

ANNUAL REPORT

FORTUNE FOODS LIMITED

PAN NO - AAACF4646C

Financial Year 2011-12

Auditor

Ratan Chandak & Co.

Chartered Accountants

1/A, Suyash Apartment, Mahatma Nagar
Trimbak Road, Nashik - 422007

Ph: 0253-2351193; Email: nasik@rcnco.net

Locations: Nagpur(H.O.)|Pune|Nashik|Ahmednagar|Jalgaon

FORTUNE FOODS LIMITED

5, Gulshan Apartment, Tigrania Corner, Mumbai Agra Road, Nashik - 422011

To,
The Members,
FORTUNE FOODS LIMITED
Nashik.

Your Directors pleased to present the **TWENTY THIRD ANNUAL REPORT** on the Business and Operations of the Company and the Audited Statement of Accounts for the year ended **31st March, 2012**.

FINANCIAL HIGHLIGHTS :-

	(Amount in Rs.)	
	Year ended 31.03.2012	Year ended 31.03.2011
Sales / Revenue	30,700,878	12,540,010
Profit / (loss) before Interest & Depreciation	1,011,327	(791,505)
Less: Interest	3,781,231	3,393,691
Less: Depreciation	4,679,967	4,668,198
Profit/(loss) for the year before tax	(7,449,870)	(8,853,393)
Income Tax (including Fringe Benefit Tax)	0	0
Profit/(loss) after tax	(7,449,870)	(8,853,393)
Accumulated profit/(loss) brought forward	(34,586,451)	(25,733,058)
Accumulated profit/(loss) carried forward	(42,036,321)	(34,586,451)

OPERATIONS:

In the year 2011-12, the Company has faced challenges at various fronts viz, competition, pressure of price cutting, cost reduction, etc. Global recession had an impact on the overall business leading to decrease in the business volume.

However, the management is optimist about the business growth in the coming years. Moreover, though there is decline in the manufacturing activity, the Company has increased its job work activity and sought progress, as compared to last year.

AUDITORS' REPORT:

The Auditors in their report have referred to the notes forming part of accounts, which are self explanatory and do not require further elucidation.

- ***With reference to the Para 4 Clause (d) of the Auditors' Report, regarding compliance with the Accounting Standards,***

It is to inform that the non compliance is due to consistent policy of the management, which follows the cash basis of accounting for provision of all employee benefits.

Similarly, the management also follows cash basis of accounting for the purpose of Tax expenses and hence no provision for deferred tax liability or asset is made.

- ***With reference to the Para 3 of the Annexure to Auditors' Report,***

- ***Clause i (a)*** - The Company has started maintaining records showing full particulars of Fixed Assets of the Company. It is trying to trace out earlier records and retrieving the same for future reference.
- ***Clause ii (c)*** - The Management have relied over the Laboratory reports and the report of the Stores Manager for quality and the marketability of the old inventory lying in cold storage.
- ***Clause iii (a)*** - The Management admits that the Company has defaulted by making payment and advancing loan to parties in contravention of Section 295 of the Companies Act, 1956. The Management looks forward for making good the default so made.
- ***Clause vii*** - The Management believes that the internal control procedures adopted by them are adequate enough to ensure reasonable internal checking & control. Thus there is no need to constitute a formal internal audit department.
- ***Clause ix (a)*** - Due to lack of liquidity and other financial constraints, there are certain statutory dues outstanding. The Management ensures to make good the default and the irregularities at their earliest, as may be possible.

AUDITORS:

The auditors of the Company M/s. Ratan Chandak & Co., Chartered Accountants retiring at the coming Annual General Meeting and are eligible for re-appointment U/s 224 of the Companies Act, 1956. Your Directors recommended re-appointment.

DIVIDEND:

During the year under review the Board of Directors has not declared and paid any dividend.

FIXED DEPOSITS:

During the year under review, the Company had not accepted any deposits within the meaning of Section 58-A of the Companies Act 1956.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS / OUTGOINGS:

Information pursuant to Section 217(1) (e) of the Companies Act, 1956 read together with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 -

A) Conservation of Energy and Technology Absorption:

The Company is engaged in trading activity and does not involve any technology.

B) Foreign Exchange Earnings & Outgoings:

Nil

PARTICULARS OF EMPLOYEES:

Particulars of Employees required to be furnished under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975:

Nil

DIRECTORS:

During the year under review and for the period upto the date of this report, there are no new appointments or resignations to/from the post of Director(s).

DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed along-with a proper explanation relating to material departures;

- ii) 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 the financial year and of the Profit of the Company for that period;
- iii) 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 frauds and other irregularities;
- iv) the Directors have prepared the accounts on a going concern basis.

ACKNOWLEDGEMENT:

The Board of Director place on record deep appreciation to the bankers, customers for their co-operation and support during the year under review and look forward to continuous cordial relations in the forth coming year.

For and On behalf of the Board



Naresh K. Gupta
Managing Director



Shailesh N. Gupta
Director



Place: Nashik

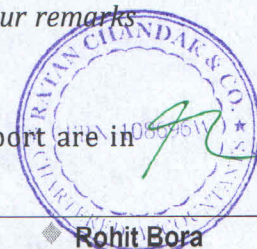
Date: July 25, 2012



AUDITOR'S REPORT

To,
The Members of,
Fortune Foods Limited
Nashik.

1. We have audited the attached Balance Sheet of **Fortune Foods Limited** as at 31 March 2012 and the annexed Profit & Loss Account of the company for the year ended on that date. 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 the 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 (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956. We enclose in the Annexure 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 above, we report that:
 - a) We have obtained all the information and explanation 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 books *subject to our remarks under notes to the audit report*;
 - c) The Profit and Loss Account and Balance Sheet dealt with by this report are in agreement with the books of account;



◆ **Devidas Chandak**
B.Com., F.C.A.
Nagpur

◆ **Sudhir Baheti**
B.Com., F.C.A.
Nagpur

◆ **Jaydeep C. Katariya**
B.Com., F.C.A.
Pune

◆ **Kaushal K. Mundada**
B.Com., F.C.A.
Jalgaon

◆ **Rohit Bora**
F.C.A., DISA (ICAI), SAP
Ahmednagar

- d) In our opinion the profit and loss account and balance sheet comply with the accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956. The Company has complied with the Accounting Standards as notified under the Companies Act, 1956 *except that*,
- *accounting standard (AS) 15-' Employee Benefits' for Retirement benefits of the employees by way of Leave encashment, Gratuity etc. which are not provided for and the quantum of the same have not been determined by the management.*
 - *the Company has not provided deferred tax liability/asset as per for 'AS 22- Accounting for Taxes on Income';*
- e) On the basis of the written presentations received from the directors of the company as at 31st March, 2012 and taken on record by the Board of Directors, we report that, no director is disqualified from being appointed as a director of the company under clause (g) of the sub-section (1) of section 274 of the Companies Act, 1956;
- f) In our opinion and to the best of our information and according to the explanation given to us, the accounts read with the notes thereon gives us, the information required by the Companies Act, 1956 in the manner so required and give true and fair view.
- i. In the given case of the Balance Sheet of State of Affairs of the company as at 31 March 2012.
 - ii. In the case of the Statement of Profit and Loss for the year ended on that date.
 - iii. In case of the Cash Flow Statement for the year ended on that date.

For Ratan Chandak & Co.
Chartered Accountants



Niranjan R. Laddha
Partner

Place : Nashik
Date : July 25, 2012

Membership No.: 111756
Firm Reg. No.: 108696W

Notes to the Audit Report for the year ended March 31, 2012

1. *Cash balance as on 31 March 2012 is verified and certified by the management and not physically verified by us.*
2. *Confirmation of Creditors, Advances, Deposits have not been obtained and hence are subject to confirmation and reconciliation if any.*
3. *Stocks are verified, certified and valued by the management and not physically verified by us.*
4. *Due to lack of adequate information, the Trade Payables are not bifurcated as current and non-current liabilities.*
5. *This report is based on the information and explanations given to us, and subject to the notes attached to the Balance Sheet and the Schedules thereto, are based on our interpretations among other things, inter-alia of judicial / semi judicial pronouncements, Circulars of the Central Board of Direct Taxes and guidance note of the Institute of Chartered Accountants of India.*
6. *We have applied the test check method for auditing. Most of the transactions are supported by external/third party documents viz. Invoice, receipts, contract notes, vouchers, etc. However, wherever supporting are not available we have relied on the vouchers prepared and approved by director of the company, and confirmed that, all these expenses are legitimate expenses incurred for the business.*

Place : Nashik
Date : July 25, 2012



For Ratan Chandak & Co.
Chartered Accountants

A handwritten signature in green ink, appearing to read "Niranjana R. Laddha".

Niranjana R. Laddha
Partner

Membership No.: 111756
Firm Reg. No.: 108696W

Annexure to the Audit Report

Fortune Foods Limited

For the year ended March 31, 2012

Referred to in paragraph 3 of our report of even date,

- i. (a) *The company has not maintained proper records showing full particulars, including quantitative details and situation of fixed assets.*
 - (b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. However, discrepancies, if any, with book records can't be ascertained, as the records are not properly maintained.
 - (c) As per information and explanation given to us on our enquiries the company has not disposed off any assets during year so as to have an impact on the operations of the company, or affect its going concern status of the company.
- ii. (a) The inventory has been physically verified during the year by the management. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
 - (b) According to the information and explanations given to us, in our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, we feel that the company needs to further improve maintenance of records of inventories. *Periodically review the quality, marketability of the old inventory lying in cold storage.* Material discrepancies noticed on physical verification have been properly dealt with in the books of account.
- iii. (a) *The company has made the advance by way of payment of expenses for the parties covered in the register maintained under Section 301 of Companies Act 1956, in contravention of provision of Section 295 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 2,593,004/- and the yearend balance was Rs. 3,237,102/-*
- iv. In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the company and the nature of its business, with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the company.



- v. (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (b) In respect of the transactions entered in register maintained in pursuance of Section 301 of the Companies Act, 1956, according to the information and explanation given to us and excluding certain transactions of purchase of goods and material being tailor made as per drawings and designs of the customers etc and being of special nature for which alternate quotations are not available, the transactions in pursuance of such contracts or arrangements have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time
- vi. As the Company has not accepted any deposit from the public, the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA of the Company Act, 1956 and the Rules framed there under are not applicable.
- vii. *The Company has no formal internal audit department as such, and though, its control procedures ensure reasonable internal checking of its financial and other records, we recommend that, the Company should have a formal internal audit department comprising qualified persons capable for it or get the internal audit done by external professional(s).*
- viii. In our opinion and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Company Act, 1956.
- ix. (a) According to the records of the Company, the Company is not regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Profession Tax and other statutory dues applicable to the Company with the appropriate authorities.
- *The company has not paid deferral Sales Tax since the year 2007-08 as per Sales Tax NPV discounted payable scheme.*
 - *There are undisputed liabilities of Rs. 3.96 lacs for Profession tax, 0.12 lacs for Service Tax, Rs. 19.45 lacs for Income Tax TDS, Rs. 26.46 lacs for VAT, Rs. 0.72 lacs for FBT & Income tax which are due for more than a year.*
 - *The Company has continuing default in filling of Registrar of Companies returns and submitting reports to Stock Exchanges.*
- Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.
- x. The company has accumulated depreciation losses. In our opinion, the accumulated losses of the company are not more than fifty percent of its net worth. Further, the company has incurred cash loss of Rs. 26.19 lacs during the financial year covered by our audit.



- xi. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or bank.
- xii. On the basis of information and explanations given by the management we are of the opinion that, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities
- xiii. In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xiv. 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 (Auditor's Report) Order, 2003 are not applicable to the company.
- xv. In our opinion, the terms and conditions on which the company has given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interest of the company.
- xvi. We are unable to establish any audit trail of fund flows, which can correlate end use with corresponding funds raised, However, as per information and explanations given to us and on the basis of total expenditure incurred on the various assets till date, the term loans obtained by the company, in our opinion, have been applied for the purpose for which they are obtained.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we are unable to establish any audit trail of fund flow which can correlate end use of short-term fund raised has not been used for long-term investment; hence we are unable to make any comments.
- xviii. According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.
- xix. According to the information and explanations given to us, the company had not issued any Secured Debenture and hence this clause is not applicable.
- xx. The Company has not raised any money through a public issue during the year.
- xxi. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.



For Ratan Chandak & Co.
Chartered Accountants

Niranjan R. Laddha
Partner

Place: Nashik
Date: July 25, 2012

Membership No.: 111756
Firm Reg. No.: 108696W

FORTUNE FOODS LIMITED

Balance sheet

as at 31 March 2012

(Currency: Indian Rupee)

Particulars	Note No.	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share Capital	3	43,600,000	43,600,000
Reserve & Surplus	4	(23,150,757)	(13,868,292)
Non-Current Liabilities			
Long-term Borrowings	5	39,311,820	35,239,141
Deferred Tax Liabilities (Net)		-	-
Current Liabilities			
Short-term Borrowings		-	-
Trade Payables	6	8,431,049	8,875,264
Other Current Liabilities	7	11,357,696	10,224,991
Short-term Provisions	8	72,510	72,510
Total		79,622,318	84,143,614
ASSETS			
Non-Current Assets			
Fixed Assets - Tangible Assets	19		
Gross block		146,325,112	145,024,231
Less: Accumulated Depreciation		84,567,105	78,054,543
Closing W.D.V.		61,758,007	66,969,688
Non-current Investments		-	-
Long Term Loans and Advances	9	7,197,789	4,442,942
Current Assets			
Current Investments			
Inventories	10	10,676,615	10,676,615
Trade Receivables	11	227	1,452,994
Cash and Cash Equivalents	12	(10,320)	601,375
Short-term Loans and Advances		-	-
Total		79,622,318	84,143,614

Summary of Significant Accounting Policies 2

The accompanying notes are an integral part of the Financial Statements.

As per our report attached

For Ratan Chandak & Co.

Chartered Accountants

Niranjan R Laddha

Partner

Membership No.: 111756

Firm Reg. No.: 108696W

Place: Nashik

Date: July 25, 2012

**For and on behalf of the Board of Directors
of Fortune Foods Limited**

Naresh Gupta

Director

Shailesh Gupta

Director

Place: Nashik

Date: July 25, 2012

FORTUNE FOODS LIMITED

Statement of Profit and Loss

for the year ended 31 March 2012

(Currency: Indian Rupee)

Particulars	Note No.	31st March 2012 Rs.	31st March 2011 Rs.
CONTINUING OPERATIONS			
Income			
Revenue from Operations	13	30,621,809	12,540,010
Other income	14	79,069	-
Total Revenue		30,700,878	12,540,010
Expenditure			
Cost of Material Consumed	15	-	225,000
Purchase of Traded Goods		-	-
(Increase)/Decrease in the inventories of Finished goods, work-in-progress and traded goods		-	-
Employee Benefit Expense	16	8,650,371	4,613,304
Finance Cost	17	3,781,231	3,393,691
Depreciation and Amortisation Expenses	19	4,679,967	4,668,199
Other Expenses	18	20,888,638	8,493,209
Total Expenses		38,000,206	21,393,403
Profit / (Loss) before exceptional and extraordinary items and tax		(7,299,328)	(8,853,393)
Exceptional and extraordinary items		(150,542)	-
Profit / (Loss) before tax		(7,449,870)	(8,853,393)
Tax Expenses			
- Current Tax		-	-
- Deferred Tax		-	-
Profit/(Loss) After Tax		(7,449,870)	(8,853,393)
Basic and Diluted Earnings per share of Rs. 10 each		(1.71)	(2.03)

Summary of Significant Accounting Policies

2

The accompanying notes are an integral part of the Financial Statements.

As per our report attached

For Ratan Chandak & Co.

Chartered Accountants

Niranjan R Laddha

Partner

Membership No.: 111756

Firm Reg. No.: 108696W

Place: Nashik

Date: July 25, 2012



**For and on behalf of the Board of Directors
of Fortune Foods Limited**

Naresh Gupta

Director

Shailesh Gupta

Director



Place: Nashik

Date: July 25, 2012

FORTUNE FOODS LIMITED

Cash flow statement

for the year ended 31 March 2012

(Currency : Indian Rupee)

Particulars	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
I Cash flows from operating activities		
Net profit/(loss) before tax	(7,449,870)	(8,853,393)
Adjustments for:		
Depreciation	4,679,967	4,668,199
Interest expense	3,780,931	3,393,691
Net Loss on Sale of Machinery	150,542	-
Operating profit before working capital changes	1,161,569	(791,503)
Increase/(decrease) in sundry creditors	(598,769)	(802,380)
Increase/(decrease) in other liabilities	1,287,260	1,040,088
Increase/(decrease) in provisions	-	-
Decrease/(increase) in inventory	-	225,000
Decrease/(Increase) in other current asset	(2,141,879)	95,057
Decrease/(Increase) in sundry debtors	1,452,767	1,315,491
Cash generated from operations	1,160,948	1,081,752
Income taxes paid (including tax deducted at source)	(612,968)	(253,297)
Net Cash flow before extraordinary items	547,980	828,455
Net cash from operating activities	547,980	828,455
II Cash flows from investing activities		
Payments for purchase of fixed assets	(5,101,423)	-
Receipts from sale of fixed assets	3,800,542	-
Net Loss on Sale of Machinery	(150,542)	-
Net cash used in investing activities	(1,451,423)	-
III Cash flows from financing activities		
Proceeds from secured loans	-	-
Proceeds from unsecured loans	4,072,679	3,126,689
Interest paid	(3,780,931)	(3,393,691)
Net cash used in financing activities	291,748	(267,002)
IV Net increase / (decrease) in cash and cash equivalents (I+II+III)	(611,695)	561,453
Cash and cash equivalents at beginning of the year	601,375	39,922
Cash and cash equivalents at end of the year	(10,320)	601,375

Summary of Significant Accounting Policies

The accompanying notes are an integral part of the Financial Statements.

As per our report attached

For Ratan Chandak & Co.

Chartered Accountants

Niranjan R. Laddha

Partner

Membership No.: 111756

Firm Reg. No.: 108696W

Place: Nashik

Date: July 25, 2012



For and on behalf of the Board of Directors

Naresh Gupta

Director

Shailesh Gupta

Director



Place: Nashik

Date: July 25, 2012

Fortune Foods Limited

Notes to the Financial Statements

for the year ended 31 March 2012

(Currency: Indian Rupee)

1 Background

Fortune Foods Limited ('the Company') was incorporated on 16th March 1989.

The Company is engaged in Manufacturing & Job Work activity related to Fruit Pulp, Tomato Concentrate & Fruit Pulp Based Drinks.

The Company is having its Registered Office at 5, Gulshan Apartment, Tigrania Corner, Mumbai Agra Road, Nashik - 422011 and having its manufacturing unit at Village Awankhed, Taluka Dindori, Dist. Nashik - 422202.

2 Summary of significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements are prepared and presented under the historical cost convention, with going concern assumption, on the accrual basis of accounting and are in accordance with the accounting principles generally accepted in India. The financial statements comply with the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956, to the extent applicable.

2.2 Use of estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities. Actual results may differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

2.3 Fixed assets and depreciation

Fixed assets are carried at cost of acquisition less accumulated depreciation and its written down value is stated. Cost includes inward freight, duties, taxes and incidental expenses related to the acquisition, construction and installation of the fixed assets. Borrowing costs directly attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised.

Depreciation on the fixed assets is provided under straight line method at the rates specified in Schedule XIV of the Companies Act, 1956.

Further, the management periodically review the status and useful life of the assets and provides for the additional depreciation, if required.



Fortune Foods Limited

Notes to the Financial Statements

for the year ended 31 March 2012

(Currency: Indian Rupee)

2.4 Impairment

- a) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.
- b) After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.
- c) A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

2.5 Investments

Investments in bank fixed deposits are made in relation to business of the company and are stated at cost.

2.6 Inventories

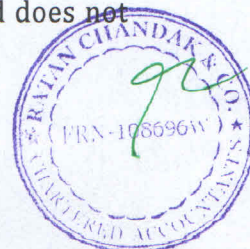
Inventories are valued at the lower of cost and net realisable value after providing for cost of obsolescence. The method of determination of cost is as follows:

- Raw materials - At First-In-First-Out ('FIFO') method which includes all costs of purchase and costs incurred in bringing inventories to their present location and condition.
- Work in progress and finished goods - At cost, which includes direct material, labour cost and appropriate portion of factory overheads based on normal operating capacity.

Net realisable value is determined in the following manner:

- Raw materials - raw material inventory is written down below cost in cases where purchase prices have declined and it is estimated that the cost of finished products will exceed their net realisable value.
- Work in progress - estimated selling price of finished goods in the ordinary course of business less selling expenses and estimated cost of completion.
- Finished goods - estimated selling price of finished goods in the ordinary course of business less selling expenses.

In case of Job work activity, all inventory belong to the customer and does not form part of the inventory of the Company.



Fortune Foods Limited

Notes to the Financial Statements

for the year ended 31 March 2012

(Currency: Indian Rupee)

2.7 Current assets, loans and advances

Current assets, loans and advances are of the value stated if realisable in the ordinary course of business.

2.8 Loans and borrowings

Secured as well as unsecured loans are stated at full value of liability payable on the date of balance sheet or future date, except for liability for deferred sales tax loan. It is stated at discounted value as Net Present Value. Computation of Deferment of Sales Tax liability has been made in accordance with NPV Method as provided by Department of Sales Tax, Maharashtra.

2.9 Revenue recognition

Revenue from sale of goods is recognised when goods are despatched and the title passes to the customers. Sales are stated net of sales tax and discounts.

2.10 Income tax

Current tax

Provision for income tax is recognised under the taxes payable method based on the estimated tax liability computed after taking credit for allowances and exemptions in accordance with the Indian Income Tax Act, 1961.

Since the company is having carried forward of Depreciation losses, Provision for Income Tax payable is not made in books of accounts

Deferred tax

Deferred tax expense or credit and the related liabilities or assets are not recognised as specified by ICAI in AS 22 – Accounting for Taxes on Income.

2.11 Earnings per share

The basic and diluted earnings per share is computed by dividing the profit/loss after tax available for equity shareholders by the weighted average number of equity shares outstanding during the reporting period.

2.11 Provisions and contingencies

A provision is recognized when there is a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

When there is a possible obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.



FORTUNE FOODS LIMITED

Notes forming part of the Financial Statements

for the year ended 31 March 2012

(Currency : Indian Rupee)

3 Share Capital

	As at 31st March 2012		As at 31st March 2011	
	Number of Shares	Rs.	Number of Shares	Rs.
Authorised Capital				
5,000,000 Equity shares of Rs. 10 each	5,000,000	50,000,000	5,000,000	50,000,000
Issued, Subscribed and Paid-up Capital				
4,360,000 Equity shares of Rs. 10 each fully paid	4,360,000	43,600,000	4,360,000	43,600,000
		43,600,000		43,600,000

- Reconciliation of the shares outstanding at the beginning and the end of the reporting period

<i>Equity shares of Rs. 10 each</i>	As at 31st March 2012		As at 31st March 2011	
	Number of Shares	Rs.	Number of Shares	Rs.
At the beginning of the period	4,360,000	43,600,000	4,360,000	43,600,000
Issued during the period (subscribed and fully paid at par)	-	-	-	-
Outstanding at the end of the period	4,360,000	43,600,000	4,360,000	43,600,000

- Terms or rights attached to equity shares

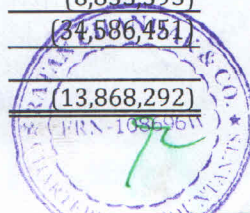
The company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share. In the event of the liquidation of the company, the holders of the equity shares will be entitled to receive the remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion of the number of equity shares held by the shareholders.

- Details of the shareholders holding more than 5% shares in the Company

Name of shareholders	As at 31st March 2012		As at 31st March 2011	
	Number of Shares	% of holding	Number of Shares	% of holding
Class of shares: Equity shares with voting rights				
Mr. Shailesh Naresh Gupta	241,800	5.55	241,800	5.55

4 Reserve & Surplus

	As at 31st March 2012	As at 31st March 2011
	Rs.	Rs.
Special Capital Incentive	3,000,000	3,000,000
Revaluation Reserve		
Opening Balance	17,718,159	19,550,754
Less: Amortization during the year	(1,832,595)	(1,832,595)
Closing Balance	15,885,564	17,718,159
Profit & Loss Account		
Balance as per last Financial Statements	(34,586,451)	(25,733,058)
Add: Profit for the current period	(7,449,870)	(8,853,393)
Closing Balance	(42,036,321)	(34,586,451)
Balance in Reserves & Surpluses	(23,150,757)	(13,868,292)



FORTUNE FOODS LIMITED

Notes forming part of the Financial Statements

for the year ended 31 March 2012

(Currency : Indian Rupee)

5 Long Term Borrowings	Non-current Portion		Current Maturities	
	31st March 2012 Rs.	31st March 2011 Rs.	31st March 2012 Rs.	31st March 2011 Rs.
Other loans and advances (Unsecured)	39,311,820	35,239,141	-	-
	<u>39,311,820</u>	<u>35,239,141</u>	<u>-</u>	<u>-</u>

- The Deferred Sales Tax Liability is shown at Net Present Value as mentioned in the Notes to Accounts

6 Trade Payables

Payable for goods and services in normal course of business	8,431,051	8,875,265
	<u>8,431,051</u>	<u>8,875,265</u>

7 Other Current Liabilities

Others

Payable to Employees	3,419,950	3,276,709
Payable for Expenses	879,429	1,033,984
Advance from Customers	1,808,273	793,004
Duties and taxes	5,250,045	5,121,294
	<u>11,357,696</u>	<u>10,224,991</u>

8 Short Term Provisions

Provision for Income Tax	20,182	20,182
Provision for FBT	52,328	52,328
	<u>72,510</u>	<u>72,510</u>

9 Loans & Advances

	Non-current Portion (Rs.)		Current Maturities (Rs.)	
	31st March 2012	31st March 2011	31st March 2012	31st March 2011
Deposits				
Unsecured, considered good				
Fixed Deposit Axis Bank	91,000	-		
MSEB Deposit	360,126	360,126		
Advances Recoverable in Cash or Kind				
Unsecured, considered good	4,301,461	2,250,582		
Other Loans & Advances				
Balance with revenue authorities	2,445,202	1,832,234		
	<u>7,197,789</u>	<u>4,442,942</u>	<u>-</u>	<u>-</u>



FORTUNE FOODS LIMITED

Notes forming part of the Financial Statements

for the year ended 31 March 2012

(Currency : Indian Rupee)

10 Inventories

Raw Materials
Finished Goods
Stores & Spares

As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
7,081,000	7,081,000
2,701,250	2,701,250
894,365	894,365
10,676,615	10,676,615

11 Trade Receivables

Unsecured, considered good

Outstanding for a period exceeding six months from the date they are due for payment

Other Trade Receivables

227	1,452,994
227	1,452,994

12 Cash & Bank Balances

Balances with Banks
- in current accounts
Cash on Hand

(255,196)	476,499
244,877	124,877
(10,320)	601,375

13 Revenue from Operations

Sale of Products
Job Work Charges

25,650	238,105
30,596,159	12,301,905
30,621,809	12,540,010

14 Other Income

DEPB License

79,069	-
79,069	-

15 Cost of Material Consumed

Opening Stock
Add: Purchases

Less: Closing Stock

Cost of Material Consumed

10,676,615	10,901,615
-	-
10,676,615	10,901,615
10,676,615	10,676,615
-	225,000



FORTUNE FOODS LIMITED

Notes forming part of the Financial Statements

for the year ended 31 March 2012

(Currency : Indian Rupee)

16 Employee Benefit Expense

Salary and wages	7,611,148	3,773,304
Directors Remuneration	910,000	840,000
Staff Welfare Expenses	129,223	-
	<u>8,650,371</u>	<u>4,613,304</u>

17 Finance Cost

Bank Interest	44,161	-
Interest on Deferrment of Tax	3,736,770	3,393,691
Other interest	300	-
	<u>3,781,231</u>	<u>3,393,691</u>

18 Other Expenses

Bad debts	-	2,749,484
Bank Charges	48,643	58,018
Electricity Expenses	160,770	-
Consumables & Office Expenses	23,654	69,266
Donation	16,000	-
Insurance	20,279	-
Laboratory Expenses	158,114	41,010
Packing, forwarding & freight outward	5,953	30,352
Postage & Stationery expenses	80,778	51,205
Professional & legal expenses	396,604	99,114
Rent - Storage charges	57,120	114,240
Rent, Rates & Taxes	200,000	100,000
Repairs & Maintenance		
- Building	290,261	7,432
- Plant & Machinery	622,302	334,906
- Others	61,449	13,742
Telephone expenses	126,618	163,959
Travelling & conveyance expenses	278,003	18,197
Utility expenses	-	129,830
Vehicle running & maintenance expenses	267,865	149,620
Auditors remuneration (including service tax)		
- Statutory audit fees	28,090	33,090
- Tax & VAT audit fees	28,090	55,150
Water Expenses	158,500	-
Other Expenses	50,001	-
Freight Inward	111,360	12,003
<u>Power & Fuel</u>		
Plant Expenses	2,273,446	173,652
Rent - Generator	806,302	539,394
Stores & Consumables	973,083	641,699
	<u>20,888,638</u>	<u>8,493,209</u>



FORTUNE FOODS LIMITED

Notes forming part of the Financial Statements

for the year ended 31 March 2012

(Currency : Indian Rupee)

19 Fixed Assets

Particulars	Land	Borewell	Factory Building	Building Work-in-Progress	Plant & Machinery	Fire Fighting Equipment	Furniture, Fixtures & Office	Computer & Software	Vehicles	Total
Cost										
At 1st April 2010	1,365,500	139,240	27,161,542	-	113,794,456	49,053	736,549	334,341	1,443,550	145,024,231
Additions										
Disposals										
At 31st March 2011	<u>1,365,500</u>	<u>139,240</u>	<u>27,161,542</u>	<u>-</u>	<u>113,794,456</u>	<u>49,053</u>	<u>736,549</u>	<u>334,341</u>	<u>1,443,550</u>	<u>145,024,231</u>
Additions			70,308	153,085	4,871,530	-	-	6,500	-	5,101,423
Disposals			-		(3,800,542)	-	-	-	-	(3,800,542)
At 31st March 2012	<u>1,365,500</u>	<u>139,240</u>	<u>27,231,850</u>	<u>153,085</u>	<u>114,865,444</u>	<u>49,053</u>	<u>736,549</u>	<u>340,841</u>	<u>1,443,550</u>	<u>146,325,112</u>
Depreciation										
At 1st April 2010		25,795	10,775,795		59,250,734	21,663	532,700	334,341	612,721	71,553,749
Charge for the year		1,052	553,479		3,927,577	2,330	46,624	-	137,137	4,668,199
Amortization of Revaluation Reser	-	1,218	353,717		1,477,660	-	-	-	-	1,832,595
Disposals										
At 31st March 2011	<u>-</u>	<u>28,065</u>	<u>11,682,991</u>	<u>-</u>	<u>64,655,971</u>	<u>23,993</u>	<u>579,324</u>	<u>334,341</u>	<u>749,858</u>	<u>78,054,543</u>
Charge for the year		1,052	555,616		3,936,279	2,330	46,624	930	137,137	4,679,967
Amortization of Revaluation Reserve		1,218	353,717		1,477,660	-	-	-	-	1,832,595
Disposals										
As 31st March 2012	<u>-</u>	<u>30,335</u>	<u>12,592,324</u>	<u>-</u>	<u>70,069,910</u>	<u>26,323</u>	<u>625,948</u>	<u>335,271</u>	<u>886,995</u>	<u>84,567,105</u>
Net Block										
At 31st March 2011	<u>1,365,500</u>	<u>111,175</u>	<u>15,478,551</u>	<u>-</u>	<u>49,138,485</u>	<u>25,060</u>	<u>157,225</u>	<u>-</u>	<u>693,692</u>	<u>66,969,688</u>
At 31st March 2012	<u>1,365,500</u>	<u>108,905</u>	<u>14,639,526</u>	<u>153,085</u>	<u>44,795,534</u>	<u>22,730</u>	<u>110,601</u>	<u>5,570</u>	<u>556,555</u>	<u>61,758,007</u>



FORTUNE FOODS LIMITED

Notes forming part of the Financial Statements

for the year ended 31 March 2012

(Currency : Indian Rupee)

20.1 Contingent liabilities

- In the year 2006-07 Company has opted Sales tax NPV discounted paybale scheme and discounted the sales tax deferral liability of Rs. 5.76 crores to Rs. 2.29 crores. However, the company has not paid the amount till date and reversed the annual discounted value of the Sales tax deferral liability as interest; and as on 31.03.2012 shown the deferral sales tax liability as unsecured loan for Rs. 3.82crores. Hence, as on 31.03.2012 the discounted value of sales tax deferral liability not yet reversed is Rs. 1.94 crores.
- The Company has shown an advance (assets) of Rs. 5.98 lacs as an receivable from the Providend Fund department. However, the department is claiming it as an recovery on account of providend fund. The matter is under dispute and pending at High Court. The disputed amount is not provided in the books of accounts as a liability, as there is difference of legal interpretation and the final decision of the case is awaited.

20.2 Earnings per share

Particulars	As at 31st March 2012	As at 31st March 2011
Net profit after tax available for equity shareholders (Rs.)	(7,449,870)	(8,853,393)
Weighted average number of equity shares of Rs. 10 each outstanding during the year (Nos)	4,360,000	4,360,000
Basic and diluted earnings per share (Rs.)	(1.71)	(2.03)

20.3 Related Party Transactions:

In accordance with the requirements of Accounting Standard 18 i.e. "Related Party Disclosures" issued by the Institute of Chartered Accountants of India , the details of related party transactions are given below :

(a) List of related parties with whom transactions are effected during the year

Description of Relationship	Name of related parties
Shareholders and Key Management Personnel	Mr. Naresh K. Gupta (Director) Mr. Shailesh N. Gupta (Director) Mr. Ganesan Venkatraman (Independent Director) Mr. Pramod Kumar (Independent Director)
Other related parties with whom transactions have taken place during the year	Tigrania Metals Pvt. Ltd.



FORTUNE FOODS LIMITED

Notes forming part of the Financial Statements

for the year ended 31 March 2012

(Currency : Indian Rupee)

(b) Transactions with related parties during the year :

Nature of transactions	As at 31st March 2012		As at 31st March 2011	
	Shareholders and Key Management Personnel Rs.	Other related parties Rs.	Shareholders and Key Management Personnel Rs.	Other related parties Rs.
Loans/advances given	-	2,593,004	-	373,641
Loans/ advances received back	-	744,000	-	341,959

(c) Balances outstanding

Outstanding balances at year end	As at 31st March 2012		As at 31st March 2011	
	Shareholders and Key Management Personnel Rs.	Other related parties Rs.	Shareholders and Key Management Personnel Rs.	Other related parties Rs.
Loans & Advances	-	3,237,102	-	1,388,098

(d) Names of the parties having related party transactions in excess of 10% (by nature of transaction):

Particulars	As at 31st March 2012	As at 31st March 2011
	Rs.	Rs.
Directors Remuneration		
Mr. Naresh K. Gupta	480,000	480,000
Mr. Shailesh N. Gupta	360,000	360,000
Directors Meeting Allowance		
Mr. Ganesan Venkatraman	30,000	-
Mr. Pramod Kumar	40,000	-

20.4 Segmental Reporting

In the earlier year the company has primary segments as Sales and Job work, but during the year there sale of just Rs. 25,650/- As prominently there is single primary segment i.e. of job work, the primary basis of segmental information in respect of which the requisite information is set out in these financial statements. Secondary segmental reporting is performed on the basis of the geographical location of the customers.

Secondary Segment Information

Particulars	Secondary Segments				Total	
	Domestic		Overseas		2011-12	2010-11
	2011-12	2010-11	2011-12	2010-11		
External Revenues by location of customers	30,700,878	12,540,010	-	-	30,700,878	12,540,010
Carrying amount of Segment Assets by location of assets	78,865,634	99,557,300	-	-	78,865,634	99,557,300
Cost incurred on acquisition of tangible and intangible fixed assets	1,300,881	-	-	-	1,300,881	-



FORTUNE FOODS LIMITED

Notes forming part of the Financial Statements

for the year ended 31 March 2012

(Currency : Indian Rupee)

20.5 Details of dues to Micro, Small & Medium Enterprises

In the Previous year there is no payable or interest is outstanding or due to Micro, Small & Medium Enterprises registered under the Micro, Small & Medium Enterprises Development Act, 2006.

20.6 Foreign Exchange

Particulars	As at 31st March 2012	As at 31st March 2011
	Rs.	Rs.
CIF value of imports	2,927,201	Nil
Expenditure or payment in foreign currency	Nil	Nil
Imported raw materials, spare parts and components consumed	Nil	Nil
Earnings in foreign currency	Nil	Nil

20.7 Previous Years Figures

The Revised Schedule VI has become effective from 1 April, 2011 for the preparation and presentation of financial statements. Accordingly, during the year ended 31 March 2012, the Revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company. The Company has reclassified previous year figures to confirm to this year's classification. The adoption of Revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, this has significantly impacted the disclosure and presentation made in the financial statements.

For and on behalf of the Board of Directors

Place: Nashik
Date: July 25, 2012




Naresh Gupta
Director


Shailesh Gupta
Director



Balance sheet abstract and Company's general business profile

Registration No.	U01511MH1989PLC186682			State Code	11
Balance sheet date	31	03	2012		
	Date	Month	Year		

Public Issue	Rights Issue
Nil	Nil
Bonus Issue	Private Placement
Nil	NIL

Total Liabilities		Total Assets	
	79,622		79,622
Funds	Paid-up Capital		Reserves and Surplus
	43,600		(23,151)
	Secured Loans		Unsecured Loans
	NIL		39,312
	Deferred Taxes (Net)		Current Liabilities
	NIL		19,861
Funds	Net Fixed Assets		Investments
	61,758		NIL
	Current Assets		Other Assets
	10,667		7,198
	Accumulated Losses		Misc. Expenditure
	0		0



FORTUNE FOODS LIMITED

Balance sheet abstract and Company's general business profile (Continued)

IV Performance of Company (Amount in Rupees thousand)

Turnover (including other income)

30,701

Total Expenditure

38,000

Profit before Tax

(7,299)

Profit after Tax

(7,450)

Earning per share in Rs.

(1.71)

Dividend %

Nil

V Generic names of three principal products/ services of company (As per monetary terms)

Item Code No.
(ITC Code)

2201 00

Product
Description

Fruit Pulp & Concentrate

Item Code No.
(ITC Code)

2202 30

Product
Description

Fruit Pulp Based Drink

Item Code No.
(ITC Code)

2202 90

Product
Description

Tomato Ketchup

