

Hindustan Foods Ltd.

24th

ANNUAL REPORT

2008-09





Hindustan Foods Limited

Board of Directors:

Mr. Shrinivas V. Dempo	<i>Chairman</i>
Mr. Soiru V. Dempo	<i>Executive Director</i>
Mr. N. C. Chaudhuri	<i>Director</i>
Dr. A. B. Prasad	<i>Director</i>
Adv. Sudin M. Usgaonkar	<i>Director</i>
Mr. Ashok N. Manjrekar	<i>Director</i>

Chief Executive – Operations:

Mr. G. S. Talekar

Registered Office:

Dempo House
Campal, Panaji, Goa – 403 001

Works:

Usgao, Ponda
Goa – 403 407

Auditors:

R. Sundararaman & Co.
Chartered Accountants
7, Anandan Street, T. Nagar
Chennai – 600 017

Bankers:

Bank of Maharashtra

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NOTICE

Notice is hereby given that the 24th Annual General Meeting of the Members of Hindustan Foods Limited will be held at the Registered Office of the Company at **Dempo House, Campal, Panaji, Goa - 403 001** on **Friday, the 25th of September, 2009** at **10.30 a.m.** to transact the following business.

AS ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2009 and Profit and Loss Account and Cash Flow Statement for the year ended on that date as also the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Ashok N. Manjrekar, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Dr. A. B. Prasad, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next meeting and to fix their remuneration.

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/herself and such proxy need not be a member of the Company. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.
2. The Register of the Members and Share Transfer Books in respect of the Equity Shares of the Company will remain closed from Saturday, the 19th of September, 2009, to Friday, the 25th of September, 2009 [Both days inclusive].
3. Members are requested to notify immediately any change of address to the Company at Dempo House, Campal, Panaji, Goa – 403 001.

DIRECTORS:

Mr. A. N. Manjrekar and Dr. A. B. Prasad, Directors of the Company, are retiring by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. The information/data for these directors under the Corporate Governance Code of the Listing Agreement are given in the Corporate Governance section of the Annual Report.

For and on behalf of the Board of Directors

Registered Office:

Dempo House, Campal
Panaji, Goa – 403 001

Date: 28th July, 2009

Soiru V. Dempo
Executive Director



DIRECTORS' REPORT

Your Directors have pleasure in presenting their Twenty-Fourth Annual Report and the Audited Statements of Accounts of the Company for the year ended 31st March, 2009.

Operations :

During the year under review, the Company has manufactured intermediates for weaning foods for Third parties. The orders received during the year were encouraging and there has been increase in production.

Financial Results :

	2008-2009 (Rs. in Lacs)	2007-2008 (Rs. in Lacs)
Profit/(Loss) for the year before		
Finance charges and depreciation:	8.75	(46.20)
Finance charges	29.08	4.09
Profit/(Loss) before depreciation	(20.33)	(50.29)
Depreciation	30.98	30.52
Loss Carried to Balance Sheet	(51.31)	(80.81)

Dividend :

In view of accumulated losses, your Directors do not recommend any dividend for the year under review.

BIFR :

The Board for Industrial and Financial Reconstruction (BIFR) vide its Order dated 13-10-2008, has ruled that the Company has ceased to be a Sick Industrial undertaking within Section 3 (1) (O) of the Act, and discharged the Company from the purview of SICA BIFR.

Directors :

Mr. Ashok N. Manjrekar and Dr. A. B. Prasad retire by rotation and are eligible for re-appointment, which the Board recommends.

Directors' Responsibility Statement :

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

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2009, the applicable accounting standards have been followed along with proper explanation relating to material departures;



- (ii) that the directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for the year under review;
- (iii) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the directors have prepared the accounts for the financial year ended 31st March, 2009 on a 'going concern' basis.

Particulars of Employees :

None of the employees of the Company was in receipt of remuneration exceeding the limit prescribed in the Companies (Particulars of Employees) Rules, 1975 read with Section 217(2A) of the Companies Act, 1956.

Particulars of Conservation of Energy etc.:

In terms of Section 217(1) (e) of the Companies Act, 1956 [as amended] and the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988, the additional information, as required, is furnished as Annexure forming part of this Report.

Auditors :

Auditors of the Company M/s. R. Sundararaman & Co., Chartered Accountants, Chennai, retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

Auditors Report :

In respect of the observations of the auditors in their report, the relevant financial notes are self-explanatory.

Corporate Governance :

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, a Management Discussion and Analysis Report and a report on Corporate Governance are provided in separate sections as a part of this Annual Report. A Certificate from the Statutory Auditors of the Company certifying the Company's compliance with the requirement of corporate governance in terms of Clause 49 of the Listing Agreement with the Stock Exchange is also annexed to the section on Corporate Governance.



Acknowledgments :

Your Directors place on record their appreciation of the continuing business relationship by M/s. Wockhardt Limited.

Your Directors also place on record their deep appreciation for the valuable support and guidance from M/s. Esmeralda Investments Pvt. Ltd., the holding company from time to time as well as Bank of Maharashtra, the bankers.

The Directors acknowledge the co-operation and contribution of the employees of the Company.

For and on behalf of Board of Directors

Place: Panaji
Date : 28th July, 2009

Soiru V. Dempo
Executive Director



ANNEXURE TO THE DIRECTORS' REPORT

Information under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, and forming part of the Directors' Report for the year ended 31st March, 2009.

I. Conservation of Energy :

1. Energy consumption: Energy consumption have been higher per unit of production due to increase in fuel rates and lower tonnage.
2. Total energy consumption and energy consumption per unit of production are as under:

(A) POWER AND FUEL CONSUMPTION

Current Year

1. Electricity			
a) Purchased Units	Kwh		180810
* Total amount	Rs.		1252562
* Rate/Unit	Rs./Kwh		6.93
* including Demand charges			
b) Own Generation			
Through Diesel Generator			
Units	Kwh		149431
Units per Ltr. of Diesel Oil	Kwh		2.67
Cost/Unit	Rs./Kwh		12.31
2. Coal [Specify quality & where used]			
Quantity (Tonnes)			—
Total Cost			—
Average Rate			—
3. Furnace Oil (H.S.D. for Band Drier)			
Quantity	L		28768
Total Amount	Rs.		949344
Average Rate	Rs.		33.00
4. Others / internal generation (Please give details)			
Quantity			—
Total Cost			—
Rate / Unit			—

(B) CONSUMPTION PER UNIT OF PRODUCTION

	<u>Standards - if any</u>	<u>Current Year</u>
(Products with details - Units)		
Cereal based food products (tonnes)	—	624
Electricity (Units)	—	289.75
H.S.D. Oil (Units)	—	239.47
Coal [Specify quality]	—	—
Others (Specify)	—	—

II. Research and Development and Technology Absorption:

The Company is keeping abreast the developments in the extruder technology and has assimilated the latest technologies in the related fields.

III. Foreign Exchange Earnings and Outgoings:

Earnings	—	Nil
Outgoings	—	Nil



MANAGEMENT DISCUSSION AND ANALYSIS

The year 2008-2009 was challenging, as long term arrangements with customers for processing/ manufacture of their products did not materialise. However, your Company bagged orders to supply weaning food intermediates and other products. The orders received during the year were encouraging and there has been slight increase in the production.

The Company has carried out review of its business prospects, and has decided to launch products under its own brand, in regional areas, during the current year.

The Company has an excellent combination of experienced and talented Food Technologists and Engineers. The Company on regular basis undertakes various training programmes to keep its employees updated on information and new technologies, to achieve cost effectiveness.

The Company's relation with the employees continues to be cordial.

Research and development is an ongoing process at your Company. During the year, your Company has developed few products and the same is under self-life/stabilizing study. The Company is awarded Quality Certification of ISO 22000:2005, during the year by BVQI.

Some of the statements given in the above Management discussions and analysis about the Company's projections, estimates or expectations may be 'forward looking statements'. Actual results may differ substantially from those expressed or implied statements. Your company undertakes no obligations to publicly revise any forward looking statement to reflect future events or circumstances.

CORPORATE GOVERNANCE REPORT

A) MANDATORY REQUIREMENTS:

1) Company's Philosophy in Corporate Governance:

Transparency in all dealings, effective control and management of organization, investor friendly attitude towards shareholders has been the basic objective of the corporate governance of the Company.

2) Board of Directors:

- a) Composition and Category of Directors & number of Board meetings held and the dates on which held.

The Board of Directors has 6 members comprising of 5 Non-Executive Directors and 1 Executive Director. Out of six, four Directors are Independent Directors.

During the year under review, the Board of Directors met 5 times i.e. on 12th April, 2008, 7th June, 2008, 25th July, 2008, 16th October, 2008 and 27th January, 2009.

None of the Directors on the Board is a member in more than ten statutory committees and they do not act as Chairman of more than five statutory committees across all companies in which they are directors.

- b) Attendance of each director at the Board Meetings held during the year under review and at the last Annual General Meeting (AGM) as also the number of other directorships and committee memberships is as follows :

Name of Director	Category of Directorship	Number of Board Meetings attended	Last AGM Attended	Number of Directorship in other Companies	Number of Committees in which member
Shrinivas V. Dempo	Non-Executive	5	Yes	21 ¹	–
Soiru V. Dempo	Executive	5	Yes	7	2
N. C. Chaudhuri	Non-Executive	–	No	–	–
A. B. Prasad	Non-Executive	5	No	1	1
Sudin M. Usgaonkar	Non-Executive	5	No	5	–
Ashok N. Manjrekar	Non-Executive	3	No	–	–

¹Includes directorship held in 20 Private Limited Companies.

- c) Details of remuneration to the directors for the year under review:

The details of Sitting fees paid during the financial year ended 31st March, 2009 are as follows :

Sr. No.	Name of the Director	Sitting Fees Rs.
1.	Mr. Shrinivas V. Dempo	17,000
2.	Mr. Soiru V. Dempo	17,000
3.	Mr. N. C. Chaudhuri	Nil
4.	Dr. A. B. Prasad	19,000
5.	Adv. Sudin M. Usgaonkar	12,000
6.	Mr. Ashok N. Manjrekar	7,500



d) Details of Directors being Appointed/Re-appointed:

Mr. Ashok N. Manjrekar and Dr. A. B. Prasad retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. The brief profile of the Directors proposed for appointment / re-appointment, is as follows:

Mr. Ashok N. Manjrekar :

Mr. Ashok N. Manjrekar has been on the Board of Company since 20th January, 2006. He is M.Tech. in Food Technology from U.D.C.T., Mumbai and a Food and Nutrition Consultant. Mr. Manjrekar is not a Director in any Public Limited Company in India, other than Hindustan Foods Limited.

Dr. A. B. Prasad :

Dr. A. B. Prasad has been on the Board of Company since 24th January, 2002. He is a Director of Goa Carbon Ltd. He is M.Tech. and Ph.D. in Chemical Engineering.

e) Shareholding of Directors:

As on 31st March, 2009 Dr. A. B. Prasad holds 500 equity shares in the Company. None of the remaining directors hold any shares in the Company.

3) Audit Committee :

- (i) The terms of reference and power of the Audit Committee are as per Clause 49 of the Listing Agreement and Section 292 (A) of the Companies Act, 1956. The function of the Audit Committee is as per Listing Agreement with Stock Exchange. These include review of accounting and financial policies and procedures, review of financial reporting system, adequacy of internal control systems/internal audit function and risk management policies.
- (ii) The Audit Committee comprises of four Independent Directors. Four meetings were held during the year under review i.e. on 6th June, 2008, 25th July, 2008, 16th October, 2008 and 27th January, 2009. Other details are as under :

Name	Designation	Number of Meetings Attended
Dr. A. B. Prasad	Chairman	4
Mr. N. C. Chaudhuri	Member	—
Adv. Sudin M. Usgaonkar	Member	4
Mr. Ashok N. Manjrekar	Member	3

4) Remuneration Committee :

The Remuneration Committee comprises of the following members:

Name of the Member	Designation
Mr. Shrinivas V. Dempo	Member
Mr. Ashok N. Manjrekar	Chairman
Dr. A. B. Prasad	Member

During the year under review, no meeting of the committee was held.

5) Share Transfer and Investors' Grievance Committee :

The Share Transfer and Investors' Grievance Committee comprising of two Non-Executive Directors and one Executive Director approves the transmission / transfer of shares, issues new/duplicate share certificates and looks into the redressal of shareholders' and investors' complaints/grievances. The Committee met 7 times during the year and the attendance of members at the meetings were as follows :

Name of the Member	Designation	Number of Meetings Attended
Mr. Shrinivas V. Dempo	Chairman	7
Mr. Soiru V. Dempo	Member	7
Dr. A. B. Prasad	Member	7

Share transfers/transmissions approved by the Committee are placed before the Board from time to time.

Mr. G. S. Talekar, Chief Executive – Operations is the Compliance Officer of the Company under Clause 47 of the Listing Agreement with the Stock Exchange.

Details of complaints received, number of shares transferred during the last year as well as average time taken for effecting these transfers are highlighted in the "Shareholder Information" section of the Annual Report.

6) General Meetings :

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

Particulars	Date	Venue
21st Annual General Meeting	26th September, 2006	Dempo House, Campal, Panaji, Goa – 403 001
22nd Annual General Meeting	29th September, 2007	- As above -
23rd Annual General Meeting	29th September, 2008	- As above -

No Special resolutions were passed at these Meetings.

7) Postal Ballot:

No postal ballots were used/invited at the above Annual General Meetings.

8) Disclosures :

Pursuant to Sub-clause VII (2) of Clause 49, the Company confirms that it has complied with all mandatory requirements prescribed in Clause 49 of the Listing Agreement.

9) Means of Communication :

The quarterly unaudited financial results were published in the Financial Express/The Navhind Times (English Dailies) and Navprabha (Marathi Daily).

The Company has not made any presentations to institutional investors or to analysts.

The Management Discussion and Analysis Report is provided separately as a part of this Annual Report.



10) Shareholder Information :

- i) Annual General Meeting :
Date and Time Friday, the 25th of September, 2009 at 10.30 a.m.
Venue Dempo House, Campal
Panaji, Goa – 403 001
- ii) Financial Year (2009-10) Calendar :
Financial results for :
Quarter ending June 30, 2009 July, 2009
Quarter ending September 30, 2009 October, 2009
Quarter ending December 31, 2009 January, 2010
Quarter ending March 31, 2010 April, 2010
Annual General Meeting for the
year ending 31st March, 2010 In September, 2010
- iii) Date of Book Closure: Saturday, the 19th of September, 2009 to Friday,
the 25th of September, 2009 (Both days
inclusive)
- iv) Listing of Equity Shares: The Bombay Stock Exchange Ltd., Mumbai
- v) Stock Code - Physical 519126
- vi) Share Department: Dempo House, Campal
Panaji, Goa – 403 001
Ph. : (0832) 2441300
Fax : (0832) 2228588 & 2225098
Email : hfl@dempos.com
- vii) Share Transfer System :
The Company has in-house share accounting systems and all the work relating to share transfer, transmission of shares and investor grievances is being done at the share department of the Company.
A total of 1800 shares were transferred during the year under review and all the share certificates after transfer have been returned within 30 days from the date of receipt.
The letters/complaints received by the Company from shareholders during the year, regarding transfer/transmission, and others have been noted/cleared.
The letters/complaints are generally replied to within 5 days from their lodgement with the Company.
There are no share transfers pending.



viii) Distribution of Shareholders as on 31st March, 2009:

No. of Shares	No. of Shareholders	% of Shareholders	No. of Shares	% to Total
Upto 5000	6,071	96.7490	893706	17.8741
5001 to 10000	141	2.2470	107600	2.1520
10001 to 20000	38	0.6056	51950	1.0390
20001 to 30000	10	0.1594	24700	0.4940
30001 to 40000	0	0.0000	0	0.0000
40001 to 50000	4	0.0637	18750	0.3750
50001 to 100000	5	0.0797	32900	0.6580
100001 and above	6	0.0956	3870394	77.4079
Total	6,275	100.0000	5000000	100.0000

Distribution of Shareholding (Categorywise) as on 31st March, 2009:

Category	No. of Shareholders	No. of Shares	% of Shareholding
i) Promoters, Directors, their Relatives & Associates	6	3,722,794	74.4559
ii) Mutual Funds/UTI	2	68,800	1.3760
iii) Financial Institution/Banks	2	7,400	0.1480
iv) Bodies Corporate	25	100,250	2.0050
v) Non-Resident Individuals (NRI's)	328	90,800	1.8160
vi) Resident Individuals	5,912	1,009,956	20.1991
Total	6,275	5,000,000	100.0000

ix) Plant Location:

Usgao
Ponda, Goa

x) Address of Correspondence:

For lodgement of share transfer deeds and any other documents or for any grievance/ complaints, kindly contact the following at the given address:-

Mr. G. S. Talekar
Chief Executive – Operations
Hindustan Foods Limited
Dempo House, Campal
Panaji, Goa – 403 001



B) NON-MANDATORY REQUIREMENTS :

Clause 49 of the Listing Agreement also requires disclosures of adoption by the Company of non-mandatory requirements specified in the said clause, the implementation of which is discretionary on the part of the Company. Accordingly, the adoption of non-mandatory requirements is given below;

1. The Board :

Has a non-executive Chairman, and his office with required facilities is maintained at his own expense and is not provided and maintained by the Company.

No Policy has been fixed on tenure of Independent Directors.

2. Remuneration Committee :

As stated earlier, the Board has already set up a Remuneration Committee consisting of only non-executive Directors. Details regarding composition of the Remuneration Committee are provided elsewhere in this report.

3. Shareholders' Rights :

The half-yearly financial results are not sent to the shareholders.

4. Audit Qualifications :

During the year under review, there were no audit qualifications in the financial statements.

5. Training of Board Members :

Not yet adopted by the Company.

6. Mechanism for evaluating non-executive Board Members :

Not yet adopted by the Company.

7. Whistle Blower Policy :

The Company does not have any Whistle Blower Policy.



To,
The Members,
Hindustan Foods Limited

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

We have examined the compliance of the conditions of Corporate Governance by Hindustan Foods Limited, for the year ended 31st March, 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange of India.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the verification of 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 explanations given to us:

We certify that the Company has complied in all material respect with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company, as per the records maintained by the Shareholder's Grievance / Allotment and Transfer Committee of the Board.

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

For R. SUNDARARAMAN & CO.
Chartered Accountants

Place : Chennai
Date : 30th June, 2009

S. SRIRAM
Partner
Membership No.: 202813



CEO & CFO CERTIFICATE UNDER CLAUSE 49(V) OF THE LISTING AGREEMENT

We, Soiru V. Dempo, Executive Director and G. S. Talekar, Chief Executive – Operations of Hindustan Foods Limited (“Company”) hereby certify that:-

- (a) We have reviewed financial statements and the cash flow statement of the Company for the year ended 31st March, 2009 and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) 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.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee:
 - (i) Significant changes in internal control over financial reporting during the year;
 - (ii) Significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and
 - (iii) 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 over financial reporting.

Soiru V. Dempo
Executive Director

G. S. Talekar
Chief Executive – Operations

Place : Panaji – Goa
Date : 28th July, 2009



AUDITOR'S REPORT TO THE SHAREHOLDERS

1. We have audited the attached Balance Sheet of **HINDUSTAN FOODS LIMITED**, Panaji, Goa, as at 31st March, 2009 and also the Profit and Loss Account and the Cash Flow Statement 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.
2. We conducted our audit in accordance with 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.
3. As required by the Companies [Auditors Report] Order, 2003 issued by Central Government in terms of Section 227 [4A] of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in Paragraph 3, 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 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, Profit & 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 & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (v) On the basis of the written representation received from the Directors as on 31st March 2009, we report that none of the Directors is disqualified as on 31st March, 2009 from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - (vi) No provision for debts considered doubtful of recovery amounting to Rs. 2,00,86,601/- has been made (Refer Schedule VII).**
 - (vii) Share issue and advertisement & sales promotion expenses aggregating to Rs. 2,31,75,268/- have not been absorbed and carried forward under Miscellaneous Expenditure (Refer Schedule XI).**
 - (viii) Depreciation amounting to Rs. 67,37,828/- on certain Fixed Assets has not been considered in the earlier years (Refer Note B-2(f) of Schedule XVI).**
 - (ix) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and other notes thereon give the information required by the Companies Act, 1956 in the manner so required **subject to paragraph (vi), (vii), (viii) above and consequent effect thereof on the assets, liabilities and the cumulative loss of the Company** 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, 2009;
 - (b) In the case of the Profit and Loss Account, of the Loss of the Company 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 **R. SUNDARARAMAN & CO.**
Chartered Accountants

S. SRIRAM
Partner

Membership No.: 202813

Place : Chennai
Date : June 30, 2009



ANNEXURE TO AUDITOR'S REPORT

Referred to in Paragraph 3 in our Report of even date

On the basis of the records produced to us for our verification / perusal, such checks as we considered appropriate and in terms of information and explanation given to us on our enquires, we state that:

1. In respect of fixed assets:
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) The fixed assets have been physically verified by the management during the year. We have been informed that no material discrepancies were noticed on such verification.
 - c) The Company has not disposed off any substantial part of fixed assets during the year and the going concern status of the Company is not affected.
2. In respect of inventories:
 - a) The stock of inventory has been physically verified by the management at the close of the year.
 - b) In our opinion, the procedures followed by the management for physical verification of inventories are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) The Company has maintained proper records of inventories. As explained to us, the discrepancies noticed between physical verification of stocks and book records were not material, and the same have been properly dealt with in the books of account.
3. In respect of loans, secured or unsecured, granted or taken by the Company to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
 - a) The Company has taken interest free loan from its Holding Company in respect of which there is no stipulation as to repayment. The maximum balance outstanding during the year and the year-end balance is Rs. 505 lacs. The Company has taken partly interest bearing unsecured loans from companies listed in the register maintained under Section 301 of the Companies Act, 1956, in respect of which there is no stipulation as to repayment. The maximum balance outstanding during the year and the year-end balance is Rs. 299.13 lacs.
 - b) The Company has not granted loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
 - c) As per the explanations given to us, the rate of interest and other terms and conditions of the loans taken by the Company are prima-facie not prejudicial to the interest of the Company.
 - d) There are no overdue amounts more than Rupees one lakh.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets, sale of goods and services. During the course of our audit, no major weaknesses have been observed in the internal controls.
5. In respect of transactions covered under Section 301 of the Companies Act, 1956:
 - a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered in the register maintained under Section 301 of the Companies Act, have been so entered.
 - b) In our opinion and according to the information and explanations given to us, there are no transactions in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 aggregating during the year to Rs.5,00,000/- or more in respect of any party.
6. The Company has not accepted any deposits from the public requiring compliance of Section 58A and Section 58AA of the Companies Act, 1956 and the rules framed there under.
7. Although the Company has no formalized internal audit system, its internal control procedures ensure reasonable internal checking of financial and other records and this can be considered adequate under the circumstances.

8. The Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of the business activities carried out by the Company.
9. In respect of statutory dues:
 - a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees state insurance, sales tax, custom duty, excise duty, cess, service tax and other material statutory dues applicable to it.
 - b) According to the information and explanations given to us, no undisputed amounts payable in respect of sales tax, custom duty, excise duty, service tax and cess were in arrears, as at 31st March, 2009 for a period of more than six months from the date they became payable except Rs. 51.22 lacs towards Investor Education and Protection Fund under Section 205C of the Companies Act, 1956.
 - c) According to the information and explanations given to us, there are no dues of sales tax, custom duty, excise duty, service tax and cess, which have not been deposited on account of any dispute.
10. The Company is having accumulated losses in excess of 50% of its net worth as on 31st March, 2009. The Company has incurred cash losses during the current financial year and previous financial year.
11. According to the information and explanations given and the records examined by us, the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders. A sum of Rs. 51.22 lacs remains unclaimed by the debenture holders.
12. The Company has not granted any loans or advance on the basis of security by way of pledge of shares, debentures or other securities.
13. The Company is not a chit fund, or a nidhi, mutual fund/society. Therefore the provisions of Clause 4 (xiii) of the Companies (Auditors Report) Order, 2003 are not applicable.
14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4 (xiv) of the Companies (Auditors Report) Order, 2003 are not applicable.
15. In our opinion and according to the information and explanations given to us, the Company has not given guarantee for loans taken by others from Banks and Financial Institutions, the terms and conditions whereof are prima facie prejudicial to the Company.
16. As per the records of the Company and information and explanations given to us, the Company has not taken any term loan from Banks/Financial Institutions.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that funds raised on short term basis have not been used for long term investment and vice versa, during the year.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956, during the year.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by way of public issue during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Branch, noticed or reported during the year nor have been informed of such case by the management.

For **R. SUNDARARAMAN & CO.**
Chartered Accountants

Place: Chennai
Date : June 30, 2009

S. SRIRAM
Partner
Membership No.: 202813



BALANCE SHEET AS AT 31ST MARCH, 2009

(In Rupees)

Particulars	Schedule	As At 31st March, 2009	As At 31st March, 2008
SOURCES OF FUNDS:			
Shareholders' Funds:			
Share Capital	I	50,000,000	50,000,000
Reserves & Surplus	II	4,800	4,800
		50,004,800	50,004,800
Loan Funds:			
Secured Loans	III	55,349,460	51,315,021
Unsecured Loans	IV	29,913,137	15,366,180
		85,262,597	66,681,201
TOTAL		135,267,397	116,686,001
APPLICATION OF FUNDS:			
Fixed Assets:			
Gross Block	V	75,104,378	71,220,676
Less: Depreciation		49,466,525	47,927,130
Net Block		25,637,853	23,293,546
Capital Work-in-Progress		17,967,674	11,226,280
Current Assets, Loans & Advances:			
Inventories	VI	1,078,672	1,217,789
Sundry Debtors	VII	27,557,967	23,343,565
Cash & Bank Balances	VIII	338,532	498,165
Loans & Advances	IX	4,812,577	3,214,534
		33,787,748	28,274,053
Less: Current Liabilities and Provisions			
Current Liabilities	X	7,779,960	6,620,343
Provisions		829,387	839,961
		8,609,347	7,460,304
Net Current Assets		25,178,401	20,813,749
Miscellaneous Expenditure (to the extent not written off or adjusted)	XI	23,175,267	23,175,267
Profit & Loss Account		43,308,202	38,177,159
		135,267,397	116,686,001
Accounting Policies & Notes	XVI		

As per our report of even date annexed hereto

For and on behalf of Board of Directors

For **R. Sundararaman & Co.**
Chartered Accountants

Shrinivas V. Dempo
Chairman

Soiru V. Dempo
Executive Director

S. Sriram
Partner
Membership No.: 202813

Sudin M. Usgaonkar
Director

Chennai, Dated 30th day of June, 2009

Panaji, Dated 30th day of June, 2009



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

(In Rupees)

Particulars	Schedule	As At	As At
		31st March, 2009	31st March, 2008
INCOME :			
Sales		26,247,439	25,435,123
Less: Excise Duty		2,070,452	3,591,505
		24,176,987	21,843,618
Processing Charges		10,961,437	2,698,606
Other Income	XII	1,918,298	777,593
TOTAL INCOME		37,056,722	25,319,817
EXPENDITURE :			
Manufacturing/Process Expenses	XIII	21,648,515	18,756,285
Employee Cost	XIV	10,957,174	8,401,300
Administrative & Other Expenses	XV	3,534,411	2,753,401
Finance Charges		2,907,954	408,998
Depreciation		3,098,684	3,051,621
TOTAL EXPENDITURE		42,146,738	33,371,605
PROFIT BEFORE TAX		(5,090,016)	(8,051,788)
Less: PROVISION FOR TAX			
Fringe Benefit Tax		41,027	29,209
PROFIT/(LOSS) AFTER TAX		(5,131,043)	(8,080,997)
Loss B/F from the previous year		38,177,159	30,096,162
Loss Carried to Balance Sheet		43,308,202	38,177,159
Profit for Equity Shares		(5,131,043)	(8,080,997)
Basic and Diluted earnings per share (Rs.)		(1.026)	(1.616)
Accounting Policies and Notes	XVI		

As per our report of even date annexed hereto

For and on behalf of Board of Directors

For **R. Sundararaman & Co.**
Chartered Accountants

Shrinivas V. Dempo
Chairman

Soiru V. Dempo
Executive Director

S. Sriram
Partner
Membership No.: 202813

Sudin M. Usgaonkar
Director

Chennai, Dated 30th day of June, 2009

Panaji, Dated 30th day of June, 2009



SCHEDULES TO BALANCE SHEET

(In Rupees)

Particulars	As At 31st March, 2009	As At 31st March, 2008
SCHEDULE - I – SHARE CAPITAL		
Authorised: 5000000 Equity Shares of Rs. 10 each	50,000,000	50,000,000
Issued, Subscribed and Paid-up: 5000000 Equity Shares of Rs. 10 each fully paid-up	50,000,000	50,000,000
	50,000,000	50,000,000
SCHEDULE - II – RESERVES AND SURPLUS		
Capital Reserve	4,800	4,800
	4,800	4,800
SCHEDULE - III – SECURED LOANS (Ref. Note No. B (2) (b) & (c))		
Loan from Holding Company	50,500,000	50,500,000
Cash Credit from Bank of Maharashtra-Secured by hypothecation of Stock & Book Debts	(150,540)	815,021
Cash Credit from Bank of Maharashtra-Secured by pledge of fixed Deposit offered by Holding Company	5,000,000	-
	55,349,460	51,315,021
SCHEDULE - IV – UN-SECURED LOANS		
From Others	29,913,137	15,366,180
	29,913,137	15,366,180

SCHEDULE - V – FIXED ASSETS

(In Rupees)

Particulars	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at 31-03-2008	Additions	Deductions	As at 31-03-2009	Upto 31-03-2008	During the year	Adjust- ments	Upto 31-03-2009	As at 31-03-2009	As at 31-03-2008
Freehold Land & Development	557,490	-	-	557,490	-	-	-	-	557,490	557,490
Buildings	25,343,569	1,287,525	-	26,631,094	9,921,200	865,044	-	10,786,244	15,844,850	15,422,369
Plant & Machinery	43,765,331	3,602,063	1,574,625	45,792,770	37,048,995	2,107,339	1,397,558	37,758,776	8,033,994	6,716,336
Furniture & Fittings	1,094,100	256,201	-	1,350,300	796,192	43,264	-	839,456	510,844	297,908
Vehicles	460,185	671,930	359,392	772,723	160,743	83,037	161,731	82,049	690,674	299,442
Trade Mark	1	-	-	1	-	-	-	-	1	1
Total	71,220,676	5,817,719	1,934,017	75,104,378	47,927,130	3,098,684	1,559,289	49,466,525	25,637,853	23,293,546
Previous Year	71,922,033	277,033	978,390	71,220,676	45,781,847	3,051,621	906,337	47,927,130	23,293,545	





SCHEDULES TO BALANCE SHEET

(In Rupees)

Particulars	As At 31st March, 2009	As At 31st March, 2008
SCHEDULE - VI – INVENTORIES		
Stores, Spares – Others	1,078,672	1,217,789
	1,078,672	1,217,789
SCHEDULE - VII – SUNDRY DEBTORS		
(Unsecured Considered Good unless otherwise stated)		
Exceeding six months:		
Considered Doubtful	20,086,601	20,086,601
Considered Good	663,026	–
Other Debts	6,808,340	3,256,964
	27,557,967	23,343,565
SCHEDULE - VIII – CASH AND BANK BALANCES		
Cash in Hand	52,977	70,425
Balances with Scheduled Banks		
On Current Account	36,766	178,951
On Fixed Deposit Account	248,789	248,789
	338,532	498,165
SCHEDULE - IX – LOANS AND ADVANCES		
(Unsecured, Considered Good)		
Advances Recoverable in Cash or in Kind or for value to be received	1,905,841	1,728,126
Advance Tax / TDS	2,677,396	1,323,412
Trade Deposits	147,900	100,100
Interest Accrued on Fixed Deposits with Banks	81,440	62,896
	4,812,577	3,214,534
SCHEDULE - X – CURRENT LIABILITIES		
Sundry Creditors	6,224,417	5,121,893
Other Liabilities	1,555,543	1,498,450
	7,779,960	6,620,343
SCHEDULE - XI – MISCELLANEOUS EXPENDITURE		
(To the extent not written-off or adjusted)		
Share Issue Expenses	3,466,498	3,466,498
Advertisement and Sales Promotion Expenses	19,708,769	19,708,769
	23,175,267	23,175,267



SCHEDULES TO PROFIT & LOSS ACCOUNT

(In Rupees)

Particulars	As At 31st March, 2009	As At 31st March, 2008
SCHEDULE - XII		
OTHER INCOME		
Miscellaneous Receipt	1,404,386	227,232
Interest Received	22,534	21,492
Sundry Balances Written Back (Net)	266	1,873
Sale of Scrap	-	43,263
Profit on Sale of Assets	304,087	483,733
Insurance Claims	187,025	-
	1,918,298	777,593
SCHEDULE - XIII		
MANUFACTURING/PROCESS EXPENSES		
Consumption of Raw Material	13,788,820	11,818,480
Consumption of Packing Material	451,104	392,938
Consumption of Stores	87,825	172,379
Power & Fuel	4,268,213	3,740,645
Water Charges	273,514	270,939
Repairs & Maintenance:		
Building	840,372	259,246
Plant & Machinery	1,112,555	1,332,280
Others	826,112	769,378
	21,648,515	18,756,285
SCHEDULE - XIV – EMPLOYEE COST		
Salaries, Wages and Allowances	9,179,965	7,145,056
Contribution to Provident and Other Funds	868,521	574,430
Welfare Expenses	750,434	537,712
Gratuity	158,254	144,102
	10,957,174	8,401,300
SCHEDULE - XV		
ADMINISTRATIVE & OTHER EXPENSES		
Rent, Rates & Taxes	567,428	305,847
Insurance	147,192	142,469
Travelling and Conveyance	1,147,170	889,836
Remuneration to Auditors (Ref. Note No. B (2) (g))	60,665	61,798
Directors Sitting Fees	72,500	65,000
Security Charges	434,737	415,101
Advertisement Expenses	320,804	139,905
Professional Expenses	125,792	94,725
Other Expenses	658,123	638,720
	3,534,411	2,753,401



SCHEDULE – XVI

A. SIGNIFICANT ACCOUNTING POLICIES:

1. **Accounting Conventions:**

The Financial Statements have been prepared under historical cost convention on accrual basis and in accordance with Generally Accepted Accounting Principles in India (Indian GAAP). The said Financial statements comply with the relevant provisions of the Companies Act, 1956 (the Act) and the mandatory Accounting Standards notified by the Central Government of India under Companies (Accounting Standards) Rules, 2006.

The company is a Sick Industrial Company under Section 3(1) of the Sick Industrial Companies (Special Provisions) Act, 1985. Considering the ongoing successful implementation of the approved Rehabilitation Scheme, the Accounts are presented on the principles applicable to a going concern.

2. **Fixed Assets:**

Fixed Assets are stated at cost less accumulated depreciation. Depreciation is provided on straight line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

3. **Inventories:**

Inventories are valued at lower of cost or the net realizable value.

4. **Revenue Recognition:**

Revenue from sales is recognized on dispatch of goods from the factory.

Revenue from Processing Charges is recognized on production of processed goods for the Principal.

5. **Employee Benefits:**

a) **Short Term Employee Benefits:**

Short term employee benefits including accumulated compensated absences determined as per company's policy/scheme are recognized as expense based on expected obligation on undiscounted basis.

b) **Defined Contributions:**

Fixed contributions to the Superannuation Fund which is administered and managed by Life Insurance Corporation of India and Fixed contributions to Employees State Insurance Corporation (ESIC) are charged to Profit and Loss Account.

The Company also contributes to a government administered Provident and Pension Fund on behalf of its employees, which are charged to Profit and Loss Account.

c) **Defined Benefit :**

The Liability for Gratuity to employees as at Balance Sheet date is determined on the basis of actuarial valuations and is funded to a Gratuity Fund administered and managed by Life Insurance Corporation of India. The Liability thereof is paid and absorbed in the accounts.

Contributions to Provident Fund are charged to Profit and Loss Accounts and are remitted to an approved exempted trust.

d) **Long term Compensated absences :**

In respect of long term portion of compensated absences (Leave benefits), the liability is determined on the basis of actuarial valuation and is provided for accordingly.

6. **Borrowing Costs:**

Borrowing Costs on specific loans attributable to the acquisition or construction of asset are capitalized. All other borrowing costs are accounted in Profit & Loss Account.

7. **Deferred Tax:**

Deferred Tax is recognized on all timing differences subject to the consideration of prudence.

8. **Miscellaneous Expenditure:**

Share issue and Sales Promotion expenditure has not been written off due to inadequacy of profit.

9. **Demerger of Holding Company:**

Pursuant to a scheme of Demerger between V. S. Dempo & Co. Pvt. Ltd. (VSD) and Esmeralda



Investments Pvt. Ltd. (EIPL), the non mining undertaking (approved vide Order of Hon'ble High Court of Bombay at Goa on 04-12-2008) of VSD has been demerged into EIPL. Consequent to the demerger, the shares of the company held by VSD and also the loan advanced by VSD has been transferred to EIPL with effect from 02-04-2008.

B. NOTES TO THE ACCOUNTS:

1. Contingent Liabilities:

Bank Guarantees issued by bankers on behalf of the Company Rs. 3,35,000/- (Previous Year - Rs. 3,35,000).

2. Other Notes:

a. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance) is Rs. 2 lacs (previous year Rs. 87.74 lacs).

b. Loan from Holding Company is secured by charge on Fixed Assets of the Company.

c. Cash Credit Rs. 20 Lacs from Bank of Maharashtra is secured by hypothecation of stock and book debts.

Cash Credit of Rs. 50 Lacs from Bank of Maharashtra is secured by pledge of fixed deposits of Holding Company.

d. Deposit with Banks includes Rs. 2,48,789/- under lien towards guarantees given on behalf of the Company (Previous Year Rs. 2,48,789/-).

e. To comply with the requirement of the Micro, Small and Medium Enterprises Development Act 2006, which became effective from 2nd October, 2006, the company requested its suppliers to confirm whether they are covered as Micro, Small or Medium enterprise as is defined in the said Act. As the company did not receive any communication from its suppliers informing their coverage as such enterprise, it is considered that none of them are covered as such enterprise under the said Act.

f. Depreciation on Plant & Machinery and Electrical Installation does not include an amount of Rs. 67,37,828/- not provided for in previous years, when the factory was not in operation.

g. Remuneration to Auditors:

Audit Fees	: 22,060
Tax Audit	: 5,515
Others	: 33,090
	<u>60,665</u>

h. No provision for Income tax (Current) has been made in the absence of taxable income for the year.

i. The Accounting Standard 22, Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India has become applicable to the Company from 01-04-2001 and to comply with the same the Company reviewed its Deferred Tax Assets and Liabilities. The timing differences mainly arising on account of Un-absorbed Business Loss and Depreciation relating to earlier years have given rise to net Deferred Tax Asset as on 31-03-2008 as well as for the year. As a prudent policy the said net Deferred Tax Asset has not been recognized in the Accounts.

j. The Company manufactures intermediates/finished weaning food for itself and for third parties which constitutes single business segment. Accordingly there are no business/geographical segments to be reported under Accounting Standards (AS)17 issued by the Institute of Chartered Accountants of India.

k. Related Party Disclosures as per Accounting Standard 18 issued by the Institute of Chartered Accountants of India:

1) Relationship

(a) Holding Company :

M/s. Esmeralda Investments Pvt. Ltd.

(b) Fellow Subsidiary :

M/s. Marmagoa Shipping & Stevedoring Company Pvt. Ltd.

M/s. Dempo Industries Pvt. Ltd.

M/s. Dempo Travels Pvt. Ltd.



Nature of Transaction	Holding Company	Associate Companies
Professional fees & services rendered	1,78,501 (1,73,227)	- -
Services availed	2,17,698 (1,81,269)	2,94,134 (2,21,098)
Interest on Loans	- (-)	24,85,255 (65,836)
Unsecured Loan obtained	- (6,00,000)	1,35,96,000 (1,40,00,000)
Unsecured Loan Repaid	- (-)	- (30,00,000)
Outstanding payable as on 31-03-2009	5,05,00,000 (5,05,00,000)	2,99,13,137 (1,53,66,180)

l. Previous year's figures have been recast and regrouped wherever necessary.

m. Installed Capacity and Actual Production:

	Year ended 31-03-2009 (MT)	Year ended 31-03-2008 (MT)
Cereal Foods including Soya based product		
a) Installed Capacity as per catalogue	5000	5000
b) Actual Production	624	506
c) Opening Stock	Nil	Nil
d) Closing Stock	Nil	Nil
e) Turnover	624	506
n. i) Raw Material Consumed for own activity (MT)		
Imported	Nil	Nil
Indigenous	580.90	573.21
Total	580.90	573.21
ii) Value of Raw Material Consumption (Rs.)		
Imported	Nil	Nil
Indigenous	1,37,88,820	1,18,18,480
Total	1,37,88,820	1,18,18,480
o. Stores and Spares Consumed (Rs.)		
Indigenous 100%	87,824	1,72,379
(Previous year 100%)		
p. Expenditure in Foreign Currency	Nil	Nil
q. Earning per Equity Share (Basic & Diluted) (Rs.)		
	<u>2008-2009</u>	<u>2007-2008</u>
a) Net Profit available for Equity Shareholders	(51,31,043)	(80,80,997)
b) No. of Equity Shares	50,00,000	50,00,000
c) Earnings per Share	(1.026)	(1.616)
d) Nominal Value per Share	10	10

As per our report of even date annexed hereto

For **R. Sundararaman & Co.**
Chartered Accountants

S. Sriram
Partner

Membership No. 202813

Chennai, Dated 30th day of June, 2009

For and on behalf of Board of Directors

Shrinivas V. Dempo
Chairman

Soiru V. Dempo
Executive Director

Sudin M. Usgaonkar
Director

Panaji, Dated 30th day of June, 2009



CASH FLOW STATEMENT FOR 2008-2009

	In Rupees			
	2008-2009		2007-2008	
A. Cash Flow from Operating Activities				
<i>Net Profit/(Loss) before Taxation, and Extraordinary Items</i>	(5,090,016)		(8,051,788)	
Adjustment for				
Depreciation	3,098,684		3,051,621	
Interest/Finance Charges	2,907,954		408,998	
Operating Profit before working Capital		916,622		(4,591,169)
Increase/Decrease in Sundry Debtors	(4,214,402)		5,955,513	
Increase/Decrease in Inventories	139,117		453,158	
Increase/Decrease in Loans & Advances	(1,598,043)		(1,495,405)	
Increase in Trade Payables	1,149,043	(4,524,285)	1,726,968	6,640,234
Cash Generated from operations		(3,607,663)		2,049,065
<i>Net Cash from Operating Expenses</i>		(3,607,663)		2,049,065
B. Cash Flow from Investing Activities				
Purchase of Fixed Assets	(5,817,719)		(277,033)	(9,577,419)
Sale of Fixed Assets	374,728		72,053	
Capital Work in Progress	(6,741,394)		(11,226,280)	
<i>Net Cash used in Investing Activities</i>		(12,184,384)		(11,431,260)
C. Cash Flows from Financing Activities				
Interest / Finance Charges Paid	(2,907,954)		(408,998)	
Secured Loan Received / Repayment	4,034,439		(1,144,585)	
Unsecured Loan Received	14,546,957		11,116,180	
Fringe Benefit Tax Paid	(41,027)		(29,209)	
<i>Net Cash used in Financing Activities</i>		15,632,415		9,533,388
Net Decrease/Increase in Cash & Cash Equivalents		(159,633)		151,193
Closing balance as on 31-03-2008		498,165		346,972
Closing balance as on 31-03-2009		338,532		498,165

As per our report of even date annexed hereto

For and on behalf of Board of Directors

For **R. Sundararaman & Co.**
Chartered Accountants

Shrinivas V. Dempo
Chairman

Soiru V. Dempo
Executive Director

S. Sriram
Partner
Membership No. 202813

Sudin M. Usgaonkar
Director

Chennai, Dated 30th day of June, 2009

Panaji, Dated 30th day of June, 2009



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

NAME OF THE COMPANY		Hindustan Foods Limited	
I. REGISTRATION DETAILS		STATE CODE	<input type="text" value="24"/>
REGISTRATION NO.	<input type="text" value="601/G"/>		
BALANCE SHEET DATE	<input type="text" value="31-03-2009"/>		
II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. THOUSANDS)			
PUBLIC ISSUE	<input type="text" value="NIL"/>	RIGHTS ISSUE	<input type="text" value="NIL"/>
BONUS ISSUE	<input type="text" value="NIL"/>	PRIVATE PLACEMENT	<input type="text" value="NIL"/>
III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS. THOUSANDS)			
TOTAL LIABILITIES	<input type="text" value="135267"/>	TOTAL ASSETS	<input type="text" value="135267"/>
SOURCES OF FUNDS			
PAID - UP CAPITAL	<input type="text" value="50000"/>	RESERVES AND SURPLUS	<input type="text" value="5"/>
SECURED LOANS	<input type="text" value="55349"/>	UNSECURED LOANS	<input type="text" value="29913"/>
APPLICATION OF FUNDS			
NET FIXED ASSETS	<input type="text" value="43606"/>	INVESTMENTS	<input type="text" value="NIL"/>
NET CURRENT ASSETS	<input type="text" value="25178"/>	MISCELLANEOUS EXPENDITURE	<input type="text" value="23175"/>
ACCUMULATED LOSSES	<input type="text" value="43308"/>		
IV. PERFORMANCE OF THE COMPANY (AMOUNT IN RS. THOUSANDS)			
TURNOVER	<input type="text" value="37056"/>	TOTAL EXPENDITURE	<input type="text" value="42146"/>
PROFIT/(LOSS) BEFORE TAX	<input type="text" value="(5090)"/>	PROFIT/(LOSS) AFTER TAX	<input type="text" value="(5131)"/>
PLEASE TICK APPROPRIATE BOX	<input type="text" value="+"/>		
'+' FOR PROFIT AND	<input type="text" value="-"/>		<input checked="" type="checkbox"/>
'-' FOR LOSS			
EARNING PER SHARE (RS.)	<input type="text" value="(1.026)"/>	DIVIDEND RATE (%)	<input type="text" value="NIL"/>
ON EQUITY SHARES			

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF COMPANY (AS PER MONETARY TERMS)

The Company is engaged in 3rd Party Job.

	ITEMS CODE NO. (AS PER ITC CODE)	PRODUCT DESCRIPTION
1.	<input type="text" value="19:04"/>	<input type="text" value="Cereal Based Nutritional Foods"/>
2.	<input type="text"/>	<input type="text"/>
3.	<input type="text"/>	<input type="text"/>



Hindustan Foods Limited

PROXY FORM

I/We

of

..... being a Member(s) of the above named Company

hereby appoint of

or failing him/her of.....

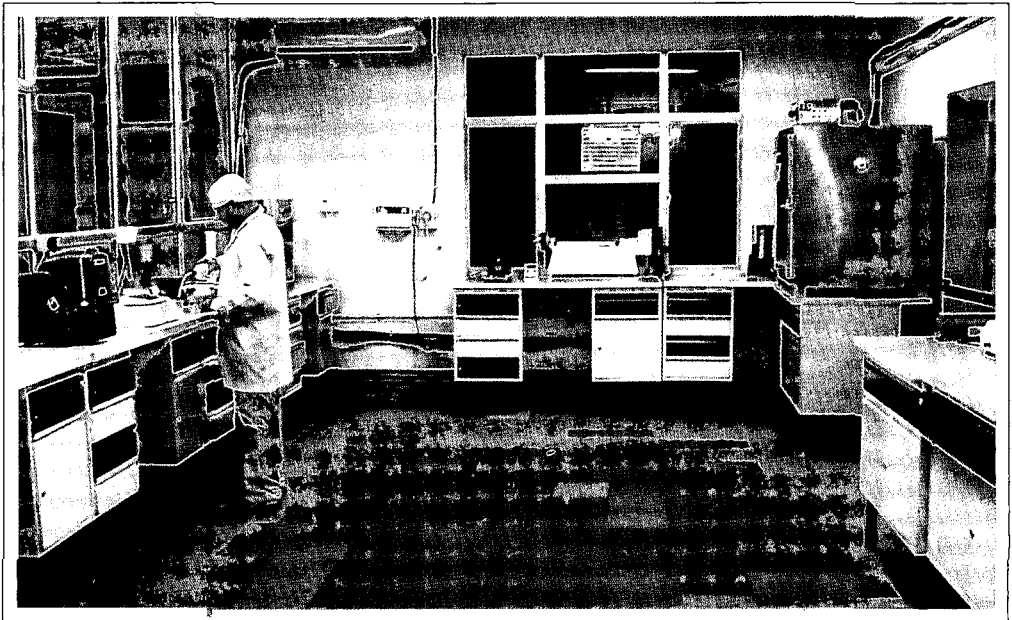
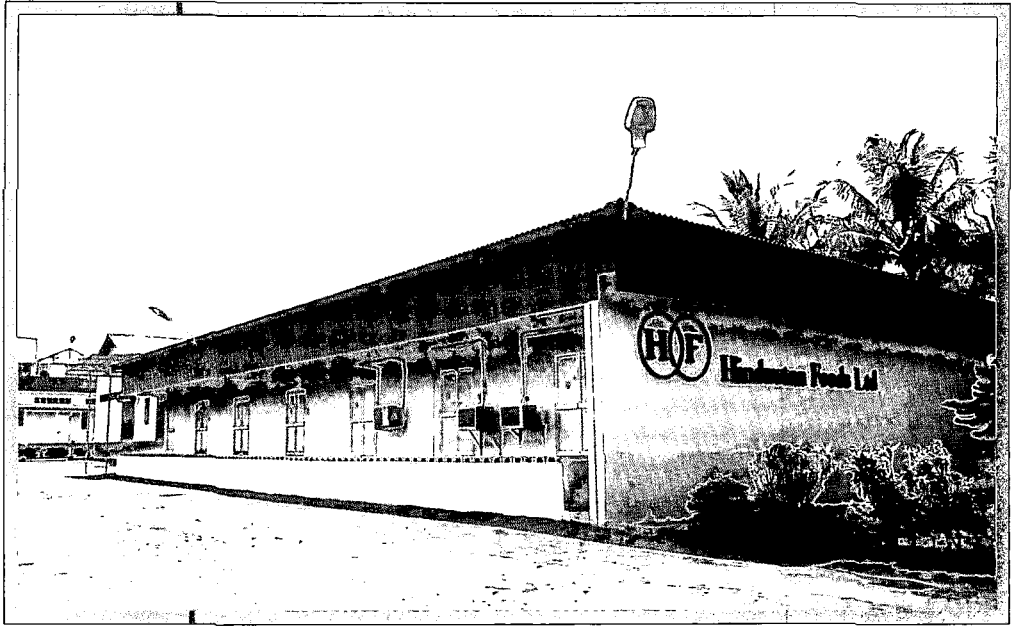
as my/our proxy to vote for me/us and on my/our behalf at the 24th Annual General Meeting of the said Company to be held on Friday, the 25th September, 2009 at 10.30 a.m. and at any adjournment thereof.

Signed this day of, 2009.

Signature

Affix
30 paise
Revenue
Stamp

N.B.: This Proxy Form must be deposited at the Registered Office of the Company at Dempo House, Campai, Panaji, Goa – 403 001 not later than 48 hours before the time fixed for holding the meeting.





Hindustan Foods Ltd.

(An ISO 22000:2005 Certified Company)

Registered & Corporate Office:

Dempo House, Campal, Panaji, Goa - 403 001

Ph.(0832) 2224556, 2220409

e-mail: hfl@dempos.com