



Hindustan Foods Limited
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27th Annual Report 2011-12



Hindustan Foods Limited

27th Annual Report 2011-12

(Financial Year is from 1st April, 2011 to 30th September, 2012)

Directors:

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

Chief Executive – Operations:

Mr. G. S. Talekar

Registered Office:

Dempo House
Campal, Panaji
Goa – 403 001

Website:

hflgoa@demos.com

Investor Email ID:

hflinvestorrelations@demos.com

Works:

Usgao, Ponda
Goa – 403 407

Auditors:

R. Sundararaman & Co.
Chartered Accountants
No. 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 – 400 078

Bankers:

Bank of Maharashtra

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NOTICE

Notice is hereby given that the Twenty-Seventh 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 – 403 001, on Tuesday, the 18th December, 2012 at 10.30 a.m.** to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 30th September, 2012 and Profit and Loss Account and Cash Flow Statement for the financial year comprising 18 months period ended on that date as also the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Adv. Sudin M. Usgaonkar who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

Notes :

1. **A member entitled to attend and vote, at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a member of the Company. Proxies in order to be effective must be received at the registered office of the Company not less than 48 hours before the time fixed for the meeting.**
2. The Register of the Members and Share Transfer Books in respect of the Equity Shares of the Company will remain closed from Wednesday, the 12th of December, 2012, to Tuesday, the 18th of December, 2012 (both days inclusive).
3. The Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL) for dematerialization of the shares of the Company. The shareholders as well as investors may avail of this facility.
4. All matters in connection with the Shares of the Company may be addressed to the Company's Registrar and Share Transfer Agents viz. Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai 400 078. Members are requested to quote their respective folio numbers and also notify the change of address, if any, to the Company's Transfer Agents.
5. The Company has received Special Permission on 12th July, 2012, from the Registrar of Companies, Goa, Daman & Diu (ROC), pursuant to Section 210(4) of the Companies Act, 1956, for extension of the Financial year by 6 months up to 30th September, 2012 (the financial year, under report, is now from 1st April, 2011 to 30th September, 2012).
6. In terms of the Articles of Association of the Company, Adv. Sudin M. Usgaonkar, is retiring by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. The information / data for the Director under Clause 49 of the Listing Agreement, is given in the Corporate Governance Report of this Annual Report.

For and on behalf of the Board of Directors

Panaji-Goa
5th November, 2012

SOIRU V. DEMPO
Executive Director

Registered Office:
Dempo House, Campal
Panaji, Goa – 403 001



DIRECTORS' REPORT

Your Directors have pleasure in presenting their Twenty-Seventh Annual Report and the Audited accounts of the Company for the Eighteen months period ended 30th September, 2012.

Financial Results :

The Financial Results of the Company for the period under review are as follows:

(Rs. in Lacs)

	For the Eighteen months ended 30 th September, 2012	For the Twelve months ended 31 st March, 2011
Profit/(Loss) for the year before		
Finance charges and depreciation	(60.00)	41.60
Finance charges	71.58	13.46
Profit/(Loss) before depreciation	(131.58)	28.14
Depreciation	31.96	22.26
Profit / (Loss) carried to Balance Sheet	(163.54)	5.88

Company's Activities :

During the period under report, the Company has continued to manufacture intermediate foods for third parties. Your Company recorded a net turnover of Rs. 672 lacs and loss after tax of Rs. 163.54 lacs. The figures of review period are not comparable with the previous year figures in view of the fact that the financial year 2011-12 had been extended upto 30th September, 2012 with the special permission of the Registrar of Companies, Goa, Daman & Diu pursuant to Section 210(4) of the Companies Act, 1956.

Dividend :

In view of loss for the period under report and accumulated losses of previous years, the Directors regret their inability to recommend dividend.

Extension of Financial Year 2011-12 :

The Company has, with the approval of the Registrar of Companies, Goa, Daman & Diu (ROC), vide its letter dated 12th July, 2012 under Section 210(4) of the Companies Act, 1956, extended the financial year by a period of 6 months up to 30th September, 2012. Accordingly, the Accounts for the Financial Year 2011-12 had been prepared for a period of 18 (eighteen) months from 1st April, 2011 to 30th September, 2012.

Change in Capital Structure :

Authorised Share Capital

The Company has increased the authorized share capital of the Company from Rs. 5,00,00,000/- to Rs. 7,00,00,000/- by (i) retaining 50,00,000 Equity Shares of Rs. 10/- each aggregating Rs. 5,00,00,000/- (ii) creation of 2,00,000 Redeemable Preference Shares of Rs. 100/- each aggregating Rs. 2,00,00,000/- through postal ballot during the period under report.

Preference Shares

The Company has issued and allotted 1,60,000 9% Redeemable, Non-convertible, Preference Shares of Rs. 100/- each at par to V. S. Dempo Holdings Pvt. Ltd., on preferential basis, during the period under report.

Resumption of trading of shares :

During the period under report, the suspension of trading of the shares of the Company on the Bombay Stock Exchange Limited (BSE) was revoked vide its Notification No. 20120605-17 dated 5th June, 2012. The trading of the shares of the Company resumed on BSE w.e.f. 11th June, 2012 in "T" group.

The Company has paid the Annual Listing Fees for the year 2012-13 to BSE.

Further, the Company has availed demat connectivity with both the Depositories, Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL) and paid Annual Custody Fees to both these Depositories.

Accreditation :

The Company holds ISO 22000:2005 accreditation made by Bureau Veritas.

Public Deposits :

Your Company has not accepted or renewed any fixed deposits from the public during the period under report.

Directors :

Mr. N. C. Chaudhuri has 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 Mr. N. C. Chaudhuri during his tenure as a Director from 10-06-1987 to 02-04-2012.

In terms of the Articles of Association of the Company, Adv. Sudin M. Usgaonkar, Director retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Directors' Responsibility Statement :

In accordance with the provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors hereby state and confirm that:

- a) In the preparation of accounts for the eighteen months period ended 30th September, 2012, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of eighteen months period and of the loss of the Company for the period under review;
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and



- d) The Directors have prepared the accounts for the eighteen months period ended 30th September, 2012 on a going concern basis.

Auditors :

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

Particulars of Employees :

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

Particulars of Conservation of Energy etc.:

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

Auditors Report :

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

Corporate Governance :

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

Acknowledgments :

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

Your Directors also place on record their deep appreciation for the valuable support and guidance from V. S. Dempo Holdings Pvt. Ltd., the holding company from time to time as well as Bank of Maharashtra, the bankers.

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

For and on behalf of Board of Directors

Panaji

Dated: 5th November, 2012

SOIRU V. DEMPO

Executive Director

ANNEXURE TO THE DIRECTORS' REPORT

Information under Section 217[1] [e] of the Companies Act, 1956 read with the Companies [Disclosure of Particulars in the Report of Board of Directors] Rules 1988, and forming part of the Directors' Report for the eighteen months period ended 30th September, 2012.

I. Conservation of Energy:

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

(A) POWER AND FUEL CONSUMPTION

Current year

1. Electricity		
a) Purchased Units	Kwh	261260
* Total amount	Rs.	19,92,587
* Rate/Unit	Rs./Kwh	7.60
* including Demand charges		
b) Own Generation		
Through Diesel Generator		
Units	Kwh	184184
Units per Ltr. of Diesel Oil	Kwh	2.80
Cost/Unit	Rs./Kwh	14.7
2. Coal [Specify quality & where used]		
Quantity (Tonnes)		—
Total Cost		—
Average Rate		—
3. Furnace Oil (H.S.D. for Brand Drier)		
Quantity	L	36135
Total Amount	Rs.	15,35,730
Average Rate	Rs.	49.49
4. Others / internal generation (Please give details)		
Quantity		—
Total Cost		—
Rate / Unit		—

(B) CONSUMPTION PER UNIT OF PRODUCTION

	<u>Standards - if any</u>	<u>Current Year</u>
(Products with details - Units)		
Cereal based food products (tonnes)	—	1028.46
Electricity (Units)	—	254.03
H.S.D. Oil (Units)	—	179.08
Coal [Specify quality]	—	—
Others (Specify)	—	—

II. Research and Development and Technology Absorption:

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

III. Foreign Exchange Earnings and Outgoings:

Earnings	—	Nil
Outgoings	—	Nil



MANAGEMENT DISCUSSION AND ANALYSIS

The Financial Year 2011-12, which was for Eighteen months period, and ended on 30th September, 2012, was another challenging year for the Company. The Company, during the period, continued to manufacture intermediate foods for 3rd parties. However, your Company did not have any long term arrangements for manufacture of products and therefore, has to report loss at the end of the Financial period.

Your Company is in continuous process of developing new products of the Company, and trying to launch and establish such products in the market, which may give business stability. In this scenario, the Company reviewed potential business in certain markets and is trying to launch its own brands in such markets.

Your Company is having competent and qualified Food Technologists and Engineers, and takes various initiatives to keep them updated on new technologies and knowledge, so as to develop new products and achieve cost effectiveness wherever possible.

The Company enjoys cordial relations with the employees.

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

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

CORPORATE GOVERNANCE REPORT

Company's Philosophy in Corporate Governance and change in Financial year:

As part of the Dempo Group, the Company's philosophy on Corporate Governance is founded upon a rich legacy of fair and transparent governance practices. Transparency in all dealings, effective control and management of organization, investor friendly attitude towards shareholders has been the basic objective of the corporate governance of the Company.

This Report is for a period of eighteen months (from 1st April, 2011 to 30th September, 2012). The Company has changed its financial year, pursuant to the permission granted by the Registrar of Companies, Goa, Daman & Diu (ROC), in accordance with Section 210(4) of the Companies Act, 1956.

I. Board of Directors:

a) Composition of Board

The present Board consists of one Executive Director and four Non-Executive Directors. Out of the Non-Executive Directors, three are Independent Directors and the other Director represents the Promoters.

The Non-Executive Directors with their diverse knowledge, experience and expertise bring in their independent judgment to the deliberations and decisions of the Board. Apart from the sitting fees paid for attending Board/Committee Meetings, the Non-Executive Directors did not have any material pecuniary relationship or transactions with the Company during the period under report.

The Company has a Non Executive Chairman. The number of Independent Directors is more than one third of the total number of Directors. The Company meets the requirements relating to the composition of Board of Directors.

b) Other provisions as to Board and Committees

During the period under report, the Board of Directors met 8 times i.e. on 23rd May, 2011, 30th July, 2011, 8th November, 2011, 14th February, 2012, 2nd May, 2012, 30th July, 2012, 24th August, 2012 and 27th September, 2012.

None of the Directors of the Board serve as Members of more than 10 committees nor do they chair more than 5 committees, as per the requirements of the Listing Agreement.

Detailed information is given in the table:

Sr. No.	Name of Director	Category	No. of Board Meetings attended	Last AGM Attended	No. of Directorship in other companies	No. of Membership of Board Committees of all companies	No. of Board Committees of which the Director is a Chairperson in all companies
1.	Shrinivas V. Dempo	Chairman Non-Executive	7	Yes	18*	–	–
2.	Soiru V. Dempo	Executive Director	8	Yes	6	1	–
3.	A. B. Prasad	Non-Executive	4	No	3	1	–
4.	Sudin M. Usgaonkar	Non-Executive	6	No	6	–	–
5.	Ashok N. Manjrekar	Non-Executive	7	No	–	–	–

* Includes directorship held in 17 Private Limited Companies

c) **Details of remuneration to the directors for the period under report:**

The details of sitting fees paid during the financial period ended 30th September, 2012 are as follows:

Sr. No.	Name of the Director	Sitting Fees (Rs.)
1.	Mr. Shrinivas V. Dempo	15,750
2.	Mr. Soiru V. Dempo	18,000
3.	Dr. A. B. Prasad	10,000
4.	Adv. Sudin M. Usgaonkar	16,000
5.	Mr. Ashok N. Manjrekar	18,250

d) **Details of Director being appointed / re-appointed:**

Adv. Sudin M. Usgaonkar retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. The brief profile of the Director proposed for re-appointment, is as follows:

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

e) **Shareholding of Directors:**

As on 30th September, 2012 Dr. A. B. Prasad holds 500 equity shares in the Company. None of the remaining directors hold any shares in the Company.

(f) Code of Conduct:

- (i) The Board of Directors has laid down Code of Conduct for all Board Members and Senior Management of the Company which is posted on the Company's website www.hflgoa.com.
- (ii) The Members of the Board of Directors and Senior Management personnel have affirmed compliance with the Code applicable to them during the period ended 30th September, 2012 and a declaration to this effect signed by the Executive Director forms part of this report.

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, I, Soiru V. Dempo, Executive Director of Hindustan Foods Limited, declare that all Board Members and Senior Management Personnel of the Company have affirmed their compliance with the Code of Conduct during the financial period ended 30th September, 2012.

Panaji-Goa
5th November, 2012

SOIRU V. DEMPO
Executive Director

II. Audit Committee:

- a) The terms of reference and power of the Audit Committee are as per Clause 49 of the Listing Agreement and Section 292(A) of the Companies Act, 1956. The function of the Audit Committee is as per Listing Agreement with Stock Exchange. These include review of accounting and financial policies and procedures, review of financial reporting system, adequacy of internal control systems/internal audit function and risk management policies.
- b) The Audit Committee comprises of three Independent Directors. Six meetings were held during the period under report i.e. on 23rd May, 2011, 30th July, 2011, 8th November, 2011, 14th February, 2012, 30th April, 2012 and 30th July, 2012. Other details are as under:

Name	Designation	Number of meetings attended
Dr. A. B. Prasad	Chairman	2
Adv. Sudin M. Usgaonkar	Member	5
Mr. Ashok N. Manjrekar	Member	5

III. Remuneration Committee:

The Remuneration Committee comprises of the following members:

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

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

IV. Share Transfer and Investors' Grievance Committee:

Applications for transfer of shares held in physical form are received at the office of the RTA of the Company. The shares received by the Company/RTA for registration of transfers are processed by the RTA (generally within 10 days of receipt) and transferred expeditiously and the Share Certificate(s) are returned to the shareholder(s) by registered post. The Board Committee notes / ratifies the approved transfer / transmission / transposition of shares and looks into the redressal of Investors' grievances, if any, as and when required. Mr. Shrinivas V. Dempo as the Chairman and Mr. Soiru V. Dempo along with Dr. A. B. Prasad as members comprise the Share Transfer and Investors' Grievance Committee and they were present at all meetings of the Committee.

During the period under report, the Share Transfer and Investors' Grievances Committee met nine times on 11th April, 2011, 3rd June, 2011, 7th September, 2011, 17th November, 2011, 4th January, 2012, 15th February, 2012, 23rd April, 2012, 6th June, 2012 and 4th August, 2012.

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

V. General Meetings:

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

Particulars	Date	Venue
24 th Annual General Meeting	25 th September, 2009	Dempo House, Campal, Panaji, Goa – 403 001.
25 th Annual General Meeting	21 st September, 2010	- As above -
26 th Annual General Meeting	20 th September, 2011	- As above -

No Special resolutions were passed at these Meetings.

VI. Postal Ballot:

During the period under report, the Company conducted voting through postal ballot vide notice dated 14.08.2012. The Company complied with the procedures for the Postal Ballot in terms of the Companies (Passing of Resolution by Postal Ballot) Rules, 2001 and the amendments thereto. Mr. Sadashiv V. Shet, a Practising Company Secretary was appointed Scrutinizer to conduct the Postal Ballot process. The results of the Postal Ballot were announced on 25th September, 2012 and published on 26th September, 2012 in the 'Business Standard', Mumbai Edition newspaper for the information of members. The voting pattern of the resolutions passed through the said Postal Ballot were as under:

Sr. No.	Item	Votes caste	
		For	Against
1.	Approval by Ordinary Resolution for increase in the Authorised Share Capital of the Company from Rs. 5,00,00,000/- to Rs. 7,00,00,000/-.	3833044	1900
2.	Approval by way of Ordinary Resolution for amending the Capital Clause V of the Memorandum of Association of the Company.	3832944	1900
3.	Approval by way of Special Resolution for amending Article 3 of the Articles of Association of the Company.	3831144	3700
4.	Approval by way of Special Resolution for grant of authority to create, issue/offer, allot and deliver in one or more tranches on a private placement and / or preferential basis not exceeding 2,00,000 9% Redeemable, Non Convertible, Preference Shares of Rs.100/- each of an aggregate nominal amount not exceeding Rs. 2,00,00,000/- in the aggregate out of the authorized capital of the Company to the Promoter Group of the Company.	3831044	3700

VII. Disclosures:

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

VIII. Code for Prevention of Insider Trading:

In compliance with the SEBI Regulations on Prevention of Insider Trading, the Company has instituted a Code of Conduct for Prevention of Insider Trading for its management, staff and relevant business associates. The Code lays down guidelines, which advises them on procedures to be followed and disclosures to be made while dealing with the shares of the Company.

IX. CEO/CFO Certification:

The CEO/CFO Certification of the financial statements for the eighteen months period, is enclosed at the end of the report.

X. Means of Communication:

The quarterly unaudited financial results were published in the Financial Express/The Navhind Times (English Dailies) and Navprabha (Marathi Daily). The results were also displayed on the Company's website at www.hflgoa.com.

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

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



XI. Shareholder Information:

27th Annual General Meeting

- (i) **Day, Date, Time and Venue** : Tuesday, 18th December, 2012 at 10.30 a.m. at Dempo House, Campal, Panaji-Goa – 403 001
- (ii) **Current Financial Year** : 1st April, 2011 to 30th September, 2012
- (iii) **Date of Book Closure** : Wednesday, 12th December, 2012 to Tuesday, 18th December, 2012 (both days inclusive)
- (iv) **Dividend Payment Date** : There was no dividend recommendation and hence not applicable.
- (v) **Listing** : The Bombay Stock Exchange Ltd. (BSE)
- (vi) **Stock Code:**

BSE	519126
Demat ISIN in CDSL & NSDL	INE254N01018

(vii) Market price Information (Upon resumption of trading w.e.f. 11/06/2012):

Month	Bombay Stock Exchange Ltd. (BSE)	
	High	Low
June 2012*	–	–
July 2012*	–	–
August 2012	5.25	5.00
September 2012*	–	–

* No trades recorded for these months.

Source: www.bseindia.com

(viii) Registrars and Share Transfer Agents :

Members are requested to correspond with the Company's Registrar and Share Transfer Agents –

Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills Compound
L.B.S. Marg, Bhandup (West)
Mumbai – 400 078
Ph.: (022) 25946970
Fax: (022) 25946969
Email: rnt.helpdesk@linkintime.co.in

(ix) Share Transfer System:

Share transfers in physical form can be lodged with the Company's Registrar and Share Transfer Agents. The Company in order to improve the quality of services to investors, process share transfer requests within the stipulated time and for reasons of convenience, has given powers to its Registrar and Share Transfer Agents to approve and effect the transmission/transfer/transposition of shares and give effect to dematerialisation requests.

As per the requirement of clause 47 (c) of the Listing Agreement with the Stock Exchange, 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 period under report have been filed with the Stock Exchange within one month of the end of each quarter.

SEBI vide its circular dated 20th May, 2009, made it mandatory for the transferee(s) to furnish a copy of PAN card to the Company/RTAs for registration of transfer of shares, for securities market transactions and off-market / private transactions involving transfer of shares in physical form.

(x) Distribution of Shareholding :

Distribution Schedule as on 30th September, 2012

No. of Shares	No. of Shareholders	% of Shareholders	No. of Shares	% to Total
1 to 5000	6,031	96.73	8,86,706	17.73
5001 to 10000	137	2.20	1,04,300	2.09
10001 to 20000	40	0.64	55,850	1.12
20001 to 30000	12	0.19	30,100	0.60
30001 to 40000	0	0.00	0	0.00
40001 to 50000	4	0.06	18,750	0.37
50001 to 100000	5	0.08	32,900	0.66
100001 and above	6	0.10	38,71,394	77.43
Total	6,235	100.00	50,00,000	100.00

Distribution of Shareholding (Categorywise) as on 30th September, 2012 :

Category	No. of Shareholders	No. of Shares	% of Shareholding
Promoters, Directors, their relatives & Associates	6	37,23,294	74.46
Financial Institution / Banks	2	7,400	0.15
Bodies Corporate	27	92,450	1.85
Non-Resident Individuals (NRI's)	323	89,300	1.79
Resident Individuals	5,877	10,87,556	21.75
Total	6,235	50,00,000	100.00

(xi) Dematerialization of Shares and Liquidity:

The Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL) for dematerialization of the shares of the Company and Company's ISIN is INE254N01018. As on 30th September, 2012, 0.08% of the Company's paid-up capital representing 3,800 shares were held in dematerialized form.



(xii) Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity :

- Nil -

(xiii) Plant Location:

Usgao,
Ponda-Goa – 403 407

(xiv) Address for correspondence :

For transfer / dematerialization of shares and any other query relating to the shares of the Company –

Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills Compound
L.B.S. Marg
Bhandup (West)
Mumbai – 400 078
Ph.: (022) 25946970
Fax: (022) 25946969
Email: rnt.helpdesk@linkintime.co.in

For investors assistance / complaints, if any –

Mr. G. S. Talekar
Chief Executive - Operations
Hindustan Foods Limited
Dempo House, Campal
Panaji - Goa – 403 001
Tel.: (0832) 2224556
Fax: (0832) 2225098
Email: hflinvestorrelations@demos.com

Status of compliance of Non-mandatory requirements

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

1. The Board:

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

No Policy has been fixed on tenure of Independent Directors.

2. Remuneration Committee:

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

3. Shareholders' Rights:

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

4. **Audit Qualifications:**
During the year under review, there were no audit qualifications in the financial statements.
5. **Training of Board Members:**
Not yet adopted by the Company.
6. **Mechanism for evaluating non-executive Board Members:**
Not yet adopted by the Company.
7. **Whistle Blower Policy:**
The Company does not have any Whistle Blower Policy.

To,
The Members,
Hindustan Foods Limited

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

We have examined the compliance of the conditions of Corporate Governance by **HINDUSTAN FOODS LIMITED** for the period ended 30th September, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange of India.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the verification of procedures and implementation thereof, adopted by the Company, for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us :

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

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

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

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

S. SRIRAM
Partner

Place : Panjim
Date : November 5, 2012

Membership No.: 202813



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

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

- (a) We have reviewed financial statement and the cash flow statement of the Company for the eighteen months period ended 30th September, 2012 and that to the best of our knowledge and belief.
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company’s affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company’s code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee:
 - (i) Significant changes in internal control over financial reporting during the year;
 - (ii) Significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and
 - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company’s internal control system over financial reporting.

SOIRU V. DEMPO
Executive Director

G. S. TALEKAR
Chief Executive-Operations

Place : Panaji-Goa
Date : 5th November, 2012

AUDITOR'S REPORT TO THE SHAREHOLDERS

1. We have audited the attached Balance Sheet of **HINDUSTAN FOODS LIMITED**, Panaji, Goa, as at 30th September, 2012 and also the Statement of Profit and Loss and the Cash Flow Statement of the Company for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies [Auditors Report] Order, 2003 issued by Central Government in terms of Section 227[4A] of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in Paragraph 3, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit;
 - (ii) In our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination of those books;
 - (iii) The Balance Sheet, the Statement of Profit & Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet, the Statement of Profit & Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (v) On the basis of the written representation received from the Directors as on 30th September, 2012, we report that none of the Directors is disqualified as on 30th September, 2012 from being appointed as a Director in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956;
 - (vi) **No provision for debts considered doubtful of recovery amounting to Rs. 2,36,98,628/- has been made (Refer Note 14);**
 - (vii) **Share issue, advertisement & sales promotion and Product launch expenses aggregating to Rs. 2,89,56,033/- have not been absorbed and carried forward under Miscellaneous Expenditure (Refer Note 12);**
 - (viii) **Depreciation amounting to Rs. 67,37,828/- on certain Fixed Assets has not been considered in the earlier years (Refer Note 31);**



(ix) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and other notes thereon give the information required by the Companies Act, 1956 in the manner so required **subject to paragraph (vi), (vii), (viii) above and consequent effect thereof on the assets, liabilities and the cumulative loss of the Company and** give a true and fair view, in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 30th September, 2012;
- (b) In the case of the Profit and Loss Account, of the Loss of the Company for the period ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

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

S. SRIRAM
Partner

Membership No.: 202813

Place : Panjim
Date : November 5, 2012

ANNEXURE TO AUDITOR'S REPORT

Referred to in Paragraph 3 in our Report of even date

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

1. In respect of fixed assets :
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) The fixed assets have been physically verified by the management during the period. We have been informed that no material discrepancies were noticed on such verification.
 - c) The Company has not disposed off any substantial part of fixed assets during the period and the going concern status of the Company is not affected.
2. In respect of inventories :
 - a) The stock of inventory has been physically verified by the management at the close of the period.
 - b) In our opinion, the procedures followed by the management for physical verification of inventories are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) The Company has maintained proper records of inventories. As explained to us, the discrepancies noticed between physical verification of stocks and book records were not material, and the same have been properly dealt with in the books of account.
3. In respect of loans, secured or unsecured, granted or taken by the Company to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 :
 - a) The Company has taken interest free and interest bearing loan from its Holding Company, which are repayable on demand. The maximum balance outstanding during the period and the period-end balance is Rs. 746.47 lacs. The Company has taken interest free unsecured loan from a Company listed in the register maintained under Section 301 of the Companies Act, which is repayable on demand. The maximum balance outstanding during the period and the period-end balance is Rs. 12.50 lacs. The Company has also taken interest bearing unsecured loan from a Company listed in the register maintained under Section 301 of the Companies Act, 1956, which is repayable on demand. The maximum balance outstanding during the period and the period-end balance is Rs. 142.08 lacs.
 - b) The Company has not granted loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
 - c) As per the explanations given to us, the rate of interest and other terms and conditions of the loans taken by the Company are prima-facie not prejudicial to the interest of the Company.
 - d) There are no over due amounts more than Rupees One lakh.



4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets, sale of goods and services. During the course of our audit, no major weaknesses have been observed in the internal controls.
5. In respect of transactions covered under Section 301 of the Companies Act, 1956 :
 - a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered in the register maintained under Section 301 of the Companies Act, have been so entered.
 - b) In our opinion and according to the information and explanations given to us, these transactions have been made at reasonable prices having regard to the prevailing market prices at that time.
6. The Company has not accepted any deposits from the public requiring compliance of Section 58A and Section 58AA of the Companies Act, 1956 and the rules framed there under.
7. Although the Company has no formalized internal audit system, its internal control procedures ensure reasonable internal checking of financial and other records and this can be considered adequate under the circumstances.
8. The Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of the business activities carried out by the Company.
9. In respect of statutory dues :
 - a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees state insurance, sales tax, custom duty, excise duty, cess, service tax and other material statutory dues applicable to it.
 - b) According to the information and explanations given to us, no undisputed amounts payable in respect of sales tax, custom duty, excise duty, service tax and cess were in arrears, as at 30th September, 2012 for a period of more than six months from the date they became payable except Rs. 51.16 lacs towards Investor Education and Protection Fund under Section 205C of the Companies Act, 1956.
 - c) According to the information and explanations given to us, there are no dues of sales tax, custom duty, excise duty, service tax and cess, which have not been deposited on account of any dispute.
10. The Company is having accumulated losses in excess of 50% of its net worth as on 30th September, 2012. The Company has incurred cash losses during the current financial period. But there are no cash losses in the previous financial year.
11. According to the information and explanations given and the records examined by us, the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders. A sum of Rs. 51.16 lacs remains unclaimed by the debenture holders.

12. The Company has not granted any loans or advance on the basis of security by way of pledge of shares, debentures or other securities.
13. The Company is not a chit fund, or a nidhi, mutual fund / society. Therefore the provisions of clause 4 (xiii) of the Companies (Auditors Report) Order 2003 are not applicable.
14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditors Report) Order 2003 are not applicable.
15. In our opinion and according to the information and explanations given to us, the Company has not given guarantee for loans taken by others from Banks and Financial Institutions, the terms and conditions whereof are prima facie prejudicial to the Company.
16. As per the records of the Company and information and explanations given to us, the Company has not taken any term loan.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that funds raised on short term basis have not been used for long term investment and vice versa, during the period.
18. The Company has made issue of 1,60,000 9% Redeemable Non Convertible Preference Shares of Rs. 100/- each aggregating Rs. 160 lacs to its Holding Company viz. V. S. Dempo Holdings Private Limited during the period, which in our opinion is prima facie not prejudicial to the interest of the Company.
19. The Company has not issued any debentures during the period.
20. The Company has not raised any money by way of public issue during the period.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Branch, noticed or reported during the year nor have been informed of such case by the management.

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

S. SRIRAM
Partner

Place : Panjim
Date : November 5, 2012

Membership No.: 202813



BALANCE SHEET AS AT 30TH SEPTEMBER, 2012

(All amount in Rupees)

S. No.	Particulars	Note No.	As at 30th September, 2012	As at 31st March, 2011
I	EQUITY AND LIABILITIES			
1	Shareholders Funds			
	(a) Share Capital	3	66,000,000	50,000,000
	(b) Reserves & Surplus	4	(65,210,454)	(48,855,605)
2	Non Current Liabilities			
	(a) Long Term Borrowings	5	90,104,725	81,913,284
	(b) Long Term Provisions	6	794,036	655,093
3	Current Liabilities			
	(a) Short Term Borrowings	7	5,735,522	7,775,305
	(b) Trade Payables	8	17,054,505	9,138,755
	(c) Other Current Liabilities	9	2,841,421	1,426,471
	Total		117,319,755	102,053,302
II	ASSETS			
1	Non Current Assets			
	(a) Fixed Assets			
	(i) Tangible Assets	10	32,000,957	30,554,841
	(ii) Intangible Assets	1	1	1
	(iii) Capital Work in Progress		6,150,757	-
	(b) Long Term Loans and Advances	11	176,787	176,787
	(c) Other Non Current Assets	12	28,956,033	27,123,762
2	Current Assets			
	(a) Inventories	13	13,258,728	10,088,111
	(b) Trade Receivables	14	33,984,365	28,455,742
	(c) Cash and Bank Balances	15	590,019	354,661
	(d) Short Term Loans and Advances	16	2,057,991	5,175,050
	(e) Other Current Assets	17	144,118	124,347
	Total		117,319,755	102,053,302

Significant Accounting Policies & Notes on Accounts 1 & 2

Vide our Report of even date

For and on behalf of Board of Directors

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

Shrinivas V. Dempo
Chairman

Soiru V. Dempo
Executive Director

S. Sriram
Partner
Membership No.: 202813

Sudin M. Usgaonkar
Director

Place : Panjim
Dated : November 5, 2012

STATEMENT OF PROFIT & LOSS FOR THE PERIOD ENDED 30TH SEPTEMBER, 2012

(All amount in Rupees)

S. No.	Particulars	Note No.	18 Months Ended 30th September, 2012	12 Months Ended 31st March, 2011
I	Revenue from Operations	18	70,555,390	39,327,524
	Less : Excise Duty		3,667,087	1,496,319
			66,888,303	37,831,205
II	Other Income	19	309,112	762,971
III	Total Revenue (I + II)		67,197,415	38,594,176
IV	Expenses			
	Cost of Materials Consumed	20	30,901,601	15,639,861
	Changes in Inventories of Work in Progress	21	(151,056)	21,452
	Employee Benefits Expense	22	23,949,490	10,269,820
	Finance Costs	23	7,157,705	1,346,557
	Depreciation		3,196,748	2,226,230
	Other Expenses	24	18,497,775	8,493,092
	Total Expenses		83,552,263	37,997,011
V	Profit before Tax (III - IV)		(16,354,848)	597,165
VI	Tax Expense			
	(a) Current Tax		—	—
	(b) Prior Year Tax		—	8,878
VII	Profit after Tax (V - VI)		(16,354,848)	588,287
VIII	Earnings per Equity Share (of Rs.10/- each) Basic & Diluted		(3.27)	0.12

Significant Accounting Policies & Notes on Accounts 1 & 2

Vide our Report of even date

For and on behalf of Board of Directors

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

Shrinivas V. Dempo
Chairman

Soiru V. Dempo
Executive Director

S. Sriram
Partner
Membership No.: 202813

Sudin M. Usgaonkar
Director

Place : Panjim
Dated : November 5, 2012



CASH FLOW STATEMENT FOR THE PERIOD ENDED 30TH SEPTEMBER, 2012

S. No.	Particulars	18 Months Ended 30th September, 2012		12 Months Ended 31st March, 2011	
A	Cash Flow from Operating Activities				
	Net Profit before Tax		(16,354,848)		597,165
	Adjustments				
	Depreciation	3,196,748		2,226,230	
	Interest Received	(24,334)		(134,019)	
	Credit Balances written back	(82,842)		—	
	Interest / Finance Charges	7,157,705		1,346,557	
	Loss on Sale of Assets	44,912	10,292,190	—	3,438,768
	<u>Operating Cash Flow before Working Capital changes</u>		(6,062,659)		4,035,933
	<u>Changes in Working Capital</u>				
	Adjustments for (Increase) / Decrease in Operating Assets				
	Inventories	(3,170,617)		(6,606,655)	
	Trade Receivables	(5,528,623)		(1,247,362)	
	Short Term Loans & Advances	3,172,060		(2,201,212)	
	Long Term Loans & Advances	—		(9,000)	
	Other Non Current Assets	(1,832,270)		(3,948,495)	
	Adjustments for Increase / (Decrease) in Operating Liabilities				
	Trade Payables	7,998,592		435,761	
	Other Current Liabilities	1,414,951		(764,327)	
	Long Term Provisions	138,943	2,193,036	22,037	(14,319,254)
	Cash generated from Operations		(3,869,623)		(10,283,322)
	Direct Taxes (Net)		(55,001)		1,310,399
	Net Cash Flow from Operating Activities		(3,924,624)		(8,972,922)
B	Cash Flow from Investing Activities				
	Purchase of Fixed Assets	(11,103,423)		(1,232,674)	
	Sale of Fixed Assets	264,889		—	
	Interest Income	4,563		112,080	
	Net Cash Flow from Investing Activities		(10,833,971)		(1,120,594)
C	Cash Flow from Financing Activities				
	Interest / Finance Charges	(7,157,705)		(1,346,557)	
	Increase in Share Capital	16,000,000		—	
	Long Term Borrowings (Net)	8,191,441		11,000,000	
	Short Term Borrowings (Net)	(2,039,784)		447,919	
	Net Cash Flow from Financing Activities		14,993,952		10,101,362
	Net Increase / (Decrease) in Cash & Cash Equivalents		235,357		7,846
	Opening Balance in Cash & Cash Equivalents		105,872		98,026
	Closing Balance in Cash & Cash Equivalents		341,230		105,872

Vide our Report of even date

For and on behalf of Board of Directors

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

Shrinivas V. Dempo
Chairman

Soiru V. Dempo
Executive Director

S. Sriram
Partner

Sudin M. Usgaonkar
Director

Membership No.: 202813

Place : Panjim

Dated : November 5, 2012

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH SEPTEMBER, 2012

1. CORPORATE INFORMATION

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

2. SIGNIFICANT ACCOUNTING POLICIES :

i) Accounting Conventions:

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

The Company is a Sick Industrial Company under Section 3(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 and has incurred cash loss for the accounting period. Considering the various ongoing measures taken for the rehabilitation of the Company, the Accounts are presented on the principles applicable to a going concern.

ii) Fixed Assets :

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

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 Benefit :

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

Contributions to Provident Fund are charged to profit and loss accounts and are remitted to an approved exempted trust.

d) Long term Compensated absences :

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

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) Deferred Tax:

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

viii) Miscellaneous Expenditure :

Share issue, Sales Promotion and product launch expenditure have not been written off due to inadequacy of profit.

Note No.	Particulars	As at 30th September, 2012		As at 31st March, 2011	
		Number	Rs.	Number	Rs.
3	Shareholder's Funds - Share Capital				
	Authorised				
	Equity Shares of Rs. 10/- each	5,000,000	50,000,000	5,000,000	50,000,000
	9% Redeemable, Non Convertible Preference Shares of Rs. 100/- each	200,000	20,000,000	—	—
	Issued, Subscribed & Fully paid-up				
	Equity Shares of Rs.10/- each	5,000,000	50,000,000	5,000,000	50,000,000
	9% Redeemable, Non Convertible Preference Shares of Rs. 100/- each	160,000	16,000,000	—	—
	Total	5,160,000	66,000,000	5,000,000	50,000,000

i)	Disclosure of number of shares outstanding for each class of shares as at				
Particulars		As at 30th September, 2012		As at 31st March, 2011	
		Number	Rs.	Number	Rs.
a) Equity Shares					
Shares outstanding at the beginning of the year		5,000,000	50,000,000	5,000,000	50,000,000
Shares outstanding at the end of the year		5,000,000	50,000,000	5,000,000	50,000,000
b) Preference Shares					
Shares outstanding at the beginning of the year		—	—	—	—
Add : Shares Allotted during the year		160,000	16,000,000	—	—
Shares outstanding at the end of the year		160,000	16,000,000	—	—
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 30th September, 2012		As at 31st March, 2011	
		No. of Equity Shares held	% Holding	No. of Equity Shares held	% Holding
M/s. V. S. Dempo Holdings Pvt. Ltd.		3,159,993	63.20%	3,159,993	63.20%
M/s. Marmagoa Shipping & Stevedoring Co. Pvt. Ltd.		400,001	8.00%	400,001	8.00%
		No. of Preference Shares held	% Holding	No. of Preference Shares held	% Holding
M/s. V. S. Dempo Holdings Pvt. Ltd.		160,000	100.00%	—	—



(All amount in Rupees)

Note No.	Particulars	18 Months Ended 30th September 2012	12 Months Ended 31st March 2011
4	Reserves & Surplus		
	Capital Reserve		
	Opening & Closing Balance	4,800	4,800
	Surplus		
	Opening Balance	(48,860,405)	(49,448,693)
	Add : Net Profit / (Loss) for the current year	(16,354,848)	588,287
	Closing Balance	(65,215,254)	(48,860,405)
	Total	(65,215,254)	(48,855,605)
5	Long Term Borrowings		
	Secured Loans		
	Loans from Related parties	33,464,161	26,600,000
	(The above loan from V. S. Dempo Holdings Private Limited, is at interest rate of 10%)		
	Loans from Related parties	41,183,000	41,583,000
	(The above loan from V. S. Dempo Holdings Private Limited, is interest free)		
	Unsecured Loans		
	Loan from Related party	1,250,000	1,250,000
	(The above loan from Marmagoa Shipping & Stevedoring Company Pvt. Ltd., is interest free)		
	Loan from Related party	14,207,564	12,480,284
	(The above loan from Dempo Industries Private Ltd., is at interest rate of 10%)		
	Total	90,104,725	81,913,284
6	Long Term Provisions		
	Provision for Employee Benefits	794,036	655,093
	Total	794,036	655,093

(All amount in Rupees)

Note No.	Particulars	18 Months Ended 30th September 2012	12 Months Ended 31st March 2011
7	Short Term Borrowings		
	Secured		
	Loans repayable on demand from Bank		
	- Cash Credit from Bank of Maharashtra (Secured by hypothecation of stock and book debts)	644,419	2,737,592
	- Cash Credit from Bank of Maharashtra (Secured by pledge of fixed deposits of V. S. Dempo Holdings Private Limited)	5,091,103	5,037,713
	Total	5,735,522	7,775,305
8	Trade Payables		
	Trade Payables	17,054,505	9,138,755
	Total	17,054,505	9,138,755
9	Other Current Liabilities		
	Statutory Liabilities including Withholding taxes	554,176	93,885
	Accrued Employee Benefits	886,403	561,730
	Accrued Expenses	1,400,843	770,856
	Total	2,841,421	1,426,471

Note No. 10 : Fixed Assets

(All amount in Rupees)

S. No.	Fixed Assets	Rate	Gross Block			Accumulated Depreciation				Net Block	
			As at 01.04.2011	Additions	Deductions	As at 30.09.2012	As at 01.04.2011	Depreciation on Charge	Deduction / Adjust-ment	As at 30.09.2012	As at 01.04.2011
a)	Tangible Assets										
	Freehold Land & Devt.	–	557,490	–	–	557,490	–	–	–	557,490	557,490
	Buildings	3.34%	27,875,482	–	–	27,875,482	12,624,554	1,396,562	–	13,854,366	15,250,927
	Plant & Machinery	4.75%	52,679,323	4,688,455	–	57,367,778	40,550,845	1,381,380	–	15,435,552	12,128,478
	Computers	16.21%	740,869	20,238	–	761,107	522,874	92,158	–	146,075	217,994
	Furniture & Fittings	6.33%	2,762,161	243,973	–	3,006,134	1,046,430	214,154	–	1,745,551	1,715,731
	Vehicles	9.50%	872,723	–	422,222	450,501	188,503	112,494	112,421	261,924	684,220
	Total		85,488,048	4,952,666	422,222	90,018,492	54,933,207	3,196,748	112,421	32,000,957	30,554,841
	Previous Year		84,255,373	1,232,674	–	85,488,048	52,706,977	2,226,230	–	30,554,841	31,548,396
b)	Intangible Assets										
	Trademark		1	–	–	1	–	–	–	1	1
	Total		1	–	–	1	–	–	–	1	1
	Previous Year		1	–	–	1	–	–	–	1	1
c)	Capital Work in Progress										
										6,150,757	–
	Total		85,488,049	4,952,666	422,222	90,018,493	54,933,207	3,196,748	112,421	38,151,715	30,554,842
	Previous Year		84,255,374	1,232,674	–	85,488,049	52,706,977	2,226,230	–	30,554,842	31,548,397

(All amount in Rupees)

Note No.	Particulars	18 Months Ended 30th September 2012	12 Months Ended 31st March 2011
11	Long Term Loans and Advances		
	Security Deposits		
	Unsecured, Considered Good	176,787	176,787
	Total	176,787	176,787
12	Other Non Current Assets		
	Misc Expenditure not written off		
	- Product Launch Expenses	3,948,495	3,948,495
	- Share Issue Expenses	3,466,498	3,466,498
	- Advertisement & Sales Promotion Expenses	21,541,040	19,708,769
	Total	28,956,033	27,123,762
13	Inventories		
	Raw Materials	9,055,036	6,509,749
	Packing Materials	1,905,867	1,520,231
	Stores & Consumables	1,923,139	1,845,988
	Finished Goods	374,686	212,143
	Total	13,258,728	10,088,111
14	Trade Receivables		
	Trade Receivables outstanding for a period exceeding 6 months (from the date they are due for payment)		
	Unsecured, Considered Doubtful	23,698,628	20,086,601
	Less : Provision made	—	—
		23,698,628	20,086,601
	Trade Receivables outstanding for a period of less than 6 months (from the date they are due for payment)		
	Unsecured, Considered Good	10,285,737	8,369,141
	Total	33,984,365	28,455,742



(All amount in Rupees)

Note No.	Particulars	18 Months Ended 30th September 2012	12 Months Ended 31st March 2011
15	Cash and Bank Balances		
	(i) Cash and Cash Equivalents		
	a) Cash on Hand	317,863	64,006
	b) Balances with Banks in Current Accounts	23,366	41,866
		341,230	105,872
	(ii) Others		
	Margin Money	248,789	248,789
		248,789	248,789
	Total	590,019	354,661
16	Short Term Loans and Advances		
	(Unsecured, Considered Good)		
	Balances with Government Authorities	247,028	160,644
	Prepaid Expenses	148,020	215,203
	Advance Tax (Net of Provision)	1,189,986	1,134,985
	Advance to Employees	199,201	55,500
	Advance to Suppliers	273,756	3,608,718
	Total	2,057,991	5,175,050
17	Current Assets - Other Current Assets		
	Interest Accrued on Deposits	144,118	124,347
	Total	144,118	124,347
18	Revenue from Operations		
	Sale of Products	68,973,098	38,867,405
	Sale of Services		
	– Processing Charges	1,328,834	376,266
	Other Operating Revenue		
	– Sale of Scrap	170,615	83,853
	– Credit Balances written back	82,842	–
	Total	70,555,390	39,327,524
19	Other Income		
	Interest from Banks	23,823	21,955
	Interest from Others	511	112,064
	Miscellaneous Income	284,778	628,952
	Total	309,112	762,971

Note No.	Particulars	18 Months Ended 30th September 2012	12 Months Ended 31st March 2011
20	Cost of Materials Consumed		
	Opening Stock of Raw Materials	6,509,749	1,472,493
	Add: Purchases	33,446,888	20,677,117
		39,956,638	22,149,610
	Less : Closing Stock of Raw Materials	9,055,036	6,509,749
	Total	30,901,601	15,639,861
	Details of Raw Material Consumed		
	Cereals and Food Grains	30,901,601	15,639,861
	Total	30,901,601	15,639,861
	Details of Raw Material Inventory		
21	Cereals and Food Grains	9,055,036	6,509,749
	Total	9,055,036	6,509,749
	Changes in Inventories of Finished Goods		
	Opening Stock		
	Finished Goods	200,474	221,925
	Closing Stock		
	Finished Goods	351,530	200,474
	Total	(151,056)	21,452
	Details of Inventory in Finished Goods		
	Weaning Food Intermediate	351,530	200,474
22	Total	351,530	200,474
	Employee Benefits Expense		
	Salaries & Incentives	20,452,122	8,481,564
	Contribution to Provident & Other Funds	2,546,943	1,350,607
	Staff Welfare Expenses	950,425	437,649
	Total	23,949,490	10,269,820

(All amount in Rupees)

Note No.	Particulars	18 Months Ended 30th September 2012	12 Months Ended 31st March 2011
23	Finance Cost		
	Interest Expense		
	– To Banks	1,056,245	758,143
	– To Others	6,070,977	525,562
	Bank Charges	30,483	62,852
	Total	7,157,705	1,346,557
24	Other Expenses		
	(i) Manufacturing and Operating Costs		
	Consumption of Stores & Consumables	531,437	254,872
	Consumption of Packing Material	1,362,247	408,238
	Power & Fuel	6,450,461	3,337,967
	Water Charges	471,412	262,485
	Freight Inwards	560,585	267,314
	Repairs & Maintenance - Shop Floor	406,561	146,028
	Sundry Production Expenses	119,033	21,452
		9,901,736	4,698,357
	(ii) Administration		
	Rent, Rates & Taxes	305,187	200,470
	Insurance	222,226	177,869
	Travelling & Conveyance	1,540,233	885,744
	Repairs & Maintenance - Others	1,303,196	961,599
	Printing & Stationery	210,811	125,167
	Postage & Courier	166,242	86,075
	Telephone & Internet Expense	152,902	83,780
	Legal & Professional Charges	809,627	58,908
	Audit Fees	95,506	82,725
	Directors Sitting Fees	73,250	50,000
	Security Charges	900,266	589,550
	Loss on Sale of Assets	44,912	–
	Other Miscellaneous Expenses	2,716,305	455,104
		8,540,663	3,756,991
	(iii) Selling & Distribution		
	Selling Expenses	14,377	4,744
		14,377	4,744
	(iv) Others		
	Donation	41,000	33,000
		41,000	33,000
	Total	18,497,775	8,493,092

OTHER NOTES :

25. Contingent Liabilities

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

26. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance) is Rs. 5 Lacs (previous year Rs. 11 Lacs).

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

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

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

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

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

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

32. Remuneration to Auditors :

Audit Fees	:	33,708
Tax Audit	:	5,618
Others	:	56,180
		<u>95,506</u>

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

34. The Accounting Standard 22, Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India has become applicable to the Company from 01.04.2001 and to comply with the same the Company reviewed its Deferred Tax Assets and Liabilities. The timing differences mainly arising on account of Un-absorbed Business Loss and Depreciation relating to earlier years have given rise to net Deferred Tax Asset as on 30-09-2012 as well as for the year. As a prudent policy the said net Deferred Tax Asset has not been recognized in the Accounts.

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



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

Relationship

Holding Company :

M/s. V. S. Dempo Holdings Pvt. Ltd.

Fellow Subsidiary :

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

M/s. Dempo Industries Pvt. Ltd.

M/s. Dempo Travels Pvt. Ltd.

Nature of Transaction	Holding Company	Associate Companies
Professional fees & services rendered	2,89,724 (1,99,416)	— —
Services availed	8,169 (66,974)	5,78,586 (5,78,088)
Interest on loan	36,71,977 (5,25,562)	23,99,000 (—)
Unsecured Loan obtained	64,64,161 (110,00,000)	17,27,280 (—)
Unsecured Loan Repaid	— —	— (—)
Outstanding Loans as on 31-03-2012	7,46,47,161 (6,81,83,000)	1,54,57,564 (1,37,30,284)
Trade Receivable	— (1,41,444)	— (—)
Trade Payable	38,94,023 (—)	12,47,142 (8,63,718)

37. Previous year's figures have been recast & regrouped wherever necessary.

38. Value of Raw Material Consumption (Rs.)

Particulars	18 Months Ended 30th September, 2012		12 Months Ended 31st March, 2011	
	Value	%	Value	%
Imported	—	—	—	—
Indigenous	3,09,01,601	100%	1,56,39,861	100%
Total	3,09,01,601	100%	1,56,39,861	100%

39. Expenditure in Foreign Currency

Nil

Nil

40. Earning per Equity Share

Particulars	18 Months Ended 30th September 2012	12 Months Ended 31st March 2011
Net Profit available for Equity Shareholders	(1,63,54,848)	5,88,287
No. of Equity Shares	50,00,000	50,00,000
Earnings per Share (Rs.) Basic & Diluted	(3.27)	0.12
Nominal Value per Equity Share (Rs.)	10.00	10.00

As per our report of even date
annexed hereto

For and on behalf of Board of Directors

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

Shrinivas V. Dempo
Chairman

Soiru V. Dempo
Executive Director

S. Sriram
Partner
Membership No.: 202813

Sudin M. Usgaonkar
Director

Place : Panjim

Dated : November 5, 2012



Hindustan Foods Limited

PROXY FORM

I/We
of
..... being a Member(s) of the above named Company
hereby appoint of
or failing him/her of.....
as my/our proxy to vote for me/us and on my/our behalf at the 27th Annual General Meeting of
the said Company to be held on Tuesday, the 18th December, 2012 at 10.30 a.m. and at any
adjournment thereof.

Signed this day of, 2012.


Signature

Affix
30 paise
Revenue
Stamp

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

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Multi Grain Malt



**Ragi Malt Lite
(No Sugar Added)**

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with Vitamins & Minerals**

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Hindustan Foods Ltd.
(An ISO 22000:2005 Certified Company)

Registered & Corporate Office
Dempo House, Campal, Panaji, Goa - 403 001
Ph. (0832) 2224556, 2220409
e-mail:hfl@demos.com