



# Hindustan Foods Ltd.

Corporate Headquarters & Registered Office : Dempo House, Campal, Panaji, Goa - 403 001.  
Ph. : 832 - 2441300, Gram : 'hindfood. Fax : 91 - 832 - 2225098, 2228588,  
E-mail : hfl@demos.com, Website: www.hflgoa.com CIN: L15139GA1984PLC000601

Company Scrip Code: 519126

ISIN Code: INE254N01018

Ref. No.: HFL/08/2016/88

Date: August 18, 2016

The General Manager  
Department of Corporate Services  
**Bombay Stock Exchange Ltd.**  
25<sup>th</sup> Floor, P. J. Towers, Dalal Street,  
Mumbai 400001

Thru' Listing Centre

Sub.: Submission of Annual Report for the year 2015-16

Dear Sir/Madam,

Pursuant to Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith the 31<sup>st</sup> Annual Report of our Company for the year 2015-16 containing the Audited Balance Sheet, Profit & Loss Account, Cash Flow Statements together with the Auditors' Report and Directors' Report, Corporate Governance Report, Auditors' Certificate on compliance of conditions of Corporate Governance, Secretarial Audit Report and Management Discussion & Analysis Report for the year ended March 31, 2016 which were approved and adopted at the Annual General Meeting of the Company held on 10<sup>th</sup> August, 2016.

Kindly take the same on record and oblige.

Thanking you,

Yours faithfully,  
For Hindustan Foods Limited

**Beena M. Mahambrey**  
**Company Secretary**

Encl.: as above.



**HINDUSTAN FOODS LIMITED**

[www.hflgoa.com](http://www.hflgoa.com)

# **31st Annual Report**

## **2015-16**

# HINDUSTAN FOODS LIMITED

## 31<sup>st</sup> Annual Report 2015-16

### BOARD OF DIRECTORS :

|                         |  |
|-------------------------|--|
| Mr. Shrinivas V. Dempo  | <i>Chairman</i>  |
| Mrs. Pallavi S. Dempo   | <i>Director</i>  |
| Mr. Rajesh S. Dempo     | <i>Director (w.e.f. 9th November, 2015)</i>                        |
| Adv. Sudin M. Usgaonkar | <i>Independent Director</i>  |
| Mr. Shashi K. Kalathil  | <i>Additional Independent Director (w.e.f. 9th November, 2015)</i> |
| Mr. Ganesh T. Argekar   | <i>Executive Director</i>  |

### Company Secretary and Compliance Officer :

Mrs. Beena M. Mahambrey

### Chief Financial Officer :

Mr. Kedarnath Swain

### Registered Office :

Dempo House,  
Campal, Panaji,  
Goa. 403001.

### Website :

[www.hflgoa.com](http://www.hflgoa.com)

### Investor Email Id :

[hflinvestorrelations@demos.com](mailto:hflinvestorrelations@demos.com)

### Works :

Usgao, Ponda,  
Goa. 403407.

### Auditors :

R. Sundararaman & Co.  
*Chartered Accountants*,  
30/2, Indira Colony,  
Ashok Nagar,  
Chennai - 600 083

### Registrars & Transfer Agents :

Link Intime India Private Limited  
C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (West),  
Mumbai - 400078.

### Bankers :

Bank of Maharashtra

## CONTENTS

|  | Page No. |
|--|----------|
| Notice                                     | 1        |
| Director's Report                          | 9        |
| Management Discussion & Analysis           | 25       |
| Corporate Governance Report                | 26       |
| Auditor's Report                           | 44       |
| Balance Sheet                              | 50       |
| Statement of Profit & Loss                 | 51       |
| Cash Flow Statement                        | 52       |
| Notes Forming Part of Financial Statements | 53       |

## NOTICE

**Notice** is hereby given that the Thirty-First Annual General Meeting of the Members of **Hindustan Foods Limited ('the Company')** will be held at the Registered Office of the Company at **Dempo House, Campal, Panaji-Goa 403001**, on **Wednesday, the 10<sup>th</sup> August, 2016 at 10:30 a.m.**, to transact the following business:-

### **Ordinary Business:**

1. To consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2016 including the Audited Balance Sheet as at March 31, 2016, Statement of Profit & Loss and Cash Flow statements for the year ended on that date and the Reports of the Board of Directors and Auditors thereon; and
2. To ratify the appointment of M/s. R. Sundararaman & Co. Chartered Accountants, Chennai, (Registration No. 004219S), as Statutory Auditors of the Company from the conclusion of the 31<sup>st</sup> Annual General Meeting (2015-16) till the conclusion of the 32<sup>nd</sup> Annual General Meeting (2016-17) of the Company and to authorize the Board of Directors to fix their remuneration on yearly basis and in this regard to consider and, if thought fit, to pass, with or without modification(s) the following resolution as an **Ordinary Resolution**:-

"RESOLVED THAT pursuant to the provisions of Section 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under, as amended from time to time, appointment of M/s. R. Sundararaman & Co. Chartered Accountants, Chennai, (Registration No. 004219S), as Statutory Auditors of the Company from the conclusion of the 31<sup>st</sup> Annual General Meeting (2015-16) till the conclusion of the 32<sup>nd</sup> Annual General Meeting (2016-17) of the Company, be and is hereby ratified for the financial year 2016-17, at such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors, based on the recommendation of the Audit Committee, plus applicable service tax and reimbursement of travelling and other incidental expenses to be incurred by them in the course of their audit."

### **Special Business:**

3. To appoint Mr. Rajesh S. Dempo (DIN 05143106) as a Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Mr. Rajesh S. Dempo (holding DIN 05143106), who was appointed by the Board of Directors of the Company with effect from November 9, 2015 to fill up the casual vacancy caused due to the demise of Late Soiru V. Dempo, and who holds office as such up to the date of this Annual General Meeting pursuant to the provisions of Section 161 of the Companies Act, 2013 ("the Act") read with Article 117(b) of the Articles of Association of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Act, from a member proposing his candidature for the office of a Director and being eligible, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

4. To appoint Mr. Shashi K. Kalathil (DIN 02829333) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 152 and any other applicable provisions of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or

re-enactment thereof for the time being in force) read with Schedule IV to the Act and Regulation 16(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Shashi Kumar Kalathil (DIN 02829333), who was appointed as an Additional Director of the Company by the Board of Directors with effect from November 9, 2015, in terms of Section 161(1) of the Act and Article 117(a) of the Articles of Association of the Company and whose term of office expires at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years upto the fifth consecutive AGM of the Company to be held in the year 2021."

**Notes:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE 'MEETING') IS ENTITLED TO APPOINT A PROXY/PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** THE INSTRUMENT APPOINTING THE PROXY IN ORDER TO BE EFFECTIVE SHOULD BE DULY STAMPED, COMPLETED, SIGNED AND DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT (48) HOURS BEFORE THE TIME FOR HOLDING THE MEETING.

Proxy/Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions / authority, as applicable. A person can act as proxy on behalf of Members not exceeding fifty (50) members and holding in the aggregate not more than ten (10) per cent of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than ten (10) percent of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

2. Only registered Members of the Company or any proxy appointed by such registered Member may attend and vote at the Meeting as provided under the provisions of the Companies Act, 2013. In case any shareholder has voted electronically, then he/she can participate in the Meeting but not vote.
3. The Explanatory Statement setting out all material facts as required under Section 102 of the Companies Act, 2013 is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company shall remain closed from **Thursday, the August 4, 2016 to Wednesday, the August 10, 2016** (both days inclusive).
5. Duly executed and stamped transfer deeds, along with the share certificates, should be submitted to the Company's RTA before the closure of the Register of Members for registration.
6. Corporate Members are requested to send a duly certified copy of the Board Resolution pursuant to Section 113 of the Companies Act, 2013 / Power of Attorney authorizing their representative(s) to attend and vote on their behalf at the Meeting.
7. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company or the Company's RTA.
8. Members holding shares in physical form and wishing to make / change a nomination in respect of their shareholding in the Company, as permitted under Section 72 of the Companies Act, 2013 may submit the prescribed particulars in Form No. SH-13 (Nomination Form) or SH-14 (Cancellation or Variation of Nomination), to the Company or the Company's RTA.

9. The Company has entered into necessary arrangement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to enable the Shareholders to dematerialize their shareholding in the Company for which they may contact the Depository Participant of either of the above Depositories.
10. Details under Regulation 36(3) of the Listing Regulations in respect of the directors seeking appointment/re-appointment at the Annual General Meeting (AGM), forms integral part of the Notice. The directors have furnished their requisite declarations for their appointment/re-appointment.
11. Notice of the of the 31<sup>st</sup> Annual General Meeting of the Company inter alia indicating the process and manner of remote e-voting along with Attendance Slip & Proxy Form is being sent in the permitted mode.
12. Members may also note that the Notice of the 31<sup>st</sup> Annual General Meeting and the Annual Report for 2015-16 will also be available on the Company's website [www.hflgoa.com](http://www.hflgoa.com) for their download.
13. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours on all working days, up to and including the date of the AGM.

#### **14. Voting through electronic means**

- I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (Listing Regulations), the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
- II. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- IV. The remote e-voting period commences on Sunday, August 7, 2016 (9:00 am) and ends on Tuesday, August 9, 2016 (5:00 pm). During this period members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Wednesday, August 3, 2016, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- V. The process and manner for remote e-voting are as under:
  - A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)] :

- (i) Open email and open PDF file viz; "remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
- (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
- (iii) Click on Shareholder - Login
- (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
- (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
- (vii) Select "EVEN" of "Hindustan Foods Limited".
- (viii) Now you are ready for remote e-voting as Cast Vote page opens.
- (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [sadashivshet@gmail.com](mailto:sadashivshet@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy] :

- (i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM:

| <b><u>EVEN (Remote e-voting Event Number)</u></b> | <b><u>USER ID</u></b> | <b><u>PASSWORD/PIN</u></b> |
|---|-----------------------|----------------------------|
|---|-----------------------|----------------------------|

- (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

- VI. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990.
- VII. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- VIII. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

- IX. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of August 3, 2016.
- X. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. August 3, 2016, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or RTA.  
  
However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no.: 1800-222-990.
- XI. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- XII. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- XIII. CS Sadashiv V. Shet, Practicing Company Secretary (FCS No. 2477) has been appointed as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- XIV. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of Ballot Paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- XV. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- XVI. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company [www.hflgoa.com](http://www.hflgoa.com) and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.

**EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 102(1) OF THE COMPANIES ACT, 2013 ANNEXED TO AND FORMING PART OF THE NOTICE DATED MAY 26, 2016**

**ITEM 2**

At the 29<sup>th</sup> Annual General Meeting (AGM) of the Company held on September 27, 2014, M/s. R. Sundararaman & Co., Chartered Accountants (Registration No. 004219S) have been appointed as the Statutory Auditors of the Company for a period of three years from the conclusion of the said AGM i.e. up to the conclusion of the 32<sup>nd</sup> Annual General Meeting in 2017. In terms of the provisions of the Companies Act, 2013, it is necessary to get the appointment ratified by the shareholders in every Annual General Meeting until the expiry of the period of appointment.



In view of the above, the Board of Directors recommends your ratification of the appointment of M/s. R. Sundararaman & Co., Chartered Accountants (Registration No. 004219S) as the Statutory Auditors of the Company as mentioned at Item No. 2 of the AGM Notice.

**ITEM 3**

Mr. Rajesh S. Dempo (DIN 05143106) was appointed as a Director in casual vacancy caused due to the demise of Late Soiru V. Dempo, by the Board of Directors with effect from November 9, 2015. As per Section 161(4) of the Companies Act, 2013 ("the Act") a person who has been appointed as Director in casual vacancy holds office up to the date up to which the director in whose place he is appointed would have held office if it had not been vacated. Consequently, Mr. Rajesh S. Dempo holds office up to the date of this Annual General Meeting, the date till which Late Soiru V. Dempo, would have held the office.

The Company has received a Notice from a Member in writing along with requisite deposit under Section 160 of the Act, proposing the candidature of Mr. Rajesh S. Dempo for the office of Director of the Company.

A third generation entrepreneur, from an Industrial family, Mr. Rajesh S. Dempo completed his Bachelor of Commerce at the University of Mumbai. After completing MBA in London, he returned to Goa and joined Aparant Iron & Steel Pvt. Ltd., a Dempo Group of Company as a management trainee and rose up the ladder to head the same. Thereafter, he founded "Vision Dempo Hospitality And Estates Pvt. Ltd." and diversified into various industries such as Real Estate, Hospitality, Healthcare and upcoming industries such as Media & Entertainment and Child Care.

Mr. Rajesh S. Dempo is a Director in Vision Dempo Hospitality and Estates Pvt. Ltd., Vishwas Media and Entertainment Pvt. Ltd., a Director in casual vacancy in Goa Carbon Ltd., an Additional Director in V. S. Dempo Mining Corporation Pvt. Ltd.; the Member of the Share Transfer, Investor Grievances & Stakeholders Relationship Committee of Goa Carbon Ltd.

Mr. Rajesh S. Dempo does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Brief particulars pursuant to Regulation 36(3) of the Listing Regulations and additional information to be given to Members in terms of Secretarial Standards on General Meetings (SS-2) of Mr. Rajesh S. Dempo are given in Annexure to the AGM Notice dated May 26, 2016.

The Board recommends the passing of the Ordinary Resolution as set out in Item no. 3 of the Notice for the appointment of Mr. Rajesh S. Dempo as a Director of the Company, liable to retire by rotation.

Except for Mr. Rajesh S. Dempo being an appointee and Mr. Shrinivas V. Dempo, Chairman & Mrs. Pallavi S. Dempo, Director, being related as 'Cousins', none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item no. 3.

As per the proviso to Section 102(2) of the Companies Act, 2013, it is clarified that the proposed Resolution does not relate to or affect any other Company.

**ITEM 4**

Mr. Shashi K. Kalathil (DIN 02829333) was appointed as an Additional Director of the Company in the category "Independent Director", by the Board of Directors with effect from November 9, 2015. He holds office up to the date of this Annual General Meeting of the Company.

The Company has received a Notice from a Member in writing along with requisite deposit under Section 160 of the Act, proposing the candidature of Mr. Shashi K. Kalathil for the office of Independent Director of the Company.

Mr. Shashi K. Kalathil is an alumnus of IIM-Bangalore, Delhi College of Engineering and Modern School, New Delhi. Out of business school, he joined Hindustan Lever, where he worked for 12 years in Marketing Research, Sales and Marketing across the Detergents and Personal Products profit centers. In 1995, Kalathil, helped set up one of India's 1<sup>st</sup> cellular phone networks 'RPG Cellular' at Chennai as Head of Marketing, Sales & Customer Services. In 1998, Kalathil joined PepsiCo India as Brand Head, Pepsi, over the next 6 years. He was promoted as the Director, South India Operations and then as Marketing Director, South Asia. In 2004, Kalathil joined the Tata's, leading the group's broadband initiative as President Broadband and Retail business of Tata Communications (then VSNL). In 2006, he chose to follow his passion for cricket as founding CEO of Neo Sports Broadcast, India's 1<sup>st</sup> cricket only TV channel. Kalathil in 2008, joined the Future Group as Sector CEO, Leisure & Entertainment.

Mr. Shashi K. Kalathil is a Director in YFactor Marketing Pvt. Ltd.

Mr. Shashi K. Kalathil does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Mr. Shashi K. Kalathil has given a declaration that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

In the opinion of the Board, Mr. Kalathil fulfils the conditions specified in the Companies Act, 2013, the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulations, 2015 ("Listing Regulations") for his appointment as an Independent Director of the Company and is independent of the management. A copy of the draft letter for appointment of Mr. Kalathil as an Independent Director is available for inspection without any fee by the members of the Registered Office of the Company during normal business hours on any working day.

The Board considers that his association would be of immense benefit to the company and it is desirable to avail services of Mr. Kalathil as an Independent Director.

Brief particulars pursuant to Regulation 36(3) of the Listing Regulations and additional information to be given to Members in terms of Secretarial Standards on General Meetings (SS-2) of Mr. Shashi K. Kalathil are given in Annexure to the AGM Notice dated May 26, 2016.

The Board recommends the passing of the Ordinary Resolution as set out in Item no. 4 of the Notice for the appointment of Mr. Shashi K. Kalathil as an Independent Director of the Company.

Except for Mr. Shashi K. Kalathil being an appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item no. 4.

As per the proviso to Section 102(2) of the Companies Act, 2013, it is clarified that the proposed Resolution does not relate to or affect any other Company.

By Order of the Board of Directors

**Beena M. Mahambrey**  
*Company Secretary*

**Panaji, May 26, 2016**

**Registered Office:**  
Dempo House, Campal,  
Panaji-Goa 403001

**CIN:** L15139GA1984PLC000601

**Website:** [www.hflgoa.com](http://www.hflgoa.com)

**ANNEXURE TO THE NOTICE**

**Particulars and additional information of the directors seeking appointment / re-appointment pursuant to Regulation 36(3) of the Listing Regulations and in terms of Secretarial Standards on General Meetings (SS-2):**

| <b>Name of the Director</b>  | <b>Rajesh S. Dempo</b>   | <b>Shashi K. Kalathil</b>  |
|--|--|--|
| Category   | Non-Executive, Non-Independent Director  | Non-Executive, Independent Director  |
| Age  | 40 years   | 56 years   |
| Date of first appointment  | 09/11/2015   | 09/11/2015   |
| Profile of the Director  | A third generation entrepreneur, from an Industrial family, Mr. Rajesh S. Dempo completed his Bachelor of Commerce at the University of Mumbai. After completing MBA in London, he returned to Goa and joined Aparant Iron & Steel Pvt. Ltd., a Dempo Group of Company as a management trainee and rose up the ladder to head the same. Thereafter, he founded "Vision Dempo Hospitality And Estates Pvt. Ltd." and diversified into various industries such as Real Estate, Hospitality, Healthcare and upcoming industries such as Media & Entertainment and Child Care. | Mr. Shashi K. Kalathil is an alumnus of IIM-Bangalore, Delhi College of Engineering and Modern School, New Delhi. Out of business school, he joined Hindustan Lever, where he worked for 12 years in Marketing Research, Sales and Marketing across the Detergents and Personal Products profit centers. In 1995, Kalathil, helped set up one of India's 1 <sup>st</sup> cellular phone networks 'RPG Cellular' at Chennai as Head of Marketing, Sales & Customer Services. In 1998, Kalathil joined PepsiCo India as Brand Head, Pepsi, over the next 6 years. He was promoted as the Director, South India Operations and then as Marketing Director, South Asia. In 2004, Kalathil joined the Tata's, leading the group's broadband initiative as President Broadband and Retail business of Tata Communications (then VSNL). In 2006, he chose to follow his passion for cricket as founding CEO of Neo Sports Broadcast, India's 1 <sup>st</sup> cricket only TV channel. Kalathil in 2008, joined the Future Group as Sector CEO, Leisure & Entertainment. |
| Expertise in specific functional area  | Leadership and Business Management.  | Marketing and Business Management  |
| Qualification  | B.Com, MBA   | B.E., MBA  |
| Directorship held in other companies (including foreign and private companies) | 1. Goa Carbon Ltd.,<br>2. Vishwas Media and Entertainment (P) Ltd<br>3. Vision Dempo Hospitality and Estates Pvt. Ltd.,<br>4. V. S. Dempo Mining Corporation Pvt. Ltd.   | 1. YFactor Marketing Pvt. Ltd.   |
| Membership of the Committees of the Board of other companies                   | 1. Goa Carbon Ltd. – Member of the Share Transfer, Investor Grievances & Stakeholders Relationship Committee   | --   |
| Number of shares held in the Company   | Nil  | Nil  |
| No. of Board meetings attended during the year 2015-16                         | 2 (Two)  | 1 (one)  |
| Relationship with other directors inter-se                                     | 'Cousin' of Mr. Shrinivas V. Dempo, Chairman and Mrs. Pallavi S. Dempo, Director of the Company.   | --   |

## DIRECTORS' REPORT

The Members,

Your Directors have pleasure in presenting the 31<sup>st</sup> Annual Report on the business and operations of the Company and the Audited financial accounts for the year ended March 31, 2016.

### Financial Results

₹ in lacs

|  | 2015-16  | 2014-15  |
|--|----------|----------|
| Profit for the year before Finance charges and depreciation                                  | 226.68   | 535.06   |
| Less: Finance charges  | 98.12    | 155.14   |
| Profit before depreciation   | 128.56   | 379.92   |
| Less: Depreciation   | 133.82   | 129.68   |
| (Loss)/ Profit for the year after Finance charges and depreciation / before tax for the year | (5.26)   | 250.24   |
| Less: Deferred Tax Assets  | 149.33   | -        |
| Profit for the year after Tax  | 144.07   | 250.24   |
| Less: Surplus B/F from statement of Profit & Loss of previous year                           | (656.98) | (905.33) |
| Add: Value of Fixed Assets with useful life completed w/off                                  | -        | (1.89)   |
| Balance carried to Balance Sheet   | (512.91) | (656.98) |

### Transfer to Reserve

The Company did not transfer any amounts to the general reserve during the year.

### Year in Retrospect

During the year under review, the Company continued the manufacturing of snack food 'Kurkure' for M/s. Pepsico India Holdings Pvt. Ltd. and infant food products, 'Farex', 'Easum' and 'First Food', for M/s. Nutricia India Pvt. Ltd. on a monthly basis.

The Company has also successfully launched their own product under the brand "Cnergy" in the market, and also continues to manufacture and market its existing brand "Bonny Mix" in the local market.

For the Financial Year ended March 31, 2016, the Company achieved better results and reported turnover of ₹ 2,386.49 lacs and profit after tax of ₹ 144.07 lacs.

### Dividend

Considering the carry forward losses and in order to strengthen the Company's financials, your Directors do not recommend any dividend for the year under review.

### Listing Information

The equity shares of your Company are listed on the Bombay Stock Exchange Limited (BSE). The listing fees for the year 2016-2017 have been paid to BSE.

**Accreditation**

The Company continues to enjoy Food Safety System Certification 22000 accreditation made by SGS United Kingdom Ltd.

**Public Deposits**

The Company has not accepted any public deposits during the year under review.

**Directors' Responsibility Statement**

To the best of our knowledge and belief and based on the information and representations received from the operating management, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- (a) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with the proper explanation relating to material departures;
- (b) that such accounting policies as mentioned in Notes to the annual accounts have been selected and applied consistently and judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2016 and of the profit of the Company for the year ended on that date;
- (c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) that the annual accounts have been prepared on a going concern basis;
- (e) that proper internal financial controls are in place and that the internal financial controls are adequate and are operating effectively;
- (f) that proper systems to ensure compliance with the provisions of all applicable laws are in place and that such systems are adequate and operating effectively.

**Directors**

During the year, your Board with deep regret noted the sad demise of Late Soiru V. Dempo (DIN 00206062) on September 19, 2015. In his death, the Board has lost a visionary and philanthropist. Mr. Rajesh S. Dempo (DIN 05143106) was appointed as Director on November 9, 2015 to fill up the casual vacancy caused by the demise of Late Soiru V. Dempo.

Dr. Asht Bhujra Prasad and Mr. Ashok N. Manrjekar resigned from the Board during the period under report. Your Directors have placed on record their appreciation of the valuable services rendered to the Company by them during their respective tenure as Independent Directors of the Company.

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Rajesh S. Dempo retires by rotation at the forthcoming Annual General Meeting, since the Director in place of whom he is appointed in the casual vacancy, would have retired if he had not ceased from office due to death. Being eligible, Mr. Rajesh S. Dempo offers himself for re-appointment. Your Board has recommended his re-appointment.

The Board at its meeting held on November 9, 2015, also appointed Mr. Shashi K. Kalathil (DIN 02829333) as an Additional Director of the Company in the category "Independent Director". Mr. Kalathil

holds office upto the date of the ensuing Annual General Meeting but is eligible for re-appointment.

Brief resume of the directors proposed for appointment / re-appointment together with other relevant details form part of the Notice of the ensuing Annual General Meeting.

### **Key Managerial Personnel**

Mr. Ganesh T. Argekar, Whole-time Director (Designated “Executive Director”), Mrs. Beena M. Mahambrey, Company Secretary and Mr. Kedarnath Swain, CFO, continued to function as Key Managerial Personnel of the Company during the year under review.

### **Independent Directors’ Declarations**

The Company has received declarations pursuant to Section 149(7) of the Companies Act, 2013, from the Independent Directors of the Company viz., Adv. Sudin M. Usgaonkar and Mr. Shashi K. Kalathil confirming that they meet the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 in respect of their position as an “Independent Director” of Hindustan Foods Limited.

### **Meetings of the Board of Directors**

A minimum of four Board meetings are held annually. Additional Board meetings are convened by giving appropriate notice to address the Company’s specific needs. In case of business exigencies or urgency of matters, resolutions are passed by circulation.

During the year under review, four Board meetings were held, the details of which are given in the Corporate Governance Report which forms part of this Annual Report.

The intervening gap between two consecutive meetings was within the period prescribed under the Companies Act, 2013 and the Listing Regulations.

### **Audit Committee**

The Audit Committee comprises of Mr. Shashi K. Kalathil who serves as the Chairman of the Committee and Adv. Sudin M. Usgaonkar and Mr. Rajesh S. Dempo as the other members. The terms of reference etc. of the Audit Committee is provided in Corporate Governance Report which forms part of this Annual Report.

All the recommendations made by the Audit Committee during the financial year under review were accepted by the Board.

### **Nomination and Remuneration Committee**

The composition, terms of reference etc. of the Nomination and Remuneration Committee is provided in Corporate Governance Report which forms part of this Annual Report.

The Committee has formulated a Nomination and Remuneration Policy and the same has been uploaded on the website of the Company at [www.hflgoa.com](http://www.hflgoa.com)

### **Board Evaluation**

Pursuant to the provisions of the Companies Act, 2013 and regulation 17(10) of the Listing Regulations, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Statutory Committees.

Based on various criteria, the performance of the Board, various Board Committees, Chairman and Individual Directors (including Independent Directors) was found to be satisfactory.

**Internal Control System**

The Board has laid down Internal Financial Controls within the meaning of the explanation to section 134 (5) (e) ("IFC") of the Companies Act, 2013. The Board believes the Company has sound IFC commensurate with the nature and size of its business. Business is however dynamic. The Board is seized of the fact that IFC are not static and are in fact a fluid set of tools which evolve over time as the business, technology and fraud environment changes in response to competition, industry practices, legislation, regulation and current economic conditions. There will therefore be gaps in the IFC as Business evolves. The Company has a process in place to continuously identify such gaps and implement newer and or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

**Statutory Auditors**

M/s. R. Sundararaman & Co., Chartered Accountants, Chennai (Registration No. 004219S) have been appointed as the Statutory Auditors of the Company for a period of three years from the conclusion of the 29<sup>th</sup> Annual General Meeting till the conclusion of the 32<sup>nd</sup> Annual General Meeting. The Board now recommends the appointment of M/s. R. Sundararaman & Co. for ratification by the members at the Annual General Meeting for the Financial Year 2016-17.

**Statutory Auditors' Observations**

The notes on financial statements referred to in the Auditors' Report are self-explanatory and therefore, do not call for any further explanations or comments.

There are no qualifications, reservations or adverse remarks or disclaimer made in the Auditors' Report which requires any clarification or explanation.

**Secretarial Audit**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the rules thereunder, the Board of Directors of the Company has appointed CS Sadashiv V. Shet, Practicing Company Secretary to conduct the Secretarial Audit. The Secretarial Audit Report for the financial year ended March 31, 2016 forms a part of this Annual Report. The same is self explanatory and requires no comments.

**Vigil Mechanism / Whistle Blower Policy**

The Company has established a Vigil Mechanism / Whistleblower Policy for the employees to report their genuine concerns or grievances and the same has been posted on the Company's website [www.hflgoa.com](http://www.hflgoa.com).

The Audit Committee of the Company oversees the Vigil Mechanism.

**Risk Management**

The Company follows well-established and detailed risk assessment and minimization procedures, which are periodically reviewed by the Board. The Company has in place a business risk management framework for identifying risks and opportunities that may have a bearing on the organization's objectives, assessing them in terms of likelihood and magnitude of impact and determining a response strategy.

The Senior Management assists the Board in its oversight of the Company's management of key risks,

including strategic and operational risks, as well as the guidelines, policies and processes for monitoring and mitigating such risks under the aegis of the overall business risk management framework.

### **Particulars of loans, guarantees or investments**

There was no loans, guarantees and investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the said provision is not applicable.

### **Related Party Transactions**

The transactions entered with related parties for the year under review were on arm's length basis and in the ordinary course of business and as such provisions of Section 188 of the Companies Act, 2013 are not attracted. Thus disclosure in Form AOC-2 is not required. Further, there were no material related party transactions during the year under review with the Promoters, Directors or Key Managerial Personnel.

As required under Regulation 23(1) of the Listing Regulations, 2015, the Company has formulated a policy on dealing with Related Party Transactions. The Policy has been uploaded on the Company's website : [www.hflgoa.com](http://www.hflgoa.com)

### **Significant and material orders passed by the Regulators or Courts**

There were no significant material orders passed by the Regulators / Courts / Tribunals which would impact the going concern status of the Company and its future operations.

### **Particulars of employees and related disclosures**

None of the employees of the Company were in receipt of remuneration exceeding ₹ 60 lacs per annum or more throughout the year nor exceeding ₹ 5 lacs per month or more for part of the financial year 2015-16.

The information required under Section 197(12) of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended March 31, 2016 is given in a separate Annexure to this Report.

The above Annexure is not being sent along with this Report to the Members of the Company in line with the provisions of Section 136 of the Companies Act, 2013. Members who are interested in obtaining these particulars may write to the Company Secretary at the Registered Office of the Company. The aforesaid Annexure is also available for inspection by the Members at the Registered Office of the Company, 21 days before the 31<sup>st</sup> Annual General Meeting and upto the date of the ensuing Annual General Meeting during the business hours on working days.

### **Energy Conservation, Technology Absorption and Foreign Exchange Earnings and outgo**

The particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo, required to be disclosed by Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are provided in the Annexure – I to this Report.

### **Corporate Social Responsibility (CSR)**

The Company has not developed and implemented any Corporate Social Responsibility initiatives as the said provisions are not applicable.

### **Extract of Annual Return**

The details forming part of the extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 is included in this Report as Annexure – II and forms an integral part of this Report



**Disclosures under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

In accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules made there under, the Company has formulated an internal Policy on Sexual Harassment at Workplace (Prevention, Prohibition and Redressal).

The policy aims at educating employees on conduct that constitutes sexual harassment, ways and means to prevent occurrence of any such incident, and the mechanism for dealing with such incident in the unlikely event of its occurrence.

The ICC is responsible for redressal of complaints related to sexual harassment of women at the workplace in accordance with procedures, regulations and guidelines provided in the Policy.

During the year under review there were no complaints referred to the ICC.

**Corporate Governance**

It has been the endeavour of your Company to follow and implement best practices in corporate governance, in letter and spirit. The following forms part of this Annual Report:

- (i) Declaration regarding compliance of Code of Conduct by Board Members and Senior Management Personnel;
- (ii) Management Discussion and Analysis;
- (iii) Report on Corporate Governance and;
- (iv) Practicing Company Secretary Certificate regarding compliance of conditions of corporate governance.

**Appreciation and Acknowledgement**

Your Directors would like to express their appreciation for the assistance and co-operation received from the Government authorities, banks, customers, business associates and members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services by the executives, staff and workers of the Company.

For and on behalf of the Board of Directors

**Ganesh T. Argekar**  
*Executive Director*  
DIN: 06865379

**Shashi K. Kalathil**  
*Additional Independent Director*  
DIN : 02829333

Panaji-Goa  
May 26, 2016

## ANNEXURE – I TO THE DIRECTORS' REPORT

### PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, ETC. AS PER COMPANIES (ACCOUNTS) RULES, 2014.

|     |  |  |
|-----|--|--|
| (A) | <b>Conservation of Energy</b><br><br>(i) the steps taken or impact on conservation of energy | 1. Energy consumption: Energy consumption has been higher per unit of production due to increase in production and higher plant utilisation.<br><br>2. Total energy consumption and energy consumption per unit of production are as under:  |
|     |  | <b>(A) POWER AND FUEL CONSUMPTION</b><br><div style="text-align: right;">Current year</div> <div>1. Electricity</div> <div> <div>a) Purchased Units</div> <div style="display: flex; justify-content: space-between;"> <div></div> <div>Kwh</div> <div>1414295</div> </div> <div style="margin-left: 20px;">* Total amount</div> <div style="display: flex; justify-content: space-between;"> <div></div> <div>₹</div> <div>7530565</div> </div> <div style="margin-left: 20px;">* Rate/Unit</div> <div style="display: flex; justify-content: space-between;"> <div></div> <div>₹/Kwh</div> <div>5.32</div> </div> <div style="margin-left: 20px;">* including Demand charges</div> <div>b) Own Generation</div> <div>Through Diesel Generator</div> <div>Units</div> <div style="display: flex; justify-content: space-between;"> <div>Kwh</div> <div>72035</div> </div> <div>Units per Ltr.of Diesel Oil</div> <div style="display: flex; justify-content: space-between;"> <div>Kwh</div> <div>3.22</div> </div> <div>Cost/Unit</div> <div style="display: flex; justify-content: space-between;"> <div>₹/Kwh</div> <div>15.38</div> </div> <div>2. Coal [Specify quality &amp; where used]</div> <div>Quantity (Tonnes)</div> <div style="text-align: right;">--</div> <div>Total Cost</div> <div style="text-align: right;">--</div> <div>Average Rate</div> <div style="text-align: right;">--</div> <div>3. Furnace Oil (H.S.D. for Brand Drier)</div> <div>Quantity</div> <div style="display: flex; justify-content: space-between;"> <div>L</div> <div>60605</div> </div> <div>Total Amount</div> <div style="display: flex; justify-content: space-between;"> <div>₹</div> <div>29,80,154</div> </div> <div>Average Rate</div> <div style="display: flex; justify-content: space-between;"> <div>₹</div> <div>48.79</div> </div> <div>4. Others / internal generation (Please give details)</div> <div>Quantity</div> <div style="text-align: right;">--</div> <div>Total Cost</div> <div style="text-align: right;">--</div> <div>Rate / Unit</div> <div style="text-align: right;">--</div> </div> |
|     |  | <b>(B) CONSUMPTION PER UNIT OF PRODUCTION</b><br><div style="display: flex; justify-content: space-between;"> <div></div> <div>Standards<br/>- if any</div> <div>Current<br/>Year</div> </div> <div>(Products with details - Units)</div> <div>Cereal based food products (tonnes)</div> <div style="display: flex; justify-content: space-between;"> <div>---</div> <div>2311.00</div> </div> <div>Electricity (Units)</div> <div style="display: flex; justify-content: space-between;"> <div>---</div> <div>586.84</div> </div> <div>H.S.D. Oil (Units)</div> <div style="display: flex; justify-content: space-between;"> <div>---</div> <div>25.15</div> </div> <div>Coal [Specify quality]</div> <div style="display: flex; justify-content: space-between;"> <div>---</div> <div>---</div> </div> <div>Others (Specify)</div> <div style="display: flex; justify-content: space-between;"> <div>---</div> <div>---</div> </div>   |

|     |   |   |  |
|-----|---|---|--|
|     | <p>(ii) the steps taken by the company for utilising alternate sources of energy.</p> <p>(iii) the capital investment on energy conservation equipments</p>   |   |  |
| (B) | <p><b>Technology Absorption</b></p> <p>(i) the efforts made towards technology absorption.</p> <p>(ii) the benefits derived like product improvement, cost reduction, product development or import substitution.</p> <p>(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-</p> <p>(a) the details of technology imported;</p> <p>(b) the year of import;</p> <p>(c) whether the technology been fully absorbed;</p> <p>(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and</p> <p>(iv) the expenditure incurred on Research and Development.</p> | <p>The Company continues to keep abreast the developments in the extruder technology and has assimilated the latest technologies in the related fields.</p> <p>Not Applicable</p> |  |
| (C) | <p><b>Foreign Exchange Earnings and Outgo.</b></p> <p>The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows.</p>  | <p>Earnings - Nil</p> <p>Outgoings - Nil</p>  |  |

## ANNEXURE – II TO THE DIRECTORS' REPORT

Relevant extract of Annual Return as on the financial year ended on March 31, 2016.

### I. REGISTRATION AND OTHER DETAILS

|      |   |  |
|------|---|--|
| i.   | Corporate Identity Number (CIN) of the Company                            | L15139GA1984PLC000601  |
| ii.  | Registration Date   | 31 <sup>st</sup> December, 1984  |
| iii. | Name of the Company   | Hindustan Foods Limited  |
| iv.  | Category / Sub-Category of the Company                                    | Public Company limited by shares   |
| v.   | Address of the Registered office and contact details                      | Dempo House, Campal, Panaji-Goa 403001<br>Tel +91 832 2441300, Fax +91 832 2225098   |
| vi.  | Whether listed company  | Yes  |
| vii. | Name, Address and Contact details of Registrar and Transfer Agent, if any | Link Intime India Private Limited<br>C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400 078<br>E-Mail: <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a> ,<br>Tel: +91 22 2594 6970, Fax: +91 22 2594 6969 |

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

| Sl. No. | Name and Description of main products  | NIC Code of the Product | % to total turnover of the company |
|---------|--|-------------------------|------------------------------------|
| 1.      | Manufacture of Milk & Cereal based baby food, Extruded Snacks, Instant Porridge and Extruded Cereal Products | 10794                   | 100%                               |

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sl. No. | Name and Address of the Company   | CIN/GLN               | Holding/ Subsidiary/ Associate | % of Shares held | Applicable Section of Companies Act, 2013 |
|---------|---|-----------------------|--------------------------------|------------------|---|
| 1.      | Vanity Case (India) Pvt. Ltd. S-15, Jairam Complex, Nevginagar, Panaji-Goa. 403001. | U74999GA2012PTC006961 | Holding                        | 74.45%           | 2(46)                                     |

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)****i) Category-wise Share Holding**

| Category of shareholders  | Number of shares held on April 1, 2015 |            |                |                   | Number of shares held on March 31, 2016 |            |                |                   | % change during the year |
|---|--|------------|----------------|-------------------|---|------------|----------------|-------------------|--------------------------|
|   | Demat                                  | Physical   | Total          | % of total shares | Demat                                   | Physical   | Total          | % of total shares |                          |
| <b>A. Promoters</b>   |  |            |                |                   |   |            |                |                   |                          |
| <b>1. Indian</b>  |  |            |                |                   |   |            |                |                   |                          |
| Individuals/HUF   | Nil                                    | Nil        | Nil            | Nil               | Nil                                     | Nil        | Nil            | Nil               | Nil                      |
| Central Government/ State Government(s)                                     | Nil                                    | Nil        | Nil            | Nil               | Nil                                     | Nil        | Nil            | Nil               | Nil                      |
| Bodies Corporate  | 3722294                                | Nil        | 3722294        | 74.4459           | 3722294                                 | Nil        | 3722294        | 74.4459           | Nil                      |
| Financial Institutions/ Banks   | Nil                                    | Nil        | Nil            | Nil               | Nil                                     | Nil        | Nil            | Nil               | Nil                      |
| Any Other (specify)   | Nil                                    | Nil        | Nil            | Nil               | Nil                                     | Nil        | Nil            | Nil               | Nil                      |
| <b>Sub-Total (A)(1)</b>   | <b>3722294</b>                         | <b>Nil</b> | <b>3722294</b> | <b>74.4459</b>    | <b>3722294</b>                          | <b>Nil</b> | <b>3722294</b> | <b>74.4459</b>    | <b>Nil</b>               |
| <b>2. Foreign</b>   |  |            |                |                   |   |            |                |                   |                          |
| Individuals (Non-Resident Individuals/ Foreign Individuals)                 | Nil                                    | Nil        | Nil            | Nil               | Nil                                     | Nil        | Nil            | Nil               | Nil                      |
| Bodies Corporate  | Nil                                    | Nil        | Nil            | Nil               | Nil                                     | Nil        | Nil            | Nil               | Nil                      |
| Institutions  | Nil                                    | Nil        | Nil            | Nil               | Nil                                     | Nil        | Nil            | Nil               | Nil                      |
| Any Other (specify)   | Nil                                    | Nil        | Nil            | Nil               | Nil                                     | Nil        | Nil            | Nil               | Nil                      |
| <b>Sub-Total (A)(2)</b>   | <b>Nil</b>                             | <b>Nil</b> | <b>Nil</b>     | <b>Nil</b>        | <b>Nil</b>                              | <b>Nil</b> | <b>Nil</b>     | <b>Nil</b>        | <b>Nil</b>               |
| <b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b> | <b>3722294</b>                         | <b>Nil</b> | <b>3722294</b> | <b>74.4459</b>    | <b>3722294</b>                          | <b>Nil</b> | <b>3722294</b> | <b>74.4459</b>    | <b>Nil</b>               |
| <b>B. Public shareholding</b>   |  |            |                |                   |   |            |                |                   |                          |
| <b>1. Institutions</b>  |  |            |                |                   |   |            |                |                   |                          |
| Mutual Funds / UTI  | Nil                                    | Nil        | Nil            | Nil               | Nil                                     | Nil        | Nil            | Nil               | Nil                      |
| Financial Institutions/ Banks   | Nil                                    | 300        | 300            | 0.0060            | Nil                                     | 300        | 300            | 0.0060            | Nil                      |
| Central Government/ State Government(s)                                     | Nil                                    | Nil        | Nil            | Nil               | Nil                                     | Nil        | Nil            | Nil               | Nil                      |

| Category of shareholders   | Number of shares held on April 1, 2015 |                |                |                   | Number of shares held on March 31, 2016 |                |                |                   | % change during the year |
|--|--|----------------|----------------|-------------------|---|----------------|----------------|-------------------|--------------------------|
|  | Demat                                  | Physical       | Total          | % of total shares | Demat                                   | Physical       | Total          | % of total shares |                          |
| Venture Capital Funds  | Nil                                    | Nil            | Nil            | Nil               | Nil                                     | Nil            | Nil            | Nil               | Nil                      |
| Insurance Companies  | Nil                                    | 6900           | 6900           | 0.1380            | Nil                                     | 6900           | 6900           | 0.1380            | Nil                      |
| Foreign Institutional Investors  | Nil                                    | Nil            | Nil            | Nil               | Nil                                     | Nil            | Nil            | Nil               | Nil                      |
| Foreign Venture Capital Investors  | Nil                                    | Nil            | Nil            | Nil               | Nil                                     | Nil            | Nil            | Nil               | Nil                      |
| Qualified Foreign Investors  | Nil                                    | Nil            | Nil            | Nil               | Nil                                     | Nil            | Nil            | Nil               | Nil                      |
| Any Other (specify)  | Nil                                    | Nil            | Nil            | Nil               | Nil                                     | Nil            | Nil            | Nil               | Nil                      |
| <b>Sub-Total (B)(1)</b>  | <b>Nil</b>                             | <b>7200</b>    | <b>7200</b>    | <b>0.1440</b>     | <b>Nil</b>                              | <b>7200</b>    | <b>7200</b>    | <b>0.1440</b>     | <b>Nil</b>               |
| <b>2. Non-institutions</b>   |  |                |                |                   |   |                |                |                   |                          |
| Bodies Corporate   | 71995                                  | 17750          | 89745          | 1.7949            | 44694                                   | 17750          | 62444          | 1.2489            | (0.55)                   |
| Individuals –  |  |                |                |                   |   |                |                |                   |                          |
| i. Individual shareholders holding nominal share capital up to ₹ 1 lakh.         | 112653                                 | 885656         | 998309         | 19.9662           | 184475                                  | 840806         | 1025281        | 20.5056           | 0.54                     |
| ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh. | 15810                                  | 77900          | 93710          | 1.8742            | Nil                                     | 77900          | 77900          | 1.5580            | (0.32)                   |
| Qualified Foreign Investors  | Nil                                    | Nil            | Nil            | Nil               | Nil                                     | Nil            | Nil            | Nil               | Nil                      |
| Any Other (specify)  |  |                |                |                   |   |                |                |                   |                          |
| i. Clearing Member   | 2892                                   | Nil            | 2892           | 0.0578            | 6730                                    | Nil            | 6730           | 0.1346            | 0.08                     |
| ii. Non Resident Indian (Repat.)   | 700                                    | 82700          | 83400          | 1.6680            | 700                                     | 81800          | 82500          | 1.6500            | (0.02)                   |
| iii. Non Resident Indian (Non Repat.)  | 1450                                   | Nil            | 1450           | 0.0290            | 1450                                    | Nil            | 1450           | 0.0290            | Nil                      |
| iv. Directors & their relatives  | 500                                    | 500            | 1000           | 0.0200            | Nil                                     | 500            | 500            | 0.0100            | (0.01)                   |
| v. Trusts  | Nil                                    | Nil            | Nil            | Nil               | Nil                                     | Nil            | Nil            | Nil               | Nil                      |
| vi. Hindu Undivided Family   | Nil                                    | Nil            | Nil            | Nil               | 13701                                   | Nil            | 13701          | 0.2740            | 0.27                     |
| <b>Sub-Total (B)(2)</b>  | <b>206000</b>                          | <b>1064506</b> | <b>1270506</b> | <b>25.4101</b>    | <b>251750</b>                           | <b>1018756</b> | <b>1270506</b> | <b>25.4101</b>    | <b>Nil</b>               |

| Category of shareholders                        | Number of shares held on April 1, 2015 |          |         |                   | Number of shares held on March 31, 2016 |          |         |                   | % change during the year |
|---|--|----------|---------|-------------------|---|----------|---------|-------------------|--------------------------|
|   | Demat                                  | Physical | Total   | % of total shares | Demat                                   | Physical | Total   | % of total shares |                          |
| Total Public Shareholding (B)= (B)(1)+(B)(2)    | 206000                                 | 1071706  | 1277706 | 25.5541           | 251750                                  | 1025956  | 1277706 | 25.5541           | Nil                      |
| C. Shares held by Custodi-ans for GDR's & ADR's | Nil                                    | Nil      | Nil     | Nil               | Nil                                     | Nil      | Nil     | Nil               | Nil                      |
| GRAND TOTAL (A)+(B)+(C)                         | 3928294                                | 1071706  | 5000000 | 100.0000          | 3974044                                 | 1025956  | 5000000 | 100.0000          | Nil                      |

## ii) Shareholding of Promoters

| Shareholder's name            | Number of shares held on April 1, 2015 |                                  |  | Number of shares held on March 31, 2016 |                                  |  | % change in share holding during the year |
|-------------------------------|--|----------------------------------|--|---|----------------------------------|--|---|
|                               | No. of Shares                          | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares                           | % of total Shares of the company | % of Shares Pledged / encumbered to total shares |   |
| Vanity Case (India) Pvt. Ltd. | 3722294                                | 74.4459                          | Nil  | 3722294                                 | 74.4459                          | Nil  | Nil                                       |
| <b>TOTAL</b>                  | <b>3722294</b>                         | <b>74.4459</b>                   | <b>Nil</b>                                       | <b>3722294</b>                          | <b>74.4459</b>                   | <b>Nil</b>                                       | <b>Nil</b>                                |

## iii) Change in Promoters' Shareholding

| Shareholder's name   | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|--|---|----------------------------------|---|----------------------------------|
|  | No. of Shares                             | % of total Shares of the company | No. of Shares                           | % of total Shares of the company |
| <b>At the beginning of the year, April 1, 2015</b>   |   |                                  |   |                                  |
| Vanity Case (India) Pvt. Ltd.  | 3722294                                   | 74.4459                          | -                                       | -                                |
| <b>TOTAL</b>   | <b>3722294</b>                            | <b>74.4459</b>                   | <b>-</b>                                | <b>-</b>                         |
| Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.) | -   | -                                | -                                       | -                                |
| <b>At the end of the year, March 31, 2016</b>  |   |                                  |   |                                  |
| Vanity Case (India) Pvt. Ltd.  | 3722294                                   | 74.4459                          | -                                       | -                                |
| <b>TOTAL</b>   | <b>3722294</b>                            | <b>74.4459</b>                   | <b>-</b>                                | <b>-</b>                         |

**iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)**

| Top Ten Shareholders                 | Shareholding as on April 1, 2015 |                                  | Shareholding as on March 31, 2016 |                                  |
|--------------------------------------|----------------------------------|----------------------------------|-----------------------------------|----------------------------------|
|                                      | No. of Shares                    | % of total Shares of the company | No. of Shares                     | % of total Shares of the company |
| Krishna Govind Mantri                | 77900                            | 1.5580                           | 77900                             | 1.5580                           |
| 3A Capital Services Limited          | 51542                            | 1.0308                           | 34926                             | 0.6985                           |
| Sonal Jain                           | -                                | -                                | 10000                             | 0.2000                           |
| V. R. Investments & Finance (P) Ltd. | 8600                             | 0.1720                           | 8600                              | 0.1720                           |
| Surendra R. Patel                    | -                                | -                                | 7975                              | 0.1595                           |
| Nilesh Hemant Yenganti               | -                                | -                                | 7532                              | 0.1506                           |
| Kinjal Keyurkumar Adhvarya           | -                                | -                                | 7518                              | 0.1504                           |
| Lakshmi M.                           | 7500                             | 0.1500                           | 7500                              | 0.1500                           |
| Life Insurance Corporation of India  | 6900                             | 0.1380                           | 6900                              | 0.1380                           |
| Deepak Sunderlal Shah                | 6250                             | 0.1250                           | 6250                              | 0.1250                           |

**v) Shareholding of Directors and Key Managerial Personnel**

| For each of the Directors and KMP   | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|---|---|----------------------------------|---|----------------------------------|
|   | No. of Shares                             | % of total Shares of the company | No. of Shares                           | % of total Shares of the company |
| <b>At the beginning of the year, April 1, 2015</b>  |   |                                  |   |                                  |
| Dr. A. B. Prasad  | 500                                       | 0.0100                           | -                                       | -                                |
| Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.) | -   | -                                | -                                       | -                                |
| <b>At the end of the year, March 31, 2016</b>   |   |                                  |   |                                  |
| Mrs. Beena M. Mahambrey   | 50  | 0.0010                           | -                                       | -                                |



**V. INDEBTEDNESS**

**Indebtedness of the Company including interest outstanding/accrued but not due for payment**  
(In ₹)

| Particulars  | Secured Loans<br>excluding deposits | Unsecured<br>Loans | Deposits | Total<br>Indebtedness |
|--|-------------------------------------|--------------------|----------|-----------------------|
| <b>Indebtedness at the beginning of the financial year</b> |                                     |                    |          |                       |
| i) Principal Amount  | 6,90,65,704                         | 2,20,00,000        | -        | 9,10,65,704           |
| ii) Interest due but not paid                              | -                                   | -                  | -        | -                     |
| iii) Interest accrued but no due                           | 90,69,274                           | 14,17,806          | -        | 1,04,87,080           |
| <b>Total (i+ii+iii)</b>                                    | <b>7,81,34,978</b>                  | <b>2,34,17,806</b> |          | <b>10,15,52,784</b>   |
| <b>Change in Indebtedness during the financial year</b>    |                                     |                    |          |                       |
| - Addition   | 63,80,017                           | 62,24,066          | -        | 1,26,04,083           |
| - Reduction  | -                                   | -                  | -        | -                     |
| <b>Net Change</b>  | <b>63,80,017</b>                    | <b>62,24,066</b>   | -        | <b>1,26,04,083</b>    |
| <b>Indebtedness at the end of the financial year</b>       |                                     |                    |          |                       |
| i) Principal Amount  | 6,90,65,704                         | 2,62,50,000        | -        | 9,53,15,704           |
| ii) Interest due but not paid                              | -                                   | -                  | -        | -                     |
| iii) Interest accrued but not due                          | 1,54,49,291                         | 33,91,872          | -        | 1,88,41,163           |
| <b>Total (i+ii+iii)</b>                                    | <b>8,45,14,995</b>                  | <b>2,96,41,872</b> | -        | <b>11,41,56,867</b>   |

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director, Whole-time Directors and/or Manager**

(in ₹)

| Particulars of Remuneration   | Name of MD/WTD/<br>Manager           | Total Amount  |
|---|--------------------------------------|---------------|
|   | Ganesh T. Argekar                    |               |
| Gross salary  |                                      |               |
| (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | -                                    | -             |
| (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | -                                    | -             |
| (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961              | -                                    | -             |
| Stock Option  | Nil                                  | Nil           |
| Sweat Equity  | Nil                                  | Nil           |
| Commission  |                                      |               |
| - as % of profit  | Nil                                  | Nil           |
| - others, specify...  | Nil                                  | Nil           |
| Sitting Fees  | 55,000                               | 55,000        |
| Others, please specify  |                                      |               |
| - Retirement benefits   | -                                    | -             |
| <b>Total (A)</b>  | <b>55,000</b>                        | <b>55,000</b> |
| Ceiling as per the Act  | 5% of the net profits of the Company |               |

## B. Remuneration to other Directors

(in ₹)

| Particulars of Remuneration                | Name of Directors                    |                    |                    |                       | Total Amount    |
|--|--------------------------------------|--------------------|--------------------|-----------------------|-----------------|
| Independent Directors                      | Sudin M. Usgaonkar                   | Shashi K. Kalathil | Asht Bhuj Prasad # | Ashok N. Manjrekar ## |                 |
| Fee for attending board/committee meetings | 36,500                               | 31,500             | 35,500             | 14,000                | 1,17,500        |
| Commission                                 | -                                    | -                  | -                  | -                     | -               |
| Others, please specify                     | -                                    | -                  | -                  | -                     | -               |
| <b>Total (1)</b>                           | <b>36,500</b>                        | <b>31,500</b>      | <b>35,500</b>      | <b>14,000</b>         | <b>1,17,500</b> |
| Other Non-Executive Directors              | Shrinivas V. Dempo                   | Soiru V. Dempo*    | Pallavi S. Dempo   | Rajesh S. Dempo**     |                 |
| Fee for attending board/committee meetings | 64,000                               | 28,000             | 43,000             | 31,500                | 1,66,500        |
| Commission                                 | -                                    | -                  | -                  | -                     | -               |
| Others, please specify                     | -                                    | -                  | -                  | -                     | -               |
| <b>Total (2)</b>                           | <b>64,000</b>                        | <b>28,000</b>      | <b>43,000</b>      | <b>31,500</b>         | <b>1,66,500</b> |
| <b>Total (B)=(1+2)</b>                     |                                      |                    |                    |                       | <b>2,84,000</b> |
| <b>Total Managerial Remuneration (A+B)</b> |                                      |                    |                    |                       | <b>3,39,000</b> |
| Ceiling as per the Act                     | 1% of the net profits of the Company |                    |                    |                       |                 |

\* Late Soiru V. Dempo ceased to be a director with effect from September 19, 2015.

\*\* Mr. Rajesh S. Dempo has been appointed as a director of the Company by the board with effect from November 9, 2015 in the casual vacancy caused due to the demise of Late Soiru V. Dempo

# Dr. Asht Bhuj Prasad resigned w.e.f. 27.10.2015

## Mr. Ashok N. Manjrekar resigned w.e.f. 29.10.2015

## C. Remuneration to Key Managerial Personnel other than MD/Manager/WT

(in ₹)

| Particulars of Remuneration   | Key Managerial Personnel |                   |                 | Total Amount     |
|---|--------------------------|-------------------|-----------------|------------------|
|   | CEO                      | Company Secretary | CFO             |                  |
| Gross salary  |                          |                   |                 |                  |
| (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | -                        | 7,86,650          | 8,37,440        | 16,24,090        |
| (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | -                        | -                 | -               | -                |
| (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961              | -                        | -                 | -               | -                |
| Stock Option  | -                        | Nil               | Nil             | Nil              |
| Sweat Equity  | -                        | Nil               | Nil             | Nil              |
| Commission  |                          |                   |                 |                  |
| - as % of profit  | -                        | Nil               | Nil             | Nil              |
| - others, specify...  | -                        | Nil               | Nil             | Nil              |
| Others, please specify  |                          |                   |                 |                  |
| - Retirement benefits   | -                        | -                 | -               | -                |
| <b>Total</b>  | <b>-</b>                 | <b>7,86,650</b>   | <b>8,37,440</b> | <b>16,24,090</b> |

| VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES |                              |                   |  |                               |                                    |
|--|------------------------------|-------------------|--|-------------------------------|------------------------------------|
| Type   | Section of the Companies Act | Brief Description | Details of Penalty / Punishment / Compounding fees imposed | Authority [RD / NCLT / COURT] | Appeal made, if any (give Details) |
| A. COMPANY   |                              |                   |  |                               |                                    |
| Penalty  | -                            | -                 | -  | -                             | -                                  |
| Punishment   | -                            | -                 | -  | -                             | -                                  |
| Compounding  | -                            | -                 | -  | -                             | -                                  |
| B. DIRECTORS   |                              |                   |  |                               |                                    |
| Penalty  | -                            | -                 | -  | -                             | -                                  |
| Punishment   | -                            | -                 | -  | -                             | -                                  |
| Compounding  | -                            | -                 | -  | -                             | -                                  |
| C. OTHER OFFICERS IN DEFAULT                         |                              |                   |  |                               |                                    |
| Penalty  | -                            | -                 | -  | -                             | -                                  |
| Punishment   | -                            | -                 | -  | -                             | -                                  |
| Compounding  | -                            | -                 | -  | -                             | -                                  |

## MANAGEMENT DISCUSSION AND ANALYSIS:

The year 2015-16 was an extraordinary year for the company. The Company has posted the highest Sales in the last decade. During the period under review the Company has continued to manufacture Kurkure for M/s. Pepsico India Holding P. Ltd and infant food products, Farex, Easum and First Food for M/s. Nutricia India P. Ltd. on a monthly basis. The Company has also successfully launched their own product under the brand “Cnergy” in the market. Cnergy is a multi-cereal scoop which has been launched in 3 flavors. The objective is to manufacture and push our own brand along with the existing core contract manufacturing business. This will lead to higher Sales and better financial results.

The Company also has continued to manufacture and market its existing brand “Bonny Mix” in the local market. The Company also has received enquiries from some of the multinationals for new products to be launched in the future.

The Company has recorded the highest capacity utilization till date in manufacturing and now with the addition of new Principals the balance production and packing capacity will also be fully utilized.

The well qualified and experienced team of technical Chemists, Engineers and Specialists ensures continuous improvement to help cut cost and to provide the highest quality products to our Customers. The Company has an established and efficient Internal Accounting, Audit and Administrative control systems to ensure full and timely implementation of the Management Policies and Plans.

Regular Training and Management programs are carried out for employees.

The Company is also exploring potential opportunities to set up units in other parts of the country and also manufacture new categories of products.

The Company enjoys cordial relations with all its 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.

**REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2015-16**

[As required under Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations)]

**Introduction**

Your Company has complied in all material respects with the requirements of the corporate governance provisions as specified in chapter IV of the Listing Regulations.

A report on the implementation of the corporate governance provisions of the Listing Regulations by the Company is given below:

**1. Company's philosophy on code of governance**

The Company's philosophy on the code of governance is to observe the highest level of ethics in all its dealings, to ensure efficient conduct of the Company and help the Company achieve its goal in maximizing value for all its stakeholders as well as in achieving the objectives of the principles as mentioned in Regulation 4(2) of the Listing Regulations.

**2. Board of Directors ("Board")****2.1 Composition and category of directors**

As on March 31, 2016, the Company's Board comprised of six members, one of whom is an Executive Director/Whole time Director (ED), three Non-Executive Directors (NED) including a Woman Director and two Independent Directors (ID). The number of IDs is one third of the total number of directors.

The names and categories of the directors on the board are given below:

| Name                              | DIN      | Category                         | Number of shares held as at March 31, 2016 |
|-----------------------------------|----------|----------------------------------|--|
| Mr. Shrinivas V. Dempo (Chairman) | 00043413 | Non-Independent<br>Non-Executive | Nil  |
| Mrs. Pallavi S. Dempo             | 00003489 | Non-Independent<br>Non-Executive | Nil  |
| Mr. Rajesh S. Dempo *             | 05143106 | Non-Independent<br>Non-Executive | Nil  |
| Adv. Sudin M. Usgaonkar           | 00326964 | Independent<br>Non-Executive     | Nil  |
| Mr. Shashi K. Kalathil **         | 02829333 | Independent<br>Non-Executive     | Nil  |
| Mr. Ganesh T. Argekar             | 06865379 | Executive Director               | Nil  |

\* Mr. Rajesh S. Dempo has been appointed as a director of the Company by the board with effect from November 9, 2015 in the casual vacancy caused due to the demise of Late Soiru V. Dempo.

\*\* Mr. Shashi K. Kalathil has been appointed as an Additional Director of the Company by the board with effect from November 9, 2015

**2.2 Attendance of directors at board meetings, annual general meeting and number of other board of directors or committees in which a director is a member or chairperson.**

Attendance of each director at the board meetings and the last annual general meeting (AGM) held during the year and the number of directorships and committee memberships/

chairpersonships held by them in other companies is given below:

| Name   | No. of board meetings attended during 2015-16 | Whether attended last AGM held on August 12, 2015 | No. of directorships in other companies <sup>0</sup> | No. of committee positions held in other companies |        |
|--|---|---|--|--|--------|
|  |   |   |  | Chairperson  | Member |
| Mr. Shrinivas V. Dempo<br><i>Chairman</i>          | 4   | Yes   | 15   | -  | 1      |
| Mrs. Pallavi S. Dempo                              | 3   | Yes   | 3  | -  | -      |
| Late Soiru V. Dempo*                               | 2   | Yes   | N.A.   | N.A.   | N.A.   |
| Dr. Asht Bhujra Prasad #                           | 2   | Yes   | N.A.   | N.A.   | N.A.   |
| Adv. Sudin M. Usgaonkar                            | 2   | No  | 5  | -  | -      |
| Mr. Ashok N. Manjrekar ##                          | 1   | No  | N.A.   | N.A.   | N.A.   |
| Mr. Rajesh S. Dempo**                              | 2   | N.A.  | 4  | -  | 1      |
| Mr. Shashi K. Kalathil***                          | 2   | N.A.  | 1  | -  | -      |
| Mr. Ganesh T. Argekar<br><i>Executive Director</i> | 4   | Yes   | -  | -  | -      |

<sup>0</sup> Includes directorships held in private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013.

\* Late Soiru V. Dempo ceased to be a director with effect from September 19, 2015.

\*\* Mr. Rajesh S. Dempo has been appointed as a director of the Company by the board with effect from November 9, 2015 in the casual vacancy caused due to the demise of Late Soiru V. Dempo.

\*\*\* Mr. Shashi K. Kalathil has been appointed as an Additional Director of the Company by the board with effect from November 9, 2015

# Dr. Asht Bhujra Prasad resigned w.e.f. 27.10.2015

## Mr. Ashok N. Manjrekar resigned w.e.f. 29.10.2015

#### Notes:

None of the IDs serve as independent director in more than seven listed companies and the ED does not serve as independent director on any listed company.

None of the directors is a member of more than ten committees nor is a chairperson of more than 5 committees across all the public limited companies, whether listed or not, in which he/she is a director. The committees considered for the above purpose are those specified in Regulation 26(1)(b) of the Listing Regulations i.e. the Audit Committee and the Stakeholders' Relationship Committee.

Mr. Shrinivas V. Dempo is the spouse of Mrs. Pallavi S. Dempo and 'Cousin' of Mr. Rajesh S. Dempo. None of the other Directors have any relationships inter-se.

## 2.3 Meetings of the Board of Directors

The Board meetings are normally held at the registered office at Dempo House, Campal, Panaji-Goa. The information as required in Part A of Schedule II of the Listing Regulations is made available to the Board. The Board periodically reviews compliance reports of all laws applicable to the Company. The Board meets at least once a quarter to review the quarterly

results and other items on the agenda and also on the occasion of the Annual General Meeting of the shareholders. Additional meetings are held, when necessary. Committees of the Board usually meet the day before the Board meeting, or whenever the need arises for transacting business. The recommendations of the Committees are placed before the Board for necessary approval.

Four Board meetings were held during the financial year ended March 31, 2016 on May 26, 2015, August 12, 2015, November 9, 2015 and February 13, 2016. The gap between no two meetings exceeded one hundred and twenty days.

The Company did not have any pecuniary relationship or transactions with Non-Executive Directors during the year ended financial March 31, 2016 except for payment of sitting fees.

## 2.4 Remuneration of each director on the Board

The details of remuneration to each director on the Board during the financial year 2015-16 are as follows:

(in ₹)

| Name                                 | Fixed Salary |                             |       | Commis-<br>sion | Sitting<br>fees | Total<br>Remunera-<br>tion | Service Contract / Notice<br>Period / Severance Fees |
|--------------------------------------|--------------|-----------------------------|-------|-----------------|-----------------|----------------------------|--|
|                                      | Basic        | Perquisites /<br>Allowances | Total |                 |                 |                            |  |
| Mr. Shrinivas V. Dempo<br>(Chairman) | -            | -                           | -     | -               | 64,000          | 64,000                     | Non rotational                                       |
| Mrs. Pallavi S. Dempo                | -            | -                           | -     | -               | 43,000          | 43,000                     | Retirement by Rotation                               |
| Late Soiru V. Dempo *                | -            | -                           | -     | -               | 28,000          | 28,000                     | N.A.   |
| Mr. Rajesh S. Dempo**                | -            | -                           | -     | -               | 31,500          | 31,500                     | Retirement by Rotation                               |
| Adv. Sudin M. Usgaonkar              | -            | -                           | -     | -               | 36,500          | 36,500                     | 5 years up to the AGM of<br>2019                     |
| Mr. Shashi K. Kalathil ***           | -            | -                           | -     | -               | 31,500          | 31,000                     | To hold office up to the date<br>of the ensuing AGM  |
| Mr. Ganesh T. Argekar                | -            | -                           | -     | -               | 55,000          | 55,000                     | 3 years w.e.f. 19.05.2014                            |
| Dr. Asht Bhujra Prasad #             | -            | -                           | -     | -               | 35,500          | 35,500                     | N.A.   |
| Mr. Ashok N. Manjrekar ##            | -            | -                           | -     | -               | 14,000          | 14,000                     | N.A.   |

\* Late Soiru V. Dempo ceased to be a director with effect from September 19, 2015.

\*\* Mr. Rajesh S. Dempo has been appointed as a director of the Company by the board with effect from November 9, 2015 in the casual vacancy caused due to the demise of Late Soiru V. Dempo.

\*\*\* Mr. Shashi K. Kalathil has been appointed as an Additional Director of the Company by the board with effect from November 9, 2015

# Dr. Asht Bhujra Prasad, resigned w.e.f. 27.10.2015

## Mr. Ashok N. Manjrekar, resigned w.e.f. 29.10.2015

### Notes:

None of the directors hold stock options as on 31<sup>st</sup> March, 2016. The ED is not eligible for payment of severance fees and the contract with the ED may be terminated by either party giving the other party 6 months' notice.

## 2.5 Independent Directors Meeting

The IDs met on May 26, 2016 without the presence of non-independent directors and members of the management. At this meeting, the IDs inter alia reviewed the performance of the non-independent directors and the board of directors as a whole, reviewed the performance of the chairman of the board and assessed the quality, quantity and timeliness of flow of information between the management and the board of directors.

## 2.6 Familiarization Programme for Independent Directors

The Executive Director of the Company provides a brief of the industry and business of the Company to the new ID and also has a discussion to familiarize the ID with the Company's operations. At the time of regularization of the appointment of an ID, the appointment is formalized by issuing a letter to the director, which inter alia explains the role, function, duties and responsibilities expected of him/her as a director of the Company. The Company also from time to time familiarizes the IDs about the Company, its product, business and the on-going events relating to the Company through presentations.

The details on the Company's Familiarisation Programme for IDs can be accessed at : [www.hflgoa.com](http://www.hflgoa.com)

## 3. Audit Committee

### 3.1 Details of the composition of the Audit Committee, meetings and attendance of the members are as follows:

The Audit Committee of the Company is constituted in line with the provisions of Regulation 18(1) of the Listing Regulations read with Section 177 of the Companies Act, 2013.

The Company Secretary acts as the Secretary to the Committee. The Committee meets at least once a quarter. The terms of reference of the Audit Committee are as per the guidelines set out in Part C of Schedule II of the Listing Regulations. The primary objective of the Committee is to monitor and provide an effective supervision of the Management's financial process, to ensure accurate and timely disclosures, with the highest level of transparency, integrity and quality of financial reporting. The Committee oversees the work carried out in the financial reporting process by the management, the internal auditor and the statutory auditor and notes the processes and safeguards employed by each of them.

Four meetings of the Committee were held during the financial year ended March 31, 2016 on May 26, 2015, August 11, 2015, October 26, 2015 and February 13, 2016. The gap between no two meetings exceeded one hundred and twenty days. The quorum was present for all the above four meetings.

The composition of the Committee and the attendance details of the members are given below:

| Names of Members                           | Category | No. of meetings attended |
|--|----------|--------------------------|
| Mr. Shashi K. Kalathil – <i>Chairman</i> * | ID       | 1                        |
| Adv. Sudin M. Usgaonkar                    | ID       | 3                        |
| Mr. Rajesh S. Dempo *                      | NED      | 1                        |
| Dr. Asht Bhujra Prasad #                   | ID       | 3                        |
| Mr. Ashok N. Manjrekar ##                  | ID       | 2                        |

ID – Independent Director

NED – Non Executive Director

\* Mr. Shashi K. Kalathil and Mr. Rajesh S. Dempo were inducted into the Committee by the Board at its meeting held on November 9, 2015.

# Dr. Asht Bhujra Prasad, resigned w.e.f. 27.10.2015

## Mr. Ashok N. Manjrekar, resigned w.e.f. 29.10.2015



#### 4. Nomination and Remuneration Committee

##### 4.1 Details of the composition of the Nomination and Remuneration Committee and attendance of the members are as follows:

The Nomination and Remuneration Committee of the Company is constituted in line with the provisions of Regulation 19(1) & (2) of the Listing Regulations read with Section 178 of the Companies Act, 2013. The terms of reference of the Nomination and Remuneration Committee are as per the guidelines set out in Part D(A) of Schedule II of the Listing Regulations.

The Nomination and Remuneration Committee of the Company comprises of two IDs namely Adv. Sudin M. Usgaonkar (Chairman) and Mr. Shashi K. Kalathil and one NED, namely Mrs. Pallavi S. Dempo.

Two meetings of the Committee were held during the financial year ended March 31, 2016 on May 25, 2015 and November 9, 2015.

The composition of the Committee and the attendance details of the members are given below:

| Names of Members                            | Category | No. of meetings attended |
|---|----------|--------------------------|
| Adv. Sudin M. Usgaonkar - <i>Chairman</i> * | ID       | -                        |
| Mrs. Pallavi S. Dempo **                    | NED      | 1                        |
| Mr. Shashi K. Kalathil *                    | ID       | -                        |
| Mr. Shrinivas V. Dempo @                    | NED      | 2                        |
| Dr. Asht Bhujra Prasad #                    | ID       | 1                        |
| Mr. Ashok N. Manjrekar ##                   | ID       | 1                        |

ID – Independent Director; NED – Non-Executive Director

\* Adv. Sudin M. Usgaonkar and Mr. Shashi K. Kalathil were inducted into the Committee by the Board at its meeting held on November 9, 2015.

\*\* Mrs. Pallavi S. Dempo was inducted into the Committee by the Board at its meeting held on August 12, 2015.

@ Mr. Shrinivas V. Dempo, ceased to be a member of the committee, w.e.f. from November 9, 2015.

# Dr. Asht Bhujra Prasad, resigned w.e.f. 27.10.2015

## Mr. Ashok N. Manjrekar, resigned w.e.f. 29.10.2015

##### 4.2 Nomination and Remuneration Policy

The Company has formulated a Nomination and Remuneration Policy and the same has been uploaded on the website of the Company at [www.hflgoa.com](http://www.hflgoa.com)

#### 5. Share Transfer, Investors' Grievance and Stakeholders Relationship Committee

##### 5.1 Details of the composition of the Share Transfer, Investors' Grievance and Stakeholders Relationship Committee, meetings and attendance of the members are as follows:

The Share Transfer, Investors' Grievance and Stakeholders Relationship Committee of the Company is headed by a NED.

Seven meetings of the Committee were held during the financial year ended March 31, 2016.

The composition of the Committee and the attendance details of the members are given below:

| Names of Members                  | Category | No. of meetings attended |
|-----------------------------------|----------|--------------------------|
| Mr. Shrinivas V. Dempo - Chairman | NED      | 7                        |
| Mrs. Pallavi S. Dempo **          | NED      | 2                        |
| Adv. Sudin M. Usgaonkar **        | ID       | 2                        |
| Dr. Asht Bhujra Prasad #          | ID       | 5                        |
| Late Soiru V. Dempo*              | NED      | 3                        |

ID – Independent Director; NED – Non-Executive Director

\* Late Soiru V. Dempo ceased to be a director with effect from September 19, 2015.

# Dr. Asht Bhujra Prasad, resigned w.e.f. 27.10.2015

\*\* Mrs. Pallavi S. Dempo and Adv. Sudin M. Usgaonkar were inducted into the Committee by the Board at its meeting held on November 9, 2015.

## 5.2 Terms of reference

The Committee is empowered to consider and approve the physical transfer/transmission/transposition of shares, issue of new/duplicate share certificates and oversees and reviews all matters connected with securities transfer. The Committee also specifically looks into the redressal of shareholders' and investors' complaints/grievances pertaining to transfer/transmission of shares, non-receipt of share certificates, non-receipt of annual, etc.

## 5.3 Details of Shareholders' complaints

During the year under review, the Company has received and resolved 3 complaints. The complaints received were resolved to the satisfaction of the shareholders. No complaints remained pending as on March 31, 2016.

## 5.4 Compliance Officer

Name, designation and address of Compliance Officer under Regulation 6(1) of the Listing Regulations:

Mrs. Beena M. Mahambrey, *Company Secretary*

**Hindustan Foods Limited**

Dempo House, Campal, Panaji-Goa 403001.

Tel.: (0832) 2441381 Fax: (0832) 2225098

Email: hfl@demos.com

## 6. General Meetings and Postal Ballot

### 6.1 Location and time, where last three AGMs were held:

| Financial Year Ended | Date & Time                      | Venue                                  |
|----------------------|----------------------------------|--|
| March 31, 2013       | December 14, 2013 at 10.30 a.m.  | Dempo House, Campal, Panaji-Goa 403001 |
| March 31, 2014       | September 27, 2014 at 10.30 a.m. |  |
| March 31, 2015       | August 12, 2015 at 10.30 a.m.    |  |

The following is/are the special resolution(s) passed at the previous three AGMs:

| AGM held on        | Special Resolution passed | Summary  |
|--------------------|---------------------------|--|
| December 14, 2013  | No                        | --   |
| September 27, 2014 | Yes                       | Borrowing an amount not exceeding ₹ 25 crores. |
| August 12, 2015    | No                        | --   |

**6.2 Postal Ballot**

For the financial year ended March 31, 2016, there has been no ordinary or special resolution passed by the Company's shareholders through postal ballot. At the ensuing Annual General Meeting, there is no resolution proposed to be passed through postal ballot.

**7. Means of Communication**

The quarterly unaudited financial results were published in the Financial Express / Navhind Times (English Dailies) and Navprabha (Marathi Daily). The results were also displayed on the Company's web-site at [www.hflgoa.com](http://www.hflgoa.com). The shareholders can access the Company's website for financial information, shareholding information etc.

All price sensitive information and matters which are material and relevant to shareholders are intimated to the Stock Exchange where the securities of the Company are listed.

The Company submits to the Bombay Stock Exchange Ltd. (BSE) all compliances, disclosures and communications through BSE's Listing Centre portal.

No presentations have been made to institutional investors/analysts during the financial year.

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

**8. Disclosures**

**8.1 Related Party Transactions / Materially significant related party transactions**

In terms of Regulation 23(1) of the Listing Regulations, the Board of Directors has approved and adopted a policy on Related Party Transactions and the same has been uploaded on the website of the Company and can be accessed at: [www.hflgoa.com](http://www.hflgoa.com)

During the year under review, there were no transactions between the Company and the Promoters, Directors or Management, their subsidiaries or relatives, etc. that had a potential conflict with the interests of the Company at large. The Register of Contracts containing transactions in which directors are interested is placed before the Board regularly.

**8.2 Statutory Compliance, Penalties and Strictures**

There were no instances of non-compliance or penalties, strictures imposed on the Company by Stock Exchange or Securities and Exchange Board of India (SEBI) or any other statutory authority, on any matter related to capital markets, during the last three years.

**8.3 Compliance with mandatory requirements and adoption of the non-mandatory requirements**

The Company confirms that it has complied with all mandatory requirements prescribed in the Listing Regulations.

The Company has partially adopted the non-mandatory requirements. Disclosures of the extent to which the discretionary requirements have been adopted are given elsewhere in this report.

**8.4 Policy for Determining Material Subsidiaries**

The Company does not have any Subsidiaries, hence the same is not applicable to the Company.

## **8.5 Commodity price risks or foreign exchange risks and hedging activities**

The Company is not carrying on any commodity business, has no exposure to foreign exchange and does not undertake any hedging activities, hence the same are not applicable to the Company.

## **8.6 Code of Conduct**

In terms of Regulation 17(5) of the Listing Regulations, the Company has adopted the Code of Conduct for the Board Members and Senior Management of the Company which has been posted on the Company's website [www.hflgoa.com](http://www.hflgoa.com). Requisite annual affirmations of compliance with the code have been made by the Directors and Senior Management of the Company.

The declaration of the Executive Director is given below:

I, Ganesh T. Argekar, *Executive Director* of Hindustan Foods Limited, declare that all Board Members and Senior Management Personnel of the Company have affirmed their compliance with the Company's Code of Conduct during the financial year ended March 31, 2016.

Panaji-Goa.  
May 26, 2016

**Ganesh T. Argekar**  
*Executive Director*

## **8.7 Compliance Certificate from CEO / CFO**

As required by Regulation 17(8) of the Listing Regulations, the CEO and CFO of the Company have furnished the Compliance Certificate of the financial statements for the year to the Board of Directors. The same is enclosed at the end of the report.

## **8.8 Whistle Blower Policy**

The Company has in place a Vigil Mechanism / Whistleblower Policy. The policy provides a channel to the employees to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the code of conduct policy. The mechanism provides for adequate safeguards against victimization of employees to avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee in exceptional cases. None of the personnel of the Company has been denied access to the Audit Committee.

## **8.9 Details of non-compliance with requirements of corporate governance report**

The Company has complied with all the requirements of the corporate governance report as specified in sub-paras (2) to (10) of Part C of Schedule V of the Listing Regulations.

## **8.10 Details of compliance with corporate governance requirements**

The Company has complied with the corporate governance requirements as specified in Regulation 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.

## **8.11 Practising Company Secretary Certificate on Corporate Governance**

As required by the Listing Regulations, the compliance certificate from the Practising Company Secretary regarding compliance of conditions of corporate governance is annexed to the directors' report.

**9 General Shareholder Information:**

**9.1 Annual General Meeting**

Date and Time : Wednesday, August 10, 2016 at 10.30 a.m.  
 Venue : Dempo House, Campal, Panaji-Goa 403001

**9.2 Financial Year Calendar (2016-17)**

(Tentative and subject to change)

|   |                      |
|---|----------------------|
| Results for quarter ending June 30, 2016                  | By August 15, 2016   |
| Results for quarter ending September 30, 2016             | By November 15, 2016 |
| Results for quarter ending December 31, 2016              | By February 15, 2017 |
| Results for quarter ending March 31, 2017                 | By May 15, 2017      |
| Annual General Meeting for the year ending March 31, 2017 | By September, 2017   |

**9.3 Book Closure Date**

The Company's Share Transfer Books and Register of Members of equity shares shall remain closed from Thursday, August 4, 2016 to Wednesday, August 10, 2016 (both days inclusive).

**9.4 Listing of Equity Shares**

The Company's shares are listed on the Bombay Stock Exchange Limited (BSE).

The address of BSE is as follows:

| Name of Stock Exchange     | Address & Contact details  |
|----------------------------|--|
| Bombay Stock Exchange Ltd. | Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400001<br>Tel.: (022) 22721233; Fax: (022) 22721919; Website: <a href="http://www.bseindia.com">www.bseindia.com</a> |

The Listing fees for the year 2016-17 have been paid to BSE.

**9.5 Stock Codes**

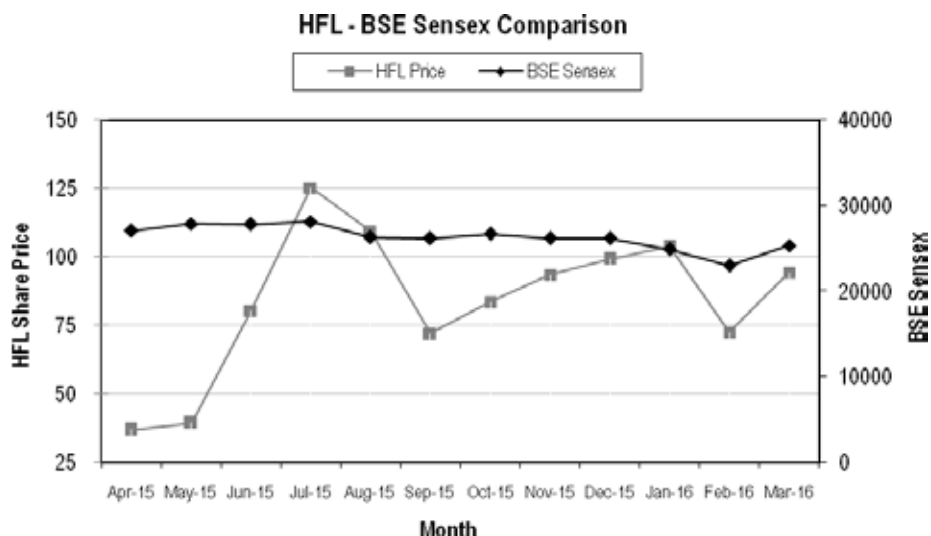
| Name of Stock Exchange     | Scrip Code | Demat ISIN Number in NSDL & CDSL |
|----------------------------|------------|----------------------------------|
| Bombay Stock Exchange Ltd. | 519126     | INE254N01018                     |

**9.6 Market Price Data (In ₹)**

| Month          | Bombay Stock Exchange (BSE) |        |        |
|----------------|-----------------------------|--------|--------|
|                | High                        | Low    | Volume |
| April 2015     | 44.60                       | 37.00  | 6,117  |
| May 2015       | 39.30                       | 32.40  | 1,929  |
| June 2015      | 80.50                       | 40.00  | 30,123 |
| July 2015      | 125.15                      | 82.00  | 13,515 |
| August 2015    | 135.30                      | 109.30 | 10,564 |
| September 2015 | 107.20                      | 70.20  | 1,560  |
| October 2015   | 83.85                       | 66.25  | 9,740  |
| November 2015  | 93.50                       | 72.50  | 2,775  |
| December 2015  | 115.20                      | 86.00  | 20,975 |
| January 2016   | 120.75                      | 95.00  | 15,013 |
| February 2016  | 105.00                      | 72.50  | 9,698  |
| March 2016     | 94.25                       | 73.00  | 5,447  |

(Source: The information is compiled from the data available on the BSE website)

## 9.7 Share price performance in comparison to broad based indices – BSE Sensex



## 9.8 Registrar and Share Transfer Agent

Link Intime India Pvt. Ltd.  
C-13, Pannalal Silk Mills Compound,  
LBS Marg, Bhandup (West), Mumbai 400 078  
Ph.: (022) 25946970 Fax: (022) 2594 6969  
Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

## 9.9 Share Transfer System

Share Transfers in physical form can be lodged with the Company's Registrar and Share Transfer Agents. The Board of Directors have delegated powers to the Registrar and Share Transfer Agents for effecting share transfers, splits, consolidation, sub-division, issue of duplicate share certificates, rematerialization and dematerialization etc., as and when such requests are received. Shares held in dematerialized form are traded electronically in the Depositories. As at March 31, 2016 no equity shares were pending for transfer.

As per the requirement of Regulation 40(9) of the Listing Regulations, the Company has obtained the half yearly certificates from a Company Secretary in Practice for due compliance of share transfer formalities.

The Company conducts a Reconciliation of Share Capital Audit on a quarterly basis in accordance with the Securities and Exchange Board of India (SEBI) requirements. The audit reports for the financial year under report have been filed with the stock exchanges within one month of the end of each quarter.

## 9.10 Distribution of Shareholding

### Distribution Schedule as on March 31, 2016

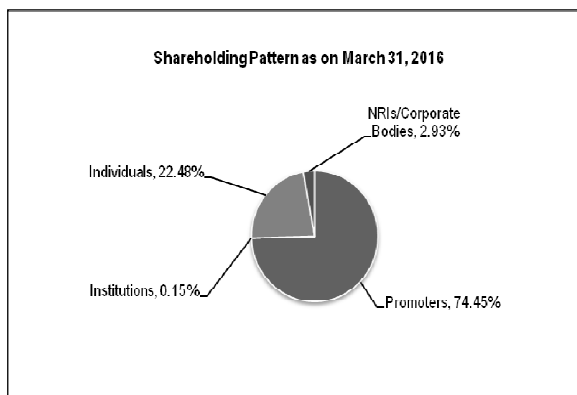
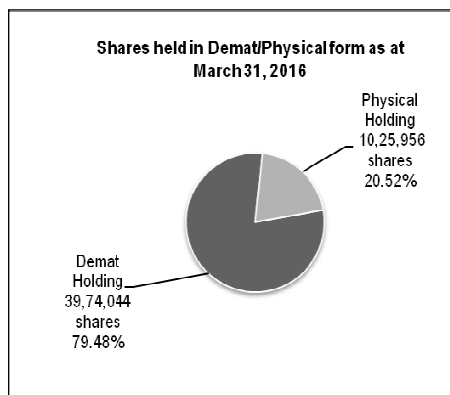
| No. of Shares   | No. of Shareholders | % of Shareholders | No. of Shares    | % to Total      |
|-----------------|---------------------|-------------------|------------------|-----------------|
| Upto 500        | 5,888               | 96.4297           | 8,54,929         | 17.0986         |
| 501 to 1000     | 146                 | 2.3911            | 1,12,168         | 2.2434          |
| 1001 to 2000    | 38                  | 0.6223            | 51,732           | 1.0346          |
| 2001 to 3000    | 10                  | 0.1638            | 25,986           | 0.5197          |
| 3001 to 4000    | 5                   | 0.0819            | 17,477           | 0.3495          |
| 4001 to 5000    | 5                   | 0.0819            | 22,766           | 0.4553          |
| 5001 to 10000   | 11                  | 0.1802            | 79,822           | 1.5964          |
| 10001 and above | 3                   | 0.0491            | 38,35,120        | 76.7024         |
| <b>TOTAL</b>    | <b>6106</b>         | <b>100.0000</b>   | <b>50,00,000</b> | <b>100.0000</b> |

### Distribution of Shareholding (Categorywise) as on March 31, 2016

| Category   | No. of share-holders | No of Shares held | % of shareholding |
|--|----------------------|-------------------|-------------------|
| Promoters, Directors, their relatives & Associates | 2                    | 37,22,794         | 74.4559           |
| Financial Institutions / Banks                     | 2                    | 7,200             | 0.1440            |
| Bodies Corporate                                   | 40                   | 62444             | 1.2489            |
| Non-Resident Indians (NRI's)                       | 301                  | 83,950            | 1.6790            |
| Resident Individuals / Trusts                      | 5,740                | 11,03,181         | 22.0636           |
| Clearing Members                                   | 9                    | 6,730             | 0.1346            |
| HUF  | 12                   | 13,701            | 0.2740            |
| <b>TOTAL</b>                                       | <b>6,106</b>         | <b>50,00,000</b>  | <b>100.0000</b>   |

## 9.11 Dematerialisation of shares and liquidity

As on March 31, 2016, 79.48% of the Company's paid-up capital representing 39,74,044 shares were held in dematerialized form as compared to 78.57% of the Company's paid-up capital representing 39,28,294 shares as on March 31, 2015.



## 9.12 Outstanding GCRs/ADRs/Warrants or any Convertible instruments

- Nil -

**9.13 Plant Location**

Usgaon. Ponda – Goa. 403 407

**9.14 Address for correspondence**

Investor correspondence for transfer / dematerialization of shares, and any other query relating to the shares of the Company should be addressed to -

**Link Intime India Pvt. Ltd.**

C-13, Pannalal Silk Mills Compound,  
LBS Marg, Bhandup (West), Mumbai 400078  
Ph.: (022) 25946970 Fax: (022) 2594 6969  
Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

Investor complaints, if any, may be addressed to -

Mrs. Beena M. Mahambrey, *Company Secretary*

**Hindustan Foods Limited**

Dempo House, Campal,  
Panaji-Goa 403001  
Tel.: (0832) 2441381 Fax: (0832) 2225098  
Email: [hfinvestorrelations@dempos.com](mailto:hfinvestorrelations@dempos.com)

**9.15 Status of compliance with discretionary requirements**

The Listing Regulations requires disclosures of adoption by the Company of discretionary requirements as specified in Part E of Schedule II of the said regulations, which as the name suggests, the implementation of which is discretionary on the part of the Company. Accordingly, the adoption of the discretionary requirements is given below:-

**(a) The Board:**

An office with required facilities for the non-executive Chairman is not provided and maintained by the Company. The Company also does not reimburse the expenses incurred by the non-executive Chairman in the performance of his duties.

**(b) Shareholders Rights:**

Since the quarterly, half yearly and annual financial results of the Company are posted on the Company's website, these are not sent individually to the shareholders of the Company. Further, significant events are informed to the Stock Exchange from time to time and then the same is also posted on the website of the Company under the 'Investors' section. The complete Annual Report is sent to every Shareholder of the Company.

**(c) Modified opinion(s) in audit report:**

There is no audit qualification in the Company's Financial Statements for the financial year ended March 31, 2016.

**(d) Separate posts of Chairperson and Chief Executive Officer:**

Mr. Shrinivas V. Dempo is the Chairman of the Company and Mr. Ganesh T. Argekar is the Whole-time Director of the Company designated as "Executive Director".

**(e) Reporting of Internal Auditor:**

The Internal Auditor reports directly to the Audit Committee.



## CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members  
**HINDUSTAN FOODS LIMITED**

I have examined the compliance of conditions of Corporate Governance by HINDUSTAN FOODS LIMITED, for the year ended 31<sup>st</sup> March, 2016, as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations").

The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Listing Regulations. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, and based on the representations made by the Directors and the Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations.

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

Place: Panaji, Goa.  
Date: 26<sup>th</sup> May, 2016

**CS Sadashiv V Shet**  
Practicing Company Secretary  
Membership No.: 2477  
CP No.:2540

**COMPLIANCE CERTIFICATE UNDER REGULATION 17(8) & AS  
SPECIFIED IN PART B OF SCHEDULE II  
OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE  
REQUIREMENTS) REGULATIONS, 2015**

We, Ganesh T. Argekar, *Executive Director* and Kedarnath Swain, Chief Financial Officer of Hindustan Foods Limited, ("company") hereby certify that:-

- (a) We have reviewed financial statement and the cash flow statement of the company for the financial year ended March 31, 2016 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 that there is no:
  - (i) Significant changes in internal control over financial reporting during the year;
  - (ii) Significant changes in accounting policies during the year requiring disclosure 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.

**Ganesh T. Argekar**  
*Executive Director*  
DIN: 06865379

**Kedarnath Swain**  
*Chief Financial Officer*

Place: Panaji-Goa.  
Date: May 26, 2016

## SECRETARIAL AUDIT REPORT

### FORM MR- 3

Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2016.**

To,  
The Members,  
**Hindustan Foods Limited**  
Dempo House, Campal,  
Panaji – Goa, 403001

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **HINDUSTAN FOODS LIMITED**, (hereinafter called the “company”). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the **HINDUSTAN FOODS LIMITED’S** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2016 and according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder;.....**Not applicable during the period under review.**
- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;.....**Not applicable during the period under review**
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities), 2008; .....**Not applicable during the period under review**
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 ;.....**Not applicable during the period under review**
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 ;.....**Not applicable during the period under review**

The other laws as may be applicable specifically to the Company are:-

**A. Tax Legislations:**

- 1. The Income tax Act, 1961,
- 2. Central Sales Tax Act, 1956 and Goa Value Added Tax Act, 2005;
- 3. Goa Tax on Entry of Goods Act, 2000
- 4. Chapter V and VA of the Finance Act, 1994 (Service Tax)
- 5. Central Excise Act, 1944.

**B. Labour Laws:**

- 1. Payment of Bonus Act, 1965
- 2. Employees State Insurance Act, 1948, the Employees State Insurance (General Regulations, 1950, The Employees State Insurance (Central) Rules, 1950
- 3. The Employees Exchange (Compulsory Notification of Vacancies) Act, 1959 and The Employment Exchange (Compulsory Notification of Vacancies) Rules 1960
- 4. Employees Provident Fund and Miscellaneous Provisions Act, 1952
- 5. Employees Pension Scheme, 1995
- 6. The Payment of Gratuity Act 1972, The Goa Daman and Diu Payment of Gratuity Rules 1973, and the Payment of Gratuity (Central) Rules 1972
- 7. The Goa, Daman and Diu Shops and establishments Act, 1973 & The Goa Daman and Diu Shops and Establishments Rules 1975.
- 8. The Goa Daman and Diu Labour Welfare Fund Act 1986 & The Goa Labour Welfare Fund Rules 1990
- 9. Contract Labour (Regulations & Abolition) Act, 1970 and The Goa Daman and Diu Contract Labour (Regulations & Abolition) Rules, 1972;
- 10. Minimum Wages Act, 1948 with Goa Daman and Diu Minimum Wages Rules 1975;
- 11. The Maternity Benefit Act, 1961 and The Goa Daman and Diu Maternity Benefit Rules 1967;
- 12. Motor Transport Workers Act 1961;

13. Industrial Disputes Act, 1947 and The Industrial Disputes (Central) Rules 1957;
14. Factories Act, 1948;
15. The Apprentices Act, 1961 and the Apprentices Rules 1992.

**C. Environmental Legislations:**

1. The Petroleum Act, 1934 and the Petroleum Rules 2002
2. The Hazardous Wastes (Management, Handling and Transboundary Rules 2008
3. Gas Cylinder Rules, 2004;
4. The Water (Prevention and Control of Pollution Act, 1974 & The Water (Prevention and Control of Pollution) Cess Rules, 1975
5. The Water (Prevention and Control of Pollution Act, 1977 & The Water (Prevention and Control of Pollution) Cess Rules, 1978
6. The Air Prevention and Control of Pollution Act, 1981 & The Goa air Prevention and Control of Pollution Rules 1989;
7. The Environment (Protection) Act, 1986 & the Environment (Protection) Rules 1986
8. The Noise Pollution (Regulation and Control) Rules 2000;
9. The Goa Ground Water Regulation Act, 2002 and Rules 2003

**D. Other Legislations:**

1. Standard Weights and Measure Act, 1976;
2. The Electricity Act;
3. Food Safety Standards Act, 2006 and Food Safety and Standards Rules, 2011;
4. Bureau of Indian Standards (BIS) Act, 1986;
5. Export of Milk Products (Quality control, Inspection and Monitoring) Rules 2000

**I further report that**, based on the information provided by the Company, its officers, authorised representatives during the conduct of the audit and also on the review of quarterly compliance report by the respective departmental heads / Company Secretary / Executive Director taken on record by the Board of Directors of the Company, in my opinion, adequate systems and processes and control mechanism exist in the Company to monitor compliance with applicable general laws like Labour laws, Environment laws and other legislations.

**I further report that** the Compliance by the Company of applicable Financial laws like Direct & Indirect tax laws, Service tax and others detailed under Tax Legislations, I have relied on the representations made by the Company, its Officers and Reports issued by the Statutory Auditors.

I have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. The Listing Agreements entered into by the Company with Stock Exchange(s);
- iii. Securities and Exchange Board of India (Listing Obligation and Disclosure requirements) Regulations 2015 (With effect from 01<sup>st</sup> December, 2015).

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**I further report that** the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the Board duly recorded and signed by Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

**I further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report that** during the audit period no events occurred which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc.

*Date: 26<sup>th</sup> May 2016*

*Place :Panaji- Goa*

**Sadashiv V Shet**  
**Practicing Company Secretary**  
FCS No. 2477  
C P No.: 2540

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HINDUSTAN FOODS LIMITED**

### **1. Report on the Financial Statements**

We have audited the attached Balance Sheet of **M/s. Hindustan Foods Limited** ('the Company'), which comprises the Balance Sheet as at 31<sup>st</sup> March 2016, the Statement of Profit and Loss and the Cash Flow Statement for the then year ended, and a summary of the significant accounting policies and other explanatory information.

### **2. Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 (the Act) with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **3. Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### 4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016;
- b) In the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### 5. Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order 2016 ('the order'), issued by the Central Government in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent possible.

As required by Section 143 (3) of the Act, we report that :

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) 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.
- c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of written representations received from the directors as on 31 March, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2016, from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the other matters included in the Auditor's Report and to our best of our information and according to the explanations given to us :
  - i. The Company does not have any pending litigations which would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For R. SUNDARARAMAN & CO.,**  
**Chartered Accountants**  
**(Registration No : 004219S)**

**S. SRIRAM**  
**Partner**

Place : Panjim  
Date : May 26, 2016

**Membership No : 202813**



## ANNEXURE TO AUDITOR'S REPORT

**(Referred to in paragraph 1 under "Report on Other Legal and Regulatory Requirements" Section of our report of even date)**

- 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 in accordance with the regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
  - c) The title deeds of immovable properties are held in the name of the Company.
- 2) In respect of inventories :
  - a) As explained to us, 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 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) The Company has not granted loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 and therefore the provisions of clause iii of Companies (Auditors Report) Order, 2016 are not applicable.
- 4) The Company has not granted loans, made investments, provided guarantees and security and therefore the provisions of clause iv of Companies (Auditors Report) Order, 2016 are not applicable.
- 5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under are not applicable to the Company.
- 6) We were informed that the Central Government has not prescribed the maintenance of cost records under sub section (1) of Section 148 of the Companies Act, 2013, in respect of the activities carried on by the Company.
- 7) 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 31<sup>st</sup> March, 2016 for a period of more than six months from the date they became payable.
- 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, except for the following :

| Year    | Details                                | Amount (Rs.) | Pending Before   |
|---------|--|--------------|--|
| 2013-14 | Cenvat Credit claimed on Capital Goods | 27,15,489/-  | Office of The Superintendent of Central Excise & Service Tax, Usgaon |

- 8) According to the information and explanations given and the records examined by us, the Company does not have any borrowings from financial institutions, banks, Government or debenture holders.
- 9) As per the records of the Company and information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments). The Company has also not taken any term loans.
- 10) In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit that causes the financial statements to be materially misstated.
- 11) No managerial remuneration has been paid or provided by the Company during the year.
- 12) The Company is not a Nidhi Company and therefore the provisions of clause xii of Companies (Auditor's Report) Order 2016 are not applicable.
- 13) The transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- 14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- 15) The Company has not entered in to any non cash transactions with directors or persons connected with him and therefore the provisions of clause xv of Companies (Auditor's Report) Order 2016 are not applicable.
- 16) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and therefore the provisions of clause xvi of Companies (Auditors Report) Order 2016 are not applicable.

**For R. SUNDARARAMAN & CO.,**  
**Chartered Accountants**  
**(Registration No : 004219S)**

**S. SRIRAM**  
**Partner**

**Membership No : 202813**

Place : Panjim  
Date : May 26, 2016

## **ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF HINDUSTAN FOODS LIMITED**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **HINDUSTAN FOODS LIMITED** ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ("the Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material aspects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For R. SUNDARARAMAN & CO.,  
Chartered Accountants  
(Registration No : 004219S)**

Place : Panjim  
Date : May 26, 2016

**S. SRIRAM  
Partner  
Membership No: 202813**

**BALANCE SHEET AS AT 31ST MARCH 2016**

(All Amount in Rupees)

| Sr. No.   | Particulars                       | Note No. | As at<br>31st March, 2016 | As at<br>31st March, 2015 |
|-----------|-----------------------------------|----------|---------------------------|---------------------------|
| <b>I</b>  | <b>EQUITY AND LIABILITIES</b>     |          |                           |                           |
| <b>1</b>  | <b>Shareholders Funds</b>         |          |                           |                           |
|           | (a) Share Capital                 | 3        | 6,60,00,000               | 6,60,00,000               |
|           | (b) Reserves & Surplus            | 4        | (5,12,86,174)             | (6,56,93,420)             |
| <b>2</b>  | <b>Non Current Liabilities</b>    |          |                           |                           |
|           | (a) Long Term Borrowings          | 5        | 10,43,84,978              | 9,10,65,704               |
|           | (b) Other Long Term Liabilities   | 6        | 1,19,04,494               | 1,12,88,872               |
|           | (c) Long Term Provisions          | 7        | 10,68,427                 | 9,74,276                  |
| <b>3</b>  | <b>Current Liabilities</b>        |          |                           |                           |
|           | (a) Short Term Borrowings         | 8        | 62,79,033                 | 52,23,154                 |
|           | (b) Trade Payables                | 9        | 4,15,10,343               | 4,54,86,667               |
|           | (c) Other Current Liabilities     | 10       | 1,35,14,568               | 1,73,33,665               |
|           | <b>Total</b>                      |          | <b>19,33,75,667</b>       | <b>17,16,78,916</b>       |
| <b>II</b> | <b>ASSETS</b>                     |          |                           |                           |
| <b>1</b>  | <b>Non Current Assets</b>         |          |                           |                           |
|           | (a) Fixed Assets                  |          |                           |                           |
|           | (i) Tangible Assets               | 11       | 8,65,29,363               | 8,97,34,908               |
|           | (ii) Intangible Assets            |          | 1                         | 1                         |
|           | (iii) Capital Work in Progress    |          | 2,24,63,754               | 2,24,63,754               |
|           | (b) Deferred Tax Asset (Net)      | 12       | 1,49,33,287               | -                         |
|           | (c) Long Term Loans and Advances  | 13       | 75,999                    | 66,000                    |
|           | (d) Other Non Current Assets      | 14       | 47,98,937                 | -                         |
| <b>2</b>  | <b>Current Assets</b>             |          |                           |                           |
|           | (a) Inventories                   | 15       | 1,50,06,220               | 2,65,75,235               |
|           | (b) Trade Receivables             | 16       | 3,63,81,263               | 2,26,36,703               |
|           | (c) Cash and Bank Balances        | 17       | 13,48,433                 | 7,46,374                  |
|           | (d) Short Term Loans and Advances | 18       | 1,14,75,851               | 91,86,038                 |
|           | (e) Other Current Assets          | 19       | 3,62,559                  | 2,69,904                  |
|           | <b>Total</b>                      |          | <b>19,33,75,667</b>       | <b>17,16,78,916</b>       |

Significant Accounting Policies &amp; Notes on Accounts 1 &amp; 2

Vide our Report of even date

For and on behalf of Board of Directors

For **R. Sundararaman & Co.,**

Chartered Accountants

**S. SRIRAM**

Partner

Membership No : 202813

**Ganesh T. Argekar**

Executive Director

DIN:06865379

**Shashi K. Kalathil**

Director

DIN : 02829333

**Beena M. Mahambrey**

Company Secretary

**Kedarnath Swain**

Chief Financial Officer

Place : Panjim

Date : 26th May, 2016

Place : Panjim

Date : 26th May, 2016

# STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

(All Amount in Rupees)

| Sr. No. | Particulars                                    | Note No. | Year Ended<br>31st March, 2016 | Year Ended<br>31st March, 2015 |
|---------|--|----------|--------------------------------|--------------------------------|
| I       | Revenue from Operations                        | 20       | 24,56,80,065                   | 18,19,00,295                   |
|         | Less : Excise Duty                             |          | 71,77,723                      | 76,62,608                      |
|         |  |          | 23,85,02,342                   | 17,42,37,687                   |
| II      | Other Income                                   | 21       | 1,46,319                       | 11,06,70,108                   |
| III     | <b>Total Revenue ( I + II )</b>                |          | <b>23,86,48,661</b>            | <b>28,49,07,795</b>            |
| IV      | <b>Expenses</b>                                |          |                                |                                |
|         | Cost of Materials Consumed                     | 22       | 11,61,91,367                   | 10,22,47,604                   |
|         | Changes in Inventories of Finished Goods & WIP | 23       | 65,09,795                      | (1,19,35,638)                  |
|         | Employee Benefits Expense                      | 24       | 3,67,30,946                    | 3,61,86,405                    |
|         | Finance Costs                                  | 25       | 98,11,865                      | 1,55,14,897                    |
|         | Depreciation                                   |          | 1,33,81,837                    | 1,29,68,032                    |
|         | Other Expenses                                 | 26       | 5,65,48,892                    | 10,49,02,142                   |
|         | <b>Total Expenses</b>                          |          | <b>23,91,74,702</b>            | <b>25,98,83,442</b>            |
| V       | <b>Profit before Tax ( III - IV )</b>          |          | <b>(5,26,041)</b>              | <b>2,50,24,353</b>             |
| VI      | Tax Expense / (Benefit)                        |          |                                |                                |
|         | (a) Current Tax                                |          | -                              | -                              |
|         | (b) Prior Year Tax                             |          | -                              | -                              |
|         | (c) Deferred Tax                               |          | (1,49,33,287)                  | -                              |
|         |  |          | <b>1,44,07,246</b>             | <b>2,50,24,353</b>             |
| VII     | <b>Profit after Tax ( V - VI )</b>             |          |                                |                                |
| VIII    | Earnings per Equity Share (of Rs.10/- each)    |          |                                |                                |
|         | Basic  |          | 2.88                           | 5.00                           |
|         | Diluted  |          | 2.88                           | 5.00                           |

Significant Accounting Policies & Notes on Accounts 1 & 2

Vide our Report of even date  
For **R. Sundararaman & Co.,**  
Chartered Accountants

For and on behalf of Board of Directors

**S. SRIRAM**  
Partner  
Membership No : 202813

**Ganesh T. Argekar**  
Executive Director  
DIN:06865379

**Shashi K. Kalathil**  
Director  
DIN : 02829333

**Beena M. Mahambrey**  
Company Secretary

**Kedarnath Swain**  
Chief Financial Officer

Place : Panjim  
Date : 26th May, 2016

Place : Panjim  
Date : 26th May, 2016

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016**

| S. No.   | Particulars  | Year ended<br>31st March, 2016 |                      | Year ended<br>31st March, 2015 |                      |
|----------|--|--------------------------------|----------------------|--------------------------------|----------------------|
| <b>A</b> | <b>Cash Flow from Operating Activities</b>                       |                                |                      |                                |                      |
|          | Net Profit / (Loss) before Tax                                   |                                | 1,44,07,246          |                                | 2,50,24,352          |
|          | Adjustments :  |                                |                      |                                |                      |
|          | Depreciation   | 1,33,81,837                    |                      | 1,29,68,032                    |                      |
|          | Interest Received  | (1,38,119)                     |                      | (81,099)                       |                      |
|          | Credit Balances written back                                     | -                              |                      | (3,43,304)                     |                      |
|          | Loans written back   | -                              |                      | (11,05,88,178)                 |                      |
|          | Interest / Finance Charges                                       | 96,58,928                      |                      | 1,54,04,291                    |                      |
|          | Assets Written off   | -                              |                      | -                              |                      |
|          | Bad Debts  | -                              | 2,29,02,646          | 2,49,54,838                    | (5,76,85,420)        |
|          | <u>Operating Cash Flow before Working Capital changes</u>        |                                | <u>3,73,09,892</u>   |                                | <u>(3,26,61,068)</u> |
|          | <u>Changes in Working Capital</u>                                |                                |                      |                                |                      |
|          | Adjustments for (Increase) / Decrease in Operating Assets :      |                                |                      |                                |                      |
|          | Inventories  | 1,15,69,015                    |                      | (1,43,41,002)                  |                      |
|          | Trade Receivables  | (1,37,44,559)                  |                      | (1,36,68,198)                  |                      |
|          | Term Deposits  | (6,00,000)                     |                      | (4,50,000)                     |                      |
|          | Short Term Loans & Advances                                      | (19,79,523)                    |                      | 11,22,492                      |                      |
|          | Long Term Loans & Advances                                       | (9,999)                        |                      | 21,84,086                      |                      |
|          | Other Non Current Assets   | (47,98,937)                    |                      | 2,89,56,033                    |                      |
|          | Adjustments for Increase / (Decrease) in Operating Liabilities : |                                |                      |                                |                      |
|          | Other Long Term Liabilities                                      | 6,15,623                       |                      | (24,87,091)                    |                      |
|          | Trade Payables   | (39,76,324)                    |                      | 6,40,80,650                    |                      |
|          | Other Current Liabilities  | (38,19,097)                    |                      | (2,26,23,755)                  |                      |
|          | Long Term Provisions   | 94,151                         | (1,66,49,651)        | 79,942                         | 4,28,53,157          |
|          | Cash generated from Operations                                   |                                | 2,06,60,241          |                                | 1,01,92,089          |
|          | Direct Taxes (Net)   |                                | (3,10,290)           |                                | (4,48,864)           |
|          | <b>Net Cash Flow from Operating Activities</b>                   |                                | <b>2,03,49,951</b>   |                                | <b>97,43,226</b>     |
| <b>B</b> | <b>Cash Flow from Investing Activities</b>                       |                                |                      |                                |                      |
|          | Purchase of Fixed Assets   | (1,01,76,293)                  |                      | (1,29,28,770)                  |                      |
|          | Interest Income  | 45,464                         |                      | 19,264                         |                      |
|          | <b>Net Cash Flow from Investing Activities</b>                   |                                | <b>(1,01,30,829)</b> |                                | <b>(1,29,09,506)</b> |
| <b>C</b> | <b>Cash Flow from Financing Activities</b>                       |                                |                      |                                |                      |
|          | Interest / Finance Charges                                       | (96,58,928)                    |                      | (1,54,04,291)                  |                      |
|          | Increase in Share Capital  | -                              |                      | -                              |                      |
|          | Long Term Borrowings (Net)                                       | 1,33,19,274                    |                      | 1,90,00,000                    |                      |
|          | Short Term Borrowings (Net)                                      | 10,55,879                      |                      | (4,38,702)                     |                      |
|          | <b>Net Cash Flow from Financing Activities</b>                   |                                | <b>47,16,225</b>     |                                | <b>31,57,007</b>     |
|          | Net Increase / (Decrease) in Cash & Cash Equivalents             |                                | 1,49,35,345          |                                | (9,273)              |
|          | Opening Balance in Cash & Cash Equivalents                       |                                | 47,585               |                                | 56,858               |
|          | Closing Balance in Cash & Cash Equivalents                       |                                | 49,644               |                                | 47,585               |

Vide our Report of even date  
For **R. Sundararaman & Co.,**  
Chartered Accountants

For and on behalf of Board of Directors

**S. SRIRAM**  
Partner  
Membership No : 202813

**Ganesh T. Argekar**  
Executive Director  
DIN:06865379

**Shashi K. Kalathil**  
Director  
DIN : 02829333

**Beena M. Mahambrey**  
Company Secretary  
Place : Panjim  
Date : 26th May, 2016

**Kedarnath Swain**  
Chief Financial Officer

Place : Panjim  
Date : 26th May, 2016

## NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

### 1. CORPORATE INFORMATION

Hindustan Foods Ltd ("the Company") was incorporated in the year 1984 and is engaged in the business of manufacturing Cereal Based Foods with its domicile presence in Goa.

### 2. SIGNIFICANT ACCOUNTING POLICIES :

#### i) Accounting Conventions:

The Financial Statements of the Company have been prepared and presented under the historical cost convention on accrual basis and in accordance with Generally Accepted Accounting Principles in India (Indian GAAP) and comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013.

The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those followed in the previous year.

#### ii) Fixed Assets and Depreciation :

Fixed Assets are stated at cost of acquisition or construction, less accumulated depreciation. Depreciation is provided on straight line method at the rates and in the manner specified in Part 'C' of Schedule II of the Companies Act, 2013.

#### iii) Inventories :

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

#### iv) 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.

#### v) 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 Benefits :

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.

**vi) 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.

**vii) Taxes on Income:**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred Tax is recognized on timing differences arising between taxable income and accounting income computed using the tax rates and the tax laws that have been enacted or substantively enacted as of the Balance Sheet date. Deferred tax assets are recognized only if there is a virtual certainty that they will be realized and reviewed for the appropriateness of their carrying values at each balance sheet date.

**viii) Miscellaneous Expenditure not w/off :**

Product Launch Expenditure incurred for new products that are yet to be launched are capitalized and shall be amortised over a period of 5 years.

**ix) Provision, Contingent Liabilities and Contingent Assets:**

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reasonable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. Contingent liability is disclosed for (i) possible obligation which will be confirmed only by future events not wholly within the control of the Company or (ii) present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are neither recognized nor disclosed in the financial statements.

**x) Impairment of Assets :**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds the recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

| Note No.   | Particulars  | As at 31st March, 2016 |                    | As at 31st March, 2015 |                    |
|--|--|------------------------|--------------------|------------------------|--------------------|
|  |  | Number                 | Rs.                | Number                 | Rs.                |
| 3.   | <b>Shareholder's Funds - Share Capital</b>                         |                        |                    |                        |                    |
|  | <b>Authorised</b>  |                        |                    |                        |                    |
|  | Equity Shares of Rs. 10/- each                                     | 50,00,000              | 5,00,00,000        | 50,00,000              | 5,00,00,000        |
|  | 9% Redeemable, Non Convertible Preference Shares of Rs. 100/- each | 2,00,000               | 2,00,00,000        | 2,00,000               | 2,00,00,000        |
|  | <b>Issued, Subscribed &amp; Fully paid-up</b>                      |                        |                    |                        |                    |
|  | Equity Shares of Rs.10/- each                                      | 50,00,000              | 5,00,00,000        | 50,00,000              | 5,00,00,000        |
|  | 9% Redeemable, Non Convertible Preference Shares of Rs. 100/- each | 1,60,000               | 1,60,00,000        | 1,60,000               | 1,60,00,000        |
|  | <b>Total</b>   | <b>51,60,000</b>       | <b>6,60,00,000</b> | <b>51,60,000</b>       | <b>6,60,00,000</b> |
| i) Disclosure of number of shares outstanding for each class of shares as at |  |                        |                    |                        |                    |
|  | <b>a) Equity Shares</b>  |                        |                    |                        |                    |
|  | Shares outstanding at the beginning of the year                    | 50,00,000              | 5,00,00,000        | 50,00,000              | 5,00,00,000        |
|  | Shares outstanding at the end of the year                          | 50,00,000              | 5,00,00,000        | 50,00,000              | 5,00,00,000        |
|  | <b>b) Preference Shares</b>  |                        |                    |                        |                    |
|  | Shares outstanding at the beginning of the year                    | 1,60,000               | 1,60,00,000        | 1,60,000               | 1,60,00,000        |
|  | Shares outstanding at the end of the year                          | 1,60,000               | 1,60,00,000        | 1,60,000               | 1,60,00,000        |

### ii) Terms and Rights attached to Shares

The Company has two class of shares. The Equity Shares have a par value of Rs. 10/- per share. Each holder of Equity Share is entitled to one vote per share. The Preference Shares have par value of Rs. 100/- per share and carry dividend of 9% per annum from the date of allotment. The dividend shall be payable at the time of declaration of dividend on Equity Shares. The Preference Shares shall be redeemed not later than 19 years from the date of issue.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution shall be in proportion to the equity shares held by the shareholders.

### iii) Disclosure of more than 5% shareholding

| Name of the Shareholder                   | As at 31st March, 2016        |           | As at 31st March, 2015        |           |
|---|-------------------------------|-----------|-------------------------------|-----------|
|   | No. of Equity Shares held     | % Holding | No. of Equity Shares held     | % Holding |
| M/s. Vanity Case (India) Private Limited  | 37,22,294                     | 74.44%    | 37,22,294                     | 74.44%    |
|   | No. of Preference Shares held | % Holding | No. of Preference Shares held | % Holding |
| M/s. V. S. Dempo Holdings Private Limited | 1,60,000                      | 100.00%   | 1,60,000                      | 100.00%   |

## Hindustan Foods Limited

| Note No. | Particulars   | (All Amount in Rupees)        |                                 |
|----------|---|-------------------------------|---------------------------------|
|          |   | Year Ended<br>31st March 2016 | Period Ended<br>31st March 2015 |
| 4.       | <b>Reserves &amp; Surplus</b>   |                               |                                 |
|          | Capital Reserve   |                               |                                 |
|          | Opening & Closing Balance   | 4,800                         | 4,800                           |
|          | Surplus   |                               |                                 |
|          | Opening Balance   | (6,56,98,220)                 | (9,05,33,630)                   |
|          | Add : Value of Fixed Assets with useful life completed w/off  | -                             | (1,88,944)                      |
|          | Less : Net Profit / (Loss) for the current year   | 1,44,07,246                   | 2,50,24,353                     |
|          | Closing Balance   | (5,12,90,974)                 | (6,56,98,220)                   |
|          | <b>Total</b>  | <b>(5,12,86,174)</b>          | <b>(6,56,93,420)</b>            |
| 5.       | <b>Long Term Borrowings</b>   |                               |                                 |
|          | <b>Secured Loans</b>  |                               |                                 |
|          | Loans from V S Dempo Holdings Private Limited<br>(The above loan is at interest rate of 9%)                           | 7,81,34,978                   | 6,90,65,704                     |
|          | <b>Unsecured Loans</b>  |                               |                                 |
|          | Loan from Motown Investment Private Limited<br>(The above loan is at interest rate of 9%)                             | 1,60,00,000                   | 1,60,00,000                     |
|          | Loan from The Vanity Case India Private Limited<br>(The above loan is at interest rate of 9%)                         | 1,02,50,000                   | 60,00,000                       |
|          | <b>Total</b>  | <b>10,43,84,978</b>           | <b>9,10,65,704</b>              |
| 6        | <b>Other Long Term Liabilities</b>  |                               |                                 |
|          | Creditors for Capital Purchases   | 1,19,04,494                   | 1,12,88,872                     |
|          | <b>Total</b>  | <b>1,19,04,494</b>            | <b>1,12,88,872</b>              |
| 7        | <b>Long Term Provisions</b>   |                               |                                 |
|          | Provision for Employee Benefits   | 10,68,427                     | 9,74,276                        |
|          | <b>Total</b>  | <b>10,68,427</b>              | <b>9,74,276</b>                 |
| 8        | <b>Short Term Borrowings</b>  |                               |                                 |
|          | <b>Secured</b>  |                               |                                 |
|          | Loans repayable on demand from Bank   |                               |                                 |
|          | - Cash Credit from Bank of Maharashtra<br>(Secured by hypothecation of stock and book debts)                          | 16,83,755                     | (50,656)                        |
|          | - Cash Credit from Bank of Maharashtra<br>(Secured by pledge of fixed deposits of V S Dempo Holdings Private Limited) | 45,95,278                     | 52,73,810                       |
|          | <b>Total</b>  | <b>62,79,033</b>              | <b>52,23,154</b>                |
| 9        | <b>Trade Payables</b>   |                               |                                 |
|          | Trade Payables  | 4,15,10,343                   | 4,54,86,667                     |
|          | <b>Total</b>  | <b>4,15,10,343</b>            | <b>4,54,86,667</b>              |
| 10       | <b>Other Current Liabilities</b>  |                               |                                 |
|          | Statutory Liabilities including Withholding Taxes   | 3,23,041                      | 8,81,815                        |
|          | Accrued Employee Benefits   | 5,91,711                      | 6,99,508                        |
|          | Accrued Expenses  | 88,30,286                     | 99,22,222                       |
|          | Advances from Customers   | 37,69,530                     | 58,30,120                       |
|          | <b>Total</b>  | <b>1,35,14,568</b>            | <b>1,73,33,665</b>              |

**Note 11 : Fixed Assets**
**(All amount in Rupees)**

| Sr. No. | Fixed Assets                    | Rate   | Gross Block          |                    |            |                      | Accumulated Depreciation |                        |                       |                               | Net Block            |                      |
|---------|---------------------------------|--------|----------------------|--------------------|------------|----------------------|--------------------------|------------------------|-----------------------|-------------------------------|----------------------|----------------------|
|         |                                 |        | Bal as at 01.04.2015 | Additions          | Deductions | Bal as at 31.03.2016 | Bal as at 01.04.2015     | Depreciation on Charge | Deduction/ Adjustment | Adjusted in Retained Earnings | Bal as at 31.03.2016 | Bal as at 01.04.2015 |
| a)      | <b>Tangible Assets</b>          |        |                      |                    |            |                      |                          |                        |                       |                               |                      |                      |
|         | Freehold Land & Devt            | -      | 5,57,490             | -                  | -          | 5,57,490             | -                        | -                      | -                     | -                             | 5,57,490             | 5,57,490             |
|         | Buildings                       | 3.17%  | 4,11,80,034          | 19,63,590          | -          | 4,31,43,624          | 2,27,72,039              | 70,49,071              | -                     | -                             | 1,33,22,513          | 1,84,07,994          |
|         | Plant & Machinery               | 6.33%  | 11,51,23,522         | 82,12,703          | -          | 12,33,36,225         | 4,60,44,589              | 59,83,599              | -                     | -                             | 7,13,08,037          | 6,90,78,933          |
|         | Computers                       | 31.67% | 8,49,257             | -                  | -          | 8,49,257             | 8,10,543                 | 36,114                 | -                     | -                             | 2,600                | 38,714               |
|         | Furniture & Fittings            | 9.50%  | 34,62,522            | -                  | -          | 34,62,522            | 18,10,746                | 3,13,053               | -                     | -                             | 13,38,723            | 16,51,776            |
|         | <b>Total</b>                    |        | <b>16,11,72,824</b>  | <b>1,01,76,293</b> | <b>-</b>   | <b>17,13,49,117</b>  | <b>7,14,37,917</b>       | <b>1,33,81,837</b>     | <b>-</b>              | <b>-</b>                      | <b>8,65,29,363</b>   | <b>8,97,34,908</b>   |
|         | Previous Year                   |        | 13,94,81,847         | 2,16,90,977        | -          | 16,11,72,824         | 5,82,80,941              | 1,29,68,032            | -                     | 1,88,944                      | 8,97,34,908          | 8,12,00,906          |
| b)      | <b>Intangible Assets</b>        |        |                      |                    |            |                      |                          |                        |                       |                               |                      |                      |
|         | Trademark                       |        | 1                    | -                  | -          | 1                    | -                        | -                      | -                     | -                             | 1                    | 1                    |
|         | <b>Total</b>                    |        | <b>1</b>             | <b>-</b>           | <b>-</b>   | <b>1</b>             | <b>-</b>                 | <b>-</b>               | <b>-</b>              | <b>-</b>                      | <b>1</b>             | <b>1</b>             |
|         | Previous Year                   |        | 1                    | -                  | -          | 1                    | -                        | -                      | -                     | -                             | 1                    | 1                    |
| c)      | <b>Capital Work in Progress</b> |        |                      |                    |            |                      |                          |                        |                       |                               |                      |                      |
|         |                                 |        | -                    | -                  | -          | -                    | -                        | -                      | -                     | -                             | 2,24,63,754          | 2,24,63,754          |
|         | <b>Total</b>                    |        | <b>16,11,72,825</b>  | <b>1,01,76,293</b> | <b>-</b>   | <b>17,13,49,118</b>  | <b>7,14,37,917</b>       | <b>1,33,81,837</b>     | <b>-</b>              | <b>-</b>                      | <b>10,89,93,118</b>  | <b>11,21,98,663</b>  |
|         | Previous Year                   |        | 13,94,81,848         | 2,16,90,977        | -          | 16,11,72,825         | 5,82,80,941              | 1,29,68,032            | -                     | 1,88,944                      | 11,21,98,663         | 11,24,26,868         |

## Hindustan Foods Limited

| Note No. | Particulars   | (All Amount in Rupees)        |                                 |
|----------|---|-------------------------------|---------------------------------|
|          |   | Year Ended<br>31st March 2016 | Period Ended<br>31st March 2015 |
| 12       | <b>Deferred Tax Asset (Net)</b>   |                               |                                 |
|          | <b>Deferred Tax Assets</b>  |                               |                                 |
|          | Unabsorbed Losses & Depreciation  | 1,58,71,926                   | -                               |
|          | Depreciation Allowance  | 5,15,140                      | -                               |
|          | Compensated Absences  | 29,093                        | -                               |
|          |   | <b>1,64,16,159</b>            | -                               |
|          | <b>Deferred Tax Liabilities</b>   |                               |                                 |
|          | Product Launch Expenses   | 14,82,872                     | -                               |
|          |   | 14,82,872                     | -                               |
|          | <b>Total</b>  | <b>1,49,33,287</b>            | -                               |
| 13       | <b>Long Term Loans and Advances</b>   |                               |                                 |
|          | Security Deposits<br>(Unsecured, Considered Good)   | 75,999                        | 66,000                          |
|          | <b>Total</b>  | <b>75,999</b>                 | <b>66,000</b>                   |
| 14       | <b>Other Non Current Assets</b>   |                               |                                 |
|          | Misc Expenditure not written off<br>- Product Launch Expenses   | 47,98,937                     | -                               |
|          | <b>Total</b>  | <b>47,98,937</b>              | --                              |
| 15       | <b>Inventories</b>  |                               |                                 |
|          | Raw Materials   | 39,55,483                     | 76,60,091                       |
|          | Packing Materials   | 27,69,163                     | 41,53,535                       |
|          | Stores & Consumables  | 4,33,671                      | 4,03,911                        |
|          | Work in Progress  | 78,47,903                     | 1,43,57,698                     |
|          | <b>Total</b>  | <b>1,50,06,220</b>            | <b>2,65,75,235</b>              |
| 16       | <b>Trade Receivables</b>  |                               |                                 |
|          | Trade Receivables outstanding for a period exceeding 6 months (from the date they are due for payment)<br>Unsecured, Considered Good    | 5,78,565                      | -                               |
|          | Trade Receivables outstanding for a period of less than 6 months (from the date they are due for payment)<br>Unsecured, Considered Good | 3,58,02,697                   | 2,26,36,703                     |
|          | <b>Total</b>  | <b>3,63,81,262</b>            | <b>2,26,36,703</b>              |
| 17       | <b>Cash and Bank Balances</b>   |                               |                                 |
|          | (i) Cash and Cash Equivalents   |                               |                                 |
|          | a) Cash on Hand   | 20,784                        | 23,498                          |
|          | b) Balances with Banks in Current Accounts  | 28,860                        | 24,088                          |
|          |   | 49,644                        | 47,585                          |
|          | (ii) Others   |                               |                                 |
|          | Margin Money  | 12,98,789                     | 6,98,789                        |
|          |   | 12,98,789                     | 6,98,789                        |
|          | <b>Total</b>  | <b>13,48,433</b>              | <b>7,46,374</b>                 |

| Note No. | Particulars  | (All Amount in Rupees)        |                                 |
|----------|--|-------------------------------|---------------------------------|
|          |  | Year Ended<br>31st March 2016 | Period Ended<br>31st March 2015 |
| 18       | <b>Short Term Loans and Advances</b><br>(Unsecured, Considered Good) |                               |                                 |
|          | Balances with Government Authorities                                 | 92,31,436                     | 70,65,216                       |
|          | Prepaid Expenses   | 1,36,943                      | 1,99,219                        |
|          | Tax Deducted at Source   | 17,53,430                     | 14,43,140                       |
|          | Advance to Employees   | 94,400                        | -                               |
|          | Advance to Suppliers   | 2,59,644                      | 4,78,463                        |
|          | <b>Total</b>   | <b>1,14,75,851</b>            | <b>91,86,038</b>                |
| 19       | <b>Current Assets - Other Current Assets</b>                         |                               |                                 |
|          | Interest Accrued on Deposits   | 3,62,559                      | 2,69,904                        |
|          | <b>Total</b>   | <b>3,62,559</b>               | <b>2,69,904</b>                 |
| 20       | <b>Revenue from Operations</b>                                       |                               |                                 |
|          | Sale of Products   | 19,43,10,115                  | 14,37,29,512                    |
|          | Sale of Services<br>- Processing Charges                             | 4,80,58,821                   | 3,68,41,940                     |
|          | Other Operating Revenue  |                               |                                 |
|          | - Trial Charges  | 22,47,070                     | -                               |
|          | - Sale of Scrap  | 9,42,540                      | 9,18,352                        |
|          | - Credit Balances written back                                       | -                             | 3,43,304                        |
|          | - Freight/Loading-Unloading Charges Received (Net)                   | 1,21,519                      | 67,186                          |
|          | <b>Total</b>   | <b>24,56,80,065</b>           | <b>18,19,00,295</b>             |
| 21       | <b>Other Income</b>  |                               |                                 |
|          | Interest from Banks  | 1,03,041                      | 65,333                          |
|          | Interest from Others   | 35,078                        | 15,766                          |
|          | Miscellaneous Income   | 8,200                         | 831                             |
|          | Loans Written Back   | -                             | 11,05,88,178                    |
|          | <b>Total</b>   | <b>1,46,319</b>               | <b>11,06,70,108</b>             |
| 22       | <b>Cost of Materials Consumed</b>                                    |                               |                                 |
|          | Opening Stock of Raw Materials                                       | 76,60,091                     | 70,60,038                       |
|          | Add: Purchases   | 11,24,86,759                  | 10,28,47,657                    |
|          |  | 12,01,46,850                  | 10,99,07,695                    |
|          | Less : Closing Stock of Raw Materials                                | 39,55,483                     | 76,60,091                       |
|          | <b>Total</b>   | <b>11,61,91,367</b>           | <b>10,22,47,604</b>             |
|          | <b>Details of Raw Material Consumed</b>                              |                               |                                 |
|          | Cereals and Food Grains  | 11,61,91,367                  | 10,22,47,604                    |
|          | <b>Total</b>   | <b>11,61,91,367</b>           | <b>10,22,47,604</b>             |
|          | <b>Details of Raw Material Inventory</b>                             |                               |                                 |
|          | Cereals and Food Grains  | 39,55,483                     | 76,60,091                       |
|          | <b>Total</b>   | <b>39,55,483</b>              | <b>76,60,091</b>                |
| 23       | <b>Changes in Inventories of Work in Progress</b>                    |                               |                                 |
|          | <b>Opening Stock</b>   |                               |                                 |
|          | Work in Progress   | 1,43,57,698                   | 24,22,060                       |
|          | <b>Closing Stock</b>   |                               |                                 |
|          | Work in Progress   | 78,47,903                     | 1,43,57,698                     |
|          | <b>Total</b>   | <b>65,09,795</b>              | <b>(1,19,35,638)</b>            |

## Hindustan Foods Limited

| Note No. | Particulars                                  | (All Amount in Rupees)        |                                 |
|----------|--|-------------------------------|---------------------------------|
|          |  | Year Ended<br>31st March 2016 | Period Ended<br>31st March 2015 |
| 24       | <b>Employee Benefits Expense</b>             |                               |                                 |
|          | Salaries & Incentives                        | 3,21,42,107                   | 3,20,76,169                     |
|          | Contribution to Provident & Other Funds      | 20,95,812                     | 19,47,856                       |
|          | Staff Welfare Expenses                       | 24,93,027                     | 21,62,380                       |
|          | <b>Total</b>                                 | <b>3,67,30,946</b>            | <b>3,61,86,405</b>              |
| 25       | <b>Finance Cost</b>                          |                               |                                 |
|          | Interest Expense                             |                               |                                 |
|          | - To Banks                                   | 2,45,502                      | 2,28,825                        |
|          | - To Others                                  | 94,13,426                     | 1,51,75,466                     |
|          | Bank Charges                                 | 1,52,937                      | 1,10,606                        |
|          | <b>Total</b>                                 | <b>98,11,865</b>              | <b>1,55,14,897</b>              |
| 26       | <b>Other Expenses</b>                        |                               |                                 |
|          | <b>(i) Manufacturing and Operating Costs</b> |                               |                                 |
|          | Consumption of Stores & Consumables          | 13,83,688                     | 44,93,324                       |
|          | Consumption of Packing Material              | 2,41,44,066                   | 1,71,91,953                     |
|          | Power & Fuel                                 | 1,19,77,860                   | 1,21,02,552                     |
|          | Water Charges                                | 4,64,810                      | 4,61,408                        |
|          | Freight Inwards                              | 12,62,871                     | 6,55,882                        |
|          | Repairs & Maintenance - Shop Floor           | 35,86,262                     | 19,04,396                       |
|          | Sundry Production Expenses                   | 43,87,787                     | 48,53,472                       |
|          |  | 4,72,07,344                   | 4,16,62,987                     |
|          | <b>(ii) Administration</b>                   |                               |                                 |
|          | Rent, Rates & Taxes                          | 1,33,356                      | 1,29,561                        |
|          | Insurance                                    | 1,62,564                      | 2,15,121                        |
|          | Travelling & Conveyance                      | 16,86,388                     | 21,40,619                       |
|          | Repairs & Maintenance - Others               | 30,97,592                     | 24,27,180                       |
|          | Printing & Stationery                        | 3,58,737                      | 3,09,352                        |
|          | Postage & Courier                            | 5,06,407                      | 7,17,207                        |
|          | Telephone & Internet Expense                 | 2,16,940                      | 1,62,156                        |
|          | Legal & Professional Charges                 | 3,92,986                      | 5,71,215                        |
|          | Audit Fees                                   | 1,50,000                      | 1,50,000                        |
|          | Directors Sitting Fees                       | 3,39,000                      | 1,95,000                        |
|          | Security Charges                             | 17,09,465                     | 15,75,763                       |
|          | Baddebts                                     | -                             | 2,49,54,838                     |
|          | Miscellaneous Expenditure Written off        | -                             | 2,89,56,033                     |
|          | Other Miscellaneous Expenses                 | 3,63,983                      | 7,27,109                        |
|          |  | 91,17,418                     | 6,32,31,155                     |
|          | <b>(iii) Selling &amp; Distribution</b>      |                               |                                 |
|          | Selling Expenses                             | 1,99,129                      | --                              |
|          |  | 1,99,129                      | --                              |
|          | <b>(iv) Others</b>                           |                               |                                 |
|          | Donation                                     | 25,000                        | 8,000                           |
|          |  | 25,000                        | 8,000                           |
|          | <b>Total</b>                                 | <b>5,65,48,892</b>            | <b>10,49,02,142</b>             |

## OTHER NOTES :

### 27. Contingent Liabilities

Claims against the Company by Excise Department, disputed and not accepted – Rs. 27,15,489/- (Previous Year – Rs. 27,15,489/-).

Bank Guarantees issued by bankers on behalf of the Company Rs.38,85,000/- (Previous Year- Rs. 28,35,000/-). Bank Guarantees for Rs. 25,00,000/- are secured by pledge of fixed deposits of M/s. V S Dempo Holdings Private Limited of equivalent amount.

28. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance) is Nil (Previous Year - Rs. 25 lacs).

29. Loan from M/s. V S Dempo Holdings Private Limited is secured by charge on Fixed Assets of the Company.

30. 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 M/s. V S Dempo Holdings Private Limited.

31. Deposit with Banks includes Rs.12,98,789/- under lien towards guarantees given on behalf of the Company (Previous Year - Rs.6,98,789/-).

32. To comply with the requirement of the Micro, Small And Medium Enterprises Development Act 2006, which became effective from 2<sup>nd</sup> 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.

33. Remuneration to Auditors :

|                                 |   |                 |
|---------------------------------|---|-----------------|
| Statutory Audit Fees            | : | 40,000          |
| Tax Audit Fees                  | : | 5,000           |
| Certification Fees              | : | 33,000          |
| Internal Audit & VAT Audit Fees | : | 72,000          |
| <b>Total</b>                    | : | <b>1,50,000</b> |

34. No provision for Income Tax (current) has been made in the absence of taxable income for the year.

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



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

Relationship

Holding Company :

M/s. Vanity Case (India) Pvt. Ltd.

| <b>Nature of transaction</b> | <b>Holding Company (in Rs.)</b> |
|------------------------------|---------------------------------|
| Interest paid                | 7,66,050 DR                     |
| Loans Received               | 42,50,000 CR                    |
| Outstanding as on 31-03-2016 | 1,09,39,443 CR                  |

**37. Value of Raw Material Consumption (Rs.)**

| <b>Particulars</b> | <b>Year Ended 31.03.2016</b> |             | <b>Year Ended 31.03.2015</b> |             |
|--------------------|------------------------------|-------------|------------------------------|-------------|
|                    | <b>Value</b>                 | <b>%</b>    | <b>Value</b>                 | <b>%</b>    |
| Imported           | 4,60,737                     | 0.40%       | 12,76,621                    | 1%          |
| Indigenous         | 11,57,30,630                 | 99.60%      | 10,09,70,983                 | 99%         |
| <b>Total</b>       | <b>11,61,91,367</b>          | <b>100%</b> | <b>10,22,47,604</b>          | <b>100%</b> |

**38. Expenditure in Foreign Currency**                      Rs.7,58,078/-                      Rs.7,49,257/-

**39. Earning per Equity Share**

| <b>Particulars</b>                                    | <b>Year Ended<br/>31.03.2016</b> | <b>Year Ended<br/>31.03.2015</b> |
|---|----------------------------------|----------------------------------|
| Net Profit / (Loss) available for Equity Shareholders | 144,07,246                       | 2,50,24,353                      |
| No. of Equity Shares                                  | 50,00,000                        | 50,00,000                        |
| Earnings per Share (Rs.)                              |                                  |                                  |
| Basic   | 2.88                             | 5.00                             |
| Diluted   | 2.88                             | 5.00                             |
| Nominal Value per Equity Share (Rs.)                  | 10.00                            | 10.00                            |

**40. Previous year's figures have been regrouped wherever necessary, to confirm with current year's disclosures.**

As per our Report of even date annexed hereto                      For and on behalf of Board of Directors

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

**S. SRIRAM**  
Partner  
Membership No : 202813

**Ganesh T. Argekar**  
Executive Director  
DIN:06865379

**Beena M. Mahambrey**  
Company Secretary

**Shashi K. Kalathil**  
Director  
DIN : 02829333

**Kedarnath Swain**  
Chief Financial Officer

 Place : Panjim  
Date : 26th May, 2016

 Place : Panjim  
Date : 26th May, 2016



# HINDUSTAN FOODS LIMITED

(CIN: L15139GA1984PLC000601)

Registered Office: Dempo House, Campal, Panaji-Goa 403001

Email: hfiinvestorrelations@dempos.com Website: www.hfgoa.com, Phone: 0832-2441300, Fax: 0832-2225098

## THIRTY-FIRST ANNUAL GENERAL MEETING

Wednesday, August 10, 2016 at 10:30 a.m.

## PROXY FORM

Name of the Member:

Folio No. / DP ID/Client ID:

Email ID:

I/We, being the member(s) of .....shares of the above named Company, hereby appoint

(1) Name:.....

Address:.....

E.mail ID:.....Signature: ..... or failing him

(2) Name:.....

Address:.....

E.mail ID:.....Signature: ..... or failing him

(3) Name:.....

Address:.....

E.mail ID:.....Signature: ..... or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 31<sup>st</sup> Annual General Meeting of the Company, to be held on Wednesday, August 10, 2016 at 10:30 a.m. at the Registered Office of the Company at Dempo House, Campal, Panaji-Goa 403001 and at any adjournment thereof in respect of such resolutions as are indicated below:

| Resolution No. | Resolutions  | Optional* |         |
|----------------|--|-----------|---------|
|                |  | For       | Against |
| 1              | To consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2016 and the Reports of the Board of Directors and Auditors thereon.  |           |         |
| 2              | To ratify appointment of M/s. R. Sundararaman & Co., Chartered Accountants, Chennai (Registration No. 004219S), as Statutory Auditors of the Company from the conclusion of the 31 <sup>st</sup> AGM (2015-16) till the conclusion of the 32 <sup>nd</sup> AGM (2016-17) of the Company and to authorize the Board of Directors to fix their remuneration on yearly basis. |           |         |
| 3              | To appoint Mr. Rajesh S. Dempo as Director of the Company.   |           |         |
| 4              | To appoint Mr. Shashi K. Kalathil, as an Independent Director of the Company under Section 149 of the Companies Act, 2013.   |           |         |

Signed this.....day of ....., 2016

Signature of Shareholder ..... Signature of Proxy holder(s).....

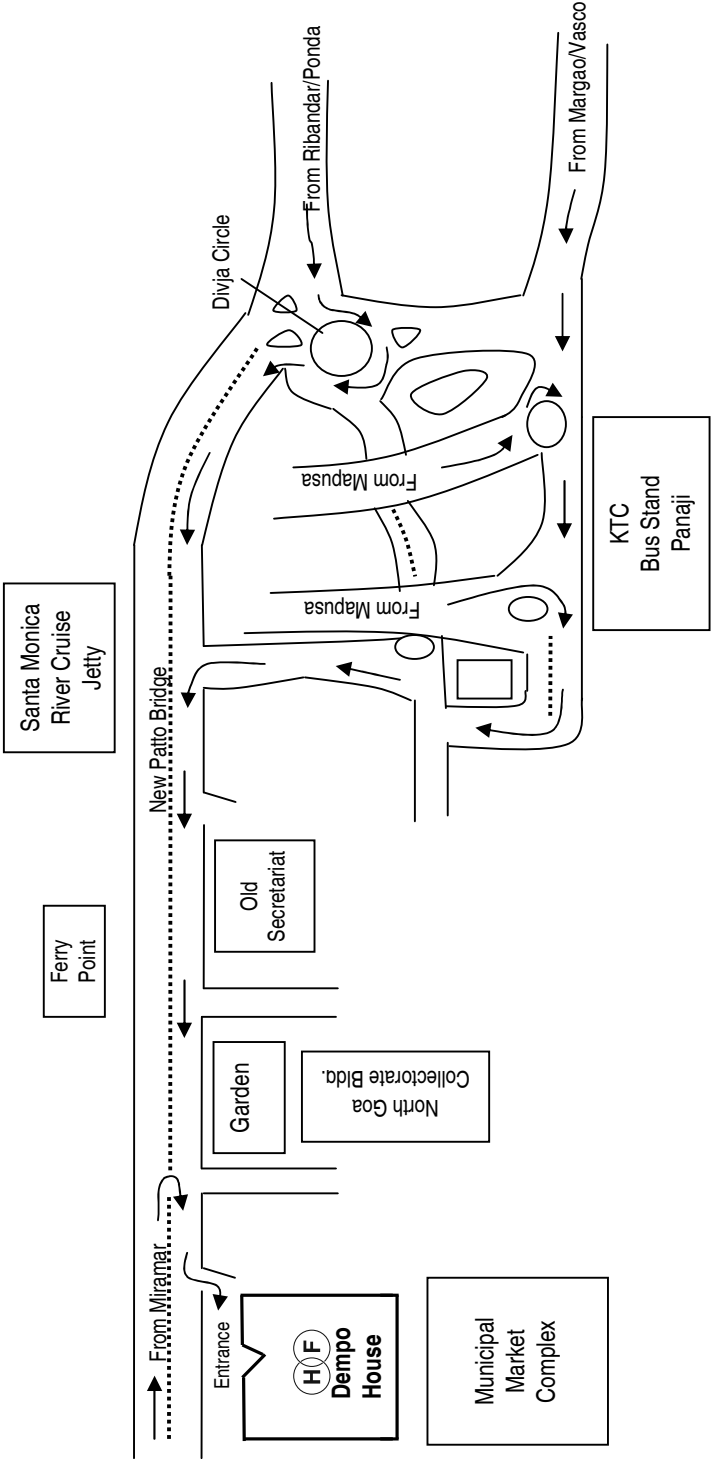
Affix  
₹ 1/-  
Revenue  
Stamp

### Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
- \*2. It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
3. For the Resolutions, Explanatory Statements and Notes, please refer to the Notice of the 31<sup>st</sup> Annual General Meeting.



ROUTE MAP OF AGM VENUE





## **Hindustan Foods Limited**

*Registered Office* : Dempo House, Campal, Panaji, Goa. 403001.

Tel. No. (91) (0832) 2441300

Fax : (91) (0832) 2225098 Email : [hfl@dempos.com](mailto:hfl@dempos.com)

*Factory* : Usgaon, Ponda, Goa. 403407.

Tel. No. (91) (0832) 6531755.

Email : [hfladmin@dempos.com](mailto:hfladmin@dempos.com) / [hflaccounts@dempos.com](mailto:hflaccounts@dempos.com)