

18TH

**Ann al Report
2011-2012**

SPECTRUM FOODS LIMITED

L-5, B - II, Krishna Marg, C-Scheme, JAIPUR - 302001

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BOARD OF DIRECTORS

Shri Anuj Kumar Samdhani

Director (Non-Executive)

Shri Navar Singh Parmar

Director (Non-Executive)

Shri Atul Kharbanda

Director (Executive)

Shri Vijay Kumar

Director (Executive)

COMPLIANCE OFFICER

Mr. Rohit Pareek

Statutory Auditors

N.Kataria & Associates

Chartered Accountants

109-110, Pinkcity Towers, Nr Peetal Factory,
Jhotwara Road, Jaipur

Corporate Advisors

Naredi Vinod & Associates

Company Secretaries ,
Jaipur Tower, M.I.Road
Jaipur-302 001

Registered Office

'Surya House'

L-5, B – II, Krishna Marg,
C-Scheme, Jaipur 302001,
(RAJASTHAN)

Bankers

HDFC Bank Ltd

State Bank of Bikaner & Jaipur

Registrar & Share Transfer Agent

Beetal Financial & Computer Services (P) Ltd

"Beetal House", 3rd floor, 99, Madangir,

Behind Local Shopping Centre

Near Dada Harsukhdas Mandir, New Delhi-110062

Tel: 011 2996 1281/82 Fax: 011 2996 1284

NOTICE

Notice is hereby given that 18th Annual General Meeting of the members of **Spectrum Foods Limited**, will be held on Friday, the 14th day of September, 2012 at 3:00 P.M. at Surya House, L-5, B - II, Krishna Marg, C-Scheme, Jaipur-302001, Rajasthan, to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2012, Profit and Loss Account for the year ended on that date and the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Anuj Kumar Samdhani who retires by rotation, and being eligible offers himself for re-appointment.
3. To appoint M/s. N. Kataria & Associates, Chartered Accountants, the retiring Auditors of the Company, who shall hold office from the conclusion of Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

Date: 16.08.2012
Place: Jaipur

BY ORDER OF THE BOARD

Sd/-
(Vijay Kumar)

Director

Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORM, IN ORDER TO BE EFFECTIVE, SHOULD BE DULY STAMPED, FILLED AND SIGNED, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.**
2. Members and Proxies are requested to bring their admission slips duly filled in for attending the meeting.

3. Beetal Financial & Computer Services (P) Ltd. is the Registrar and Share Transfer Agent (RTA) for physical shares and is also the depository interface of the Company with both CDSL and NSDL.
4. Shareholders holding shares in the certificate form are requested to notify/send the followings to Beetal Financial & Computer Services (P) Ltd. to facilitate better servicing:
 - Any change in their address/ mandate/ bank details,
 - Particulars of their bank account, in case the same have not been furnished earlier, and
 - Share certificates held in multiple accounts in identical names or joint accounts in the same order of names, for consolidation of such shareholdings into a single account.
- 6 The shareholders, who have not converted their shares in demat form, are requested to do so.
7. The documents referred to in the proposed resolutions are available for inspection at the registered office of the Company during working hours between 10.00 a.m. to 1.00 p.m. except on holidays.
8. Queries on accounts and operations may please be sent to the Company 7 days in advance of the Annual General Meeting so that the answers may be made available at the meeting.
9. The register of Members and Share Transfer Books of the Company will remain closed from Saturday, the 8th day of September, 2012 to Friday, the 14th day of September, 2012 (Both days inclusive).
10. Members are requested to bring their personal copy of Annual Report to the Meeting.

Date: 16.08.2012
Place: Jaipur

BY ORDER OF THE BOARD

Sd/-
(Vijay Kumar)
Director

ANNEXURE TO THE NOTICE OF 18th AGM

Details of Directors seeking appointment/re-appointment in the Annual General Meeting to be held on 14th September, 2012, pursuant to Clause 49 of Listing Agreement:

| Name of Director | Shri Anuj Kumar Samdhani | Shri Atul Kharbanda | Shri Natvar singh Parmar | Shri Vijay Kumar |
|--|---------------------------------|----------------------------|---------------------------------|-------------------------|
| Date of Birth | 05.12.1977 | 17.04.1974 | 15/06/1972 | 15/06/1972 |
| Date of Appointment | 24.02.1997 | 30.01.2009 | 12/04/2011 | 13/01/2011 |
| Designation | Director | Director | Director | Director |
| Qualifications | Graduate | Graduate | | |
| Directorship held in other Public Limited companies | Nil | Nil | Nil | Nil |
| Membership/Chairmanship of Committees of other public companies | Nil | Nil | Nil | Nil |

DIRECTORS' REPORT

**To,
The Members,
Spectrum foods Ltd.,**

Your Directors are pleased to present the 18th Annual Report and the Audited Accounts of the Company for the year ended March 31, 2012

FINANCIAL RESULTS

The financial result of the Company for the year under report as compared to the previous year are summarised below:

| | (Rs. In lacs) | |
|--|----------------------------|----------------------------|
| Particulars | Period ended 31.03.2012 | Period ended 31.03.2011 |
| Total Income | 14,126,328 | 1,86,74,080 |
| Profit (loss) before Depreciation & Taxation | 1,215,458 | 1,45,12,459 |
| Depreciation | -- | -- |
| Profit before Tax | 1,215,458 | 1,45,12,459 |
| Taxation (Earlier year & Deferred Taxation) | 2,25,000 | 1,70,654 |
| Profit (loss) after Tax | 990,458 | 1,43,41,805 |

TURNOVER, PROFITS & FUTURE PROSPECTS

The total income during the year under review was Rs Lacs as against Rs 990,458 in the previous year. The Company incurred a loss Rs. Lacs as against Rs. 1,43,41,805 last year.

DIVIDEND

In view of the financial position of the Company, your Directors do not recommend payment of any dividend for the year ended on 31st March, 2012.

BOARD OF DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association, Mr. Anuj Kumar Samdhani retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

In accordance with the provisions of the Companies Act, 1956, and the Articles of Association of the Company, Shri Atul Kharbanda, who was appointed as an Additional Director under Section 260 of the Act and is liable to hold office upto the ensuing Annual General Meeting, being eligible offers himself for re-appointment. The Company has received necessary notice under Section 257 of the Act. Your Board of Director recommends his re-appointment.

AUDITORS AND AUDITOR'S REPORT

M/s N. Kataria & Associates, Chartered Accountants, Jaipur, Auditors of the Company retire at the forthcoming Annual General Meeting and being eligible offer themselves for reappointment.

The Company has received the necessary certificate from them pursuant to 224 (1B) of the Companies Act 1956, regarding their eligibility for re-appointment. Accordingly, approval of members is being sought at the forthcoming Annual General Meeting.

The report is self-explanatory and does not call for any explanation.

LISTING AT STOCK EXCHANGE

The Equity Shares of the Company are listed at Jaipur, Mumbai, Ahmedabad, Delhi and Calcutta.

PARTICULARS OF EMPLOYEES

There are no Employees in the Company whose particulars are required to be disclosed under Section 217(2A) of the Companies Act, 1956 read with rules there under.

FIXED DEPOSITS

During the year under review, your Company has not invited any fixed deposit from the public in the terms of the provision of Section 58A of the Companies Act, 1956, read with the Companies (Acceptance of Deposits) Rules, 1975.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

The particulars regarding foreign exchange earning and expenditure, conservation of energy, research and development and technological absorption are set out in the 'Annexure A' to this report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The report on Management Discussion and Analysis as required under the Listing Agreements with the Stock exchange is set out as 'Annexure B' to the Director's Report.

CORPORATE GOVERNANCE REPORT

The Company has complied with all the mandatory requirements of Corporate Governance specified by Securities & Exchange Board of India (SEBI) through Clause 49 of the Listing Agreement. As required by the said clause, a separate Report on Corporate Governance forms part of the Annual Report of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of provisions of Section 217(2AA) of the companies Act, 1956, your Directors confirm that:

- 1- In the preparation of the annual accounts, the applicable accounting standards have been followed, along with proper explanation relating to material departure.
- 2- The Directors have selected such accounting policies & applied them consistently & made judgment & estimates that are reasonable & prudent so as to give a true & fair view of the state of affairs of the Company at the end of the financial year & of the Profits of the Company for the year.
- 3- The Directors have taken proper & sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company & for preventing & detecting fraud & other irregularities.
- 4- the Directors have prepared the accounts for the year ended 31st March, 2012 on a 'going concern basis'.

COMPLIANCE CERTIFICATE:

As per the requirement of Section 383A of the Companies Act, 1956 and Companies (Compliance Certificate) Rules, 2001, the Company has obtained a Certificate from M/s. Naredi Vinod & Associates, Company Secretaries in Whole-time Practice, confirming that the Company has complied with the provisions of the Companies Act, 1956 and a copy of the Compliance Certificate is annexed to this report. It is proposed to appoint, M/s Naredi Vinod & Associates Company Secretaries in Whole-time Practice, for issuance of Compliance Certificate, for the financial year 2011-2012.

ACKNOWLEDGEMENT

Your Directors would like to express their grateful appreciation for the co-operations received from its Bankers, Government Authorities, Customers, Vendors and Shareholders during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services of the executive, staff and workers of the Company.

For and on behalf of the Board of Directors

Date: 16.08.2012
Place: Jaipur

Sd/-
Anuj Kumar Samdhani
(Director)

Sd/-
ATUL KHARBANDA
(Director)

ANNEXURE “A” TO THE DIRECTORS' REPORT:

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

During the year under review, your Company has not made any expenditure for the conservation of energy, research and development as the company is only trading Company. However, the Company is conscious to comply with the same as and when the need for the same falls due.

Foreign Exchange Earning – Nil
Foreign Exchange Outgo -- Nil

ANNEXURE “B” TO THE DIRECTORS' REPORT:

MANAGEMENT DISCUSSION & ANALYSIS REPORT

The management of the Company is pleased to present its analysis on the Company's performance and its outlook, opportunities and challenges prepared in compliance with the Corporate Governance requirement as laid down in the listing agreement.

INDUSTRY STRUCTURE AND DEVELOPMENTS

The Company proposed to capture the growth potential in FMCG products by entering in retailing of the same.

OUTLOOK

Company continues to enjoy strong support from its promoters. As the Company has entered into the manufacturing of spices and Industrial and edible Salt arena, the business is poised to grow well in to the future. The Company is also planning to enter in the retail market by distribution the FMGC products.

OPPORTUNITIES, THREATS, RISK AND CONCERNS

Company is planning to launch Salt under “MAYUR” brand name and is poised to capture a large market share. Initially the production will be outsourced and soon company is planning to set up a 2,00,000 M.T. Salt Refinery Project using state of the art technology.

CHALLENGES

Now the Company is working on building its own brand image. The Company is also setting up its own network for marketing and selling its spices and industrial salt. The brand building image will require recruitment of high quality manpower and setting up of distribution network on large scale. The management is also contemplating of taking steps for cost reduction in order to improve the financial position.

INTERNAL CONTROL SYSTEM

The company remains committed to ensure an effective internal control that provides assurance on the efficiency of operations and security of assets. The company's well established and robust internal audit processes, both at business and corporate levels, continuously monitor the effectiveness of the internal control environment across the company and the status of compliance with operating systems, internal policies and regulatory requirements.

The company has also undertaken steps to implement new control measures in line with best global practices.

HUMAN RESOURCE DEVELOPMENT

Of all the resources available to the Company, Human Resource is the only asset that appreciates with time. In its continued efforts to nurture the best human talent, during the year the management continued with its strategy of imparting professional training to the executives and staff at various levels with a view to upgrade their competency and remove all levels of inefficiency in order to make the Company more competitive. This is not a luxury, but a necessity, if the Company has to survive in a globally competitive market, providing better product at better cost requires additional efforts to develop skills and efficiency in the new appointees to face the challenge.

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Corporate Governance is about promoting corporate fairness, transparency, accountability and integrity of the management. It also aims to align, as nearly as possible, the interests of individuals, corporations and society and thereby enhancing the stakeholders' value. Good corporate governance practices have always been an integral part of the Company's philosophy. The commitment to good corporate governance practices predates the laws and mandates of the Securities and Exchange Board of India (SEBI) and the stock exchanges through Clause 49 of their listing agreements. Given below are the Company's corporate governance policies and practices:

2. BOARD OF DIRECTORS

The Board of Directors provides strategic direction and thrust to the operations of the Company, thereby enhancing the value of the stakeholders.

- **Composition**

The composition of the Board of Directors of the company fulfills the requirements of Clause 49 of the Listing Agreement with the stock exchange, in which the Company's shares are listed.

None of the Directors on the Board is a member of more than 10 committees and Chairman of more than 5 committees across all the Companies in which he is a Director. All the Directors have made the requisite disclosures regarding committee positions held by them in other Companies.

- **Details of meeting Held**

The Board met 4 times on the following dates during the financial year 2011-12:
14.05.2011, 10.08.2011, 14.11.2011, 10.02.2012

- **Category and Attendance of Directors**

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the financial year 2011-12 and at the last Annual General Meeting (AGM), as also the number of Directorships and Committee positions held by them in other Public Limited Companies as on March 31, 2012 are as follows:

| Name of Directors | Status | Board Meetings attended during the year | Attendance at last AGM | Number of Directorship Held in other Public companies | Board Committee Membership/Chairmanship held in other Public companies |
|--------------------------|---------------------------|---|------------------------|---|--|
| Shri Atul Kharbanda | Director (Executive) | 4 | Yes | Nil | Nil |
| Shri Anuj Kumar Samdhani | Director(Non-Executive) | 1 | Yes | Nil | Nil |
| Shri Vijay Kumar | Director (Executive) | 1 | No | Nil | Nil |
| Shri Navar Singh | Director(Non - Executive) | 4 | Yes | Nil | Nil |

Shareholding of Non-Executive Directors as on March 31, 2012 is as under:

| Sr. No. | Name | No. of shares held | % of Paid-up Capital |
|---------|--------------------------|--------------------|----------------------|
| 1. | Shri Anuj Kumar Samdhani | NIL | NIL |
| 2. | Shri Atul Kharbanda | Nil | NIL |

3. AUDIT COMMITTEE

The Audit Committee has been constituted as per Section 292A of the Companies Act, 1956 and the guidelines set out in the Listing Agreements with the Stock Exchanges. The terms of reference include:

- To investigate any activity within its terms of reference.
- To seek information from any employee/ records of the Company.
- To obtain outside legal or other professional advice.
- Overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Major accounting entries based on exercise of judgment by management.
- Compliance with accounting standards.
- Compliance with Stock Exchange and legal requirements concerning financial statements.
- Any changes in accounting policies and practices.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.
- Reviewing the adequacy of internal audit function.
- Discussion with internal auditor regarding any significant findings and follow up thereon.
- Discussion with external auditors before the audit commences the nature and scope of audit as well as has post-audit discussion to ascertain any area of concern.
- Review the functioning of the Whistle Blower mechanism.
- Any other item referred to it by the Board.

Composition:

| Name | Designation | Category |
|--------------------------|--------------------|--------------------------------------|
| Shri Navar Singh | Director | Non-Executive & Independent Director |
| Shri Anuj Kumar Samdhani | Chairman | Non-Executive & Independent Director |
| Shri Rohit Pareek | Compliance Officer | Compliance Officer |

- **Meetings held:**

² The committee met 4 times on the following dates during the financial year 2011-2012:
14.05.2011, 10.08.2011, 14.11.2011, 10.02.2012.

- **Category and Attendance of members:**

The names and categories of the Directors on the Committee, their attendance at the Meetings held during the Financial Year 2011-2012 are as follows:

| <i>Name</i> | <i>Category</i> | <i>Attendance</i> |
|--------------------------|--------------------------------------|-------------------|
| Shri Atul Kharbanda | Executive Director | Nil |
| Shri Anuj Kumar Samdhani | Non-Executive & Independent Director | 4 |
| Shri Navar Singh | Non-Executive & Independent Director | 4 |

Members of the Audit Committee have requisite financial and management expertise and have held or hold senior positions in other reputed organization.

The Statutory Auditors, Internal Auditors and the Compliance Officer are invited to attend and participate in the meeting of the Committee. The Compliance Officer acts as the Secretary to the Committee.

4. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

The Board of Directors constituted the shareholders/ investors' grievance committee to look into redressal of investors' complaints like share transfers, non-receipt of annual reports, issue of duplicate share certificate, transfer and transmission of shares and other allied transactions. Its scope also includes delegating the powers to the executives of Company/share transfer agents to process share transfers etc.

Composition :

| <i>Name</i> | <i>Designation</i> | <i>Category</i> |
|--------------------------|--------------------|--------------------------------------|
| Shri Atul Kharbanda | Chairman | Executive Director |
| Shri Navar Singh | Director | Non-Executive & Independent Director |
| Shri Anuj Kumar Samdhani | Director | Non-Executive & Independent Director |

Meetings held:

The committee met 3 times on the following dates during the financial year 2011-12:

Category and Attendance of members:

The names and categories of the Directors on the Committee, their attendance at the Meetings held during the Financial Year 2011-2012 are as follows

| <i>Name</i> | <i>Designation</i> | <i>Attendance</i> |
|---------------------|--------------------|-------------------|
| Shri Atul Kharbanda | Director | 1 |
| Shri Anuj Samdhani | Chairman | 4 |
| Shri Navar Singh | Director | 4 |

Status of Investor Complaints

There was no complaint pending before share transfer Agents as on 31.03.2012

5. GENERAL BODY MEETINGS

The details of Annual General Meetings held in the last three years are given below:

| AGM/EGM | Date | Time | Venue |
|---------|------------|---------|--|
| AGM | 28.09.2009 | 4.00 pm | Surya House, L-5, B-II Krishna Marg, C-Scheme, Jaipur-302001 Rajasthan. |
| AGM | 25.09.2010 | 4.00 am | Surya House, L-5, B-II Krishna Marg, C-Scheme, Jaipur-302001, Rajasthan. |
| AGM | 17.09.2011 | 3.00 pm | Surya House, L-5, B-II Krishna Marg, C-Scheme, Jaipur-302001 Rajasthan. |

Postal Ballot was conducted during the year for sale of companies properties situated at RICCO Plot No. G-453 (B) Road No. 12, V.K.I Area, subject to terms & condition decided through resolution passed on 1st February 2012, to seek the approval of the shareholders in the financial year under review.

No special resolution was put through or passed during the last three years.

6. CODE OF CONDUCT

The Board has laid down a code of conduct for the Directors and the employees of the Company. The code is being followed in true letter and spirit.

7. DISCLOSURES

There are no materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the Directors or the management, their relatives etc. that may have potential conflict with the interests of the Company at large.

During the last three years, no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authorities on matters related to capital market.

The Company has adopted a Whistle Blower policy and has established the necessary mechanism in line with Clause 7 of Annexure 1D to Clause 49 of the Listing Agreement with the Stock Exchange, for employees to report concerns about unethical behaviors. No personnel have been denied access to the audit committee.

8. MEANS OF COMMUNICATION

In compliance with the requirements of Listing Agreement, the Company regularly intimates un-audited as well as audited financial results to the Stock Exchanges where shares of the Company are listed for the benefit of the investors, immediately after they are taken on record by the Board. Moreover, the said results were put up on the BSE website, apart from being published in Dainik Samachar and "Adhikar". The Company has also been filing its financial results as per & in compliance of EDIFAR.

Management Discussion and analysis Report forms part of the Annual Report.

9. GENERAL SHAREHOLDER INFORMATION

a Annual General Meeting

Annual General Meeting of the Company will be held on Friday, the 14th day of September, 2012 at 3.00 P.M. at Surya House, L-5, B- II, Krishna Marg, C-Scheme, Jaipur-302001, Rajasthan.

No special resolution is proposed to be passed by Postal Ballot at the aforesaid Annual General Meeting.

b Financial Calendar (Tentative)

- | | |
|---|--------------------------------------|
| • Result for the qtr ending June 30, 2011 | Within 45 days of the end of Quarter |
| • Result for the qtr ending Sep 30, 2011 | Within 45 days of the end of Quarter |
| • Result for the qtr ending Dec 31, 2011 | Within 45 days of the end of Quarter |
| • Result for the qtr ending Mar 31, 2012 | Within 45 days of the end of Quarter |

c. Book Closure Date

The Share Transfer Register and Register of Members of the Company shall remain closed from 8th September 2012 to 14th September 2012 (both days inclusive).

d Dividend

No dividend being recommended by the Board during the year.

e. Listing of Equity Shares in Stock Exchange

The share of the Company are Listed at Jaipur, Mumbai, Ahmedabad, Delhi and Calcutta Stock Exchanges.

f Demat ISIN exchange number in NSDL & CDSL for equity shares

INE547C01018

g. Stock Code.

Bombay Stock Exchange Limited, Mumbai – 531982.

h Market Price Data

As the trading of the Securities in the Stock Market is suspended, no market price data is at present available.

i. REGISTRAR & SHARE TRANSFER AGENT

M/S Beetal Financial & Computer Services (P) Ltd.,
Beetal house, 3rd floor, 99, Madangir,
Behind Local Shopping Centre,
Near Dada Harsukhdas Mandir, New Delhi-62
Telephone no. 011 2996 1281/82
Fax: 011 2996 1284

j. SHARE TRANSFER SYSTEM

With a view to expedite the process of share transfers, the Board of Directors of the Company has delegated the power of share transfer to Shareholders' & Investor Grievances Committee. As on date all the work related to the shares both held in physical and electronic form is handled by RTA. All correspondences are to be directed to the RTA at the address mentioned above. The correspondences may also be sent at the Company's address which will be sent by the Company to RTA. Share transfer is normally affected within the maximum period of 30 days from the date of

| Month | High Price | Low Price | No.of Shares | No.of trades | BSE Sensex High |
|----------------|-------------------|------------------|---------------------|---------------------|------------------------|
| Apr-11 | | | | | 19,811.14 |
| May-11 | 90.45 | 86.9 | 1,800 | 4 | 19,253.87 |
| June-11 | 85.2 | 83.45 | 2,300 | 6 | 18,873.39 |
| Jul-11 | 81.8 | 71.15 | 7,100 | 12 | 19,131.70 |
| Aug-11 | 69.75 | 63.75 | 47,300 | 101 | 18,440.07 |
| Sep-11 | 76.85 | 66.15 | 40,000 | 200 | 17,211.80 |
| Oct-11 | 80.5 | 75.1 | 84,400 | 186 | 17,908.13 |
| Nov-11 | 80.05 | 75.5 | 1,28,900 | 269 | 17,702.26 |
| Dec-11 | 79.9 | 75.3 | 26,200 | 42 | 17,003.71 |
| Jan-12 | 76.55 | 69.3 | 34,343 | 59 | 17,258.97 |
| Feb-12 | 67.95 | 66.2 | 212 | 9 | 18,523.78 |
| Mar-12 | 65 | 55.65 | 17,307 | 15 | 18,040.69 |

k. DISTRIBUTION OF SHAREHOLDING AS ON 31st MARCH, 2012

| Share Holding of nominal Value of Rs | Number of Shareholders | % To Total | Number of shares | Amount in Rs | % To Total |
|---|-------------------------------|-------------------|-------------------------|-----------------------|-------------------|
| Up to 5000 | 48 | 46.60 | 10,168 | 1,01,680.00 | 0.4468 |
| 5001 to 10000 | 20 | 19.42 | 16,186 | 1,61,860.00 | 0.7113 |
| 10001 to 20000 | 8 | 7.77 | 11,890 | 1,18,900.00 | 0.5225 |
| 20001 to 30000 | 1 | 0.97 | 2,500 | 25,000.00 | 0.1099 |
| 30001 to 40000 | 1 | 0.97 | 3,100 | 31,000.00 | 0.1362 |
| 40001 to 50000 | 4 | 3.88 | 18,009 | 1,80,090.00 | 0.7914 |
| 50001 to 100000 | 5 | 4.85 | 37,462 | 3,74,620.00 | 1.6462 |
| 100001 and above | 16 | 15.53 | 21,76,385 | 2,17,63,850.00 | 95.6358 |
| TOTAL | 103 | 100.00 | 22,75,700 | 2,27,57,000.00 | 100.0000 |

I.Share Holding Pattern As on 31st MARCH, 2012

| Category of Shareholder | No. of Shareholders | Total No. of Shares | Total No. of Shares held in Dematerialized Form | Total Shareholding as a % of Total No. of Shares | | Shares pledged or otherwise encumbered | |
|---|---------------------|---------------------|---|--|-------------------|--|-------------------------------|
| | | | | As a % of (A+B) | As a % of (A+B+C) | Number of shares | As a % of Total No. of Shares |
| (A) Shareholding of Promoter and Promoter Group | | | | | | | |
| (1) Indian | | | | | | | |
| Any Others (Specify) | 1 | 1133350 | 1133350 | 49.80 | 49.80 | 0 | 0.00 |
| Directors/Promoters & their Relatives & Friends | 1 | 1133350 | 1133350 | 49.80 | 49.80 | 0 | 0.00 |
| Sub Total | 1 | 1133350 | 1133350 | 49.80 | 49.80 | 0 | 0.00 |
| (2) Foreign | | | | | | | |
| Total shareholding of Promoter and Promoter Group (A) | 1 | 1133350 | 1133350 | 49.80 | 49.80 | 0 | 0.00 |
| (B) Public Shareholding | | | | | | | |
| (1) Institutions | | | | | | | |
| (2) Non-Institutions | | | | | | | |
| Bodies Corporate | 18 | 582903 | 522903 | 25.61 | 25.61 | 0 | 0.00 |
| Individuals | | | | | | | |
| Individual shareholders holding nominal share capital up to Rs. 1 lakh | 70 | 73951 | 53961 | 3.25 | 3.25 | 0 | 0.00 |
| Individual shareholders holding nominal share capital in excess of Rs. 1 lakh | 11 | 484195 | 63935 | 21.28 | 21.28 | 0 | 0.00 |
| Any Others (Specify) | 3 | 1301 | 1301 | 0.06 | 0.06 | 0 | 0.00 |
| Hindu Undivided Families | 3 | 1301 | 1301 | 0.06 | 0.06 | 0 | 0.00 |
| Sub Total | 102 | 1142350 | 642100 | 50.20 | 50.20 | 0 | 0.00 |
| Total Public shareholding (B) | 102 | 1142350 | 642100 | 50.20 | 50.20 | 0 | 0.00 |
| Total (A)+(B) | 103 | 2275700 | 1775450 | 100.00 | 100.00 | 0 | 0.00 |
| (C) Shares held by Custodians and against which Depository Receipts have been issued | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| (1) Promoter and Promoter Group | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| (2) Public | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| Sub Total | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| Total (A)+(B)+(C) | 103 | 2275700 | 1775450 | 0.00 | 100.00 | 0 | 0.00 |

m. DEMATERIALISATION OF SHARES

The shares of the Company are in compulsory demat segment ,as on 31st March 2012, 17,75,450equity shares of the Company forming 78.017% of the share capital of the Company stand dematerialized.

n. OUTSTANDING GDRs/Warrants and Convertible Instruments

The Company has not issued any GDRs/Warrants or any other instrument which is convertible into Equity Shares of the Company.

o. PLANT LOCATIONS

Not applicable.

p. ADDRESS FOR CORRESPONDENCE

M/S Beetal Financial & Computer Services (P) Ltd
Beetal house, 3rd floor, 99, Madangir,
Behind Local Shopping Centre,
Near Dada Harsukhdas Mandir, New Delhi-62
Telephone no. 011 2996 1281/82
Fax: 011 2996 1284

Shareholders may also contact to:

The Compliance officer: L-5, B - II
Krishna Marg C-Scheme, Jaipur-302001,
Rajasthan.

10 SECRETARIAL AUDIT

For each of the quarter in the financial year 2012-13, M/s V M & Associates, Company Secretaries, Jaipur carried out secretarial audits to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and total issued and listed capital. The audit report confirm that the total issued/ paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

11. CIN

The Corporate Identification Number (“CIN”) of the Company as allotted by Ministry of Company Affairs is L15499RJ1994PLC008016.

12 CEO/CFO CERTIFICATE

Certificate from CEO/CFO for the financial year ended March 31, 2012 has been given elsewhere in the Annual Report.

For and on behalf of the Board of Directors

Date: 16.07.2012
Place: JAIPUR

Sd/-
VIJAY KUMAR
(Director)

Sd/-
ATUL KHARBANDA
(Director)

AUDITORS' REPORT ON CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENTS

To,
The Members,
Spectrum Foods Limited,
Jaipur,

We have examined the compliance of conditions of Corporate Governance by for the year ended on 31st March, 2012, as stipulated in clause 49 of the listing agreement of the said Company with the Stock Exchanges.

The compliance of 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 an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us, we certify that the Company has generally complied with the conditions of corporate governance as stipulated in the above mentioned listing agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per records maintained by the Shareholders'/Investors' Grievance Committee.

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

For N. Kataria & Associates
Chartered Accountants

Sd/-
Nikhilesh Kataria, FCA
Proprietor
Membership No. 79048

Place: Jaipur
Date: 16.07.2012

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

This is to confirm that the Company has adopted a Code of Conduct for its Board of Directors and Senior Management Personnel.

I confirm that the Company has, in respect of the financial year ended March 31, 2012, received from the members of the Board and the senior management team of the Company, a declaration of compliance with the Code of Conduct as applicable to them.

Place: Jaipur
Date: 16.07.2012

Sd/-
ATUL KHARBANDA
(Director)

CERTIFICATE BY CHIEF EXECUTIVE OFFICER (CEO) / CHIEF FINANCIAL OFFICER (CFO)

We, Atul Kharbanda Chief Executive Officer and Vijay Verma, Chief Financial Officer of **Spectrum Foods Limited**, to the best knowledge and belief hereby certify:

That we have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2012 and that to the best of our knowledge and belief;

- These statements do not contain any materially untrue statement nor omit any material fact nor contain statements that might be misleading, and
- These statements present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct;

We accept responsibility for establishing and maintaining internal controls, we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation on internal controls, if any, of which we are aware and the steps that we have taken or propose to take to rectify the identified deficiencies and;

That we have informed the auditors and the audit committee of:

- Significant changes in internal control during the year;
- Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
- Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

Place: Jaipur
Date: 16.07.2012

Sd/-
Atul Kharbanda
Chief Executive Officer

Sd/-
Rohit Pareek
Chief Financial Officer

REPORT OF THE AUDIT COMMITTEE

To,
The Shareholders,
Spectrum Foods Limited,
Jaipur

The Audit Committee of the Board of Directors comprises of 3 Directors (Non-Executive & Independent Directors) of the Company. The Committee operates under a written charter adopted by the Board of Directors, and has been vested with all the powers necessary to effectively discharge its responsibilities.

The committee has primary responsibility for the financial statements and reporting process including the systems of internal controls. During the year, the Committee discussed with the Company's auditors about the overall scope and plans for their audit. The Committee also discussed the result of their examination, their evaluation of the Company's internal controls and the overall quality of the Company's financial reporting.

In fulfilling its oversight responsibilities, the committee has reviewed and discussed the Company's audited financial statements with the management. Relying on the review and discussions with the management and the auditors, the Audit Committee believes that the Company's financial statements are fairly presented in all material aspects.

Further the Committee has recommended that for the year 2011-12, the Board re-appoint **M/s N.Kataria & Associates** as Statutory Auditors.

The Company's Code of Business Conduct and Ethics has the mechanism whereby no personnel intending to make a complaint relating to Securities and financial reporting shall be denied access to the Audit Committee.

Place: Jaipur
16.07.2012

Sd/-
Shri Atul Kharbanda
Chairman
Audit Committee

N. KATARIA & ASSOCIATES
CHARTERED ACCOUNTANTS

To,
The Members,
Spectrum Foods Limited,
Jaipur

Reports on the Financial Statements

We have audited the attached balance sheet of Spectrum Foods Ltd. as at 31st March 2012, the profit and loss account and also the cash flow statement for the year ended on that date annexed thereto.

Management's Responsibility for the Financial Statements

The management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility also includes create, implement and maintain the internal control systems relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement whether due to fraud or error.

Auditor's Responsibility

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 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.

Report on Other Legal & Regulatory Requirement

1. 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 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. 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 our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account ;
 - (iv) In our opinion, the balance sheet, profit and loss account and cash flow statement 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 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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 balance sheet, of the state of affairs of the Company as at 31st March 2012;
- (b) in the case of profit and loss account, of the **profit** for the year ended on that date; and
- (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For N. Kataria & Associates
Chartered Accountants

Place: Jaipur
Dated:16-07-2012

(Nikhilesh Kataria, FCA)
Proprietor
M. No. 79048

N. KATARIA & ASSOCIATES

CHARTERED ACCOUNTANTS

Annexure to the Auditor's Report

(as referred to in paragraph 3 of the said report)

(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)

On the basis of the books and records examined by us in the normal course of audit on such test checks, as we considered necessary and to the best of our knowledge and belief, we state that:

- (I) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The management has physically verified these fixed assets at reasonable intervals and no material discrepancies were noticed on such verification;
- (c) In our view, no substantial part of the fixed assets has been disposed off during the year.
- (ii) (a) Physical verification of inventory has been conducted at reasonable intervals by the management;
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business;
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification and even if there were any, the same was properly dealt with in the accounts.
- (iii) (a) The Company has taken interest free advances from Tiger salts Private Limited., the closing balance of which stood at Rs.134.10 lacs respectively. Other than this the company has not taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act.
- (b) The Company has granted advances of Rs.45.82 lacs which were made to Saboo Sodium Chloro Ltd. Other than this the company has not granted any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act.
- (c) In our opinion, the rate of interest and other terms and conditions of loans/ advance given or taken by the Company, secured or unsecured, are not prima facie prejudicial to the interest of the Company. However, in case of advance made for purchase of shares, no interest is being charged from the parties
- (d) The Company is regular in repaying the principal amount of the loan/ advance.
- (e) There is no overdue amount of loans/ advances taken or granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act.
- (iv) According to the information and explanation given to us, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods.
- (v) (a) According to the information and explanation given to us, we are of the opinion that the transactions that need to be entered into a register in pursuance of section 301 of the Act, have been entered, as also explained to us by the management;
- (b) According to the information and explanation given to us, we are also of the opinion that each of these transactions has been made at prices, which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) According to the information and explanations given to us, the Company has not accepted deposits from the public as referred to in sections 58A and 58AA of the Companies Act, 1956. As such the relevant rules are not applicable to the Company, as explained by the management.
- (vii) We are of the opinion that the Company has an internal audit system commensurate with its size and nature of business.
- (viii) The Central Government has not prescribed for the maintenance of the cost records under clause (d) of

sub-section (1) of section 209 of the Companies Act, 1956 for the class of industry carried on by the Company, as explained to us by the management.

- (ix) (a) The Company is regular in depositing statutory dues including provident fund, income-tax, sales-tax, wealth tax, custom duty, cess etc. with the appropriate authorities
(b) According to the information and explanations given to us, there were no undisputed amounts outstanding in respect of provident fund, investor education and protection fund, income-tax, sales-tax, wealth tax, custom duty etc. for more than six months.
- (x) The accumulated losses of the Company did not exceed fifty per cent of its net worth and there are no cash losses in the current or previous financial year.
- (xi) As explained to us, the Company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
- (xii) In our opinion, adequate documents and records are maintained in cases where the Company has granted loans and advances on the basis of security, by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the provisions of any special statute like nidhi/mutual benefit fund/societies etc. are not applicable to the Company.
- (xiv) We are of the opinion that the Company has maintained proper records of the transactions in the shares, securities, debentures and other investments held by the Company and timely entries have been made therein. Such shares/ securities has been held by the Company in its own name.
- (xv) As per the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) In our opinion, term loans were applied for the purpose for which the loans were obtained, as also explained to us by the management.
- (xvii) According to the information and explanations given to us and on the basis of overall examination of the financial statement, we are of the opinion that the funds raised on short-term basis have not been used for long term investment. Similarly, no short-term investment has been made out of long-term funds raised during the year.
- (xviii) According to the information and explanations given to us, during the year under consideration, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
- (xix) According to the information and explanations given to us, the Company has not issued any debenture during the year under consideration.
- (xx) According to the information and explanations given to us, during the year under consideration, the Company has not raised any money by way of public issue.
- (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 under consideration.

Place: Jaipur
Dated: 16-07-2012

**For N. Kataria & Associates
Chartered Accountants**

**(Nikhilesh Kataria, FCA)
Proprietor
M. No. 79048**

SPECTRUM FOODS LIMITED
REPORT OF AUDITORS ON CASH FLOW STATEMENT

To,
The Board of Director's
Spectrum Foods Ltd.,
Jaipur

We have examined the attached Cash Flow Statement of Spectrum Foods Ltd. for the year ended 31.03.2012. The statement has been prepared by the Company with the requirements of the Listing Agreements and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report of even date to the members of the Company.

For N. Kataria & Associates
Chartered Accountants

Nikhilesh Kataria, FCA
Proprietor

Date : 16-07-2012
Place : Jaipur

BALANCE SHEET AS AT 31st MARCH, 2012

| | <i>Note</i> | As at 31.3.2012 <i>(in Rs.)</i> | As at 31.3.2011 <i>(in Rs.)</i> |
|----------------------------------|-------------|---------------------------------------|---------------------------------------|
| I. EQUITY AND LIABILITIES | | | |
| Shareholders Fund | | | |
| Share Capital | 2 | 37,965,500 | 37,965,500 |
| Reserve & Surplus | 3 | 37,690 | (952,768) |
| | | 38,003,190 | 37,012,732 |
| Non-current Liabilities | | | |
| Long Term Borrowings | 4 | 13,503,904 | 24,574,104 |
| | | 13,503,904 | 24,574,104 |
| Current Liabilities | | | |
| Trade Payables | 5 | 2,871,415 | 1,921,085 |
| Other Current Liabilities | 6 | 83,660 | 63,660 |
| Short Term Provisions | 7 | 236,988 | - |
| | | 3,192,063 | 1,984,745 |
| Total Laibilities | | 54,699,157 | 63,571,581 |
| II. ASSETS | | | |
| Non-current Assets | | | |
| Fixed Assets | | | |
| Tangible Assets | | | |
| | 8 | 6,662,514 | 1,218,328 |
| | | 6,662,514 | 1,218,328 |
| Non Current Investments | 9 | 9,917,300 | 8,803,036 |
| Long Term Loans & Advances | 10 | 187,458 | 176,520 |
| Current Assets | | | |
| Inventories | 11 | 2,380,400 | 7,311,700 |
| Trade Receivables | 12 | 527,510 | 645,979 |
| Cash & Cash Equivalents | 13 | 30,324,484 | 1,326,910 |
| Short Term Loans & Advannces | 14 | 4,699,491 | 44,089,108 |
| | | 37,931,885 | 53,373,697 |
| Total Assets | | 54,699,157 | 63,571,581 |

As per our report of even date attached

For N. Kataria & Associates
Chartered Accountants

For and on behalf of the Board

Nikhilesh Kataria, FCA
Proprietor
Place: Jaipur
Date:16-07-2012

Sd/-
Anuj Kumar Sandhani
Director

Sd/-
Atul Kharbandan
Director

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING 31ST MARCH 2012

| | <i>Note</i> | Year Ended 31.03.2012 <i>(in Rs.)</i> | Year Ended 31.03.2011 <i>(in Rs.)</i> |
|---|-------------|---|---|
| Revenue from operations | 15 | 5,192,185 | 3,023,500 |
| Other Income | 16 | 8,934,143 | 15,411,820 |
| Total Revenue | | 14,126,328 | 18,435,320 |
| <u>Expenses:</u> | | | |
| Purchase of stock-in-trade | 17 | 7,087,155 | 10,350,000 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 18 | 4,931,300 | (7,311,700) |
| Employee benefit expense | 19 | 428,140 | 540,770 |
| Financial costs | 20 | 42,416 | 12,548 |
| Depreciation and amortization expense | | - | - |
| Auditor's Remuneration | 21 | 15,000 | 15,000 |
| Other expenses | 22 | 406,859 | 316,243 |
| Total Expenses | | 12,910,871 | 3,922,861 |
| Profit and Loss before tax | | 1,215,458 | 14,512,459 |
| Short/ (Excess) Provision for Earlier Year | | - | 170,654 |
| Tax expense: | | | |
| Current tax (Provision) | | 225,000 | - |
| Total Current Tax Expenses | | 225,000 | - |
| Profit and Loss after Tax for the Period | | 990,458 | 14,341,805 |
| Earning per equity share: | | | |
| Basic | | 0.44 | 6.30 |

Accounting Policies &
Notes to the Accounts

1

As per our report of even date attached

**For N. Kataria & Associates
Chartered Accountants**

For and on behalf of the Board

**Nikhilesh Kataria, FCA
Proprietor**

Sd/-
**Anuj Kumar Sandhani
Director**

Sd/-
**Atul Kharbandan
Director**

Place: Jaipur
Date: 16-07-2012

Notes 1 To 24 annexed to and forming integral part of the accounts for the year ended 31st March, 2012

Note 1 : Accounting Policies & Notes on Accounts

1.1) Basis of Preparation of Financial Statement

These financial statements are prepared in accordance with Indian General Accepted Accounting Principles (GAAP) under historical cost convention on the accrual basis. The Indian GAAP comprises mandatory Accounting Standards as prescribed under the Companies (Accounting Standards) Rules, 2006 and the provision of the Companies Act, 1956. The accounting policies not specifically referred to otherwise, are consistent and in consonance with Indian GAAP issued by the Institute of Chartered Accountants of India, provisions of the Companies Act, 1956 & Securities and Exchange Board of India.

1.2) Revenue Recognition

Revenue is primarily derived from sale of iodized salt. Revenues are recognized on accrual basis when the substantial risks and reward of ownership in the goods are transferred to the buyer upon supply of the goods. Expenses are accounted for on accrual basis and provision is made for all known losses and liabilities except disputed claims & demands and discounts, rebates etc., which are accounted for on cash basis as per consistent practice. Further, profit & loss in trading of shares and future & options have been shown on net basis.

1.3) Fixed Assets & Impairment Thereof

Fixed assets are stated at their cost of acquisition including all direct cost attributable to the installation less accumulated depreciation. Impairment loss, if any, is provided wherever the carrying value of the assets exceeds the recoverable amount. Assessment is done at the each balance sheet date by the management to ascertain if there is any indication of impairment loss in any carrying value of fixed assets.

1.4) Depreciation & Amortization

Depreciation, if any, on fixed assets has been provided on the basis of written down value method as per rates provided in Schedule XIV of the Companies Act, 1956.

1.5) Inventories

Inventories are valued on the weighted-average basis and taken at the lower of the cost or net realizable value. Unserviceable raw material, if any, is valued at net realizable value. The cost of finished goods includes material cost determined on weighted-average basis and also includes an appropriate portion of allocable overheads. However, it does not include interest and administrative overheads which are indirect in nature. There is no change in the valuation method followed by the Company.

1.6) Provisions and Contingent Liabilities

Provisions and contingent liabilities as defined under the relevant accounting standard are provided on the basis of information made available from the management. These are reviewed each year end date and adjusted to reflect the best current estimate.

1.7) Investments

Investments, if any, are classified into current and long term investments. Current investments are stated at lower of cost or fair value. Long term investments are stated at cost. Investments which are readily realizable and are intended to be held for not more than one year as on the date of the balance sheet are classified as current investment

1.8) Retirement & Post Retirement Benefits

The company is not providing for retirement and post retirement benefits in the form of gratuity, pension, leave encashment etc. and to this extent AS-15 not stood complied with, however, impact on profit is not ascertainable. The impact not expected to be substantial no qualification of the audit report is made.

1.9) Segment Reporting

There is only one visible segment of the company i.e. sale of salt and as such no separate reporting is needed on segment basis.

1.10) Taxation

- a. Current tax is the provision made for income tax liability, if any, on the profits calculated in accordance with the provisions of the Income Tax Act 1961.
- b. Deferred tax is recognized subject to the consideration of prudence on timing differences being the difference between the taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Brought forward losses are considered only when there is visible certainty that the company will be able to utilize the brought forward losses to reduce its tax liability.

1.11) Earnings Per Share

Basic earnings per share is calculate by dividing the net profit for the period attributable to equity shareholders by the equity shares outstanding at the end of the year. For the purposes of calculating diluted earnings per share, all potential equity shares have been taken into consideration including convertible warrants.

| | As at 31.3.2012 <i>(in Rs.)</i> | As at 31.3.2011 <i>(in Rs.)</i> |
|---|---------------------------------------|---------------------------------------|
| Note 2 : Share Capital | | |
| a) Authorized : | | |
| 7000000 equity shares of Rs. 10/- each <i>(previous Year- no change)</i> | 70,000,000 | 70,000,000 |
| | 70,000,000 | 70,000,000 |
| b) Issued Capital: | | |
| 6404500 equity shares of Rs. 10/- each <i>(previous Year- no change)</i> | 64,045,000 | 64,045,000 |
| | 64,045,000 | 64,045,000 |
| c) Subscribed & Paid Up Capital: | | |
| 6404500 equity shares of Rs. 10/- each <i>(previous Year- no change)</i> | 64,045,000 | 64,045,000 |
| Less: Forfeited Shares <i>(4128800 Partly paid Equity Shares of Rs 10 each Forfeited on 23.03.1999)</i> | 41,288,000 | 41,288,000 |
| | 22,757,000 | 22,757,000 |
| Add: Forfeited Shares to the extent of Paid Up | 15,208,500 | 15,208,500 |
| | 37,965,500 | 37,965,500 |

The details of shareholder holding in excess of 5% shares are as under:

| Name of Shareholder | As at 31-3-2012 | | As at 31-3-2011 | |
|-------------------------------|-----------------|---------------|-----------------|---------------|
| | % of shares | No. of Shares | % of shares | No. of Shares |
| Girdhar Saboo | 49.80 | 1,133,350.00 | 50.64 | 1,152,350.00 |
| Nawa Hotels & Resorts Pvt Ltd | 12.09 | 275,200.00 | 8.78 | 199,800.00 |
| Tiger Salts Pvt. Ltd | 9.84 | 224,040.00 | 12.08 | 274,800.00 |

**Note 3 : Reserve and Surplus
Profit & Loss Account**

| | | |
|-----------------------------|---------------|------------------|
| Balance from Previous Year | (952,768) | (15,294,571) |
| Add: Profit During the Year | 990,458 | 14,341,803 |
| | 37,690 | (952,768) |

**Note 4 : Long Term Borrowings
Unsecured Loan**

| | | |
|-------------------------------|-------------------|-------------------|
| Bikas Kumar Lakhotia & Co | 93,904 | 93,904 |
| Tiger Salts Pvt Ltd | 13,410,000 | 14,075,000 |
| Nawa Hotels & Resorts Pvt Ltd | - | 6,860,200 |
| Nawa Salts Pvt Ltd | - | 3,545,000 |
| | 13,503,904 | 24,574,104 |

CURRENT LAIBILITIES

Note 5 : Trade Payables

| | | |
|---------------------|------------------|------------------|
| Creditors for Goods | 2,871,415 | 1,921,085 |
| | 2,871,415 | 1,921,085 |

Note 6 : Other Current Liabilities

| | | |
|------------------------|---------------|---------------|
| Imprest | 5,000 | - |
| Audit Fees Payable | 49,660 | 34,660 |
| Staff Security Deposit | 29,000 | 29,000 |
| | 83,660 | 63,660 |

Note 6.1 : Out of the above amount , Rs. nil pertain to the Micro, Small and Medium Enterprises (MSME) as defined "Micro Small and Medium Enterprises Development Act, 2006" based on the Information available with the Company. There is no interest payable to such parties as at March 31, 2012 (March 31, 2011 :Rs. NIL)

Note 7 : Short Term Provisions

| | | |
|------------------------|----------------|----------|
| Provision For Expenses | 11,988 | - |
| Provision for Taxation | 225,000 | - |
| | 236,988 | - |

Note 8 : Fixed Assets

| PARTICULARS | Gross Block | | | Net Block | | |
|-------------------------|---------------------|--------------------------|--------------------------|---------------------|---------------------|---------------------|
| | As at 31 March 2011 | Addition During the year | Deletion During the year | As at 31 March 2012 | As at 31 March 2012 | As at 31 March 2011 |
| Land & Site Development | 111859 | 5627392 | 111,859 | 5627392 | 5627392 | 111,859 |
| Building | 1106469 | - | 1,106,469 | - | - | 1,106,469 |
| Machinery Angles | - | 1035122 | - | 1035122 | 1035122 | - |
| Total | 1218328 | 6662514 | 1,218,328 | 5627392 | 6662514 | 1,218,328 |

Note 9 : Non Current Investments

| | | |
|---------------------------------|-----------|-----------|
| Share - Saboo Sodium Chloro Ltd | 3,100,100 | 2,683,716 |
| Share - Silktex | 13,500 | 13,500 |
| Ras Kmk | 29,250 | 29,250 |
| Uniworth EQ | 300 | 300 |
| Indian Hotel | 697,880 | - |

| | | |
|-------------------------------------|------------------|------------------|
| Other Investments | 50,000 | 50,000 |
| Prima Plastic | 81,030 | 81,030 |
| Vogue Tex | 4,960 | 4,960 |
| ANG Exports | 13,530 | 13,530 |
| Saboo Engitech Pvt. Ltd. | 5,396,000 | 5,396,000 |
| Fortress Hotels & Resorts Pvt. Ltd. | 530,750 | 530,750 |
| | <u>9,917,300</u> | <u>8,803,036</u> |

Note 10 : Long Term Loans & Advances
(Unsecured considered good)

| | | |
|-------------------|----------------|----------------|
| TDS & Advance Tax | 177,733 | 166,795 |
| Security Deposit | 9,725 | 9,725 |
| | <u>187,458</u> | <u>176,520</u> |

CURRENT ASSETS

Note 11 : Inventories

| | | |
|----------------|------------------|------------------|
| Finished Goods | 2,380,400 | 7,311,700 |
| | <u>2,380,400</u> | <u>7,311,700</u> |

Note 12 : Trade Receivables
(unsecured and considered good)

| | | |
|--------------------|----------------|----------------|
| More than 6 Months | 87,177 | 87,177 |
| Others | 440,333 | 558,802 |
| | <u>527,510</u> | <u>645,979</u> |

Note 13 : Cash And Cash Equivalents

| | | |
|-------------------------|-------------------|------------------|
| Cash In hand | 188,132 | 211,275 |
| Balances with HDFC Bank | 30,136,352 | 1,115,635 |
| | <u>30,324,484</u> | <u>1,326,910</u> |

Note 14 : Short Term Loan And Advances

(Unsecured considered good)

| | | |
|------------------------------------|------------------|-------------------|
| Archana Saboo | 75,000 | 8,300,000 |
| Pradeep kumar Saxena | 42,477 | - |
| Religare Securities Ltd. | 21 | 171,116 |
| Saboo Sodium Chloro Ltd. | 4,581,993 | 28,517,992 |
| Girdhar Saboo | - | 2,100,000 |
| Deepak Finance and Leasing Company | - | 5,000,000 |
| | <u>4,699,491</u> | <u>44,089,108</u> |

Note 14.1 : Director of Saboo Sodium Chloro Ltd is having substantial shareholding above 10% in the company

Note 15 : Income From Operations Products

| | | |
|------------|------------------|------------------|
| Sales Salt | 5,192,185 | 3,023,500 |
| | 5,192,185 | 3,023,500 |

Note 16 : Other Income

| | | |
|--------------------------------|------------------|-------------------|
| Interest Received | 152,272 | 207,702 |
| Profit on Sale of Fixed Assets | 8,781,672 | - |
| Profit on Share Trading | - | 13,854,118 |
| Balance Written Off | 199 | - |
| Rebate and Discount | - | 1,350,000 |
| | 8,934,143 | 15,411,820 |

Note 17 : Purchases

| | | |
|-----------------------|------------------|-------------------|
| Purchase- Salt | 6,745,000 | 10,350,000 |
| Loss on share Trading | 342,155 | - |
| | 7,087,155 | 10,350,000 |

Note 17.1: Loss in share trading has been shown on net basis i.e. after reducing profit on account of share trading in shares or future & options, as the case may be

Note 18 : Changes in Inventoris of Finished Goods, WIP & Stores

Opening Stock

| | | |
|------|-----------|---|
| Salt | 7,311,700 | - |
| | 7,311,700 | - |

Closing Stock

| | | |
|------|------------------|--------------------|
| Salt | 2,380,400 | 7,311,700 |
| | 2,380,400 | 7,311,700 |
| | 4,931,300 | (7,311,700) |

Note 18.1: During the year under consideration, the company has incurred a substantial loss on account of washing away of stock of salt due to extraordinary circumstances. Accordingly, the company has written off an amount of Rs.65.45 lacs on account of the same and the same is not part of the inventory.

Note 19 : Employees Benefit Expenses

| | | |
|-----------------------|----------------|----------------|
| Salary Expenses | 391,776 | 540,770 |
| Stipend to Apprentice | 36,364 | - |
| | 428,140 | 540,770 |

Note 20 : Financial Costs

| | | |
|---------------------------|---------------|---------------|
| Interest On Share Funding | 41,970 | - |
| Interest Paid | - | 6,477 |
| Bank comm. & Charges | 446 | 6,071 |
| | 42,416 | 12,548 |

Note 21 : Auditor's Remuneration

| | | |
|----------------------|---------------|---------------|
| Statutory Audit Fees | 8,500 | 8,500 |
| Tax Audit Fees | 6,500 | 6,500 |
| | 15,000 | 15,000 |

Note 22 : OTHER EXPENSES

Administrative Expenses

| | | |
|---------------------------------------|----------------|----------------|
| Advertisement and Publicity | - | 4,716 |
| Annual Custodial Fees | 13,236 | 13,268 |
| Annual Listing Fees | 16,545 | 11,030 |
| Conveyance Expenses | 18,817 | 22,487 |
| Discount Allowed | - | 63,000 |
| Income Tax Demand | 62,470 | - |
| Legal Expenses | 29,755 | 18,730 |
| Miscellaneous Exp | 911 | 335 |
| Office maintainance Exp | - | 1,077 |
| Printing & Stationery Expenses | 9,923 | 7,245 |
| Professional Service Exp | 7,500 | - |
| Repair and Maintainance - Others | 5,891 | - |
| Share Transfer Exp | 19,713 | 19,512 |
| Sales Promotion Exp | 7,800 | 4,550 |
| Selling and Distribution Exp | 19,034 | - |
| Telephone Exp. | 158,003 | 131,252 |
| Travelling Exp | 26,470 | 9,905 |
| Water and Electricity Charges | 10,791 | 7,194 |
| Security Transaction Tax & DP Charges | - | 1,942 |
| | 406,859 | 316,243 |

Note 23: Basic & Diluted EPS

| | March 31, 2012 | March 31, 2011 |
|---------------------------------|---------------------------|---------------------------|
| Basic Earnings Per Share | | |
| Net Profit/Loss (after tax) | 990458 | 14341805 |
| No. of Share | 2275700 | 2275700 |
| Face Value (Per Share) | 10 | 10 |
| EPS-Basic | 0.44 | 6.30 |

Note 24: Related Party Disclosures

Key Management Personnel

Vijay Kumar Verma
Atul Kharbanda
Anuj Samdhani

***Other Related Parties**

Saboo Sodium Chloro Ltd

** on the basis of information provided by the management*

Disclosure of Transation

Purchases of Raw Material (Rs. Lacs)

67.45

SPECTRUM FOODS LIMITED

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MARCH ,2012

| PARTICULARS | 31.03.2012 | 31.03.2011 |
|--|--------------------|---------------------|
| <u>A. CASH FLOW FROM OPERATING ACTIVITIES</u> | | |
| Net Profit before Tax and extraordinary items | 1,215,458 | 14,512,459 |
| Adjustments for : | - | - |
| Depreciation and amortization | - | - |
| Interest Received | (152,272) | (207,702) |
| Interest Paid | 41,970 | 6,477 |
| Profit On sale of Tangible Fixed Assets | (8,781,672) | - |
| Operating Profit before Working Capital Changes | (7,676,517) | 14,311,234 |
| Adjustments for : | | |
| Decrease / (Increase) in Trade & Other Receivables | 118,469 | (617,604) |
| Decrease / (Increase) in Inventories | 4,931,300 | 6,561,064 |
| Increase / (Decrease) in Current Liability | 1,207,318 | (1,040,315) |
| Cash Generated From Operations | (1,419,430) | 19,214,378 |
| Income Tax | (225,000) | (170,654) |
| NET CASH FROM OPERATING ACTIVITIES | (1,644,430) | 19,043,724 |
| <u>B. CASH FLOW FROM INVESTING ACTIVITIES</u> | | |
| (Purchase) / sale of Fixed Assets | (6,662,514) | - |
| Receipt on Sale of Fixed Assets | 10,000,000 | - |
| Interest Received | 152,272 | 207,702 |
| Decrease (Increase) in Loans & Advances | 39,378,679 | (32,571,469) |
| (Purchase)/ Sale of Investments | (1,114,264) | (8,753,036) |
| Net Cash from Investing Activities | 41,754,173 | (41,116,803) |

| | | |
|---|---------------------|-------------------|
| <u>C. CASH FLOW FROM FINANCING ACTIVITIES</u> | | |
| Proceed from Share Capital | - | - |
| Proceeds/(Repayment) of Long Term Borrowings | (11,070,200) | 22,130,000 |
| Proceed/(Repayment) of short Term Borrowings | - | - |
| Proceed of State Capital Investment Subsidy | - | - |
| Interest paid | (41,970) | (6,477) |
| Net Cash used in Financing Activities | (11,112,170) | 22,123,523 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 28,997,574 | 50,444 |
| Cash and Cash Equivalents at the Beginning of the year | 1,326,910 | 1,276,467 |
| Cash and Cash Equivalents at the end of the year | 30,324,484 | 1,326,910 |

As per our report of even date attached

**For N. Kataria & Associates
Chartered Accountants**

For and on behalf of the Board

**Nikhilesh Kataria, FCA
Proprietor
Place: Jaipur
Date: 16-07-2012**

**Sd/-
Anuj Kumar Sandhani
Director**

**Sd/-
Atul Kharbandan
Director**

SPECTRUM FOODS LIMITED

**Registered office: Surya House, L- 5, B - II Krishna Marg, C-Scheme,
Jaipur-302001, Rajasthan
Attendance Slip**

Name and Address of the Share Holder:.....
.....
No. of shares held:.....
Master Folio No..... DP ID..... & Client ID.....

I, hereby record my presence at the 18th Annual General Meeting of the Company held on Friday, September 14th, 2012 at 3.00 P.M. at Surya House, L-5, B-II Krishna Marg, C-Scheme, Jaipur-302001, Rajasthan.

Name of the Member or Proxy*
*Strike out whichever is not applicable.

Please fill in attendance slip and hand it over at the entrance of the meeting hall. Joint share holders may obtain additional attendance slip on request.

Tear here -----

SPECTRUM FOODS LIMITED ANNUAL REPORT 2012-13

**Registered office: Surya House, L- 5, B - II Krishna Marg, C-Scheme, Jaipur-302001, Rajasthan
PROXY FORM**

| Master Folio No. | DP ID | Client ID |
|------------------|-------|-----------|
| | | |

/We.....
ofbeing a member/members
of the Spectrum Foods Limited, hereby appoint Shri
of.....or failing him..... of
..... as my / our proxy to vote for me / us and on my / our behalf at the 18th
Annual General Meeting to be held on Friday, the 14th day of September, 2012 at 3.00 P.M. at Surya
House, L- 5, B - II Krishna Marg, C-Scheme, Jaipur-302001 , Rajasthan or at any adjournment thereof.

Signed this.....day of2012

Signature of member

| |
|--|
| Affix one Rupee Revenue Stamp |
|--|

BOOK-POST
PRINTED MATTER

If Undelivered Please return to :
SPECTRUM FOODS LIMITED
L-5, B-II, Krishna Marg,
C-Scheme, JAIPUR-302001