



Hindustan Foods Limited
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27th Annual Report 2011-12



Hindustan Foods Limited

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

Directors:

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

Chief Executive – Operations:

Mr. G. S. Talekar

Registered Office:

Dempo House
Campal, Panaji
Goa – 403 001

Website:

hflgoa@demos.com

Investor Email ID:

hflinvestorrelations@demos.com

Works:

Usgao, Ponda
Goa – 403 407

Auditors:

R. Sundararaman & Co.
Chartered Accountants
No. 30/2, Indira Colony
Ashok Nagar
Chennai – 600 083

Registrars & Transfer Agents:

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound
L.B.S. Marg, Bhandup (West)
Mumbai – 400 078

Bankers:

Bank of Maharashtra

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NOTICE

Notice is hereby given that the Twenty-Seventh Annual General Meeting of the Members of **Hindustan Foods Limited** ('the Company') will be held at the Registered Office of the Company at **Dempo House, Campal, Panaji, Goa – 403 001, on Tuesday, the 18th December, 2012 at 10.30 a.m.** to transact the following business:

ORDINARY BUSINESS :

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

Notes :

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

For and on behalf of the Board of Directors

Panaji-Goa
5th November, 2012

SOIRU V. DEMPO
Executive Director

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



DIRECTORS' REPORT

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

Financial Results :

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

(Rs. in Lacs)

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

Company's Activities :

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

Dividend :

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

Extension of Financial Year 2011-12 :

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

Change in Capital Structure :

Authorised Share Capital

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

Preference Shares

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

Resumption of trading of shares :

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

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

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

Accreditation :

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

Public Deposits :

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

Directors :

Mr. N. C. Chaudhuri has resigned from the Board during the period under report. Your Directors have placed on record their appreciation of the valuable services rendered to the Company by Mr. N. C. Chaudhuri during his tenure as a Director from 10-06-1987 to 02-04-2012.

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

Directors' Responsibility Statement :

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

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



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

Auditors :

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

Particulars of Employees :

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

Particulars of Conservation of Energy etc.:

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

Auditors Report :

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

Corporate Governance :

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

Acknowledgments :

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

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

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

For and on behalf of Board of Directors

Panaji

Dated: 5th November, 2012

SOIRU V. DEMPO

Executive Director

ANNEXURE TO THE DIRECTORS' REPORT

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

I. Conservation of Energy:

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

(A) POWER AND FUEL CONSUMPTION

Current year

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

(B) CONSUMPTION PER UNIT OF PRODUCTION

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

II. Research and Development and Technology Absorption:

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

III. Foreign Exchange Earnings and Outgoings:

Earnings	—	Nil
Outgoings	—	Nil



MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

The Company enjoys cordial relations with the employees.

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

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

CORPORATE GOVERNANCE REPORT

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

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

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

I. Board of Directors:

a) Composition of Board

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

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

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

b) Other provisions as to Board and Committees

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

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

Detailed information is given in the table:

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

* Includes directorship held in 17 Private Limited Companies

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

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

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

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

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

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

e) **Shareholding of Directors:**

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