



**HINDUSTAN
FOODS
LIMITED**

www.hflgoa.com

28th Annual Report 2012-13

HINDUSTAN FOODS LIMITED

28th Annual Report 2012-13

(Financial Year is from 1st October, 2012 to 30th September, 2013)

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>

General Manager (Corporate Affairs)

Mr. G. K. S. Kerkar

Registered Office

Dempo House,
Campal, Panaji,
Goa. 403001.

Website

hflgoa@dempos.com

Investor Email Id

hflinvestorrelations@dempos.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

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NOTICE

Notice is hereby given that the Twenty-Eighth 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 Saturday, the 14th December, 2013 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, 2013 and Profit and Loss Account and Cash Flow Statement for the financial year comprising 12 months period ended on that date as also the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Ashok N. Manjrekar who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint 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 Tuesday, the 10th of December, 2013, to Saturday, the 14th of December, 2013 (both days inclusive).
3. 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.
4. In terms of the Articles of Association of the Company, Mr. Ashok N. Manjrekar 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

Soiru V. Dempo
Executive Director

Panaji-Goa
15th November, 2013

Registered Office:
Dempo House,
Campal,
Panaji-Goa 403 001.

DIRECTORS' REPORT

Your Directors present the Twenty-Eighth Annual Report and the Audited Accounts of the Company for the twelve months period ended 30th September, 2013.

Financial Results:

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

(Rs. in Lacs)

	For the Twelve months ended 30 th September, 2013	For the Eighteen months ended 30 th September, 2012
Profit /(Loss) for the year before		
Finance charges and depreciation	(5.23)	(60.00)
Finance charges	<u>92.56</u>	<u>71.58</u>
Profit /(Loss) before depreciation	(97.79)	(131.58)
Depreciation	<u>22.43</u>	<u>31.96</u>
Profit /(Loss) carried to Balance Sheet	(120.22)	(163.54)

Consolidation of Promoter Group holding in one Company :

During the year, the Promoter Group holding in the Company consisting of 37,22,294 equity shares held by M/s. V. S. Dempo Holdings Pvt. Ltd., M/s. Marmagoa Shipping & Stevedoring Co. Pvt. Ltd., M/s. Dempo Industries Pvt. Ltd., and M/s. Motown Investments Pvt. Ltd., were consolidated and transferred to M/s. Dempo Foods Pvt. Ltd. as inter se transfer amongst qualifying parties. The Promoter Group holding in the Company remains intact to 74.45% of paid-up equity capital.

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.603 lacs and loss after tax of Rs.120 lacs.

The Company has entered into :

- i) Manufacturing and Supply Agreement with Pepsico India Holdings Private Ltd. to manufacture on monthly basis, mainly Kurkure Extruded Products and any other products as may be mutually agreed in future, under the trademark of "Pepsico" for a period up to 30/06/2014.
- ii) Manufacturing & Supply Agreement with M/s. Mankind Pharma Ltd. to manufacture its product under the brand name "Tomilac Powder" for a period upto 16/09/2015.
- iii) Manufacturing & Supply Agreement with M/s. Himalaya Drug Company to manufacture its product under the brand name "Hiowna" for a period upto 01/09/2018.

Dividend :

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

Accreditation:

The Company continues to enjoy ISO 22000:2006 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 :

In terms of the Articles of Association of the Company, Mr. Ashok N. Manjrekar, 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 twelve months period ended 30th September, 2013, 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 twelve 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 twelve months period ended 30th September, 2013 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 also place on record their deep appreciation for the valuable support and guidance from M/s. Dempo Foods 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

Soiru V. Dempo
Executive Director

Panaji
Dated : 15th November, 2013

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 twelve months period ended 30th September, 2013.

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 260131
		* Total amount	Rs. 18,80,879
		* Rate/Unit	Rs./Kwh 7.09
		* including Demand charges	
	b)	Own Generation	
		Through Diesel Generator	
		Units	Kwh 87601
		Units per Ltr.of Diesel Oil	Kwh 2.94
		Cost/Unit	Rs./Kwh 18.58
2.	Coal [Specify quality & where used]		
		Quantity (Tonnes)	--
		Total Cost	--
		Average Rate	--
3.	Furnace Oil (H.S.D. for Brand Drier)		
		Quantity	L 27220
		Total Amount	Rs. 14,87,300
		Average Rate	Rs. 54.64
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)	---	742.88
Electricity (Units)	---	350.16
H.S.D. Oil (Units)	---	117.92
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 2012-13 was for Twelve months period, which ended on 30th September, 2013. This year was also a very difficult and challenging year for the Company. During the period under consideration, the Company continued to manufacture intermediate foods for third parties. However, there were major milestones in the business prospects. The Company has also signed agreement with M/s. Pepsico Holdings Pvt. Ltd. for manufacture of Snack Foods brand – Kurkure, for which the trials were conducted successfully. Currently, the samples of the products produced are under evaluation. The Commercial production is likely to start in the subsequent quarter. Your Company has also been able to sign agreements with some other major Nutraceutical product Companies like M/s Himalaya Drug Company for its brand Hiowna in full product packing form and M/s Mankind Pharma Limited for its brand Tomilac in full product pack form. Both these products are established in the market. During the year, Trials for these activities were conducted and confirm orders are expected in the forthcoming quarters. The Company is looking at becoming a major supplier for the above mentioned business. Also the company is catering to its earlier customer base for various intermediate products which it has been doing for a long time. With these long term agreements in place, your company expects to utilise the production capacities to maximum. The profitability is expected to improve with the higher volume of business in future.

Your Company is having competent and qualified Food Technologists and Engineers, and takes various initiatives to keep them updated on new technologies and knowledge, to 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.

The Company is also adopting to manufacture internal controls to all the individual customers whenever they have asked for.

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:

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 twelve months (from 1st October, 2012 to 30th September, 2013).

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 4 times i.e. on 5th November, 2012, 28th January, 2013, 26th April, 2013 and 7th August, 2013.

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 other companies	No. of Board Committees of which the Director is a Chairperson in other companies
1.	Shrinivas V. Dempo	Chairman (Non-Executive)	4	No	19*	-	-
2.	Soiru V. Dempo	Executive Director	4	Yes	9	1	-
3.	A. B. Prasad	Non-Executive	1	Yes	2	1	-
4.	Sudin M. Usgaonkar	Non-Executive	4	No	6	-	-
5.	Ashok N. Manjrekar	Non-Executive	3	No	-	-	-

* Includes directorship held in 15 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, 2013 are as follows:

Sr. No.	Name of the Director	Sitting Fees (Rs.)
1	Mr. Shrinivas V. Dempo	9,000
2	Mr. Soiru V. Dempo	9,000
3	Dr. A. B. Prasad	2,750
4	Adv. Sudin M. Usgaonkar	11,000
5	Mr. Ashok N. Manjrekar	8,250

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

Mr. Ashok N. Manjrekar retires by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. The brief profile of the Director proposed for appointment / re-appointment, is as follows:

Mr. Ashok N. Manjrekar :

Mr. Ashok N. Manjrekar has been on the Board of the Company since 20th January, 2006. He is M. Tech. in Food Technology from U.D.C.T., Mumbai and is a Food and Nutrition Consultant.

Mr. Manjrekar has vast experience in development of Food products, development of Packaging, Nutrition, Micro-biology, Quality Assurance and other statutory requirements. He has in the past been associated with Glaxo and Heinz in the Food Research & Development capacities.

Mr. Manjrekar is not a Director in any Public Limited Company in India, other than Hindustan Foods Limited.

e) Shareholding of Directors:

As on 30th September, 2013 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, 2013 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, 2013.

Soiru V. Dempo
Executive Director

Panaji-Goa.

Date : 15 November, 2013

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.

Hindustan Foods Limited

- b) The Audit Committee comprises of three Independent Directors. Four meetings were held during the period under report i.e. on 5th November, 2012, 28th January, 2013, 26th April, 2013 and 7th August, 2013. Other details are as under:

Name	Designation	Number of meetings attended
Dr. A. B. Prasad	Chairman	1
Adv. Sudin M. Usgaonkar	Member	4
Mr. Ashok N. Manjrekar	Member	3

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 six times on 17th October, 2012, 5th December, 2012, 4th January, 2013, 12th March, 2013, 26th July, 2013 and 6th September, 2013.

Mr. G. K. S. Kerkar, General Manager (Corporate Affairs) is the Compliance Officer of the Company under Clause 47 of the Listing Agreement with the Stock Exchange.

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

V. General Meetings:

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

Particulars	Date	Venue
25 th Annual General Meeting	21 st September, 2010	Dempo House, Campal, Panaji, Goa - 403 001.
26 th Annual General Meeting	20 th September, 2011	- As above -
27 th Annual General Meeting	18 th December, 2012	- As above -

No Special resolutions were passed at these Meetings.

VI. 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.

VII. 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.

VIII. CEO/CFO Certification:

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

IX. 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.

X. Shareholder Information:

28th Annual General Meeting

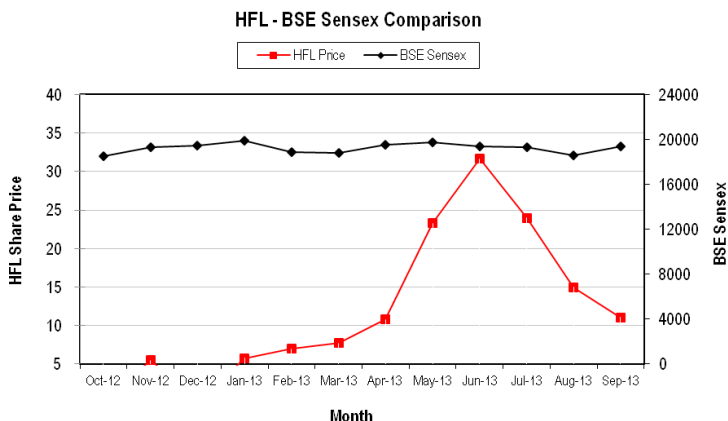
- i) **Day, Date, Time and Venue** : Saturday, 14th December, 2013
at 10.30 a.m. at Dempo House, Campal,
Panaji-Goa. 403001.
- ii) **Current Financial Year** : 1st October, 2012 to 30th September, 2013
- iii) **Date of Book Closure** : Tuesday, 10th December, 2013 to
Saturday, 14th December, 2013
(both 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** :

Month	Bombay Stock Exchange Ltd. (BSE)		
	High (Rs.)	Low (Rs.)	Volume
October 2012*	-	-	-
November 2012	5.51	5.51	100
December 2012*	-	-	-
January 2013	5.78	5.78	200
February 2013	7.00	5.78	32,44,068
March 2013	7.71	7.35	1,250
April 2013	10.81	8.09	560
May 2013	23.28	11.35	1,220
June 2013	33.30	23.70	27,965
July 2013	31.05	21.75	12,155
August 2013	25.20	14.80	3,047
September 2013	14.26	10.55	1,108

* 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 400078
 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.

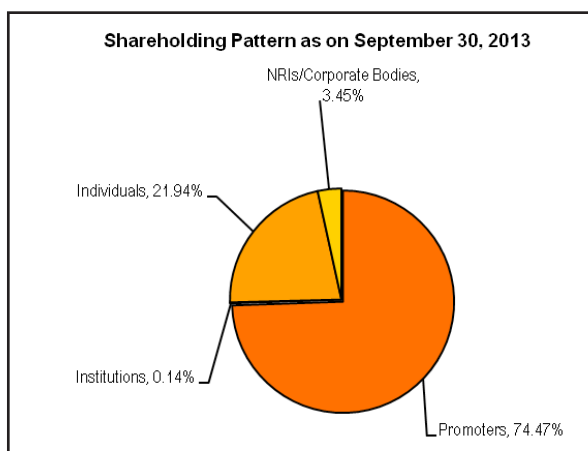
x) **Distribution of Shareholding :**

Distribution Schedule as on 30th September, 2013 :

No. of Shares	No. of Shareholders	% of Shareholders	No. of Shares	% to Total
1 to 500	6,016	96.66	8,81,516	17.63
501 to 1000	141	2.26	1,07,845	2.16
1001 to 2000	38	0.61	51,355	1.03
2001 to 3000	13	0.21	32,800	0.66
3001 to 4000	3	0.05	10,060	0.20
4001 to 5000	4	0.06	18,990	0.38
5001 to 10000	6	0.10	39,150	0.78
10001 and above	3	0.05	38,58,284	77.17
Total	6,224	100.00	50,00,000	100.00

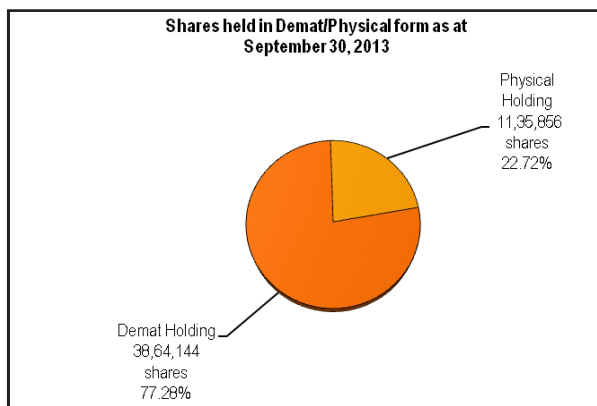
Distribution of Shareholding (Categorywise) as on 30th September, 2013:

Category	No. of Shareholders	No. of Shares	% of Shareholding
Promoters, Directors, their relatives & Associates	3	37,23,294	74.47
Financial Institution / Banks	2	7,200	0.14
Bodies Corporate	35	86,023	1.72
Non-Resident Individuals (NRI's)	312	86,600	1.73
Resident Individuals	5,872	10,96,883	21.94
Total	6,224	5,00,000	100.00



xi) Dematerialization of Shares and Liquidity:

As on 30th September, 2013, 77.28% of the Company's paid-up capital representing 38,64,144 shares were held in dematerialized form as compared to 0.08% of the Company's paid up capital representing 3,800 shares as on 30th September, 2012.



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

- Nil -

xiii) Plant Location:

Usgao,
Ponda-Goa 403407

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 400078.
Ph.: (022) 25946970
Fax: (022) 25946969
Email: rnt.helpdesk@linkintime.co.in

For investors assistance / complaints, if any –

Mr. G. K. S. Kerkar
General Manager (Corporate Affairs)
Hindustan Foods Limited
Dempo House, Campal,
Panaji - Goa 403001.
Tel.: (0832) 2441404
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 year ended 30th September 2013, 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)

Place : Panaji
Date : November 15, 2013

S. SRIRAM
Partner
Membership No : 202813

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

We, Soiru V. Dempo, *Executive Director* and G. K. S. Kerkar, *General Manager (Corporate Affairs)* of Hindustan Foods Limited, ("Company") hereby certify that :-

- (a) We have reviewed financial statement and the cash flow statement of the Company for the twelve months period ended 30th September, 2013 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. K. S. Kerkar
General Manager (Corporate Affairs)

Place: Panaji-Goa.
Date : 15th November, 2013

AUDITOR'S REPORT TO THE SHAREHOLDERS

1. Report on the Financial Statements

We have audited the attached Balance Sheet of **HINDUSTAN FOODS LIMITED**, Panaji – Goa, as at 30th September 2013, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date annexed thereto, and a summary of the significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the financial statements that give a true and fair view and are free of 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 conducted our audit in accordance with the Standards of Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the 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 the 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 the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, 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.

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 **subject to paragraphs 6(ii)(e), 6(ii)(f) and 6(ii)(g) and the consequent effect thereof on the assets, liabilities and 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 2013;
- b) In the case of the Statement of Profit and Loss, of the Loss of the Company for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

5. Emphasis of Matter

The Company is a Sick Industrial Company under Section 3(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 and has incurred cash losses for the current accounting year and previous year with negative networth as on 30th September 2013. Considering the various ongoing measures taken for the rehabilitation of the Company, the Accounts are presented on the principles applicable to a going concern.

Our opinion is not qualified in respect of the above matter.

6. Report on Other Legal and Regulatory Requirements

(i) As required by the Companies [Auditors Report] Order, 2003 ("the Order") 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.

(ii) As required by Section 227(3) of the Act, we report that :

- a) 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;
- 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 Balance Sheet, the Statement of Profit and Loss and the 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;
- e) **No provision for debts considered doubtful of recovery amounting to Rs. 246,26,099/- has been made (Refer Note 15);**
- f) **Share issue, advertisement & sales promotion and product launch expenses aggregating Rs. 2,89,56,033/- have not been absorbed and carried forward under Miscellaneous Expenditure not w/off (Refer Note 13);**
- g) **Depreciation amounting to Rs. 67,37,828/- on certain fixed assets has not been considered in the earlier years (Refer Note 32);**
- h) On the basis of the written representation received from the Directors as on 31st March, 2013 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2013 from being appointed as Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

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

S. SRIRAM
Partner

Membership No : 202813

Place : Panaji
Date : November 15, 2013

ANNEXURE TO AUDITOR'S REPORT

Referred to in Paragraph 6(i) 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. 1418.27 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. 95.96 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 2013 for a period of more than six months from the date they became payable except Rs. 51.12 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 its net worth as on 30th September 2013. The Company has incurred cash losses during the current financial year and 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. 51.12 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 not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956, during the year.
19. The Company has not issued any debentures during the 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
Membership No : 202813

Place : Panaji
Date : November 15, 2013

BALANCE SHEET AS AT 30TH SEPTEMBER, 2013

(All amount in Rupees)

S. No	Particulars	Note No.	As At 30th Sept, 2013	As At 30th Sept, 2012
I	EQUITY AND LIABILITIES			
1	Shareholders Funds			
	(a) Share Capital	3	6,60,00,000	6,60,00,000
	(b) Reserves & Surplus	4	(7,72,32,954)	(6,52,10,454)
2	Non Current Liabilities			
	(a) Long Term Borrowings	5	15,26,72,967	8,54,93,161
	(b) Other Long Term Liabilities	6	31,88,027	-
	(b) Long Term Provisions	7	8,18,409	7,94,036
3	Current Liabilities			
	(a) Short Term Borrowings	8	50,44,323	57,35,522
	(b) Trade Payables	9	3,17,87,980	2,16,66,069
	(c) Other Current Liabilities	10	27,82,770	28,41,421
	Total		18,50,61,522	11,73,19,755
II	ASSETS			
1	Non Current Assets			
	(a) Fixed Assets			
	(i) Tangible Assets	11	3,59,21,969	3,20,00,956
	(ii) Intangible Assets		1	1
	(iii) Capital Work in Progress		4,65,02,002	61,50,757
	(b) Long Term Loans and Advances	12	1,61,60,863	1,76,787
	(c) Other Non Current Assets	13	2,89,56,033	2,89,56,033
2	Current Assets			
	(a) Inventories	14	1,17,67,211	1,32,58,728
	(b) Trade Receivables	15	3,69,35,409	3,39,84,365
	(c) Cash and Bank Balances	16	8,91,220	5,90,019
	(d) Short Term Loans and Advances	17	77,40,741	20,57,991
	(e) Other Current Assets	18	1,86,073	1,44,118
	Total		18,50,61,522	11,73,19,755

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***Sudin M. Usgaonkar**
Director

Membership No : 202813

Place : Panjim

Date : 15th November, 2013

STATEMENT OF PROFIT & LOSS FOR THE PERIOD ENDED 30TH SEPTMEBER, 2013

(All amount in Rupees)

S. No	Particulars	Note No.	12 months Ended 30th Sept, 2013	18 months Ended 30th Sept, 2012
I	Revenue from Operations	19	6,35,92,916	7,05,55,390
	Less : Excise Duty		35,73,227	36,67,087
			6,00,19,689	6,68,88,303
II	Other Income	20	2,85,713	3,09,112
III	Total Revenue (I + II)		6,03,05,402	6,71,97,415
IV	Expenses			
	Cost of Materials Consumed	21	3,18,83,167	3,09,01,601
	Changes in Inventories of Work in Progress	22	(1,72,902)	(1,51,056)
	Employee Benefits Expense	23	1,47,42,747	2,39,49,490
	Finance Costs	24	92,56,078	71,58,009
	Depreciation		22,42,927	31,96,748
	Other Expenses	25	1,39,23,628	1,84,97,472
	Total Expenses		7,18,75,645	8,35,52,264
V	Profit before Tax (III - IV)		(1,15,70,243)	(1,63,54,849)
VI	Tax Expense			
	(a) Current Tax		-	-
	(b) Prior Year Tax		4,52,257	-
VII	Profit after Tax (V - VI)		(1,20,22,500)	(1,63,54,849)
VIII	Earnings per Equity Share (of Rs.10/- each)			
	Basic & Diluted		(2.40)	(3.27)

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
Date : 15th November, 2013

CASH FLOW STATEMENT FOR THE PERIOD ENDED 30TH SEPTEMBER, 2013

(All amount in Rupees)

S. No	Particulars	Twelve months ended 30th September,2013		Eighteen months ended 30th September,2012	
A	Cash Flow from Operating Activities				
	Net Profit / (Loss) before Tax		(1,15,70,243)		(1,63,54,849)
	Adjustments				
	Depreciation	22,42,927		31,96,748	
	Interest Received	(44,686)		(24,334)	
	Credit Balances written back	(556)		(82,842)	
	Interest / Finance Charges	92,56,078		71,58,009	
	Loss on Sale of Assets	78,358	1,15,32,121	44,912	1,02,92,493
	<u>Operating Cash Flow before Working Capital changes</u>		(38,123)		(60,62,356)
	Changes in Working Capital				
	Adjustments for (Increase) / Decrease in Operating Assets				
	Inventories	14,91,517		(31,70,617)	
	Trade Receivables	(29,51,044)		(55,28,623)	
	Short Term Loans & Advances	(61,17,933)		31,72,060	
	Long Term Loans & Advances	(1,59,84,076)		-	
	Other Non Current Assets	-		(18,32,271)	
	Adjustments for Increase / (Decrease) in Operating Liabilities				
	Other Long Term Liabilities	31,88,027			
	Trade Payables	1,01,22,467		1,26,10,156	
	Other Current Liabilities	(58,651)		14,14,950	
	Long Term Provisions	24,373	(1,02,85,319)	1,38,943	68,04,600
	Cash generated from Operations		(1,03,23,442)		7,42,244
	Direct Taxes (Net)		(17,073)		(55,001)
	Net Cash Flow from Operating Activities		(1,03,40,515)		6,87,243
B	Cash Flow from Investing Activities				
	Purchase of Fixed Assets	(4,67,55,748)		(1,11,03,423)	
	Sale of Fixed Assets	1,62,205		2,64,889	
	Interest Income	2,729		4,564	
	Net Cash Flow from Investing Activities		(4,65,90,814)		(1,08,33,970)
C	Cash Flow from Financing Activities				
	Interest / Finance Charges	(92,56,078)		(71,58,009)	
	Increase in Share Capital	-		1,60,00,000	
	Long Term Borrowings (Net)	6,71,79,806		35,79,877	
	Short Term Borrowings (Net)	(6,91,199)		(20,39,783)	
	Net Cash Flow from Financing Activities		5,72,32,529		1,03,82,085
	Net Increase / (Decrease) in Cash & Cash Equivalents		3,01,201		2,35,358
	Opening Balance in Cash & Cash Equivalents		3,41,230		1,05,872
	Closing Balance in Cash & Cash Equivalents		6,42,431		3,41,230

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

Date : 15th November, 2013

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER, 2013

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 losses for the current accounting year and the previous year with negative networth as on 30th September 2013. 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 Sept, 2013		As at 30th Sept, 2012	
		Number	Rs.	Number	Rs.
3	Shareholder's Funds - Share Capital				
	Authorised				
	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
	Issued, Subscribed & Fully paid-up				
	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
Total	51,60,000	6,60,00,000	51,60,000	6,60,00,000	

i) Disclosure of number of shares outstanding for each class of shares as at

	Particulars	As at 30th Sept, 2013		As at 30th Sept, 2012	
		Number	Rs.	Number	Rs.
a) Equity Shares					
	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) Preference Shares					
	Shares outstanding at the beginning of the year	1,60,000	1,60,00,000	-	-
	Add : Shares Allotted during the year	-	-	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 Shareholder	As at 30th Sept, 2013		As at 30th Sept, 2012	
		No. of Equity Shares held	% Holding	No. of Equity Shares held	% Holding
	M/s. V. S. Dempo Holdings Pvt Ltd	-	0.00%	31,59,993	63.20%
	M/s. Marmagoa Shipping & Stevedoring Co. Pvt. Ltd	-	0.00%	4,00,001	8.00%
	M/s. Dempo Foods Private Ltd	37,22,294	74.44%	-	0.00%
		No. of Pref Shares held	% Holding	No. of Pref Shares held	% Holding
	M/s. V. S. Dempo Holdings Pvt Ltd	1,60,000	100.00%	1,60,000	100.00%

(All amount in Rupees)

Note No.	Particulars	Period Ended 30th Sept. 2013	Period Ended 30th Sept. 2012
4	Reserves & Surplus		
	Capital Reserve		
	Opening & Closing Balance	4,800	4,800
	Surplus		
	Opening Balance	(6,52,15,254)	(4,88,60,405)
	Add : Net Profit / (Loss) for the current year	(1,20,22,500)	(1,63,54,849)
	Closing Balance	(7,72,37,754)	(6,52,15,254)
	Total	(7,72,32,954)	(6,52,10,454)
5	Long Term Borrowings		
	Secured Loans		
	Loans from Related parties	10,21,43,967	3,34,64,161
	(The above loan from V S Dempo Holdings Private Limited, is at interest rate of 10%)		
	Loans from Related parties	3,96,83,000	4,11,83,000
	(The above loan from V S Dempo Holdings Private Limited, is interest free)		
	Unsecured Loans		
	Loan from Related party	12,50,000	12,50,000
	(The above loan from Marmagoa Shipping & Stevedoring Company Pvt Ltd, is interest free)		
	Loan from Related party	95,96,000	95,96,000
(The above loan from Dempo Industries Private Ltd, is at interest rate of 10%)			
	Total	15,26,72,967	8,54,93,161
6	Other Long Term Liabilities		
	Creditors for Capital purchases	31,88,027	-
	Total	31,88,027	-
7	Long Term Provisions		
	Provision for Employee Benefits	8,18,409	7,94,036
	Total	8,18,409	7,94,036

(All amount in Rupees)

Note No.	Particulars	Period Ended 30th Sept. 2013	Period Ended 30th Sept. 2012
8	Short Term Borrowings Secured		
	Loans repayable on demand from Bank		
	- Cash Credit from Bank of Maharashtra (Secured by hypothecation of stock and book debts)	-	6,44,419
	- Cash Credit from Bank of Maharashtra (Secured by pledge of fixed deposits of V S Dempo Holdings Private Limited)	50,44,323	50,91,103
	Total	50,44,323	57,35,522
	9	Trade Payables	
Trade Payables		3,17,87,980	2,16,66,069
Total		3,17,87,980	2,16,66,069
10	Other Current Liabilities		
	Statutory Liabilities including Withholding taxes	1,57,225	5,54,176
	Accrued Employee Benefits	9,64,186	8,86,403
	Accrued Expenses	16,61,359	14,00,843
	Total	27,82,770	28,41,421

Note 11 : Fixed Assets

S No.	Fixed Assets	Rate	Gross Block			Accumulated Depreciation			Net Block	
			Bal as at 30.09.12	Additions	Deductions	Bal as at 30.09.13	Bal as at 30.09.12	Depreciation on charge	Deduction / Adjustment	Bal as at 30.09.13
a)	Tangible Assets									
	Freehold Land & Development	-	5,57,490	-	5,57,490	-	-	-	5,57,490	5,57,490
	Buildings	3.34%	2,78,75,482	61,50,757	-	3,40,26,238	1,40,21,116	11,36,476.36	1,51,57,592	1,38,54,366
	Plant & Machinery	4.75%	5,73,67,778	1,65,596	-	5,75,33,374	4,19,32,226	8,87,889.94	4,28,20,116	1,47,13,258
	Computers	16.21%	7,61,107	88,150	-	8,49,257	6,15,032	54,029.40	6,69,061	1,46,075
	Furniture & Fittings	6.33%	30,06,134	-	-	30,06,134	12,60,584	1,43,170.75	14,03,755	17,45,550
	Vehicles	9.50%	4,50,501	-	4,49,708	793	1,88,577	21,361.13	2,09,145	793
Total			9,00,18,492	64,04,503	4,49,708	9,59,73,286	5,80,17,535	22,42,927	2,09,145	3,59,21,969
	Previous Year		8,54,88,048	49,52,666	4,22,222	9,00,18,492	5,49,33,207	31,96,748	1,12,421	3,20,00,957
b)	Intangible Assets									
	Trademark		1	-	-	1	-	-	-	1
	Total		1	-	-	1	-	-	-	1
	Previous Year		1	-	-	1	-	-	-	1
c)	Capital Work in Progress									
	Total		9,00,18,493	64,04,503	4,49,708	9,59,73,287	5,80,17,535	22,42,927	2,09,145	6,00,51,317
	Previous Year		8,54,88,049	49,52,666	4,22,222	9,00,18,493	5,49,33,207	31,96,748	1,12,421	3,81,51,715

(All amount in Rupees)

Note No.	Particulars	Period Ended 30th Sept. 2013	Period Ended 30th Sept. 2012
12	Long Term Loans and Advances		
	Capital Advances	1,59,84,076	-
	Security Deposits		
	Unsecured, Considered Good	1,76,787	1,76,787
	Total	1,61,60,863	1,76,787
13	Other Non Current Assets		
	Misc Expenditure not written off		
	- Product Launch Expenses	39,48,495	39,48,495
	- Share Issue Expenses	34,66,498	34,66,498
	- Advertisement & Sales Promotion Expenses	2,15,41,040	2,15,41,040
	Total	2,89,56,033	2,89,56,033
14	Inventories		
	Raw Materials	83,28,673	90,55,036
	Packing Materials	8,89,101	19,05,867
	Stores & Consumables	20,06,185	19,23,139
	Finished Goods	5,43,252	3,74,686
	Total	1,17,67,211	1,32,58,728
15	Trade Receivables		
	Trade Receivables outstanding for a period exceeding 6 months (from the date they are due for payment) Unsecured, Considered Doubtful	2,46,26,099	2,36,98,628
	Less : Provision made	-	-
		2,46,26,099	2,36,98,628
	Trade Receivables outstanding for a period of less than 6 months (from the date they are due for payment) Unsecured, Considered Good	1,23,09,310	1,02,85,737
	Total	3,69,35,409	3,39,84,365
	16	Cash and Bank Balances	
(i) Cash and Cash Equivalents			
a) Cash on Hand		15,868	3,17,863
b) Balances with Banks in Current Accounts		6,26,563	23,366
		6,42,431	3,41,230
(ii) Others			
Margin Money		2,48,789	2,48,789
	2,48,789	2,48,789	
	Total	8,91,220	5,90,019

(All amount in Rupees)

Note No.	Particulars	Period Ended 30th Sept. 2013	Period Ended 30th Sept. 2012
17	Short Term Loans and Advances (Unsecured, Considered Good)		
	Balances with Government Authorities	61,61,229	2,47,028
	Prepaid Expenses	2,09,989	1,48,020
	Advance Tax (Net of provision)	7,54,802	11,89,986
	Advance to Employees	2,35,901	1,99,201
	Advance to Suppliers	3,78,820	2,73,756
	Total	77,40,741	20,57,991
18	Current Assets - Other Current Assets		
	Interest Accrued on Deposits	1,86,073	1,44,118
	Total	1,86,073	1,44,118
19	Revenue from Operations		
	Sale of Products	5,91,73,014	6,89,73,098
	Sale of Services		
	- Processing Charges	33,97,517	13,28,834
	Other Operating Revenue		
	- Sale of Scrap	10,21,829	1,70,615
	- Credit Balances written back	556	82,842
	Total	6,35,92,916	7,05,55,390
20	Other Income		
	Interest from Banks	44,145	23,823
	Interest from Others	541	511
	Miscellaneous Income	2,41,027	2,84,778
	Total	2,85,713	3,09,112
21	Cost of Materials Consumed		
	Opening Stock of Raw Materials	90,55,036	65,09,749
	Add: Purchases	3,11,56,805	3,34,46,888
		4,02,11,841	3,99,56,637
	Less : Closing Stock of Raw Materials	83,28,674	90,55,036
	Total	3,18,83,167	3,09,01,601
	Details of Raw Material Consumed		
	Cereals and Food Grains	3,18,83,167	3,09,01,601
	Total	3,18,83,167	3,09,01,601

(All amount in Rupees)

Note No.	Particulars	Period Ended 30th Sept. 2013	Period Ended 30th Sept. 2012
22	Details of Raw Material Inventory		
	Cereals and Food Grains	83,28,674	90,55,036
	Total	83,28,674	90,55,036
	Changes in Inventories of Finished Goods		
	Opening Stock		
	Finished Goods	3,51,530	2,00,474
	Closing Stock		
	Finished Goods	5,24,432	3,51,530
	Total	(1,72,902)	(1,51,056)
		Details of Inventory in Finished Goods	
	Weaning Food	5,24,432	3,51,530
	Total	5,24,432	3,51,530
23	Employee Benefits Expense		
	Salaries & Incentives	1,19,29,230	2,04,52,122
	Contribution to Provident & Other Funds	19,22,885	25,46,943
	Staff Welfare Expenses	8,90,632	9,50,425
	Total	1,47,42,747	2,39,49,490
24	Finance Cost		
	Interest Expense		
	- To Banks	5,80,375	10,56,245
	- To Others	85,82,797	60,71,281
	Bank Charges	92,906	30,483
	Total	92,56,078	71,58,009
25	Other Expenses		
	(i) Manufacturing and Operating Costs		
	Consumption of Stores & Consumables	5,32,242	5,31,438
	Consumption of Packing Material	17,71,718	13,62,247
	Power & Fuel	52,92,676	64,50,461
	Water Charges	3,48,967	4,71,412
	Freight Inwards	3,16,282	5,60,585
	Repairs & Maintenance - Shop Floor	2,95,625	4,06,561
	Sundry Production Expenses	76,266	1,19,033
	Total	86,33,776	99,01,737

(All amount in Rupees)

Note No.	Particulars	Period Ended 30th Sept. 2013	Period Ended 30th Sept. 2012
	(ii) Administration		
	Rent, Rates & Taxes	1,63,287	3,05,187
	Insurance	1,62,510	2,22,226
	Travelling & Conveyance	11,23,272	15,40,233
	Repairs & Maintenance - Others	12,30,148	13,03,196
	Printing & Stationery	1,78,531	2,10,811
	Postage & Courier	95,961	1,66,242
	Telephone & Internet Expense	88,467	1,52,902
	Legal & Professional Charges	3,19,214	8,09,627
	Audit Fees	62,528	95,506
	Directors Sitting Fees	40,000	73,250
	Security Charges	9,20,179	9,00,266
	Loss on Sale of Assets	78,358	44,912
	Other Miscellaneous Expenses	7,21,476	27,16,001
		51,83,931	85,40,359
	(iii) Selling & Distribution		
	Freight Charges(Outward)	36,500	-
	Selling Expenses	54,422	14,377
		90,922	14,377
	(iv) Others		
	Donation	15,000	41,000
		15,000	41,000
	Total	1,39,23,628	1,84,97,472

OTHER NOTES :**26. Contingent Liabilities**

Bank Guarantees issued by bankers on behalf of the Company Rs.28,35,000/- (Previous Year- Rs. 3,35,000). Bank Guarantees for Rs. 25,00,000/- are secured by pledge of fixed deposits of V S Dempo Holdings Private Limited of equivalent amount.

27. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance) is Rs. 150 lacs (previous year Rs. 5 lacs).

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

- 29.** 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
- 30.** Deposit with Banks includes Rs.2,48,789/- under lien towards guarantees given on behalf of the Company (Previous Year Rs.2,48,789/-).
- 31.** 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.
- 32.** 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.
- 33.** Remuneration to Auditors :
- | | |
|------------|----------|
| Audit Fees | : 33,708 |
| Tax Audit | : 5,618 |
| Others | : 23,202 |
| | ----- |
| | 62,528 |
| | ----- |
- 34.** No provision for Income tax (Current) has been made in the absence of taxable income for the year.
- 35.** 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 30.09.2013 as well as for the year. As a prudent policy the said net Deferred Tax Asset has not been recognized in the Accounts.
- 36.** 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.

Hindustan Foods Limited

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

Relationship

Ultimate Holding Company :

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

Associate Companies :

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

M/s. Dempo Industries Pvt. Ltd.

M/s. Dempo Travels Pvt. Ltd.

Nature of transaction	Ultimate Holding Company	Associate Companies
Professional fees & services rendered	2,67,026 (2,89,724)	- -
Services availed	894 (8,169)	3,65,969 (5,78,088)
Interest on loan	76,20,431 (36,71,977)	9,59,600 (23,99,000)
Unsecured Loan obtained	6,71,79,806 (64,64,161)	- (17,27,280)
Outstanding Loans as on 30-09-2013	14,18,26,967 (7,46,47,161)	1,62,34,840 (1,54,57,564)
Trade Payable	1,04,92,429 (38,94,023)	68,86,967 (58,58,706)

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

39. Value of Raw Material Consumption (Rs.)

Particulars	12 Months ended 30.09.2013		18 Months ended 30.09.2012	
	Value	%	Value	%
Imported	-	-	-	-
Indigenous	3,18,83,166	100%	3,09,01,601	100%
Total	3,18,83,166	100%	3,09,01,601	100%

40. Expenditure in Foreign Currency

Nil

Nil

41. Earning per Equity Share

Particulars	12 Months ended 30.09.2013	18 Months ended 30.09.2012
Net Profit / (Loss) available for Equity Shareholders	(1,20,22,500)	(1,63,54,848)
No. of Equity Shares	50,00,000	50,00,000
Earnings per Share (Rs.) Basic & Diluted	(2.40)	(3.27)
Nominal Value per Equity Share (Rs.)	10.00	10.00

As per our report of even date
annexed hereto

For R. SUNDARARAMAN & CO.,
Chartered Accountants

S. SRIRAM
Partner
Membership No. 202813

Panjim, Dated November 15, 2013

For and on behalf of Board of Directors

Shrinivas V. Dempo
Chairman

Soiru V. Dempo
Executive Director

Sudin M. Usgaonkar
Director



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 28th Annual General Meeting
of the said Company to be held on Saturday, the 14th December, 2013 at 10.30 a.m. and at
any adjournment thereof.

Signed this.....day of....., 2013.

Affix
30 paise
Revenue
Stamp

Signature.....

N.B.: This Proxy Form must be deposited at the Registered Office of the Company at Dempo House, Campal, Panaji-Goa 403001 not later than 48 hours before the time fixed for holding the meeting.

CUT HERE

Book Post

If undelivered please return to:

HINDUSTAN FOODS LTD.
Dempo House, Campal,
Panaji, Goa - 403 001.