



Hindustan Foods Limited

Board of Directors:

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

Chief Executive – Operations:

Mr. G. S. Talekar

Registered Office:

Dempo House
Campal, Panaji
Goa – 403 001

Works:

Usgao, Ponda
Goa – 403 407

Auditors:

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

Bankers:

Bank of Maharashtra

CONTENTS

	Page No.
Notice	3
Directors' Report	5
Management Discussion & Analysis	8
Corporate Governance Report	9
Auditor's Report	17
Balance Sheet	20
Profit & Loss Account	21
Schedules	22
Cash Flow Statement	29
Balance Sheet Abstract	30

NOTICE

Notice is hereby given that the 26th Annual General Meeting of the Members of Hindustan Foods Limited will be held at the Registered Office of the Company at **Dempo House, Campal, Panaji, Goa** on **Tuesday, the 20th of September, 2011 at 10.30 a.m.** to transact the following business.

AS ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2011 and Profit and Loss Account and Cash Flow Statement for the year ended on that date as also the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Ashok N. Manjrekar who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Dr. A. B. Prasad who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next meeting and to fix their remuneration.

AS SPECIAL BUSINESS :

5. To consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution :

“RESOLVED THAT pursuant to the provisions of Section 269 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves of and consents to the re-appointment of Mr. Soiru V. Dempo as a Whole-time Director of the Company (designated as “Executive Director”) for a period of three years with effect from 1st April, 2011”.

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 Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the Special Business is annexed hereto.
3. The Register of the Members and Share Transfer Books in respect of the Equity Shares of the Company will remain closed from Wednesday, the 14th of September, 2011, to Tuesday, the 20th of September, 2011 [both days inclusive]
4. Members are requested to notify immediately any change of address to the Company at Dempo House, Campal, Panaji, Goa – 403 001.

**DIRECTORS :**

Mr. Ashok N. Manjrekar and Dr. A. B. Prasad, are retiring by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. The Board has re-appointed Mr. Soiru V. Dempo as a Whole-time Director with the designation of Executive Director for a period of three years w.e.f. 1st April, 2011. The information / data for these directors under the Corporate Governance Code of the Listing Agreement are given in the Corporate Governance section of the Annual Report.

For and on behalf of the Board of Directors

Registered Office:

Dempo House, Campal
Panaji, Goa – 403 001

SOIRU V. DEMPO
Executive Director

Date : 30th July, 2011

ANNEXURE TO THE NOTICE

Explanatory Statement as required under Section 173 of the Companies Act, 1956, in respect of Special Business mentioned in the accompanying notice, dated 30th July, 2011.

ITEM 5

Mr. Soiru V. Dempo's term as a Whole-time Director expired on 31st March, 2011 and as such the Board of Directors in its meeting held on 23rd May, 2011, re-appointed him as a Whole-time Director with designation as Executive Director for a period of three years w.e.f. 1st April, 2011, subject to the approval of the Members of the Company at the ensuing Annual General Meeting and subject to Section 269 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956.

Mr. Soiru V. Dempo is deemed to be concerned and interested in this resolution as it relates to him. No other Director is concerned and interested in the said resolution.

This may be treated as an abstract under Section 302 of the Companies Act, 1956.

For and on behalf of the Board of Directors

Registered Office:

Dempo House, Campal
Panaji, Goa – 403 001

SOIRU V. DEMPO
Executive Director

Date : 30th July, 2011

DIRECTORS' REPORT

Your Directors have pleasure in presenting their Twenty-Sixth Annual Report and the Audited statements of accounts of the Company for the year ended 31st March, 2011.

Operations :

The Company has manufactured intermediate foods for Third Parties, during the year under review.

Financial Results :

	2010-2011 (Rs. in lacs)	2009-2010 (Rs. in lacs)
Profit/(Loss) for the year before		
Finance charges and depreciation	41.60	(1.01)
Finance charges	13.46	27.87
Profit/(Loss) before depreciation	28.14	(28.88)
Depreciation	22.26	32.82
Profit carried to Balance Sheet	5.88	(61.40)

Dividend :

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

Directors :

Mr. Ashok N. Manjrekar and Dr. A. B. Prasad retire by rotation and are eligible for re-appointment, which the Board recommends. The Board has re-appointed Mr. Soiru V. Dempo as a Whole-time Director (designated as "Executive Director") for a period of three years w.e.f. 1st April, 2011. Your approval to the said re-appointment is sought vide resolution set out in Item No. 5 of the accompanying Notice.

Directors' Responsibility Statement :

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

- that in the preparation of the annual accounts for the financial year ended 31st March, 2011, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit of the Company for the year under review;
- that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;



- (iv) that the directors have prepared the accounts for the financial year ended 31st March, 2011 on a 'going concern' basis.

Particulars of Employees :

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

Particulars of Conservation of Energy etc.:

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

Auditors :

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

Auditors Report :

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

Corporate Governance :

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

Acknowledgments :

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

Your Directors also place on record their deep appreciation for the valuable support and guidance from M/s. 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

Place : Panaji

Date : 30th July, 2011

SOIRU V. DEMPO

Executive Director

ANNEXURE TO THE DIRECTORS' REPORT

Information under Section 217[1] [e] of the Companies Act, 1956 read with the Companies [Disclosure of Particulars in the Report of Board of Directors] Rules 1988, and forming part of the Directors' Report for the year ended 31st March, 2011.

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	131427
* Total amount	Rs.	1113928
* Rate/Unit	Rs./Kwh	8.50
* including Demand charges		
b) Own Generation		
Through Diesel Generator		
Units	Kwh	128839
Units per Ltr. of Diesel Oil	Kwh	2.73
Cost/Unit	Rs./Kwh	12.82
2. Coal [Specify quality & where used]		
Quantity (Tonnes)		—
Total Cost		—
Average Rate		—
3. Furnace Oil (H.S.D. for Brand Drier)		
Quantity	L	23285
Total Amount	Rs.	905320
Average Rate	Rs.	38.88
4. Others / internal generation (Please give details)		
Quantity		—
Total Cost		—
Rate / Unit		—

(B) CONSUMPTION PER UNIT OF PRODUCTION

	Standards - if any	Current Year
(Products with details - Units)		
Cereal based food products (tonnes)	—	682.00
Electricity (Units)	—	192.71
H.S.D. Oil (Units)	—	188.91
Coal [Specify quality]	—	—
Others (Specify)	—	—

II. Research and Development and Technology Absorption:

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

III. Foreign Exchange Earnings and Outgoings:

Earnings	—	Nil
Outgoings	—	Nil



MANAGEMENT DISCUSSION AND ANALYSIS

The year 2010-11 was a challenging year, as the Company did not have any long term arrangements of processing / manufacture of products. However, your Company managed to get orders to supply intermediate products.

During the year 2010-2011, your Company entered into an Agreement with a Multi-National Company, to develop their products, to manufacture at your Factory.

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

Your Company has employed experienced Marketing Team for the local, as well as, international market, for marketing its own products.

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

The Company enjoys cordial relations with the employees.

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

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

CORPORATE GOVERNANCE REPORT

A. MANDATORY REQUIREMENTS:

1) Company's Philosophy in Corporate Governance:

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

2) Board of Directors :

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

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

During the year under review, the Board of Directors met 5 times i.e. on 16th April, 2010, 25th May, 2010, 27th July, 2010, 26th October, 2010 and 03rd February, 2011.

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

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

Name of Director	Category of directorship	Number of Board Meetings attended	Last AGM Attended	Number of Directorship in other companies	Number of Committees in which member
Shrinivas V. Dempo	Non-Executive	5	Yes	18*	—
Soiru V. Dempo	Executive	5	Yes	6	2
N. C. Chaudhuri	Non-Executive	1	No	—	—
A. B. Prasad	Non-Executive	3	Yes	3	1
Sudin M. Usgaonkar	Non-Executive	4	No	5	—
Ashok N. Manjrekar	Non-Executive	4	No	—	—

* Includes directorship held in 17 Private Limited Companies

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

The details of Sitting fees paid during the financial year ended 31st March, 2011 are as follows :

Sr. No.	Name of the Director	Sitting Fees Rs.
1	Mr. Shrinivas V. Dempo	10,000
2	Mr. Soiru V. Dempo	10,000
3	Mr. N. C. Chaudhuri	2,500
4	Dr. A. B. Prasad	7,500
5	Adv. Sudin M. Usgaonkar	10,000
6	Mr. Ashok N. Manjrekar	10,000

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

Mr. Ashok N. Manjrekar and Dr. A. B. Prasad retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. Mr. Soiru V. Dempo has been re-appointed as Whole-time Director (designated as "Executive Director") w.e.f. 1st April, 2011. The brief profile of the Directors proposed for appointment/ re-appointment, is as follows:

Mr. Ashok N. Manjrekar :

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

Dr. A. B. Prasad :

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

Mr. Soiru V. Dempo :

Mr. Soiru V. Dempo has been on the Board of Company since 22nd January, 2000. He is B.A. (Economics). Mr. Dempo is also the Whole-time Director of M/s. V. S. Dempo Holdings Pvt. Ltd., Director of M/s. Goa Carbon Ltd., M/s. V. S. Dempo Mining Corporation Pvt. Ltd., M/s. Dempo Travels Pvt. Ltd., M/s. Celtic Investments Pvt. Ltd. and M/s. Ameya Investments Pvt. Ltd.

e) Shareholding of Directors :

As on 31st March, 2011 Dr. A.B. Prasad holds 500 equity shares in the Company. None of the remaining directors hold any shares in the Company.

3) **Audit Committee :**

- 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.
- The Audit Committee comprises of four Independent Directors. Five meetings were held during the year under review i.e. on 16th April, 2010, 24th May, 2010, 27th July, 2010, 26th October, 2010 and 3rd February, 2011. Other details are as under :

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

4) **Remuneration Committee :**

The Remuneration Committee comprises of the following members :

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

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

5) Share Transfer and Investors' Grievance Committee :

The Share Transfer and Investors' Grievance Committee comprising of two Non-Executive Directors and one Executive Director approves the transmission / transfer of shares, issues new/duplicate share certificates and looks into the redressal of shareholders' and investors' complaints / grievances. The Committee met 6 times during the year and the attendance of members at the meetings were as follows :

Name of the Member	Designation	Number of meetings attended
Mr. Shrinivas V. Dempo	Chairman	6
Mr. Soiru V. Dempo	Member	6
Dr. A. B. Prasad	Member	6

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

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

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

6) General Meetings :

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

Particulars	Date	Venue
23 rd Annual General Meeting	29 th September, 2008	Dempo House, Campal, Panaji, Goa - 403 001.
24 th Annual General Meeting	25 th September, 2009	- As above -
25 th Annual General Meeting	21 st September, 2010	- As above -

No Special resolutions were passed at these Meetings

7) Postal Ballot :

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

8) Disclosures :

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

(a) Code of Conduct :

The Board of Directors has approved a Code of Business Conduct and Ethics which is applicable to the Members of the Board and all employees in the management grade. The Code has been posted on the Company's website www.hflgoa.com

(b) Prevention of Insider Trading :

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company.



9) Means of Communication :

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

The Company has recently launched its own website www.hflgoa.com. The Results have been displayed on the Company's Website.

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

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

10) Shareholder Information :

i) Annual General Meeting

Date and Time

Tuesday, the 20th of September, 2011 at 10.30 a.m.

Venue

Dempo House, Campal, Panaji, Goa - 403 001.

ii) Financial year (2010 - 2011) Calendar :

Financial Results for :

Quarter ending June 30, 2011

By 15th August, 2011

Quarter ending September 30, 2011

By 15th November, 2011

Quarter ending December 31, 2011

By 15th February, 2012

Quarter ending March 31, 2012

By 15th May, 2012

Annual General Meeting for the year ending 31st March, 2012

In September, 2012

iii) Date of Book Closure :

Wednesday, the 14th of September, 2011 to

Tuesday, the 20th of September, 2011

(both days inclusive)

iv) Listing of Equity Shares :

The Bombay Stock Exchange Ltd., Mumbai

v) Stock Code - Physical

519126

vi) Share Department :

Dempo House, Campal, Panaji, Goa - 403 001.

Ph.: (0832) 2441300, Fax : (0832) 2228588 &

2225098 Email : hfl@demos.com

vii) Share Transfer System :

The Company has in-house share accounting systems and all the work relating to share transfer, transmission of shares and investor grievances is being done at the share department of the Company.

A total of 70600 shares were transferred during the year under review and all the share certificates after transfer have been returned within 30 days from the date of receipt.

The letters / complaints received by the Company from shareholders during the year, regarding transfer / transmission, and others have been noted / cleared.

The letters / complaints are generally replied to within 5 days from their lodgment with the Company. There are no share transfers pending.

viii) Distribution of Shareholders as on 31st March, 2011 :

No. of Shares	No. of Shareholders	% of Shareholders	No. of Shares	% to Total
Upto 5000	6,051	96.7850	891206	17.8241
5001 to 10000	137	2.1913	104400	2.0880
10001 to 20000	38	0.6078	51950	1.0390
20001 to 30000	10	0.1599	24700	0.4940
30001 to 40000	0	0.0000	0	0.0000
40001 to 50000	5	0.0800	23550	0.4710
50001 to 100000	5	0.0800	32900	0.6580
100001 and above	6	0.0960	3871294	77.4259
Total	6,252	100.0000	5000000	100.0000

Distribution of Shareholding (categorywise) as on 31st March, 2011 :

Category	No. of Shareholders	No. of Shares	% of Shareholding
i) Promoters, Directors, their relatives & Associates	6	3,723,294	74.4659
ii) Financial Institution / Banks	2	7,400	0.1480
iii) Bodies Corporate	27	174,250	3.4850
iv) Non-Resident Individuals (NRI's)	328	90,800	1.8160
v) Resident Individuals	5,889	1,004,256	20.0851
Total	6,252	5,000,000	100.0000

ix) Plant Location :

Usgao,
Ponda, Goa.

x) Address of Correspondence :

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

Mr. G. S. Talekar

Chief Executive – Operations

HINDUSTAN FOODS LIMITED

Dempo House, Campal

Panaji, Goa – 403 001

B. NON-MANDATORY REQUIREMENTS:

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

1. The Board:

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

No Policy has been fixed on tenure of Independent Directors.

2. Remuneration Committee:

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

3. Shareholders' Rights :

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

4. Audit Qualifications:

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

5. Training of Board Members:

Not yet adopted by the Company.

6. Mechanism for evaluating non-executive Board Members:

Not yet adopted by the Company.

7. Whistle Blower Policy:

The Company does not have any Whistle Blower Policy.

To,
The Members,
Hindustan Foods Limited

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

We have examined the compliance of the conditions of Corporate Governance by Hindustan Foods Limited for the year ended 31st March, 2011 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 : Chennai
Date : May 23, 2011

S. SRIRAM
Partner
Membership No.: 202813



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

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

- (a) We have reviewed financial statement and the cash flow statement of the Company for the year ended 31st March, 2011 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 : 30th July, 2011

AUDITOR'S REPORT TO THE SHAREHOLDERS

1. We have audited the attached Balance Sheet of **HINDUSTAN FOODS LIMITED**, Panaji, Goa, as at 31st March, 2011 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies [Auditors Report] Order, 2003 issued by Central Government in terms of Section 227[4A] of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in Paragraph 3, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit;
 - (ii) In our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination of those books;
 - (iii) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred in Sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (v) On the basis of the written representation received from the Directors as on 31st March, 2011, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as a Director in terms of clause (g) of Sub section (1) of Section 274 of the Companies Act, 1956.
 - (vi) **No provision for debts considered doubtful of recovery amounting to Rs. 2,00,86,601/- has been made (Refer Schedule VII)**
 - (vii) **Share issue, advertisement & sales promotion and Product launch expenses aggregating to Rs. 2,71,23,762/- have not been absorbed and carried forward under Miscellaneous Expenditure (Refer Schedule XII)**
 - (viii) **Depreciation amounting to Rs. 67,37,828/- on certain Fixed Assets has not been considered in the earlier years (Refer Note B-2(f) of Schedule XIX)**
 - (ix) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and other notes thereon give the information required by the Companies Act, 1956 in the manner so required **subject to paragraph (VI), (VII), (VIII) above and consequent effect thereof on the assets, liabilities and the cumulative loss of the Company and give a true and fair view, in conformity with the accounting principles generally accepted in India:**
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2011;
 - (b) In the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
 - (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

S. SRIRAM
Partner
 Membership No.: 202813

Place : Chennai
 Date : May 23, 2011

ANNEXURE TO AUDITOR'S REPORT

Referred to in Paragraph 3 in our Report of even date

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

1. In respect of fixed assets :
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) The fixed assets have been physically verified by the management during the year. We have been informed that no material discrepancies were noticed on such verification.
 - c) The Company has not disposed off any substantial part of fixed assets during the year and the going concern status of the Company is not affected.
2. In respect of inventories :
 - a) The stock of inventory has been physically verified by the management at the close of the year.
 - b) In our opinion, the procedures followed by the management for physical verification of inventories are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) The Company has maintained proper records of inventories. As explained to us, the discrepancies noticed between physical verification of stocks and book records were not material, and the same have been properly dealt with in the books of account.
3. In respect of loans, secured or unsecured, granted or taken by the Company to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 :
 - a) The Company has taken interest free and partly interest bearing loan from its Holding Company, which is repayable on demand. The maximum balance outstanding during the year and the year-end balance is Rs. 681.83 lacs. The Company has taken partly interest bearing unsecured loan from a company as listed in the register maintained under Section 301 of the Companies Act, 1956, which is repayable on demand. The maximum balance outstanding during and the year-end balance is Rs. 137.30 lacs.
 - b) The Company has not granted loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
 - c) As per the explanations given to us, the rate of interest and other terms and conditions of the loans taken by the Company are prima-facie not prejudicial to the interest of the Company.
 - d) There are no over due amounts more than Rupees One lakh.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets, sale of goods and services. During the course of our audit, no major weaknesses have been observed in the internal controls.
5. In respect of transactions covered under Section 301 of the Companies Act, 1956 :
 - a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered in the register maintained under Section 301 of the Companies Act, have been so entered.
 - b) In our opinion and according to the information and explanations given to us, there are no transactions in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 aggregating during the year to Rs. 5,00,000/- or more in respect of any party.
6. The Company has not accepted any deposits from the public requiring compliance of Section 58A and Section 58AA of the Companies Act, 1956 and the rules framed there under.
7. Although the Company has no formalized internal audit system, its internal control procedures ensure reasonable internal checking of financial and other records and this can be considered adequate under the circumstances.

8. The Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of the business activities carried out by the Company.
9. In respect of statutory dues :
 - a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees state insurance, sales tax, custom duty, excise duty, cess, service tax and other material statutory dues applicable to it.
 - b) According to the information and explanations given to us, no undisputed amounts payable in respect of sales tax, custom duty, excise duty, service tax and cess were in arrears, as at 31st March, 2011 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 31st March, 2010. There are no cash losses during the current financial year, but the Company has incurred 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 year.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956, during the year.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by way of public issue during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Branch, noticed or reported during the year nor have been informed of such case by the management.

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

S. SRIRAM
Partner
Membership No.: 202813

Place : Chennai
Date : May 23, 2011



BALANCE SHEET AS AT 31ST MARCH, 2011

(in Rupees)

Particulars	Schedule	As at 31st March, 2011	As at 31st March, 2010
SOURCES OF FUNDS :			
Shareholders' Funds :			
Share Capital	I	50,000,000	50,000,000
Reserves & Surplus	II	4,800	4,800
		50,004,800	50,004,800
Loan Funds :			
Secured Loans	III	75,958,305	64,510,386
Unsecured Loans	IV	13,730,284	13,730,284
		89,688,589	78,240,670
TOTAL		139,693,389	128,245,470
APPLICATION OF FUNDS :			
Fixed Assets :	V		
Gross Block		85,488,049	84,255,375
Less : Depreciation		54,933,207	52,706,976
Net Block		30,554,842	31,548,399
Current Assets, Loans & Advances :			
Inventories	VI	10,088,111	3,481,456
Sundry Debtors	VII	28,455,742	27,208,380
Cash & Bank Balances	VIII	354,662	346,815
Loans & Advances	IX	5,659,718	4,787,871
		44,558,233	35,824,522
Less : Current Liabilities and Provisions			
Current Liabilities	X	10,565,224	10,893,792
Provisions	XI	838,627	857,617
		11,403,851	11,751,409
Net Current Assets		33,154,382	24,073,113
Miscellaneous Expenditure (to the extent not written off or adjusted)	XII	27,123,762	23,175,267
Profit & Loss Account		48,860,403	49,448,691
		139,693,389	128,245,470
Accounting Policies & Notes	XIX		

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

Ashok N. Manjrekar
Director

Membership No.: 202813

Chennai, Dated 23rd day of May, 2011

Panaji, Dated 23rd day of May, 2011



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

(In Rupees)

Particulars	Schedule	31st March, 2011	31st March, 2010
INCOME :			
Sales		38,867,405	33,711,837
Less : Excise Duty		1,496,319	1,355,629
		37,371,086	32,356,208
Processing Charges		376,266	1,652,772
Other Income	XIII	846,824	7,890,742
Increase /(Decrease) in stock	XIV	(21,452)	221,925
TOTAL INCOME		38,572,724	42,121,647
EXPENDITURE :			
Manufacturing/Process Expenses	XV	21,264,013	26,130,291
Employee Cost	XVI	10,262,965	10,214,361
Administrative & Other Expenses	XVII	2,875,793	5,838,623
Finance Charges	XVIII	1,346,557	2,787,564
Depreciation	V	2,226,230	3,282,589
TOTAL EXPENDITURE		37,975,558	48,253,428
PROFIT BEFORE TAX		597,166	(6,131,781)
Less : Taxation Relating to Earlier Years		8,878	8,708
PROFIT/(LOSS) AFTER TAX		588,288	(6,140,489)
Loss B/F from the previous year		49,448,691	43,308,202
Loss Carried to Balance Sheet		48,860,403	49,448,691
Profit for Equity Shares		588,288	(6,140,489)
Basic and Diluted earnings per Share (Rs.)		0.12	(1.23)
Accounting Policies and Notes	XIX		

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

Ashok N. Manjrekar
Director

Membership No.: 202813

Chennai, Dated 23rd day of May, 2011

Panaji, Dated 23rd day of May, 2011



SCHEDULES TO BALANCE SHEET

(In Rupees)

Particulars	As at 31st March, 2011	As at 31st March, 2010
SCHEDULE - I – SHARE CAPITAL		
Authorised :		
5000000 Equity Shares of Rs. 10 each	50,000,000	50,000,000
Issued, Subscribed and Paid-up :		
5000000 Equity Shares of Rs. 10 each fully paid-up	50,000,000	50,000,000
	50,000,000	50,000,000
SCHEDULE - II – RESERVES AND SURPLUS		
Capital Reserve	4,800	4,800
	4,800	4,800
SCHEDULE - III – SECURED LOANS (Ref Note No. B(2) (b) & (c))		
Loan from Holding Company	68,183,000	57,183,000
Cash Credit from Bank of Maharashtra-Secured by hypothecation of Stock & Book Debts	2,737,592	1,849,363
Cash Credit from Bank of Maharashtra-Secured by pledge of fixed Deposit offered by Holding Company	5,037,713	5,478,023
	75,958,305	64,510,386
SCHEDULE - IV – UN-SECURED LOANS		
From Others	13,730,284	13,730,284
	13,730,284	13,730,284

SCHEDULE - V – FIXED ASSETS

(In Rupees)

Particulars	GROSS BLOCK (AT COST)			DEPRECIATION				NET BLOCK	
	As at 31-03-2010	Additions	Deductions	As at 31-03-2011	Upto 31-03-2010	During the year	Adjustments	Upto 31-03-2011	As at 31-03-2011
Freehold Land & Development	557,490	–	–	557,490	–	–	–	–	557,490
Buildings	27,875,482	–	–	27,875,482	11,693,513	931,041	–	12,624,554	15,250,928
Plant & Machinery	52,402,238	1,017,954	–	53,420,192	39,988,486	1,085,234	–	41,073,720	12,346,472
Furniture & Fittings	2,747,441	14,720	–	2,762,161	917,122	129,308	–	1,046,430	1,715,731
Vehicles	672,723	200,000	–	872,723	107,855	80,647	–	188,502	684,221
Trade Mark	1	–	–	1	–	–	–	–	1
Total	84,255,375	1,232,674	–	85,488,049	52,706,976	2,226,230	–	54,933,206	30,554,843
Previous Year	75,104,378	9,250,997	100,000	84,255,375	49,466,525	3,282,589	42,138	52,706,976	31,548,399





SCHEDULES TO BALANCE SHEET

(In Rupees)

Particulars	As at 31st March, 2011	As at 31st March, 2010
SCHEDULE - VI – INVENTORIES		
Raw Material, Stores & Spares & Others	10,088,111	3,481,456
	10,088,111	3,481,456
SCHEDULE - VII – SUNDRY DEBTORS (Unsecured Considered Good unless otherwise stated) Exceeding six months:		
Considered Doubtful	20,086,601	20,086,601
Considered Good	–	–
Other Debts	8,369,141	7,121,779
	28,455,742	27,208,380
SCHEDULE - VIII – CASH AND BANK BALANCES		
Cash in Hand	64,006	54,908
Balances with Scheduled Banks		
On Current Account	41,867	43,118
On Fixed Deposit Account	248,789	248,789
	354,662	346,815
SCHEDULE - IX – LOANS AND ADVANCES (Unsecured, Considered Good)		
Advances Recoverable in Cash or in Kind or for value to be received	4,040,065	1,838,853
Advance Tax / TDS	1,318,519	2,678,823
Trade Deposits	176,787	167,787
Interest Accrued on Fixed Deposits with Banks	124,347	102,408
	5,659,718	4,787,871
SCHEDULE - X – CURRENT LIABILITIES		
Sundry Creditors	9,138,754	8,702,994
Other Liabilities	1,426,470	2,190,798
	10,565,224	10,893,792
SCHEDULE - XI – PROVISIONS		
Provision for Leave Salary	655,093	633,056
Provision for Taxation	183,534	224,561
	838,627	857,617
SCHEDULE - XII – MISCELLANEOUS EXPENDITURE (To the extent not written-off or adjusted)		
Product Launch Expenses	3,948,495	–
Share Issue Expenses	3,466,498	3,466,498
Advertisement and Sales Promotion Expenses	19,708,769	19,708,769
	27,123,762	23,175,267

SCHEDULES TO PROFIT & LOSS ACCOUNT

(In Rupees)

Particulars	As at 31st March, 2011	As at 31st March, 2010
SCHEDULE - XIII – OTHER INCOME		
Miscellaneous Receipt	628,952	7,041,300
Interest Received	134,019	96,201
Sundry Balances Written Back (Net)	—	48,661
Sale of Scrap	83,853	641,745
Profit on sale of assets	—	2,138
Insurance Claims	—	60,697
	846,824	7,890,742
SCHEDULE - XIV – INCREASE/(DECREASE) IN STOCK		
Opening stock of Finished goods	221,925	—
Less: Closing stock of Finished goods	200,473	221,925
	(21,452)	221,925
SCHEDULE - XV – MANUFACTURING/PROCESS EXPENSES		
Consumption of Raw Material	15,639,860	17,954,984
Consumption of Packing Material	408,238	763,361
Consumption of Stores	252,965	312,416
Power & Fuel	3,337,967	3,694,491
Water Charges	262,485	297,541
Repairs & Maintenance		
Building	30,890	1,120,089
Plant & Machinery	370,009	1,066,850
Others	961,599	920,559
	21,264,013	26,130,291
SCHEDULE - XVI – EMPLOYEE COST		
Salaries, Wages and Allowances	8,481,564	8,604,891
Contribution to Provident and Other Funds	923,638	842,578
Welfare Expenses	662,744	596,032
Gratuity	195,019	170,860
	10,262,965	10,214,361
SCHEDULE - XVII – ADMINISTRATIVE & OTHER EXPENSES		
Rent, Rates & Taxes	200,470	440,910
Insurance	177,869	178,841
Travelling and Conveyance	885,744	863,357
Remuneration to Auditors (Ref. Note No. B (2)(g))	82,725	60,665
Directors Sitting Fees	50,000	48,500
Security Charges	589,550	528,386
Advertisement Expenses	250,998	741,817
Professional Expenses	36,300	95,824
Other Expenses	602,137	2,880,323
	2,875,793	5,838,623
SCHEDULE - XVIII – FINANCE CHARGES		
Interest	1,283,705	2,704,752
Bank Charges	62,852	82,812
	1,346,557	2,787,564



SCHEDULE – XIX

A. SIGNIFICANT ACCOUNTING POLICIES :

1. **Accounting Conventions :**

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

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

2. **Fixed Assets :**

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

3. **Inventories :**

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

4. **Revenue Recognition :**

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

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

5. **Employee Benefits :**

a) **Short Term Employee Benefits :**

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

b) **Defined Contributions :**

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

The Company also contributes to a government administered Provident and Pension Fund on behalf of its employees, which are charged to profit and loss account.

c) **Defined Benefit :**

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

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

d) **Long term Compensated absences :**

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

6. **Borrowing Costs :**

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

7. **Deferred Tax :**

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

8. **Miscellaneous Expenditure :**

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

B. NOTES TO THE ACCOUNTS :

1. Contingent Liabilities

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

2. Other Notes

a. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance) is Rs.11 lacs (Previous Year Rs.8 lacs).

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

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

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

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

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

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

g. Remuneration to Auditors :

Audit Fees	: 33,090
Tax Audit	: 5,515
Others	: 44,120
	<u>82,725</u>

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

i. The Accounting Standard 22, Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India has become applicable to the Company from 01-04-2001 and to comply with the same the Company reviewed its Deferred Tax Assets and Liabilities. The timing differences mainly arising on account of Un-absorbed Business Loss and Depreciation relating to earlier years have given rise to net Deferred Tax Asset as on 31-03-2011 as well as for the year. As a prudent policy the said net Deferred Tax Asset has not been recognized in the Accounts.

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

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

1) Relationship

(a) Holding Company :

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

(b) Fellow Subsidiary :

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

M/s. Dempo Industries Pvt. Ltd.

M/s. Dempo Travels Pvt. Ltd.



Nature of Transaction	Holding Company	Associate Companies
Professional fees & services rendered	1,99,416 (1,80,951)	— —
Services availed	66,974 (60,988)	5,78,088 (2,53,877)
Interest on loan	5,25,562 (—)	— (20,19,052)
Unsecured Loan obtained	110,00,000 (66,83,000)	— (—)
Unsecured Loan Repaid	— —	— (1,80,00,000)
Outstanding Loans as on 31-03-2011	6,81,83,000 (5,71,83,000)	1,37,30,284 (1,37,30,284)
Trade Receivable	1,41,444 (2,98,463)	— (—)
Trade Payable	— (—)	8,63,718 (10,60,300)

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

	Year ended 31-03-2011 (MT)	Year ended 31-03-2010 (MT)
Cereal Foods including Soya based product		
a) Installed Capacity as per catalogue	5000	5000
b) Actual Production	682	632
c) Opening Stock	Nil	Nil
d) Closing Stock	Nil	Nil
e) Turnover	682	632
n. i) Raw Material Consumed for own activity (MT)		
Imported	Nil	Nil
Indigenous	714.83	675.08
Total	714.83	675.08
ii) Value of Raw Material Consumption (Rs.)		
Imported	Nil	Nil
Indigenous	1,56,39,861	1,79,54,984
Total	1,56,39,861	1,79,54,984
o. Stores and Spares Consumed (Rs.)		
Indigenous 100%	2,52,965	3,74,485
(Previous year 100%)		
p. Expenditure in Foreign Currency	Nil	Nil
q. Earning per Equity Share	2010-2011	2009-2010
(Basic & Diluted) (Rs.)		
a) Net Profit available for Equity Shareholders	5,88,288	(61,40,489)
b) No. of Equity Shares	50,00,000	50,00,000
c) Earnings per Share	0.12	(1.228)
d) Nominal Value per Share	10	10

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

Ashok N. Manjrekar
Director

Membership No.: 202813

Chennai, Dated 23rd day of May, 2011

Panaji, Dated 23rd day of May, 2011



CASH FLOW STATEMENT FOR 2010-2011

(In Rupees)

	2010-2011		2009-2010	
A Cash Flow from Operating Activities				
Net Profit before Tax		597,166		(6,131,781)
Adjustments :				
Depreciation	2,226,230		3,282,589	
Interest Received	(134,019)		(96,201)	
Profit on sale of Assets	—		(2,138)	
Sundry Balances written back	—		(48,661)	
Interest/Finance Charges	1,346,557		2,787,564	
Product Development Expenditure	(3,948,495)	(509,727)	—	5,923,153
Operating Cash flow before Working Capital changes		87,439		(208,628)
(Increase) / Decrease in Inventories	(6,606,655)		(2,402,784)	
(Increase) / Decrease in Sundry Debtors	(1,247,362)		349,587	
(Increase) / Decrease in Loans & Advances	(2,210,212)		47,101	
Increase / (Decrease) in Current Liabilities & Provisions	(306,531)	(10,370,760)	3,190,723	1,184,627
Cash Generated from operations		(10,283,321)		975,999
Less : Taxes Paid		1,310,400		(10,135)
Net Cash flow generated from Operating Activities		(8,972,921)		965,864
B Cash Flow from Investing Activities				
Purchase of Fixed Assets	(1,232,674)		—	
Sale of Fixed Assets	—		8,776,677	
Interest Income	112,080		75,233	
Net Cashflow used in Investing Activities		(1,120,594)		8,851,910
C Cash Flows from Financing Activities				
Interest / Finance Charges Paid	(1,346,557)		(2,787,564)	
Secured Loan Availed	11,447,919		9,160,926	
Repayment of Unsecured Loan	—		(16,182,853)	
Net Cash flow used in Financing Activities		10,101,362		(9,809,491)
Net Cash Flow		7,847		8,283
Opening Balance in Cash & Cash Equivalent		346,815		338,532
Closing Balance in Cash & Cash Equivalent		354,662		346,815

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

Ashok N. Manjrekar
Director

Membership No.: 202813
Chennai, Dated 23rd day of May, 2011

Panaji, Dated 23rd day of May, 2011



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

NAME OF THE COMPANY

HINDUSTAN FOODS LIMITED

I. REGISTRATION DETAILS

STATE CODE

24

REGISTRATION NO.

601/G

BALANCE SHEET DATE

31-03-2011

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

PUBLIC ISSUE

NIL

RIGHTS ISSUE

NIL

BONUS ISSUE

NIL

PRIVATE PLACEMENT

NIL

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

TOTAL LIABILITIES

139693

TOTAL ASSETS

139693

SOURCES OF FUNDS

PAID - UP CAPITAL

50000

RESERVES AND SURPLUS

5

SECURED LOANS

75958

UNSECURED LOANS

13730

APPLICATION OF FUNDS

NET FIXED ASSETS

30555

INVESTMENTS

NIL

NET CURRENT ASSETS

33154

MISCELLANEOUS EXPENDITURE

27124

ACCUMULATED LOSSES

48860

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

TURNOVER

38572

TOTAL EXPENDITURE

37975

PROFIT/(LOSS) BEFORE TAX

597

PROFIT/(LOSS) AFTER TAX

588

PLEASE TICK APPROPRIATE BOX

+

✓

'+' FOR PROFIT AND '-' FOR LOSS

-

EARNING PER SHARE (RS.)
ON EQUITY SHARES

0.12

DIVIDEND RATE (%)

NIL

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

The Company is engaged in 3rd Party Job.

ITEMS CODE NO.
(AS PER ITC CODE)

PRODUCT DESCRIPTION

1. 19:04

Cereal Based Nutritional Foods

2.

3.



Hindustan Foods Limited

PROXY FORM

I/We
of
..... being a Member(s) of the above named Company
hereby appoint of
or failing him/her of.....
as my/our proxy to vote for me/us and on my/our behalf at the 26th Annual General Meeting of the
said Company to be held on Tuesday, the 20th September, 2011 at 10.30 a.m. and at any adjournment
thereof.

Signed this day of, 2011.

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.