



Hindustan Foods Limited

Bonny Mix

Instant
Porridge

EIGHTEENTH ANNUAL REPORT 2002 - 03

Hindustan Foods Limited**BOARD OF DIRECTORS :**

Shrinivas V. Dempo	Chairman
Soiru V. Dempo	Director
N.C. Chaudhuri	Director
Dr. A. B. Prasad	Director
Adv. Sudin M. Usgaonkar	Director (Since 31/10/2002)

AUDITORS :

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

BANKERS :

Bank of Maharashtra

REGISTERED OFFICE :

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

WORKS :

Usgao,
Ponda, Goa - 403 407.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 18th Annual General Meeting of Hindustan Foods Limited will be held at Dempo House, Campal, Panaji, Goa on Friday, the 19th of September, 2003 at 10.30 a.m. to transact the following business.

ORDINARY BUSINESS :

1. To receive and adopt the Directors' Report and Audited Profit and Loss Account for the year ended 31st March, 2003 and the Balance Sheet as at that date and to receive the Report of the Auditors thereon.
2. To appoint a Director in place of Dr. A. B. Prasad who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :

4. To consider and if thought fit, pass with or without modification, the following resolution as an Ordinary Resolution.

"RESOLVED THAT Adv. Sudin M. Usgaonkar who was appointed as an Additional Director under Section 260 of the Companies Act, 1956, read with Article 117 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting, be and is hereby appointed as a Director retiring by rotation of the Company".

Registered Office :
Dempo House, Campal,
Panaji-Goa - 403 001.

For and on behalf of the Board

Date : 25th June 2003

Shrinivas V. Dempo
Chairman

Notes :

1. A member entitled to attend and vote, at the meeting is entitled to appoint a proxy and such proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.
2. Notice is also given that the Register of the Members and Share Transfer Books of the Company will remain closed from Tuesday, the 16th September, 2003 to Friday, the 19th September, 2003 (both days inclusive).
3. Members are requested to bring their copies of the Annual Report and Accounts to the meeting.
4. **Re - appointment of Directors**
Dr. A. B. Prasad retire by rotation and being eligible offers himself for re-appointment. He is B. Tech and Ph.D. in Chemical Engineering. He has been on the Board of the Company since 24th January, 2002. He is also the Managing Director of Goa Carbon Limited and Paradeep Carbons Limited. He is the Director of V.S. Dempo & Co. Pvt. Ltd. and GCL International Limited, Mauritius.

ANNEXURE TO THE NOTICE

Explanatory Statement as required under Section 173 of the Companies act, 1956, in respect of Special Business mentioned in the accompanying notice.

ITEM NO. 4 :

Adv. Sudin M. Usgaonkar was appointed as an additional Director on 31st October, 2002 by the Board of Directors of the Company under Section 260 of the Companies Act, 1956, read with Article 117 of the Articles of Association of the Company. Mr. Usgaonkar holds office upto the ensuing Annual General Meeting and being eligible offers himself for appointment. The Company has received a notice in writing from a member proposing the candidature of Mr. Usgaonkar for the office of Director as required under Section 257 of the Companies Act, 1956.

Mr. Usgaonkar is B.A., LL.B. and Senior Advocate, Bombay High Court. He is the Director of Marmagao Shipping & Stevedoring Co. Pvt. Ltd., Dempo Marketing Co. Pvt. Ltd. Devashri Investments Pvt. Ltd. and Sindhudurg Mining Corporation Pvt. Ltd.

The Board considers that the appointment of Adv. Sudin M. Usgaonkar as a Director is in the interest of the Company and therefore, comments his appointment.

Besides Adv. Sudin M. Usgaonkar, no other Director is concerned or interested in this Resolution.



DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting their Eighteenth Annual report and the Audited statements of accounts of the Company for the year ended 31st March, 2003.

OPERATIONS :

During the year under review, there has been a marginal decline in production tonnage in respect of conversion jobs carried out by the Company for Heinz India Pvt. Ltd. However, the earnings did not suffer as the Company after prolonged negotiation obtained revision in rates from the principal for the processing charges. The Company is expected to maintain the present level of operation in the current year. The Company's efforts in the direction of utilizing the spare capacity is expected to bear fruits during the year which will improve the profitability.

FINANCIAL RESULTS :

	2002-2003 (Rs. in Lacs)	2001-2002 (Rs. in Lacs)
Profit for the year before interest - depreciation :	30.30	13.24
Interest	3.24	7.65
Profit before depreciation	27.06	5.59
Depreciation	26.21	26.47
Carried to Balance Sheet	0.85	(20.88)

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

Increase in Share Capital :

During the year under review your Company allotted 29,99,993 Equity Shares of Rs. 10/- each at par amounting to Rs. 29,999,930 to V. S. Dempo & Co. Pvt. Ltd. by conversion of their Secured Loan amounting to Rs. 29,999,930 as approved by the members of the Company in the last Annual General Meeting and directed by Board for Industrial and Financial Reconstruction (BIFR).

BIFR :

The implementation of the Rehabilitation Scheme for the year as approved by the Board for Industrial and Financial Reconstruction is as per schedule, as prescribed by BIFR.

Directors :

Mr. Sudin M. Usgaonkar was appointed as an additional Director of the Company holding office upto the date of the Annual General Meeting, and being eligible, offers himself for re-appointment.

Dr. A. B. Prasad retires by rotation and is eligible for re-appointment.

Directors' Responsibility Statement :

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

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2003, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgements and estimates

that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;

- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the directors had prepared the accounts for the financial year ended 31st March, 2003 on a 'going concern' basis.

ISO 9001:2000 Compliance :

During the year under review your company has been awarded ISO 9001:2000 certification in respect of its Quality Systems at Usgao, Ponda-Goa.

Particulars of Employees - U/s 217 (2A) :

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

Particulars of Conservation of Energy etc.:

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

Auditors Report :

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

Auditors :

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

Corporate Governance :

A report on Corporate Governance is set out separately in the Annual Report.

Acknowledgements :

Your Directors place on record their appreciation of the support by M/s. Heinz India Private Limited for the operation of the Company during the year under review.

Your Directors also place on record their deep appreciation for the valuable support and guidance from M/s. V. S. Dempo & Co. Pvt. Ltd., the holding company, Bank of Maharashtra, the Bankers to the Company.

The Directors acknowledge the co-operation and contribution of the Employees of the Company during the year.

For and on behalf of Board of Directors

Shrinivas V. Dempo
Chairman

Place : Panaji
Date : 25-06-2002

ANNEXURE TO THE DIRECTORS' REPORT

Information under Section 217[1] [e] of the Companies Act, 1956 read with the Companies [Disclosure of Particulars in the Report of Board of Directors] Rules 1988, and forming part of the Directors' Report for the year ended 31st March, 2003.

I. Conservation of Energy :

1. Energy consumption : Nil
2. Total energy consumption and energy consumption per unit of production are as under :

(A) POWER AND FUEL CONSUMPTION

		Current year
1. Electricity		
a) Purchased Units	Kwh	209796
* Total amount	Rs.	1252882
* Rate/Unit	Rs./Kwh.	3.00
* including Demand charges		
b) Own Generation		
Through Diesel Generator		
Units	Kwh	144699
Units per Ltr. of Diesel Oil	Kwh	54922
Cost/Unit	Rs./Kwh	18.50
2. Coal [Specify quality & where used]		
Quantity (Tonnes)	--	--
Total Cost	--	--
Average Rate	--	--
3. Furnace Oil (H.S.D. for Brand Drier)		
Quantity	L	17175

	Total Amount	Rs.	317737
	Average Rate	Rs.	18.50
4. Others/internal generation (Please give details)			
Quantity			--
Total Cost			--
Rate/Unit			--

B) CONSUMPTION PER UNIT OF PRODUCTION

	Standards- if any	Current Year
(Products with details - Units)		
Cereal based food products and products based on Soya (Tonnes)	--	1051
Electricity (Units)	--	199.61
H.S.D. Oil (Units)	--	137.67
Coal [Specify quality]	--	--
Others (Specify)	--	--

II. Research and Development and Technology Absorption:
The Company is keeping abreast the developments in the extruder technology and has assimilated the latest technologies in the related fields.

III. Foreign Exchange Earnings and Outgoings :

Earnings	Nil
Outgoings	Nil

Hindustan Foods Limited**REPORT ON CORPORATE GOVERNANCE****CORPORATE PERCEPTION :**

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

BOARD OF DIRECTORS :

The Board of Directors has 5 members comprising of all Non-Executive Directors. Out of five, two Directors are Independent Directors.

During the period under review, the Board of Directors met 5 times i.e. on 28th June, 2002, 26th July, 2002, 31st October, 2002, 28th January, 2003 and 24th February, 2003.

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

The Composition of the Board of Directors and their attendance at the Board Meeting during the period and at the last Annual General Meeting as also the number of other directorships and committee memberships are given below :

Name of Director	Category of directorship	Number of Board Meetings Attended	Attendance at last AGM	Number of Directorship in other companies	Number of Committees in which member
Shrinivas V. Dempo	Non-Executive	3	No	24 ¹	1
Soiru V. Dempo	Non-Executive	5	Yes	10 ²	-
N. C. Chaudhuri	Non-Executive	1	No	1	-
A. B. Prasad	Non-Executive	5	Yes	4 ³	-
Sudin M. Usgaonkar	Non-Executive	3	No	4 ⁴	-

1. Includes directorship held in 20 Private Limited Companies
2. Includes directorship held in 9 Private Limited Companies
3. Includes directorship held in 1 Private Limited Company
4. Includes directorship held in 4 Private Limited Companies

AUDIT COMMITTEE :

- (i) The terms of reference of the Audit Committee are as follows :
 - a) Overseeing the Company's reporting process and ensuring correct, adequate and credible disclosure of financial information.
 - b) Recommending appointment and removal of external auditors and fixing their fees.
 - c) Reviewing with management the annual financial statements with special emphasis on accounting policies and practices, compliance with accounting standards and other legal requirements concerning financial statements.
 - d) Reviewing the adequacy of the Audit and Compliance function, including their policies, procedures, techniques and other regulatory requirements.
 - e) Reviewing the adequacy of internal control systems and significant audit findings.
- (ii) The Audit Committee was formed in the meeting of Board of Directors held on 25th April, 2003. The Audit Committee comprises of the following members :

Name of the Member	Status	Number of meetings attended
Dr. A. B. Prasad	Chairman	-
Mr. N. C. Chaudhuri	Member	-
Mr. Sudin M. Usgaonkar	Member	-

REMUNERATION COMMITTEE :

The Remuneration Committee was formed in the meeting of Board of Directors held on 25th April, 2003. The Remuneration Committee comprises of the following members :