



Hindustan Foods Limited

INSTANT PORRIDGE

Bonny Mix



TWENTIETH ANNUAL REPORT 2004 - 05

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

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 20th Annual General Meeting of Hindustan Foods Limited will be held at the Registered Office of the Company at Dempo House, Campal, Panaji, Goa on Tuesday, the 27th of September, 2005 at 10.30 a.m. to transact the following business.

ORDINARY BUSINESS :

1. To receive, consider and adopt the Directors' Report and Audited Profit and Loss Account for the year ended 31st March, 2005 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 a Director in place of Adv. Sudin M. Usgaonkar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :

5. To consider and if thought fit, to pass, with or without modifications the following resolution as Ordinary Resolution.

"RESOLVED THAT pursuant to Section 269 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, if any, Mr. Soiru V. Dempo be and is hereby appointed as Wholetime Director designated as Executive Director of the Company for a period of three years with effect from 1st April, 2005".

Registered Office : For and on behalf of the Board
Dempo House, Campal,
Panaji-Goa - 403 001.
Date : 23rd June, 2005.

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 Friday, the 16th September, 2005, to Tuesday, the 27th September, 2005 [both days inclusive].

3. The Explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of Special Business is annexed hereto.

4. Members are requested to bring their copies of the Annual Report and Accounts to the meeting.

Re - appointment of Directors

Dr. A.B. Prasad and Adv. Sudin M. Usgaonkar, Directors of the Company, are retiring by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. The information / data for these directors under the Corporate Governance Code of the Listing Agreement are given in the Corporate Governance section of the Annual Report.

The Board considers that their appointments as directors will be beneficial to the Company.

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. 5 :

Mr. Soiru V. Dempo is appointed as Wholetime Director with the designation as Executive Director by the Board of Directors under Section 269 of the Companies Act, 1956 for the period of 3 years with effect from 1st April, 2005 subject to approval of the shareholders at the ensuing Annual General Meeting. Mr. Soiru V. Dempo is B.A. (Economics). He has been on the Board of the Company since 22nd January, 2000. He is the Managing Director of Dempo Mining Corporation Pvt. Ltd. and Wholetime Director of V.S. Dempo & Co. Pvt. Ltd. He is also on the Board of Directors of Dempo Shipyard Pvt. Ltd., Goa Carbon Ltd., Sindhudurg Mining Corporation Ltd., Madhumati Investments Pvt. Ltd., Madhumalini Investments Pvt. Ltd., Celtic Investments Pvt. Ltd., Ameya Investments Pvt. Ltd., Jaiprabha Investments Pvt. Ltd. and Suhas Investments Pvt. Ltd.

Above may be regarded as an abstract as required under Section 302 of the Companies Act, 1956.

Mr. Soiru V. Dempo is interested in this Resolution since it relates to him. No other director is concerned or interested in this Resolution.

For and on behalf of the Board

Place : Panaji
Date : 23rd June, 2005

Shrinivas V. Dempo
Chairman



DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting their Twentieth Annual report and the Audited statements of accounts of the Company for the year ended 31st March, 2005.

OPERATIONS :

During the year under review, there has been decline in production tonnage in respect of conversion jobs carried out by the Company for Heinz India Pvt. Ltd.

The Company has manufactured a small quantity of 'Protinex Vanilla' and 'Protinex Diabetes' to M/s. Dumex India Pvt. Ltd. on Job Work basis.

FINANCIAL RESULTS :

	2004-2005 (Rs. in Lacs)	2003-2004 (Rs. in Lacs)
Profit for the year before		
Interest - depreciation :	76.11	25.49
Interest	0.39	0.25
Profit before depreciation	75.72	25.24
Depreciation	26.70	27.75
Carried to Balance Sheet	49.02	(2.51)

Dividend :

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

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 :

Dr. A.B. Prasad and Adv. Sudin M. Usgaonkar retires by rotation and are eligible for re-appointment.

Mr. Soiru V. Dempo is appointed as Wholtime Director with the designation of Executive Director by the Board of Directors under Section 269 of the Companies Act, 1956 for the period of 3 years with effect from 1st April, 2005 subject to the approval of the shareholders. Necessary Business for approval of his appointment has been incorporated in the Notice of the ensuing Annual General Meeting.

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 :

- that in the preparation of the annual accounts for the financial year ended 31st March, 2005, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 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;

- 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;
- that the directors had prepared the accounts for the financial year ended 31st March, 2005 on a 'going concern' basis.

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 :

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

Auditors Report :

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

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 and M/s. Dumex 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 : 23rd June, 2005

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, 2005.

I Conservation of Energy :

- Energy consumption : Energy consumption have been higher per unit of production due to increase in fuel rates and lower tonnage.
- 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	194988
• Total amount	Rs.	1212417
• Rate/Unit	Rs./Kwh.	3.00
including Demand charges		
b) Own Generation		
Through Diesel Generator		
Units	Kwh	115720
Units per Ltr. of		
Diesel Oil	Kwh	46588
Cost/Unit	Rs./Kwh	25.93
2. Coal [Specify quality & where used]		
Quantity (Tonnes)	--	--
Total Cost	--	--
Average Rate	--	--

3. Furnace Oil (H.S.D. for Brand Drier)		
Quantity	L	12870
Total Amount	Rs.	333719
Average Rate	Rs.	25.93

- 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 (Tonnes)	--	822
Electricity (Units)	--	237.21
H.S.D. Oil (Units)	--	140.78
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 attitude 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, three Directors are Independent Directors.

During the period under review, the Board of Directors met 5 times i.e. on 22nd April, 2004, 21st June, 2004, 29th July, 2004, 27th October, 2004 and 25th January 2005.

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	5	Yes	23 ¹	1
Soiru V. Dempo	Non-Executive	5	Yes	11 ²	-
N. C. Chaudhuri	Non-Executive	1	No	1	-
A. B. Prasad	Non-Executive	4	Yes	3	-
Sudin M. Usgaonkar	Non-Executive	5	No	4	-

¹ Includes directorship held in 21 Private Limited Companies

² Includes directorship held in 10 Private Limited Companies

AUDIT COMMITTEE :

(i) The terms of reference of the Audit Committee are as follows :

- Overseeing the Company's reporting process and ensuring correct, adequate and credible disclosure of financial information.
- Recommending appointment and removal of external auditors and fixing their fees.
- 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.
- Reviewing the adequacy of the Audit and Compliance function, including their policies, procedures, techniques and other regulatory requirements.
- Reviewing the adequacy of internal control systems and significant audit findings.

(ii) The Audit Committee comprises of Three Independent Directors. Four meetings were held from the date of the last Director's Report to the date of this report. Other details are as under :

Name of the Member	Status	Number of meetings attended
Dr. A. B. Prasad	Chairman	4
Mr. N. C. Chaudhuri	Member	1
Adv. Sudin M. Usgaonkar	Member	4

DETAILS OF DIRECTORS BEING APPOINTED / RE-APPOINTED :

Dr. A.B. Prasad and Adv. Sudin M. Usgaonkar retire by rotation and being eligible offered themselves for re-appointment. The brief profile of the Directors proposed for appointment / re-appointment.

Dr. A.B. Prasad has been on the Board of Company since 24th January, 2002, he is Managing Director of Goa Carbon Ltd. and Paradeep Carbon Ltd. and Director of V.S. Dempo and Co. Pvt. Ltd., He is M.Tech and Ph.D. in Chemical Engineering.

Adv. Sudin M. Usgaonkar has been on Board of the Company since 31st October, 2002., He is Director of Marmagao Shipping & Stevedoring Co. Pvt. Ltd., Dempo Marketing Co. Pvt. Ltd., Devashri Investment Pvt. Ltd. & Sindhudurg Mining Co-op. Pvt. Ltd. He is B.A., LL.B. and Senior Advocate, Bombay High Court.

Mr. Soiru V. Dempo is B.A. (Economics). He has been on the Board of the Company since 22nd January, 2000. He is the Managing Director of Dempo Mining Corporation Pvt. Ltd. and Wholetime Director