

12-13

ANNUAL REPORT

FORTUNE FOODS LIMITED

PAN NO - AAACF4646C

Year Ended 31st March 2013

Assessment Year 2013-14

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 FOURTH ANNUAL REPORT** on the Business and Operations of the Company and the Audited Statement of Accounts for the year ended **31st March, 2013**.

FINANCIAL HIGHLIGHTS :-

	(Amount in Rs.)	
	Year ended 31.03.2013	Year ended 31.03.2012
Sales / Revenue	171,174,472	30,700,878
Profit / (loss) before Interest & Depreciation	10,059,517	1,011,327
Less: Interest	2,377,751	3,781,231
Less: Depreciation	4,891,486	4,679,967
Profit/(loss) for the year before tax	2,790,280	(7,449,870)
Income Tax (including Fringe Benefit Tax)	0	0
Profit/(loss) after tax	2,790,280	(7,449,870)
Accumulated profit/(loss) brought forward	(42,036,321)	(34,586,451)
Accumulated profit/(loss) carried forward	(39,246,042)	(42,036,321)

OPERATIONS:

In the year 2012-13, 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, the Company has increased its manufacturing activity and minimized 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

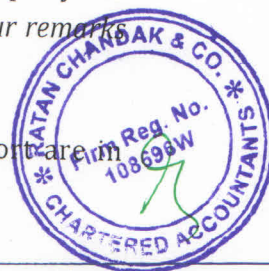
Date: August 23, 2013



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 2013 and the annexed Statement of Profit & Loss 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;

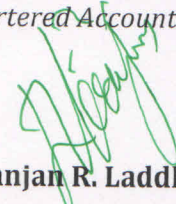


- d) In our opinion the profit and loss account and balance sheet comply with the accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956. The Company has complied with the Accounting Standards as notified under the Companies Act, 1956 *except that*,
- *accounting 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, 2013 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 2013.
 - 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.



Place : Nashik
Date : August 23, 2013

For Ratan Chandak & Co.
Chartered Accountants


Niranjana R. Laddha
Partner

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

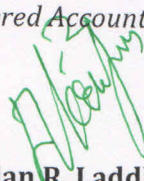
Notes to the Audit Report for the year ended March 31, 2013

1. *Cash balance as on 31 March 2013 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 : August 23, 2013

For Ratan Chandak & Co.
Chartered Accountants


Niranjan R. Laddha
Partner

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

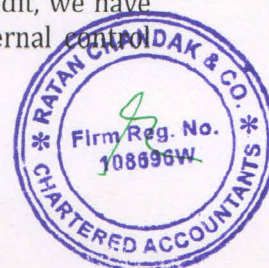
Annexure to the Audit Report

Fortune Foods Limited

For the year ended March 31, 2013

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. 2,707,438/- and the yearend balance was Rs. Nil*
- 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. 8.45 lacs for Income Tax TDS, Rs. 41.88 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.



- 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

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

Place: Nashik
Date : August 23, 2013

FORTUNE FOODS LIMITED

Balance Sheet

as at 31 March 2013

(Currency: Indian Rupee)

Particulars	Note No.	As at 31st March 2013 Rs.	As at 31st March 2012 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share Capital	3	43,600,000	43,600,000
Reserve & Surplus	4	(22,193,073)	(23,150,757)
Non-Current Liabilities			
Long-term Borrowings	5	70,286	1,024,940
Deferred Tax Liabilities (Net)		-	-
Current Liabilities			
Short-term Borrowings	5	145,873	119,750
Trade Payables	6	37,233,451	8,456,185
Other Current Liabilities	7	50,963,037	49,524,826
Short-term Provisions	8	72,510	72,510
Total		109,892,085	79,647,455
ASSETS			
Non-Current Assets			
Fixed Assets - Tangible Assets	21		
Gross Block		154,169,375	146,172,027
Less: Accumulated Depreciation		91,291,185	84,567,105
Closing W.D.V.		62,878,190	61,604,922
Capital Work in Progress		3,954,432	153,085
Long Term Loans and Advances	9	91,000	451,126
Current Assets			
Current Investments			
Inventories	10	30,696,714	10,676,615
Trade Receivables	11	8,322,925	364
Cash and Cash Equivalents	12	455,296	(10,320)
Short-term Loans and Advances	13	3,485,489	6,771,663
Other Current Assets	14	8,040	-
Total		109,892,085	79,647,455

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: August 23, 2013



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

Naresh Gupta
Director

Shailesh Gupta
Director

Place: Nashik
Date: August 23, 2013

FORTUNE FOODS LIMITED

Statement of Profit and Loss

for the year ended 31 March 2013

(Currency: Indian Rupee)

Particulars	Note No.	31st March 2013 Rs.	31st March 2012 Rs.
CONTINUING OPERATIONS			
Income			
Revenue from Operations	15	169,765,975	30,621,809
Other income	16	1,408,497	79,069
Total Revenue		171,174,472	30,700,878
Expenditure			
Cost of Material Consumed	17	125,592,208	-
Purchase of Traded Goods			
(Increase)/Decrease in the inventories of Finished goods, work-in-progress and traded goods		(8,762,592)	-
Employee Benefit Expense	18	10,639,246	8,650,371
Finance Cost	19	2,377,751	3,781,231
Depreciation and Amortisation Expenses	21	4,891,486	4,679,967
Other Expenses	20	32,881,093	20,888,638
Total Expenses		167,619,192	38,000,206
Profit / (Loss) before exceptional and extraordinary items and tax		3,555,280	(7,299,328)
Exceptional and extraordinary items	21	765,000	150,542
Profit / (Loss) before tax		2,790,280	(7,449,870)
Tax Expenses			
- Current Tax		-	-
- Deferred Tax		-	-
Profit/(Loss) After Tax		2,790,280	(7,449,870)
Basic and Diluted Earnings per share of Rs. 10 each		0.64	(1.71)

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

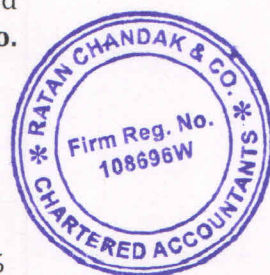
Niranjan R Laddha
Partner

Membership No.: 111756

Firm Reg. No.: 108696W

Place: Nashik

Date: August 23, 2013



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

Naresh Gupta
Director

Shailesh Gupta
Director

Place: Nashik

Date: August 23, 2013

Fortune Foods Limited

Notes to the Financial Statements

for the year ended 31 March 2013

(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 2013

(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 2013

(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 2013

(Currency : Indian Rupee)

3 Share Capital

	As at 31st March 2013		As at 31st March 2012	
	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
		<u>43,600,000</u>		<u>43,600,000</u>

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

	As at 31st March 2013		As at 31st March 2012	
	Number of Shares	Rs.	Number of Shares	Rs.
Equity shares of Rs. 10 each				
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	<u>4,360,000</u>	<u>43,600,000</u>	<u>4,360,000</u>	<u>43,600,000</u>

- 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 2013		As at 31st March 2012	
	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 2013	As at 31st March 2012
	Rs.	Rs.
Special Capital Incentive	3,000,000	3,000,000
Revaluation Reserve		
Opening Balance	15,885,564	17,718,159
Less: Amortization during the year	(1,832,595)	(1,832,595)
Closing Balance	<u>14,052,969</u>	<u>15,885,564</u>
Profit & Loss Account		
Balance as per last Financial Statements	(42,036,321)	(34,586,451)
Add: Profit for the current period	2,790,280	(7,449,870)
Closing Balance	<u>(39,246,042)</u>	<u>(42,036,321)</u>
Balance in Reserves & Surpluses	<u>(22,193,073)</u>	<u>(23,150,757)</u>



FORTUNE FOODS LIMITED

Notes forming part of the Financial Statements

for the year ended 31 March 2013

(Currency : Indian Rupee)

5 Long Term Borrowings	Non-current Portion		Current Maturities	
	As at 31st March 2013 Rs.	As at 31st March 2012 Rs.	As at 31st March 2013 Rs.	As at 31st March 2012 Rs.
Term Loans From Banks				
Kotak Mahindra Prime Limited	70286	216159	145873	119750
Other Loans And Advances (Unsecured)	-	808,781	-	-
	70,286	1,024,940	145,873	119,750

- During the year 2011-12, a term loan of **Kotak Mahindra Prime Limited** is secured for vehicle for Skoda Car (MH 15 BX 0343). The loan is secured against the hypothecation of the Vehicle.

The loan carries interest at the rate of 18% p.a. It is repayable in 37 monthly installments of Rs. 14,800/- from the date of loan repayable on 1st of every month. Date of Maturity of the Loan is 01/08/2014. As of the Balance Sheet date, 17 monthly installments of the loan are pending.

6 Trade Payables	As at 31st March 2013 Rs.	As at 31st March 2012 Rs.
Payable for goods and services in normal course of business	37,233,451	8,456,185
	37,233,451	8,456,185

7 Other Current Liabilities		
Others		
Payable to Employees	2,319,579	2,989,372
Payable for Expenses	280,591	1,310,007
Advance from Customers	793,004	1,808,273
Deferred Sales Tax Liability	41,882,400	38,167,130
Duties and Taxes	5,687,464	5,250,045
	50,963,037	49,524,826

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

8 Short Term Provisions		
Provision for Income Tax	20,182	20,182
Provision for FBT	52,328	52,328
	72,510	72,510

9 Long Term Loans & Advances

Deposits

Unsecured, considered good

Fixed Deposit Axis Bank

Electricity Deposit



91,000	91,000
-	360,126
91,000	451,126

FORTUNE FOODS LIMITED

Notes forming part of the Financial Statements

for the year ended 31 March 2013

(Currency : Indian Rupee)

10 Inventories

	As at 31st March 2013 Rs.	As at 31st March 2012 Rs.
Closing Stock	30,696,714	10,676,615
	<u>30,696,714</u>	<u>10,676,615</u>

11 Trade Receivables

Unsecured, considered good

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

Other Trade Receivables	8,322,925	364
	<u>8,322,925</u>	<u>364</u>

12 Cash & Bank Balances

Balances with Banks
- in current accounts
Cash on Hand

	147,027	(255,196)
	308,269	244,877
	<u>455,296</u>	<u>(10,320)</u>

13 Short Term Loans & Advances

Advances Recoverable in Cash or Kind

Unsecured, considered good

1,038,484 4,326,461

Other Loans & Advances

Balance with Revenue Authorities

2,447,005 2,445,202

	<u>3,485,489</u>	<u>6,771,663</u>
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14 Other Current Asset

Prepaid Insurance

8,040 -

	<u>8,040</u>	<u>-</u>
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FORTUNE FOODS LIMITED

Notes forming part of the Financial Statements

for the year ended 31 March 2013

(Currency : Indian Rupee)

15 Revenue from Operations

	As at 31st March 2013 Rs.	As at 31st March 2012 Rs.
Sale of Products	169,629,497	25,650
Job Work Charges	136,478	30,596,159
	<u>169,765,975</u>	<u>30,621,809</u>

16 Other Income

Sundry Balances Written Back	1,408,497	-
DEPB License	-	79,069
	<u>1,408,497</u>	<u>79,069</u>

17 Cost of Material Consumed

Opening Stock	10,676,615	10,676,615
Add: Purchases	136,849,715	-
	147,526,330	10,676,615
Less: Closing Stock	21,934,122	10,676,615
	<u>125,592,208</u>	<u>-</u>

18 Changes in Inventories of Finished goods, Work in progress

<u>Inventories at the end of the year</u>		
Finished Goods	8,762,592	-
Work in Progress	-	-
	<u>8,762,592</u>	<u>-</u>
<u>Inventories at the beginning of the year</u>		
Finished Goods	-	-
Work in Progress	-	-
Net (increase)/decrease	<u>(8,762,592)</u>	<u>-</u>

18 Employee Benefit Expense

Salary and wages	10,109,888	7,611,148
Directors Remuneration	360,000	910,000
Staff Welfare Expenses	169,358	129,223
	<u>10,639,246</u>	<u>8,650,371</u>

19 Finance Cost

Bank Interest	1,075	44,161
Interest on Deferrment of Tax	2,326,295	3,736,770
Other interest	50,381	300
	<u>2,377,751</u>	<u>3,781,231</u>



FORTUNE FOODS LIMITED

Notes forming part of the Financial Statements

for the year ended 31 March 2013

(Currency : Indian Rupee)

20 Other Expenses

	As at 31st March 2013 Rs.	As at 31st March 2012 Rs.
Consumption of Stores & Spares	1,962,958	973,083
Power & Fuel	20,205,268	13,645,353
Water Charges	265,850	158,500
Rental Charges	1,041,277	806,302
Repairs & Maintenance	3,859,783	3,515,323
Rates & Taxes	851,053	200,000
Telephone Expenses	128,111	126,618
Insurance	17,290	20,279
Travelling & Conveyance	468,536	278,003
Printing & Stationery	102,041	61,852
Freight & Forwarding	1,735,283	115,360
Donations & Contributions	11,000	16,000
Legal & Professional Fees	861,257	312,633
Payment to Auditors	67,569	140,151
Office Expenses	182,282	190,850
Miscellaneous Expenses	1,121,535	328,331
	<u>32,881,093</u>	<u>20,888,638</u>

21 Extra-Ordinary Items

Business Dues Settlement	765,000	-
Short Term Loss on Sale of Machinery	-	150,542
	<u>765,000</u>	<u>150,542</u>

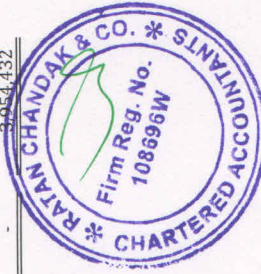


FORTUNE FOODS LIMITED

Notes forming part of the Financial Statements
for the year ended 31 March 2013
(Currency : Indian Rupee)

21 Fixed Assets

Fixed Assets												
Particulars	Tangible Assets								Capital WIP			
	Land	Borewell	Factory Building	Plant & Machinery	Fire Fighting Equipments	Furniture, Fixtures & Office Equipments	Computer & Software	Vehides	Total	Plant & Machinery WIP	Building Work-In-Progress	Total
Cost												
At 1st April 2011	1,365,500	139,240	27,161,542	113,794,456	49,053	736,549	334,341	1,443,550	145,024,231	-	-	-
Additions	-	-	70,308	4,871,530	-	-	6,500	-	4,948,338	-	153,085	153,085
Disposals	-	-	-	(3,800,542)	-	-	-	-	(3,800,542)	-	-	-
At 31st March 2012	1,365,500	139,240	27,231,850	114,865,444	49,053	736,549	340,841	1,443,550	146,172,027	-	153,085	153,085
Additions	-	-	812,568	4,488,687	-	2,638,141	57,952	-	7,997,348	3,954,432	-	3,954,432
Disposals	-	-	-	-	-	-	-	-	-	-	(153,085)	(153,085)
At 31st March 2013	1,365,500	139,240	28,044,418	119,354,131	49,053	3,374,690	398,793	1,443,550	154,169,375	3,954,432	-	3,954,432
Depreciation												
At 1st April 2011	-	28,065	11,682,991	64,655,971	23,993	579,324	334,341	749,858	78,054,543	-	-	-
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	-	30,335	12,592,324	70,069,910	26,323	625,948	335,271	886,995	84,567,105	-	-	-
Charge for the year	-	1,052	563,398	4,083,416	2,330	96,706	7,448	137,137	4,891,485	-	-	-
Amortization of Revaluation Reser	-	1,218	353,717	1,477,660	-	-	-	-	1,832,595	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
As 31st March 2013	-	32,604	13,509,438	75,630,985	28,653	722,653	342,719	1,024,133	91,291,185	-	-	-
Net Block												
At 31st March 2012	1,365,500	108,905	14,639,526	44,795,534	22,730	110,601	5,570	556,555	61,604,922	-	153,085	153,085
At 31st March 2013	1,365,500	106,636	14,534,980	43,723,146	20,400	2,652,037	56,074	419,418	62,878,190	3,954,432	-	3,954,432



FORTUNE FOODS LIMITED

Notes forming part of the Financial Statements

for the year ended 31 March 2013

(Currency : Indian Rupee)

22.1 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 31.03.2013 shown the deferral sales tax liability as short term liability for Rs. 4.19 crores. Hence, as on 31.03.2013 the discounted value of sales tax deferral liability not yet reversed is Rs. 1.57 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.
- Advance received from Customer contains advance from Opal SY International of Rs. 7,93,004/- which is taken for Pomogranate Concentrate Supply. It is business commitment which may not be completed in future. Advance received on 28.07.08 USD 23,328/- (INR 42.32 per USD)for Five Containers one container supplied on 26.09.08 Invoice amt USD 31,268.40 (INR 49.01 per USD) and adjust 15% i.e. USD- 3965.76 & Balance USD 19362.24
- Customs Duty liability is determined on the Imported Machinery purchased last year. Interest due on it till 31st March 2012 has been also provided. No provision for interest for the current year has been done.
- A case has been filed by Plenco Closures Pvt. Ltd for a matter in dispute. The decision of the court is pending and out of court settlement procedures are in process with the party. No provision has been determined in the books of accounts of the company for the same.

22.2 Earnings per share

Particulars	As at 31st March 2013	As at 31st March 2012
Net profit after tax available for equity shareholders (Rs.)	2,790,280	(7,449,870)
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.)	0.64	(1.71)

22.3 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 2013

(Currency : Indian Rupee)

(b) Transactions with related parties during the year :

Nature of transactions	As at 31st March 2013		As at 31st March 2012	
	Shareholders and Key Management Personnel	Other related parties	Shareholders and Key Management Personnel	Other related parties
	Rs.	Rs.	Rs.	Rs.
Loans/Advances given	-	2,707,438	-	2,593,004
Loans/ Advances received back	-	5,944,540	-	744,000

(c) Balances outstanding

Outstanding balances at year end	As at 31st March 2013		As at 31st March 2012	
	Shareholders and Key Management Personnel	Other related parties	Shareholders and Key Management Personnel	Other related parties
	Rs.	Rs.	Rs.	Rs.
Loans & Advances	-	-	-	3,237,102

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

Particulars	As at 31st March 2013	As at 31st March 2012
	Rs.	Rs.
Directors Remuneration		
Mr. Naresh K. Gupta	-	480,000
Mr. Shailesh N. Gupta	360,000	360,000
Directors Meeting Allowance		
Mr. Ganesan Venkatraman	-	30,000
Mr. Pramod Kumar	-	40,000

22.4 Segmental Reporting

In the earlier year the company has primary segments as Sales and Job work, but during the year there is no sales in the nature of Jobwork. As prominently there is single primary segment i.e. of manufacturing, 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					
	Domestic		Overseas		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
External Revenues by location of customers	169,765,975	30,700,878	-	-	169,765,975	30,700,878
Carrying amount of Segment Assets by location of assets	62,878,190	78,865,634	-	-	62,878,190	78,865,634
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 2013

(Currency : Indian Rupee)

22.5 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.

22.6 Foreign Exchange

Particulars	As at 31st March 2013	As at 31st March 2012
	Rs.	Rs.
CIF value of imports	Nil	2,927,201
Expenditure or payment in foreign currency	Nil	Nil
Imported raw materials, spare parts and components consumed	Nil	Nil
Earnings in foreign currency	Nil	Nil

22.7 Previous Years Figures

The Company has reclassified previous year figures to confirm to this year's classification.

Place: Nashik
Date: August 23, 2013



For and on behalf of the Board of Directors


Naresh Gupta
Director


Shailesh Gupta
Director