498500) Equity Shares of Rs. 10/- each	14,985,000	14,985,000
TOTAL	14,985,000	14,985,000

Schedule '2'		
RESERVES & SURPLUS		
State Capital Subsidy	8,448,000	8,448,000
Profit & Loss Reserve Account	122,486,743	118,867,866
General Reserve Account	7,950,032	7,950,032
Share Premium Account	2,742,900	2,742,900
TOTAL	141,627,675	138,008,798

CREMICA AGRO FOODS LIMITED

FIXED ASSETS AS ON 31.03.2011

SCHEDULE 3'

PARTICULARS	<-----GROSS BLOCK----->				<-----DEPRECIATION----->				<-----NET BLOCK----->			
	BALANCE AS ON 01.04.2010	ADDITIONS DURING THE YEAR	TRFD/ ADJUSTMENT	BALANCE AS ON 31.03.2011	BALANCE AS ON 01.04.2010	DURING THE YEAR	WRITTEN BACK	TOTAL AS ON 31.03.2011	BALANCE AS ON 31.03.2011	BALANCE AS ON 31.03.2010		
FURNITURE	25,696.00	34,723.00	-	60,419.00	2,518.00	2,223.00	-	4,741.00	55,678.00	23,178.00		
COMPUTER	-	8,349.00	-	8,349.00	-	681.00	-	681.00	7,668.00	-		
RATES	-	56,549.00	-	56,549.00	-	2,227.00	-	2,227.00	54,322.00	-		
LAB EQUIPMENTS	-	33,548.00	-	33,548.00	-	1,222.00	-	1,222.00	32,326.00	-		
MACHINERY	-	36,720.00	-	36,720.00	-	1,534.00	-	1,534.00	35,186.00	-		
MISC FIXED ASSETS	-	36,149.00	-	36,149.00	-	1,202.00	-	1,202.00	34,947.00	-		
TOTAL:	25,696.00	206,038.00	-	231,734.00	2,518.00	9,089.00	-	11,607.00	220,127.00	23,178.00		
PREVIOUS YEAR	25,696.00	-	-	25,696.00	891.00	1,627.00	-	2,518.00	23,178.00	24,805.00		

PARTICULARS	AS AT 31.03.2011 (RS.)	AS AT 31.03.2010 (RS.)
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Schedule '4'

INVESTMENTS (AT COST)

2004150 (P.Y 66805)Equity Shares of Rs. 10/- at a premium
of Rs. 2647/- per share of Mrs. Bectors Food Spcl. Ltd.
(Including Bonus shares of 1937345 allotted during the year)
(Previous Year Nil)

176,832,835

176,832,835

TOTAL

176,832,835

176,832,835

Schedule '5'

CURRENT ASSETS, LOANS & ADVANCES

Schedule '5A'

CURRENT ASSETS

CASH & BANK BALANCES

Cash in hand
Oriental Bank of Commerce

41,941

50,714

10,825

0

52,766

50,714

Schedule '5B'

INVENTORIES

(As certified by the management)

STOCK RAW MATERIALS & PACK.MATERIALS
STOCK IN HAND

1,297,779

0

92,321

0

TOTAL

1,390,100

0

Schedule '5C'

LOANS & ADVANCES

Tax Deducted at Source
Sales Tax Receivable
Income Tax Refund due
Income tax paid AY 2006-07
Prepaid Insurance
Advances & Imp.Paid to Employees

0

467,602

1,229,993

1,589,691

572,714

302,824

2,670,727

2,900,000

1,729

255

231,063

185,575

PARTICULARS	AS AT	AS AT
	31.03.2011	31.03.2010
	(RS.)	(RS.)
Excise Duty Balance	1,739	657
Advance Tax & Tax Ass.year 2011-12	1,906,136	0
Advance Tax Tds & Ass.year 2007-08	3,438,463	0
Prepaid Expenses	1,500	0
Bank Charges receivable	2,580	0
Ram Chander ,Guargon	5,000	0
Sham Lal Makhan Lal	4,334	0
Greater Noida Industrial Development Auth	1,039,500	0
Noida Power co Ltd	55,225	0
TOTAL	11,160,703	5,446,604

Schedule '6'

CURRENT LIABILITIES & PROVISIONS

Sundry Sum Payable	15,836,380	27,638,854
Sundry Creditors	12,006,348	639,911
Other Liabilities	3,514,362	751,429
Sum Payable to Employees	263,117	317,692
Provision For Income Tax	1,900,000	197,712
TOTAL	33,520,207	29,545,598

Schedule '7'

RAW MATERIALS CONSUMED

Opening Stocks	0	0
Add :-Purchases	119,043,675	0
	119,043,675	0
Less :-Closing Stocks	1,297,779	0
Value of Raw Materials consumption	117,745,896	0

PARTICULARS	FOR	FOR
	2010 - 11	2009 - 10
	(Rs.)	(Rs.)

Schedule '8'

MANUFACTURING EXPENSES

Labour Charges	10,286,712	6,241,735
Power	4,403,394	3,219,997
Generator Expenses	5,060,598	1,819,339
Repair & Maintt	2,179,416	0
CNG & LPG Gas	5,817,978	0
TOTAL	27,748,097	11,281,071

Schedule '9'

PERSONNEL EXPENSES

Bonus	257,756	167,622
E.S.I. Charges	210,666	132,596
Employees' Family Pension Fund	288,560	204,583
Employees' Provident Fund	127,221	90,140
Insurance Fund Adm. Charges	56,778	39,546
Medical Expenses	49,770	66,363
Wages & Salary	11,546,582	7,676,697
Leave With Wages	356,417	0
Gratuity	567,831	0
Staff & Labour Welfare	582,432	203,248
Exgratia Paid	86,000	68,600
Uniform Expenses	353,611	0
TOTAL	14,483,624	8,649,395

Schedule '10'

FINANCIAL EXPENSES

Bank Charges	7,961	6,202
TOTAL	7,961	6,202

PARTICULARS	FOR	FOR
	2010 - 11	2009 - 10
	(Rs.)	(Rs.)
Schedule '11'		
ADMINISTRATIVE EXPENSES & OTHER EXPENSES		
Auditor's Fee	27,575	20,460
Auditors Expenses	1,260	0
Conveyance Expenses	126,854	23,522
Diwali Expenses	171,942	71,551
Fees & Taxes	66,160	38,370
General Expenses	402,914	51,854
Guest House exp.	100,196	96,852
Insurance Expenses	5,133	5,995
Lab Expenses	77,173	0
Legal Expenses	7,700	39,000
Postage & Telegrams	8,192	78
Printing & Stationery	226,499	17,816
Professional Fee	157,549	257,660
Rent	314,620	302,840
Sanitation	514,562	900
Security Service Charges	615,932	574,749
Telephone Expenses	14,392	1,518
Travelling Expenses	121,818	12,600
Gardening Expenses	126,545	73,362
Service Charges	0	101,000
TOTAL	3,087,016	1,690,127

SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS AS ON 31.03.2011

- 1). The financial statements have been prepared in accordance with the accounting principals generally accepted in India (Indian GAAP) and company with the Companies (Accounting Standards) Rules, 2006 issued by the Central Government and relevant positions of Companies Act, 1956 and is based on the historical cost convention.
- 2). Preparation of financial statements in conformity with the generally accepted accounting principals require management to make estimates and assumptions that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Difference between the actual results and estimates, are recognized in the period in which the results are known/materialized.

- 3). **Fixed assets:**
 - (a) Fixed assets capitalised at acquisition cost.
 - (b) Depreciation: The Company has charged depreciation on SLM method as per the rates prescribed under the Companies Act, 1956.
 - (c) Impairment of Assets: The carrying amount of assets is reviewed at each Balance Sheet date for any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of fixed assets exceeds its recoverable amount. The recoverable amount is measured as the higher of the net selling price and the value in use determined by the present value of estimated future cash flows.
 - (c) The Accounting Treatment followed for Taxes on income is to provide for current & Deferred Tax . Current Tax is the amount of Income Tax determined to be payable in respect of taxable income for the period. Deferred Tax is the effect of timing difference.
- 4). **Investments:**

Current Investments are carried at lower of cost and fair value. Long Term Investments are carried at cost. However the provision for diminution in value of Long Term Investments is

made, only when such a decline is not temporary, in the opinion of the management. During the year the company was allotted 1937345 Equity shares of Rs.10/-each as Bonus shares from Mrs.Bectors Food Specialities Ltd

5). **Director's Remuneration:** The company had paid reuneration to directors as follows: -

PARTICULARS	2010-11	2009-10
Salary	900,000	800,000
Contribution to P.F. and other funds	Nil	Nil

- 6). The company is not having any inventory at the beginning but the Value of Closing Stock at the end Of the financial year ending 01.04.2010 and 31.03.2011 of Rs.3741547-00 valued at cost of market price which ever is less.
- 7). Retirement Benefit :- The Contributions to E.S.I and Provident Fund are charged to Profit & Loss account on accrual basis. The Payment of Gratuity & leave encashment is accounted for on cash basis. No employees of the company completed the age of retirement.
- 8). The Accounting Standards-18 "Related Party Disclosures" are not applicable to the Company :

	Current .Year 31.03.2011	Previous Year 31.03.2010
9). Value of imports on CIF basis	Nil	Nil
10). Expenditure in foreign currency	NIL	USD250
	NIL	Rs.12,820.00
11). Amt remitted in Foreign currency on account of dividend	NIL	NIL
12). Earnings in foreign exchange on receipt basis	NIL	NIL
13). Value of Imports and Indigenous materials and components consumed and the percentage of each of the total consumption		
CIF Value	NIL	NIL
Custom duties	NIL	NIL

- 14). Previous year figures has been recast or regrouped where ever consider necessary.

15). **Taxes on income**

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognized, on timing difference, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Where there are unabsorbed depreciation or carry forward losses, deferred tax assets are recognized only if there is virtual certainty that sufficient future taxable income will be availed against which such assets can be realized. Other deferred tax assets are recognized only to the extent there is reasonable certainty of realization in future. Such assets are reviewed at each Balance Sheet date to reassess realization.

Components of Deferred Tax Assets / (Liability) as on 31.03.2011 & 31.03.2010 are as follows: -

Particulars	(Amt in Rs.)	
	31.03.2011	31.03.2010
Deffered Tax Assets on account of 43B payments to be allowed in next years	365,239	51,795
Less :-Timing difference on account of depreciation	(8,887)	(731)
Value of Deferred Tax	356,352	51,064

16). **Provisions, contingent liabilities and contingent assets:**

Provisions are recognized when the company has present obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation. Contingent liabilities are disclosed by way of notes to financial statements.

Contingent assets are neither recognized nor disclosed in the financial statements.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

- 17) Based on the information available with the Company, there are no suppliers who are registered under the Micro, Small and Medium Enterprises Development Act, 2006 as at March 31, 2010. Hence, the disclosure relating to amounts unpaid as at the year end together with interest paid/payable under this Act have not been given. This is relied upon by the Auditors.

	Amount (in Rs.)	
	31.03.2011	31.03.2010
18) Payment to auditors:		
As Auditors	20957	13842
As Income Tax Auditors	6618	6065

19) Contingent Liabilities not provided for :-

Particulars	As on 31.03.2011
1 Disputed liabilities not adjusted as expense in various year being in appeal	
a) Income Tax demand for AY 2006-07 on certain disallowances The Company has gone in appeal against the order of AO	Rs.53,81,260/-
b) Income Tax demand for AY 2007-08 on certain disallowances The Company has gone in appeal against the order of AO	Rs.35,28,765/-
2 Includes Sales Tax Liabilities of Rs. 3767831/- against for which the company has already deposited Rs.1229993/- as advance sales tax as on 31.03.2011.	

Place: Ludhiana

Date: 3-09-2011

Anoop Bector

Managing Director

Dharamvir Bector

Chairman

CREMICA AGRO FOODS LIMITED

12. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I REGISTRATION DETAILS

(Rs. in Thousands)

Registration No.	009676
State Code	16
Balance Sheet Date	31.03.2011

II CAPITAL RAISED DURING THE YEAR

Public Issue	NIL
Rights Issue	NIL
Bonus Issue	NIL
Private Placement	NIL

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

(Rs. in Thousand)

<u>TOTAL LIABILITIES</u>	156,613	<u>TOTAL ASSETS</u>	156,613
SOURCES OF FUNDS :		APPLICATION OF FUNDS :	
Paid-up Capital	14,985	Net fixed Assets	220
Reserves & Surplus	141,628	Investments	176,833
Secured Loans	Nil	Net Current Assets	(20,917)
Unsecured Loans	Nil	Misc. Expenditure/Deffered ass.	476
TOTAL	156,613	TOTAL	156,613

IV PERFORMANCE OF THE COMPANY

(Rs. in Thousands)

Turnover	168,152	Total Expenditure	163,097
Profit Before Tax	5,214	Profit After Tax	3,314
Earnings per share in Rs.	2.42	Dividend Rate	NIL

V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY

Item Code - ITC CODE	1905
Product Description	Breads & Bakery

Signatures to Schedule 'I' to '12'

for Kumar Sunil & Associates
Chartered Accountants

DHARAMVIR BECTOR
Chairman

ANOOP BECTOR
Managing Director

Sunil Aggarwal
Prop

Place : LUDHIANA
Dated: 3-09-2011

If undelivered please return to:
CREMICA AGRO FOODS LTD.
B-XXXIII-324, G.T. ROAD (WEST),
NEAR JALANDHAR BYE PASS,
LUDHIANA.