

ANNUAL REPORT

FORTUNE FOODS LIMITED

PAN NO - AAACF4646C

Year Ended 31st March 2014

Assessment Year 2014-15

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 FIFTH ANNUAL REPORT** on the Business and Operations of the Company and the Audited Statement of Accounts for the year ended **31st March, 2014**.

FINANCIAL HIGHLIGHTS :-

	(Amount in Rs.)	
	Year ended 31.03.2014	Year ended 31.03.2013
Sales / Revenue	251,193,038	171,174,472
Profit / (loss) before Interest & Depreciation	5,620,088	10,059,517
Less: Interest	3,609,762	2,377,751
Less: Depreciation	5,221,265	4,891,486
Profit/(loss) for the year before tax	(3,210,939)	2,790,280
Income Tax (including Fringe Benefit Tax)	0	0
Profit/(loss) after tax	(3,210,939)	2,790,280
Accumulated profit/(loss) brought forward	(39,246,042)	(42,036,321)
Accumulated profit/(loss) carried forward	(42,456,981)	(39,246,042)

OPERATIONS:

In the year 2013-14, 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:

Nil

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 24, 2013



INDEPENDENT AUDITOR'S REPORT

To,
The Members of,
FORTUNE FOODS LIMITED
Nashik.

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of M/s. FORTUNE FOODS LIMITED (U01511MH1989PLC186682) which comprise the balance sheet as at 31 March 2014 and the statement of Profit & loss of the company for the year ended on that date and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance in accordance with the Accounting Standards notified under the Companies Act, 1956 (the Act) read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

1. In the given case of the balance sheet, of state of affairs of the company as at 31 March 2014.
2. In the case of the statement of profit and loss, of the profit for the year ended on that date.
3. In the case of the cash flow statement, of the cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. 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.
2. 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 statement of profit and loss 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, 2014 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;



Place : Nashik
Date : August 24, 2014

For Ratan Chandak & Co.
Chartered Accountants

[Signature]
Niranjan R. Laddha
Partner

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

Notes to the Audit Report for the year ended March 31, 2014

1. *Cash balance as on 31 March 2014 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. *The company has entered into an agreement with Capital Foods Pvt Ltd for production of Tomato Ketchup, Sauces, Ginger, Garlic paste and other food items. Physical verification of inventories is conducted once in a year by Capital Foods Pvt Ltd and also management has verified, certified and valued the inventory but the same is not physically verified by us.*
4. *Trade Payables are bifurcated as current and non-current liabilities on the basis of information provided.*
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.*
7. *Advance has been received from 'Opal SY International' for supply of Pomogranate Concentrate. The company was manufacturing & producing fruit concentrates earlier. But as the company shifted its business line, the said commitment could not be completed. There is some dispute with the party in relation to the advance received and some discussions regarding settlement are in progress. Amount of Rs. 793003.83/- has been determined as liability in the books of accounts. But the final liability may be ascertainable only after the final settlement is reached upon with the party.*
8. *Customs Duty liability is determined on the Imported Machinery purchased earlier. Interest due on it till 31st March 2012 has been also provided. No provision for interest for the FY 2012-13 and FY 2013-14 has been done.*
9. *The company has opted the scheme of Defferment of Sales Tax & the repayment schedule for the payment of the same was prepared. However the payment of the same is not being made according to the repayment schedule.*

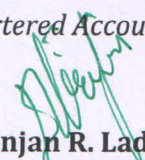


10. Maharashtra Profession Tax Act is applicable to company. However company has not deducted any profession tax from the payment of salary to employees. Also the same has not been provided in the books. Also, the impact is not ascertainable.

Place : Nashik
Date : August 24, 2014



For Ratan Chandak & Co.
Chartered Accountants


Niranjan R. Laddha
Partner

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

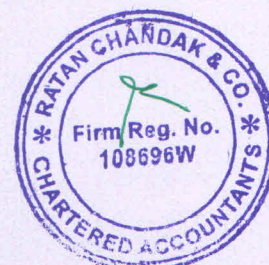
Annexure to the Audit Report

Fortune Foods Limited

For the year ended March 31, 2014

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

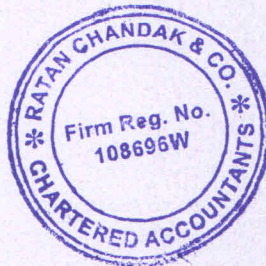
- i. (a) *The company has not maintained proper records showing full particulars, including quantitative details and situation of fixed assets.*
 - (b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, 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 not granted unsecured loan by way of advance covered to any parties covered in the register maintained under section 301 of Companies Act, 1956. The maximum amount involved during the year was Rs. Nil 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 is not regular in the payment of deferral Sales Tax since the year 2007-08 as per Sales Tax NPV discounted payable scheme. Out of the total amount, installments of Rs. 59 lacs are due outstanding for more than one year*
 - *There are undisputed liabilities of Rs. 3.96 lacs for Profession Tax, 0.12 lacs for Service Tax, Rs. 1.85 lacs for Income Tax TDS, Rs. 10.4 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.



Place: Nashik
Date : August 24, 2014

For Ratan Chandak & Co.
Chartered Accountants

Niranjan R. Laddha
Partner

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

FORTUNE FOODS LIMITED

(CIN - U01511MH1989PLC186682)

Balance Sheet

as at 31 March 2014

(Currency: Indian Rupee)

Particulars	Note No.	As at 31st March 2014 Rs.	As at 31st March 2013 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share Capital	3	43,600,000	43,600,000
Reserve & Surplus	4	(27,236,607)	(22,193,073)
Non-Current Liabilities			
Long-term Borrowings	5	23,754,823	34,841,207
Current Liabilities			
Trade Payables	6	44,348,037	37,233,451
Other Current Liabilities	7	36,051,925	16,332,418
Short-term Provisions	8	153,924	78,081
Total		120,672,102	109,892,085
ASSETS			
Non-Current Assets			
Fixed Assets - Tangible Assets	25		
Gross Block		159,856,053	154,169,375
Less: Accumulated Depreciation		98,345,045	91,291,185
Closing W.D.V.		61,511,008	62,878,190
Capital Work in Progress		4,185,103	3,954,432
Non-current investments	9	91,000	91,000
Long Term Loans and Advances	10	337,900	-
Other non-current assets	11	73,900	73,900
Current Assets			
Inventories	12	34,286,538	30,696,714
Trade Receivables	13	15,210,850	8,322,925
Cash and Cash Equivalents	14	610,513	455,296
Short-term Loans and Advances	15	4,349,050	3,411,589
Other Current Assets	16	16,242	8,040
Total		120,672,102	109,892,085

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

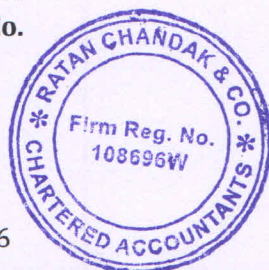
Partner

Membership No.: 111756

Firm Reg. No.: 108696W

Place: Nashik

Date: August 24, 2014



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

Naresh Gupta

Director

(DIN - 00598765)

Place: Nashik

Date: August 24, 2014

Shailesh Gupta

Director

(DIN - 1066537)

FORTUNE FOODS LIMITED

(CIN - U01511MH1989PLC186682)

Statement of Profit and Loss

for the year ended 31 March 2014

(Currency: Indian Rupee)

Particulars	Note No.	31st March 2014 Rs.	31st March 2013 Rs.
CONTINUING OPERATIONS			
Income			
Revenue from Operations	17	251,183,859	169,765,975
Other income	18	9,179	1,408,497
Total Revenue		251,193,038	171,174,472
Expenditure			
Cost of Material Consumed	19	193,580,238	125,592,208
Purchase of Stock in Trade			
(Increase)/Decrease in the inventories of Finished goods, work-in-progress and traded goods	20	187,966	(8,762,592)
Employee Benefit Expense	21	12,661,313	10,639,246
Finance Cost	22	3,609,762	2,377,751
Depreciation and Amortisation Expenses	25	5,221,265	4,891,486
Other Expenses	23	39,143,433	32,881,093
Total Expenses		254,403,977	167,619,192
Profit / (Loss) before exceptional and extraordinary items and tax		(3,210,939)	3,555,280
Exceptional and extraordinary items	24	-	765,000
Profit / (Loss) before tax		(3,210,939)	2,790,280
Tax Expenses			
- Current Tax		-	-
- Deferred Tax		-	-
Profit/(Loss) After Tax		(3,210,939)	2,790,280
Basic and Diluted Earnings per share of Rs. 10 each		(0.74)	0.64

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

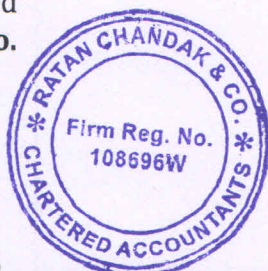
Partner

Membership No.: 111756

Firm Reg. No.: 108696W

Place: Nashik

Date: August 24, 2014



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

Naresh Gupta

Director

Shailesh Gupta

Director

Place: Nashik

Date: August 24, 2014

FORTUNE FOODS LIMITED

(CIN - U01511MH1989PLC186682)

Cash flow statement

for the year ended 31 March 2014

(Currency : Indian Rupee)

Particulars	As at 31st March 2014 Rs.	As at 31st March 2013 Rs.
I Cash flows from operating activities		
Net profit/(loss) before tax	(3,210,939)	2,790,280
Adjustments for:		
Depreciation	5,221,265	4,891,486
Interest expense	3,321,216	2,327,370
Net Loss on Sale of Machinery	-	-
Operating profit before working capital changes	5,331,542	10,009,136
Increase/(decrease) in sundry creditors	15,198,284	29,406,696
Increase/(decrease) in provisions	75,843	-
Decrease/(increase) in inventory	(3,589,824)	(20,020,099)
Decrease/(Increase) in other current asset	(1,283,563)	3,640,063
Decrease/(Increase) in sundry debtors	(6,887,925)	(8,322,561)
Cash generated from operations	8,844,358	14,713,235
Income taxes paid (including tax deducted at source)	-	(1,803)
Income tax refunds (including interest)	-	-
Net Cash flow before extraordinary items	8,844,358	14,711,432
Net cash from operating activities	8,844,358	14,711,432
II Cash flows from investing activities		
Payments for purchase of fixed assets	(5,917,349)	(11,798,695)
Net Loss on Sale of Machinery	-	-
Advance for land purchase	-	-
Net cash used in investing activities	(5,917,349)	(11,798,695)
III Cash flows from financing activities		
Proceeds from secured loans	549,424	(119,750)
Proceeds from unsecured loans	-	-
Interest paid	(3,321,216)	(2,327,370)
Net cash used in financing activities	(2,771,792)	(2,447,120)
IV Net increase / (decrease) in cash and cash equivalents (I+II+III)	155,217	465,617
Cash and cash equivalents at beginning of the year	455,296	(10,320)
Cash and cash equivalents at end of the year	610,513	455,296

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: August 24, 2014



For and on behalf of the Board of Directors

Naresh Gupta
Director

Shailesh Gupta
Director

Place: Nashik
Date: August 24, 2014

Fortune Foods Limited

Notes to the Financial Statements

for the year ended 31 March 2014

(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 2014

(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 2014

(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.

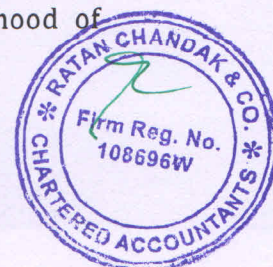
2.11 *Earnings per share*

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 2014

(Currency : Indian Rupee)

3 Share Capital

	As at 31st March 2014		As at 31st March 2013	
	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>

(a) Reconciliation of the shares outstanding at the beginning and the end of the reporting period

	As at 31st March 2014		As at 31st March 2013	
	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>

(b) 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.

(c) Details of the shareholders holding more than 5% shares in the Company

Name of shareholders	As at 31st March 2014		As at 31st March 2013	
	Number of Shares	% of holding	Number of Shares	% of holding
Class of shares: Equity shares with voting rights				
Mr. Shailesh Naresh Gupta	241,800	6	241,800	6

(d) During the five years preceding year ended March 31, 2014, no shares have been allotted by way of bonus shares or pursuant to contracts without receipt of cash or bought back.

(e) No shares have been reserved for issue under options.

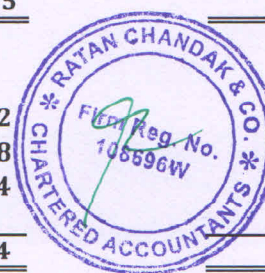
4 Reserve & Surplus

	As at 31st March 2014	As at 31st March 2013
	Rs.	Rs.
Capital Reserve	3,000,000	3,000,000
Revaluation Reserve		
Opening Balance	14,052,969	15,885,564
Less: Amortization during the year	(1,832,595)	(1,832,595)
Closing Balance	<u>12,220,374</u>	<u>14,052,969</u>
Profit & Loss Account		
Balance as per last Financial Statements	(39,246,042)	(42,036,321)
Add: Profit for the current period	(3,210,939)	2,790,280
Closing Balance	<u>(42,456,981)</u>	<u>(39,246,042)</u>
Balance in Reserves & Surplus	<u>(27,236,607)</u>	<u>(22,193,073)</u>



(Currency : Indian Rupee)

- 78,081



FORTUNE FOODS LIMITED

Notes forming part of the Financial Statements

for the year ended 31 March 2014

(Currency : Indian Rupee)

9 Non-current Investments

Other non-current investments

Trade Investments

Fixed Deposit Axis Bank

As at 31st March
2014
Rs.

As at 31st March
2013
Rs.

91,000

91,000

91,000

91,000

10 Long Term Loans & Advances

Security Deposits

Unsecured, considered good

Electricity Deposit

337,900

-

337,900

-

11 Other non-current assets

Others

Advance for Land Purchase

73,900

73,900

73,900

73,900

12 Inventories

Raw Materials

Finished Goods

25,711,912

21,934,122

8,574,626

8,762,592

34,286,538

30,696,714

13 Trade Receivables

Unsecured, considered good

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

Unsecured, considered good

Other Trade Receivables

15,210,850

8,322,925

15,210,850

8,322,925

14 Cash & Bank Balances

Balances with Banks

- in current accounts

Cash on Hand

195,908

147,027

414,605

308,269

610,513

455,296



FORTUNE FOODS LIMITED

Notes forming part of the Financial Statements

for the year ended 31 March 2014

(Currency : Indian Rupee)

15 Short Term Loans & Advances

Unsecured, considered good
Advances Recoverable in Cash or Kind
Balance with Revenue Authorities

As at 31st March
2014
Rs.

As at 31st March
2013
Rs.

1,902,045
2,447,005

964,584
2,447,005

4,349,050

3,411,589

16 Other Current Asset

Prepaid Insurance
Accrued interest

7,063
9,179

8,040

16,242

8,040

17 Revenue from Operations

Sale of Products
Job Work Charges

251,183,859
-

169,629,497
136,478

251,183,859

169,765,975

18 Other Income

Sundry Balances Written Back
Interest on fixed deposits

-
9,179

1,408,497
-

9,179

1,408,497

19 Cost of Material Consumed

Raw Material consumed

Inventory at the beginning of the year (Net)
Add: Raw material purchased

21,934,122
197,358,028

10,676,615
136,849,715

219,292,150

147,526,330

Less: Inventory at the end of the year (Net)

25,711,912

21,934,122

Cost of Raw Materials Consumed

193,580,238

125,592,208

20 Changes in Inventories of Finished goods, Work in progress

Inventories at the end of the year

Finished Goods
Work in Progress

8,574,626
-

8,762,592
-

8,574,626

8,762,592

Inventories at the beginning of the year

Finished Goods
Work in Progress
Net (increase)/decrease

8,762,592
-

-
-

187,966

(8,762,592)



FORTUNE FOODS LIMITED

Notes forming part of the Financial Statements

for the year ended 31 March 2014

(Currency : Indian Rupee)

21 Employee Benefit Expense

	As at 31st March 2014 Rs.	As at 31st March 2013 Rs.
Salary and wages	11,992,499	10,109,888
Directors Remuneration	360,000	360,000
Staff Welfare Expenses	308,814	169,358
	12,661,313	10,639,246

22 Finance Cost

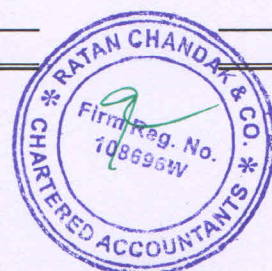
Interest on Secured Loans	57,359	1,075
Interest on Deferrment of Sales Tax	3,263,857	2,326,295
Other interest	288,546	50,381
	3,609,762	2,377,751

23 Other Expenses

Consumption of Stores & Spares	2,825,193	1,962,958
Donations & Contributions	11,000	11,000
Freight & Forwarding	2,085,994	1,735,283
Insurance	24,047	17,290
Legal & Professional Fees	123,000	861,257
Miscellaneous Expenses	1,150,153	1,393,810
Office Expenses	233,361	182,282
Payment to Auditors		
- Statutory Audit fees	33,708	
- Tax Audit fees	33,708	
- VAT Audit fees	16,854	
Plant Expenses	4,393,048	2,561,960
Power & Fuel	24,753,036	20,205,268
Printing & Stationery	88,307	102,041
Professional & Consultancy Charges	41,969	67,569
Rates & Taxes	320,281	851,053
Rent	1,046,816	1,041,277
Repairs to Machinery	1,072,743	1,025,548
Telephone Expenses	170,935	128,111
Travelling & Conveyance	473,830	468,536
Water Charges	245,450	265,850
	39,143,433	32,881,093

24 Extra-Ordinary Items

Business Dues Settlement	-	765,000
	-	765,000



FORTUNE FOODS LIMITED

(CIN - U01511MH1989PLC186682)

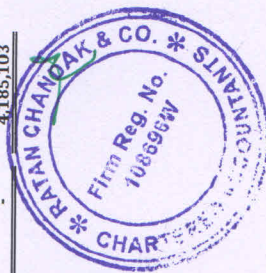
Notes forming part of the Financial Statements

for the year ended 31 March 2014

(Currency : Indian Rupee)

25 Fixed Assets

Particulars	Tangible Assets										Capital WIP		
	Land	Borewell	Factory Building	Plant & Machinery	Fire Fighting Equipments	Furniture, Fixtures & Office Equipments	Computer & Software	Vehicles	Electricals	Total	Plant & Machinery WIP	Building Work-in-Progress	Total
Depreciation rate		1.63%	3.34%	4.75%	4.75%	6.33%	16.21%	9.50%	7.07%				
Cost													
At 1st April 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
At 1st April 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
Additions	-	-	1,165,787	2,176,981	-	-	134,159	1,155,785	1,053,966	5,686,678	230,671	-	230,671
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
At 31st March 2014	1,365,500	139,240	29,210,205	121,531,112	49,053	3,374,690	532,952	2,599,335	1,053,966	159,856,053	4,185,103	-	4,185,103
Depreciation													
At 1st April 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 Reserve	-	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	-	-	-
At 1st April 2013	-	32,604	13,509,438	75,630,985	28,653	722,653	342,719	1,024,133	-	91,291,185	-	-	-
Charge for the year	-	1,052	583,075	4,222,469	2,330	213,618	15,594	172,935	10,193	5,221,265	-	-	-
Amortization of Revaluation Reserve	-	1,218	353,717	1,477,660	-	-	-	-	-	1,832,595	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
As 31st March 2014	-	34,874	14,446,230	81,331,114	30,983	936,271	358,312	1,197,068	10,193	98,345,045	-	-	-
Net Block													
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
At 31st March 2014	1,365,500	104,366	14,763,975	40,199,998	18,070	2,438,419	174,640	1,402,267	1,043,773	61,511,008	4,185,103	-	4,185,103



FORTUNE FOODS LIMITED

(CIN - U01511MH1989PLC186682)

Notes forming part of the Financial Statements

for the year ended 31 March 2014

(Currency : Indian Rupee)

26.1 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 31.03.2014 shown the deferral sales tax liability as long term borrowings for Rs. 4.39 crores. Hence, as on 31.03.2014 the discounted value of sales tax deferral liability not yet reversed is Rs. 1.18 crores.
- The Company has shown an advance (assets) of Rs. 7.28 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 is equivalent to USD 19362.24 for which revaluation as on reporting date is not done.
- 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 thereon is made after the 31st March 2012.
- 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.

26.2 Earnings per share

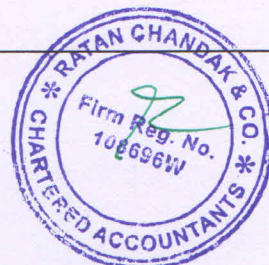
Particulars	As at 31st March 2014	As at 31st March 2013
Net profit after tax available for equity shareholders (Rs.)	(3,210,939)	2,790,280
Weighted average number of equity shares of Rs. 10 each outstanding during the year (Nos)	4,360,000	4,360,000
Basic and diluted earnings per share (Rs.)	(0.74)	0.64

26.3 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	
Entities in which 'Key Management Personnel' holding substantial interest	Tigrania Metals Pvt. Ltd. Bhoruka Steel Traders



FORTUNE FOODS LIMITED

(CIN - U01511MH1989PLC186682)

Notes forming part of the Financial Statements

for the year ended 31 March 2014

(Currency : Indian Rupee)

(b) Transactions with related parties during the year :

Nature of transactions	As at 31st March 2014		As at 31st March 2013	
	Shareholders and Key Management Personnel	Other related parties	Shareholders and Key Management Personnel	Other related parties
	Rs.	Rs.	Rs.	Rs.
Assets Purchased	-	-	-	8,150,064
Salary (Directors Remuneration)	360,000	-	360,000	-
Loans/Advances given	-	-	-	2,707,438
Loans/ Advances received back	-	-	-	5,944,540

(c) Balances outstanding

Outstanding balances at year end	As at 31st March 2014		As at 31st March 2013	
	Shareholders and Key Management Personnel	Other related parties	Shareholders and Key Management Personnel	Other related parties
	Rs.	Rs.	Rs.	Rs.
Trade Payable			2,319,579	2,705,064
Reimbursement payable		172,731		

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

Particulars	As at 31st March 2014 Rs.	As at 31st March 2013 Rs.
Shareholders and Key Management Personnel		
Directors Remuneration		
Mr. Shailesh N. Gupta	360,000	360,000
Other related parties		
Assets Purchased		
Bhoruka Steel Traders		8,150,064

26.4 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 Job work. 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. In case of Secondary segmental reporting as well, in earlier years it is reported on the basis of the geographical location of the customers as Domestic and overseas, but in last three years there is no exports and all sales are domestic sales. Therefore, there is no reportable secondary segment on geographical location base. Also, there is no such any reportable segment therefore, the reporting under secondary segment is not made.

26.5 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.



FORTUNE FOODS LIMITED

(CIN - U01511MH1989PLC186682)

Notes forming part of the Financial Statements

for the year ended 31 March 2014

(Currency : Indian Rupee)

26.6 Foreign Exchange

Particulars	As at 31st March 2014	As at 31st March 2013
	Rs.	Rs.
CIF value of imports	Nil	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

26.7 Previous Years Figures

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

For and on behalf of the Board of Directors

Place: Nashik

Date: August 24, 2014


Naresh Gupta
Director
(DIN - 00598765)


Shailesh Gupta
Director
(DIN - 1066537)

