



# Hindustan Foods Limited

The advertisement features a vibrant red background. At the top center is the DEMPO logo, a blue stylized knot-like symbol inside a yellow oval with the word 'DEMPO' below it. Below the logo, the brand name 'Bonny Mix' is written in a large, elegant, yellow cursive font. Underneath, 'INSTANT PORRIDGE' is printed in a smaller, white, sans-serif font. A small green and white logo is visible to the right of the text. The central image shows a glass pitcher filled with white milk, a bowl of porridge, and a variety of fresh ingredients including corn cobs, apples, oranges, and berries. At the bottom of the image, a green oval contains the word 'NATURAL' in white capital letters. Below the image, a yellow banner contains the text: 'Tummy Goodness of Fruits, Cashewnut, Wheat, Rice and Corn in a delicious porridge. Wholesome nourishment from Nature's bounty.'

25th Annual Report 2009-10



# Bonny Mix

INSTANT PORRIDGE



*Wholesome nourishment from Nature's Bounty*  
*Tummy Goodness of Fruits, cashewnut, Wheat, Rice and Corn in a delicious porridge*

Bonny mix is an Instant Porridge, which can be enjoyed at any time of the day by all age category people after 2 years of age. Ideal for convalescents since it is digested easily. Nutritionally rich food containing proteins, carbohydrates, raisins, dates, cashew nut, vitamins and minerals.

### Features of Bonny Mix:

- Manufactured using latest Extrusion technology
- Instant preparation making convenient to use.
  - To prepare one serving put approx. 25 g of Bonny mix for children or 50 g for adults in a bowl, keep stirring as you slowly add 50 ml of milk for children or 100 ml of milk for adults. Mix well for a smooth porridge. Add sugar only if required.
- Wholesome food containing natural ingredients such as Cereals, Fruits, Milk, vitamins and minerals.
- Bonny mix suitable for all age group from 2 years onwards.
- Enriched with essential Vitamin and Minerals.
  - vitamin A for growing up healthy and strong.
  - Iron and Vitamin C for developing healthy blood cell.
  - Calcium and Vitamin D for building strong bones.
- Shelf Life: 12 months

### Available in Natural, Chocolate Lite Variants:

**Natural:** Contains natural goodness of cereals, fruits and nuts and is carefully formulated to provide essential vitamins and Minerals.

**Chocolate:** Contains natural goodness of cereals, fruits and nuts. It is having low fat cocoa powder to give distinct chocolate flavour. It is carefully formulated to provide essential vitamins and Minerals.

**Lite:** Contains natural goodness of cereals, fruits and nuts. It is carefully balanced without adding sugar and low fat. It is a ideal for health conscious people. It contains Nature identical vanilla flavour.

Approximate composition per 100 gms product.

No.	Component	Approximate composition per 100 gms product		
		Natural	Chocolate	Lite
1	Energy (kcal)	102 kcal	102 kcal	102 kcal
2	Moisture	1.0 gms	1.0 gms	1.0 gms
3	Protein	9.0 gms	6.0 gms	6.0 gms
4	Fat	1.8 gms	2.0 gms	1.0 gms
5	Mineral Salt (Na)	1.2 gms	1.2 gms	1.2 gms
6	Total carbohydrate	60.0 gms	60.0 gms	60.0 gms
7	Sugars and other sugars	11.0 gms	10.0 gms	0.0 gms
8	Total Carbohydrates	60.0 gms	60.0 gms	60.0 gms
9	Starch (g)	2.00 gms	2.00 gms	2.00 gms
10	Fiber (g)	1.0 mg	1.0 mg	1.0 mg
11	Water-soluble	11.0 mg	11.0 mg	11.0 mg
12	Vitamin C	40.0 mg	40.0 mg	40.0 mg
13	Vitamin B	1000 IU	1000 IU	1000 IU
14	Vitamin E	200 IU	200 IU	200 IU

**Ideal Bonny mix Programme:** At Breakfast, after school/office, as a mid day meal.  
 Most ideal for whole family, for breakfast or as any time light meal.



## 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

### **CONTENTS**

	Page No.
Notice	3
Directors' Report	4
Management Discussion & Analysis	7
Corporate Governance Report	8
Auditor's Report	16
Balance Sheet	20
Profit & Loss Account	21
Schedules	22
Cash Flow Statement	29
Balance Sheet Abstract	30



## NOTICE

Notice is hereby given that the 25th 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** on **Tuesday, the 21st of September, 2010 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, 2010 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. N. C. Chaudhuri who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Adv. Sudin M. Usgaonkar 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 Wednesday, the 15th of September, 2010, to Tuesday, the 21st of September, 2010 [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. N. C. Chaudhuri and Adv. Sudin M. Usgaonkar, 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

**Soiru V. Dempo**  
*Executive Director*

Date : 25th May, 2010



## DIRECTORS' REPORT

Your Directors have pleasure in presenting their Twenty-fifth Annual Report and the Audited statements of accounts of the Company for the year ended 31st March, 2010.

### Operations :

During the year under review, the Company has launched its brand BONNY MIX in selective markets.

### Financial Results :

	2009-2010 (Rs. in Lacs)	2008-2009 (Rs. in Lacs)
Profit/(Loss) for the year before		
Finance charges and depreciation :	(1.01)	8.75
Finance charges	27.87	29.08
Profit/(Loss) before depreciation	(28.88)	(20.33)
Depreciation	32.82	30.98
Loss Carried to Balance Sheet	(61.40)	(51.31)

### Dividend :

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

### Directors :

Mr. N. C. Chaudhuri and Adv. Sudin M. Usgaonkar 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, 2010, 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 judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Loss of the Company for the year under review;
- (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, 2010 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 : 25th May, 2010

**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, 2010.

### 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	110904
* Total amount	Rs.	1009662
* Rate/Unit	Rs./Kwh	9.10
* including Demand charges		
b) Own Generation		
Through Diesel Generator		
Units	Kwh	152316
Units per Ltr. of Diesel Oil	Kwh	2.90
Cost/Unit	Rs./Kwh	12.97
2. Coal [Specify quality & where used]		
Quantity (Tonnes)		-
Total Cost		-
Average Rate		-
3. Furnace Oil (H.S.D. for Brand Drier)		
Quantity	L	22342.00
Total Amount	Rs.	840952.88
Average Rate	Rs.	34.15
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)	-	632
Electricity (Units)	-	175.48
H.S.D. Oil (Units)	-	241.00
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 2009-10 was a difficult year, as the Company did not have any long term arrangements of processing / manufacture of products. However, your Company managed to get orders to supply weaning food intermediates. The Company also developed some products for other Companies, and it is expected to get some orders and get stabilized.

The Company has carried out review of its business prospects, and launched its Brands in some selected markets.

Your Company has employed competent and qualified Food Technologists and Engineers and has introduced several programmes to keep them updated on information and new technologies, to achieve cost effectiveness.

The Company enjoys cordial relations with the employees.

Your Company has proper and adequate system of internal control to ensure that all assets are protected and safeguarded. Your Company has well documented operating procedures and authorizations which itself are adequate for internal controls. Adequate internal checks are built in to cover all financial transactions with systematic delegation of authority.

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 25th May, 2009, 30th June, 2009, 28th July, 2009, 20th October, 2009 and 28th January, 2010.

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	4	Yes	18*	–
Soiru V. Dempo	Executive	5	Yes	6	2
N. C. Chaudhuri	Non-Executive	–	No	–	–
A. B. Prasad	Non-Executive	4	Yes	2	1
Sudin M. Usgaonkar	Non-Executive	5	No	5	–
Ashok N. Manjrekar	Non-Executive	1	No	–	–

\* Includes directorship held in 16 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, 2010 are as follows :

Sr. No.	Name of the Director	Sitting Fees Rs.
1	Mr. Shrinivas V. Dempo	10,000
2	Mr. Soiru V. Dempo	12,000
3	Mr. N. C. Chaudhuri	Nil
4	Dr. A. B. Prasad	12,000
5	Adv. Sudin M. Usgaonkar	12,000
6	Mr. Ashok N. Manjrekar	2,500

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

Mr. N. C. Chaudhuri and Adv. Sudin M. Usgaonkar 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. N. C. Chaudhuri :**

Mr. N. C. Chaudhuri has been on the Board of Company since 10th June, 1987. He is a Chartered Accountant from U.K.

**Adv. Sudin M. Usgaonkar :**

Adv. Sudin M. Usgaonkar has been on Board of the Company since 31st October, 2002. He is B.A., LL.B. and Senior Advocate, Bombay High Court. He is on the Board of Marmagoa Shipping & Stevedoring Co. Pvt. Ltd., Dempo Marketing Co. Pvt. Ltd., Devashri Investments Pvt. Ltd., Sindhudurg Mining Corporation Pvt. Ltd. and Dempo Industries Pvt. Ltd.

e) **Shareholding of Directors :**

As on 31st March, 2010 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 30th June, 2009, 28th July, 2009, 20th October, 2009 and 28th January, 2010. 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	1

**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 2 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	2
Mr. Soiru V. Dempo	Member	2
Dr. A. B. Prasad	Member	2

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
22nd Annual General Meeting	29th September, 2007	Dempo House, Campal, Panaji, Goa – 403 001.
23rd Annual General Meeting	29th September, 2008	- As above -
24th Annual General Meeting	25th September, 2009	- 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	Tuesday, the 21st of September, 2010 at 10.30 a.m.
Venue	Dempo House, Campal, Panaji, Goa – 403 001

### ii) Financial year (2010 - 2011) Calendar :

Financial Results for :	
Quarter ending June 30, 2010	By 15th August, 2010
Quarter ending September 30, 2010	By 15th November, 2010
Quarter ending December 31, 2010	By 15th February, 2011
Quarter ending March 31, 2011	By 15th May, 2011
Annual General Meeting for the year ending 31st March, 2011	In September, 2011

### iii) Date of Book Closure :

Wednesday, the 15th of September, 2010 to  
Tuesday, the 21st of September, 2010  
(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](mailto: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 400 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 lodgment with the Company.

There are no share transfers pending.



viii) Distribution of Shareholders as on 31st March, 2010 :

No. of Shares	No. of Shareholders	% of Shareholders	No. of Shares	% to Total
Upto 5000	6,068	96.7474	893506	17.8701
5001 to 10000	141	2.2481	107800	2.1560
10001 to 20000	38	0.6059	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	0.0638	18750	0.3750
50001 to 100000	5	0.0797	32900	0.6580
100001 and above	6	0.0957	3870394	77.4079
<b>Total</b>	<b>6,272</b>	<b>100.0000</b>	<b>5000000</b>	<b>100.0000</b>

Distribution of Shareholding (categorywise) As on 31st March, 2010 :

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	5,909	1,009,956	20.1991
<b>Total</b>	<b>6,272</b>	<b>5,000,000</b>	<b>100.0000</b>

ix) Plant Location :

Usgao,  
Ponda, Goa

x) Address of Correspondence :

For lodgment 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, 2010 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 : 25th May, 2010

**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 statement and the cash flow statement of the Company for the year ended 31st March, 2010 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 : 25th May, 2010



## AUDITOR'S REPORT TO THE SHAREHOLDERS

1. We have audited the attached Balance Sheet of **HINDUSTAN FOODS LIMITED**, Panaji, Goa, as at 31st March, 2010 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, 2010, we report that none of the Directors is disqualified as on 31st March, 2010 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, 2010;
    - (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  
Firm Regn. No. : 004219S

Place : Chennai  
Date : 25th May, 2010

## **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. 571.83 lacs. The Company has taken partly interest bearing unsecured loan from a company as 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 is Rs. 299.13 lacs and the year-end balance is Rs. 137.30 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 over due 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, 2010 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, 2010. 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.
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 : 25th May, 2010

**S. SRIRAM**  
*Partner*  
Membership No. : 202813  
Firm Regn. No. : 004219S



## BALANCE SHEET AS AT 31ST MARCH, 2010

(In Rupees)

Particulars	Schedule	As At 31st March, 2010	As At 31st March, 2009
<b>SOURCES OF FUNDS :</b>			
<b>Shareholders' Funds :</b>			
Share Capital	I	50,000,000	50,000,000
Reserves & Surplus	II	4,800	4,800
		<b>50,004,800</b>	<b>50,004,800</b>
<b>Loan Funds :</b>			
Secured Loans	III	64,510,386	55,349,460
Unsecured Loans	IV	13,730,284	29,913,137
		<b>78,240,670</b>	<b>85,262,597</b>
<b>TOTAL</b>		<b>128,245,470</b>	<b>135,267,397</b>
<b>APPLICATION OF FUNDS :</b>			
<b>Fixed Assets :</b>			
Gross Block	V	84,255,375	75,104,378
Less : Depreciation		52,706,976	49,466,525
Net Block		<b>31,548,399</b>	<b>25,637,853</b>
Capital Work -in- Progress		–	17,967,674
<b>Current Assets, Loans &amp; Advances :</b>			
Inventories	VI	3,481,456	1,078,672
Sundry Debtors	VII	27,208,380	27,557,967
Cash & Bank Balances	VIII	346,815	338,532
Loans & Advances	IX	4,787,871	4,812,577
		<b>35,824,522</b>	<b>33,787,748</b>
<b>Less : Current Liabilities and Provisions</b>			
Current Liabilities	X	10,893,792	7,779,960
Provisions		857,617	829,387
		<b>11,751,409</b>	<b>8,609,347</b>
<b>Net Current Assets</b>		<b>24,073,113</b>	<b>25,178,401</b>
Miscellaneous Expenditure (to the extent not written off or adjusted)	XI	<b>23,175,267</b>	<b>23,175,267</b>
Profit & Loss Account		<b>49,448,691</b>	<b>43,308,202</b>
		<b>128,245,470</b>	<b>135,267,397</b>
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

**A. B. Prasad**  
Director

Membership No.: 202813

Chennai, Dated 25th day of May, 2010

Panaji, Dated 25th day of May, 2010



## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

(In Rupees)

Particulars	Schedule	31st March, 2010	31st March, 2009
<b>INCOME :</b>			
Sales		33,711,837	26,247,439
Less : Excise Duty		1,355,629	2,070,452
		32,356,208	24,176,987
Processing Charges		1,652,772	10,961,437
Other Income	XII	7,890,742	1,918,298
Increase/Decrease in stock		221,925	—
<b>TOTAL INCOME</b>		<b>42,121,647</b>	<b>37,056,722</b>
<b>EXPENDITURE :</b>			
Manufacturing/Process Expenses	XIII	26,130,291	21,648,515
Employee Cost	XIV	10,214,361	10,957,174
Administrative & Other Expenses	XV	5,838,623	3,534,411
Finance Charges		2,787,564	2,907,954
Depreciation	V	3,282,589	3,098,684
<b>TOTAL EXPENDITURE</b>		<b>48,253,428</b>	<b>42,146,738</b>
<b>PROFIT BEFORE TAX</b>		<b>(6,131,781)</b>	<b>(5,090,016)</b>
Less : Taxation Relating to Earlier Years		8,708	—
<b>Less : PROVISION FOR TAX</b>			
Fringe Benefit Tax		—	41,027
<b>PROFIT/(LOSS) AFTER TAX</b>		<b>(6,140,489)</b>	<b>(5,131,043)</b>
Loss B/F from the previous year		43,308,202	38,177,159
Loss Carried to Balance Sheet		49,448,691	43,308,202
Profit for Equity Shares		(6,140,489)	(5,131,043)
Basic and Diluted earnings per share (Rs.)		(1.23)	(1.03)
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

**A. B. Prasad**  
Director

Membership No.: 202813  
Chennai, Dated 25th day of May, 2010

Panaji, Dated 25th day of May, 2010



## SCHEDULES TO BALANCE SHEET

(In Rupees)

Particulars	As At 31st March, 2010	As At 31st March, 2009
<b>SCHEDULE - I – SHARE CAPITAL</b>		
<b>Authorised :</b> 5000000 Equity Shares of Rs. 10 each	<b>50,000,000</b>	<b>50,000,000</b>
<b>Issued, Subscribed and Paid-up :</b> 5000000 Equity Shares of Rs. 10 each fully paid-up	50,000,000	50,000,000
	<b>50,000,000</b>	<b>50,000,000</b>
<b>SCHEDULE - II – RESERVES AND SURPLUS</b>		
Capital Reserve	4,800	4,800
	<b>4,800</b>	<b>4,800</b>
<b>SCHEDULE - III – SECURED LOANS (Ref. Note No. B(2) (b) &amp; (c))</b>		
Loan from Holding Company	57,183,000	50,500,000
Cash Credit from Bank of Maharashtra – Secured by hypothecation of Stock & Book Debts	1,849,363	(150,540)
Cash Credit from Bank of Maharashtra – Secured by pledge of fixed Deposit offered by Holding Company	5,478,023	5,000,000
	<b>64,510,386</b>	<b>55,349,460</b>
<b>SCHEDULE - IV – UN-SECURED LOANS</b>		
From Others	13,730,284	29,913,137
	<b>13,730,284</b>	<b>29,913,137</b>



## SCHEDULE - V – FIXED ASSETS

(In Rupees)

Particulars	GROSS BLOCK (AT COST)			DEPRECIATION				NET BLOCK		
	As at 31-03-2009	Additions	Deductions	As at 31-03-2010	Upto 31-03-2009	During the year	Adjust- ments	Upto 31-03-2010	As at 31-03-2010	As at 31-03-2009
Freehold Land & Development	557,490	-	-	557,490	-	-	-	-	557,490	557,490
Buildings	26,631,094	1,244,388	-	27,875,482	10,786,244	907,269	-	11,693,513	16,181,969	15,844,650
Plant & Machinery	45,792,770	6,609,468	-	52,402,238	37,758,776	2,229,709	-	39,988,486	12,413,752	8,033,994
Furniture & Fittings	1,350,300	1,397,141	-	2,747,441	839,456	77,666	-	917,122	1,830,319	510,844
Vehicles	772,723	-	100,000	672,723	82,049	67,945	42,138	107,855	564,868	690,675
Trade Mark	1	-	-	1	-	-	-	-	1	1
<b>Total</b>	<b>75,104,378</b>	<b>9,250,997</b>	<b>100,000</b>	<b>84,255,375</b>	<b>49,466,525</b>	<b>3,282,589</b>	<b>42,138</b>	<b>52,706,976</b>	<b>31,548,399</b>	<b>25,637,854</b>
Previous Year	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	





## SCHEDULES TO BALANCE SHEET

(In Rupees)

Particulars	As At 31st March, 2010	As At 31st March, 2009
<b>SCHEDULE - VI – INVENTORIES</b>		
Stores, Spares – Others	3,481,456	1,078,672
	<b>3,481,456</b>	<b>1,078,672</b>
<b>SCHEDULE - VII – SUNDRY DEBTORS</b> (Unsecured Considered Good unless otherwise stated)		
Exceeding six months:		
Considered Doubtful	20,086,601	20,086,601
Considered Good	–	663,026
Other Debts	7,121,779	6,808,340
	<b>27,208,380</b>	<b>27,557,967</b>
<b>SCHEDULE - VIII – CASH AND BANK BALANCES</b>		
Cash in Hand	54,908	52,977
<b>Balances with Scheduled Banks</b>		
On Current Account	43,118	36,766
On Fixed Deposit Account	248,789	248,789
	<b>346,815</b>	<b>338,532</b>
<b>SCHEDULE - IX – LOANS AND ADVANCES</b> (Unsecured, Considered Good)		
Advances Recoverable in Cash or in Kind or for value to be received	1,838,853	1,905,841
Advance Tax / TDS	2,678,823	2,677,396
Trade Deposits	167,787	147,900
Interest Accrued on Fixed Deposits with Banks	102,408	81,440
	<b>4,787,871</b>	<b>4,812,577</b>
<b>SCHEDULE - X – CURRENT LIABILITIES</b>		
Sundry Creditors	8,702,994	6,224,417
Other Liabilities	2,190,798	1,555,543
	<b>10,893,792</b>	<b>7,779,960</b>
<b>SCHEDULE - XI – MISCELLANEOUS EXPENDITURE</b> (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
	<b>23,175,267</b>	<b>23,175,267</b>



## SCHEDULES TO PROFIT & LOSS ACCOUNT

(In Rupees)

Particulars	As At 31st March, 2010	As At 31st March, 2009
<b>SCHEDULE - XII – OTHER INCOME</b>		
Miscellaneous Receipt	7,041,300	1,404,386
Interest Received	96,201	22,534
Sundry Balances Written Back (Net)	48,661	266
Sale of Scrap	641,745	–
Profit on sale of assets	2,138	304,087
Insurance Claims	60,697	187,025
	<b>7,890,742</b>	<b>1,918,298</b>
<b>SCHEDULE - XIII MANUFACTURING/PROCESS EXPENSES</b>		
Consumption of Raw Material	17,954,984	13,788,820
Consumption of Packing Material	763,361	451,104
Consumption of Stores	374,486	87,825
Power & Fuel	3,694,491	4,268,213
Water Charges	297,541	273,514
Repairs & Maintenance		
Building	1,120,089	840,372
Plant & Machinery	1,004,780	1,112,555
Others	920,559	826,112
	<b>26,130,291</b>	<b>21,648,515</b>
<b>SCHEDULE - XIV – EMPLOYEE COST</b>		
Salaries, Wages and Allowances	8,604,891	9,179,965
Contribution to Provident and Other Funds	842,578	868,521
Welfare Expenses	596,032	750,434
Gratuity	170,860	158,254
	<b>10,214,361</b>	<b>10,957,174</b>
<b>SCHEDULE - XV ADMINISTRATIVE &amp; OTHER EXPENSES</b>		
Rent, Rates & Taxes	440,910	567,428
Insurance	178,841	147,192
Travelling and Conveyance	863,357	1,147,170
Remuneration to Auditors (Ref. Note No. B (2)(g))	60,665	60,665
Directors Sitting Fees	48,500	72,500
Security Charges	528,386	434,737
Advertisement Expenses	741,817	320,804
Professional Expenses	95,824	125,792
Other Expenses	787,694	658,123
Sales Promotion Expenses	2,092,629	–
	<b>5,838,623</b>	<b>3,534,411</b>



## SCHEDULE – XVI

### A. SIGNIFICANT ACCOUNTING POLICIES :

1. **Accounting Conventions:**

The Financial Statements have been prepared under the 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.

**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. 8 lacs (previous year Rs. 2 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
		60,665
- 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 31-03-2009 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	1,80,951 (1,78,501)	– –
Services availed	60,988 (2,17,698)	2,53,877 (2,94,134)
Interest on loan	– (–)	20,19,052 (24,85,255)
Unsecured Loan obtained	66,83,000 (–)	– (1,35,96,000)
Unsecured Loan Repaid	–	1,80,00,000
Outstanding Loans as on 31-03-2010	–	(–)
Trade Receivable	5,71,83,000 (5,05,00,000)	1,37,30,284 (2,99,13,137)
Trade Payable	2,98,463 (1,78,501)	– (–)
	–	10,60,300
	(–)	(3,83,352)

- i. Previous year's figures have been recast & regrouped wherever necessary.  
m. Installed Capacity and Actual Production :

	Year ended 31-03-2010 (MT)	Year ended 31-03-2009 (MT)
Cereal Foods including Soya based product		
a) Installed Capacity as per catalogue	5000	5000
b) Actual Production	632	624
c) Opening Stock	Nil	Nil
d) Closing Stock	Nil	Nil
e) Turnover	632	624
n. i) Raw Material Consumed for own activity (MT)		
Imported	Nil	Nil
Indigenous	675.08	580.90
Total	675.08	580.90
ii) Value of Raw Material Consumption (Rs.)		
Imported	Nil	Nil
Indigenous	1,79,54,984	1,37,88,820
Total	1,79,54,984	1,37,88,820
o. Stores and Spares Consumed (Rs.)		
Indigenous 100%	3,74,485	87,824
(Previous year 100%)		
p. Expenditure in Foreign Currency	Nil	Nil
q. Earning per Equity Share (Basic & Diluted) (Rs.)		
a) Net Profit available for Equity Shareholders	<u>2009-2010</u> (61,40,489)	<u>2008-2009</u> (51,31,043)
b) No. of Equity Shares	50,00,000	50,00,000
c) Earnings per Share	(1.228)	(1.026)
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 25th day of May, 2010

For and on behalf of Board of Directors

**Shrinivas V. Dempo**  
Chairman

**A. B. Prasad**  
Director

**Soiru V. Dempo**  
Executive Director

Panaji, Dated 25th day of May, 2010



## CASH FLOW STATEMENT FOR 2009-2010

(In Rupees)

	2009-2010		2008-2009	
<b>A Cash Flow from Operating Activities</b>				
<i>Net Profit/(Loss) before Taxation, and Extraordinary Items</i>	(6,131,781)		(5,090,016)	
Adjustment for				
Depreciation	3,282,589		3,098,684	
Interest/Finance Charges	2,787,564		2,907,954	
Operating Profit before working Capital :		(61,628)		916,622
Increase/Decrease in Sundry Debtors	349,587		(4,214,402)	
Increase/Decrease in Inventories	(2,402,784)		139,117	
Increase/Decrease in Loans & Advances	24,706		(1,598,043)	
Increase in Trade Payables	3,142,062	1,113,571	1,149,043	(4,524,285)
Cash Generated from operations		1,051,943		(3,607,663)
<i>Net Cash from Operating Expenses</i>		1,051,943		(3,607,663)
<b>B Cash Flow from Investing Activities</b>				
Purchase of Fixed Assets	(9,250,997)		(5,817,719)	
Sale of Fixed Assets	57,862		374,728	
Capital Work in Progress	17,967,674		(6,741,394)	
<i>Net Cash used in Investing Activities</i>		8,774,539		(12,184,384)
<b>C Cash Flows from Financing Activities</b>				
Interest / Finance Charges Paid	(2,787,564)		(2,907,954)	
Secured Loan Received/Repayment	9,160,926		4,034,439	
Unsecured Loan Received	(16,182,853)		14,546,957	
Fringe Benefit Tax	—		(41,027)	
Taxation relating to Earlier Years	(8,708)			
<i>Net Cash used in Financing Activities</i>		(9,818,199)		15,632,415
<b>Net Decrease/Increase in Cash &amp; Cash Equivalents</b>		<b>8,283</b>		<b>(159,633)</b>
<b>Closing balance as on 31-03-2009</b>		<b>338,532</b>		<b>498,165</b>
<b>Closing balance as on 31-03-2010</b>		<b>346,815</b>		<b>338,532</b>

As per our report of even date annexed hereto

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

**S. Sriram**  
Partner

Membership No.: 202813  
Chennai, Dated 25th day of May, 2010

For and on behalf of Board of Directors

**Shrinivas V. Dempo**  
Chairman

**A. B. Prasad**  
Director

**Soiru V. Dempo**  
Executive Director

Panaji, Dated 25th day of May, 2010



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

**NAME OF THE COMPANY** **HINDUSTAN FOODS LIMITED**

**I. REGISTRATION DETAILS**

STATE CODE

24

REGISTRATION NO.

601/G

BALANCE SHEET DATE

31-03-2010

**II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. THOUSANDS)**

PUBLIC ISSUE

NIL

RIGHTS ISSUE

NIL

BONUS ISSUE

NIL

PRIVATE PLACEMENT

NIL

**III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS. THOUSANDS)**

TOTAL LIABILITIES

128245

TOTAL ASSETS

128245

**SOURCES OF FUNDS**

PAID - UP CAPITAL

50000

RESERVES AND SURPLUS

5

SECURED LOANS

64510

UNSECURED LOANS

13730

**APPLICATION OF FUNDS**

NET FIXED ASSETS

31548

INVESTMENTS

NIL

NET CURRENT ASSETS

24073

MISCELLANEOUS EXPENDITURE

23175

ACCUMULATED LOSSES

49449

**IV. PERFORMANCE OF THE COMPANY (AMOUNT IN RS. THOUSANDS)**

TURNOVER

42121

TOTAL EXPENDITURE

48253

PROFIT/(LOSS) BEFORE TAX

(6131)

PROFIT/(LOSS) AFTER TAX

(6140)

PLEASE TICK APPROPRIATE BOX

+

'+' FOR PROFIT AND '-' FOR LOSS

-

✓

EARNING PER SHARE (RS.)

(1.23)

DIVIDEND RATE (%)

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.	19:04	Cereal Based Nutritional Foods
2.		
3.		





## 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 25th Annual General Meeting of the said  
Company to be held on Tuesday, the 21st September, 2010 at 10.30 a.m. and at any adjournment  
thereof.

Signed this ..... day of ....., 2010

Signature .....

Affix  
30 paise  
Revenue  
Stamp

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

CUT HERE







**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@demos.com