

8th
A
N
N
U
A
L
REPORT
1999-2000



SAY "YES" TO MILK

Report  junction.com




Heritage
FOODS (INDIA) LIMITED
AN ISO 9002 COMPANY





Heritage Foods (India) Limited

Regd. Office : 6-3-541/C, Panjagutta,
Hyderabad - 500 082.

Board of Directors

Directors	Sri D Seetharamaiah Sri N P Ramakrishna Dr N R Siva Swamy Dr A Appa Rao Smt N Bhuvaneswari, Dr V Nagaraja Naidu,	Executive Director Whole-Time Director
Senior Executives	Sri E N Rao, Sri K Durga Prasada Rao, Sri Uday Bahte, Sri T Venkateswara Rao, Sri A Jeevaratnam Naidu, Sri A Prabhakara Naidu, Sri P A Sessa Sai,	President Vice President GM - Marketing DGM (Processing & Engineering) DGM (Procurement & Inputs) DGM (Finance & Accounts) Sr. Manager (HR & Admin)
Company Secretary	Smt P Karuna	
Auditors	M/s. Raju & Prasad, Chartered Accountants, Hyderabad	
Bankers	Bank of Baroda and Andhra Bank	
Listed with	The Hyderabad Stock Exchange The Stock Exchange, Mumbai The National Stock Exchange The Madras Stock Exchange	
Share Transfer Agent	Karvy Consultants Limited, Karvy House, 46 Avenue 4, Street No.1, Banjara Hills, Hyderabad - 500 034.	

Contents

Notice	3
Directors' Report	10
Auditors' Report	14
Balance Sheet	16
Profit & Loss Account	17
Schedules	18
Notes on Account	24
Balance Sheet Abstract	28
Cash Flow Statement	29
Auditors' Certificate	30
Depository System	31
Electronic Clearing System	33



Company Locations

Main Dairy Plant: 'Gokul', Tirupati- Chittoor Road, Kasipentla, Chandragiri Mandal, Chittoor Dist. A.P.

Procurement & Processing Centres	Processing and Packing Stations	Regional Offices	Sales Offices
Piler Yerraguntla Village, Piler-Tirupati Rd., Piler Mandal, Chittoor Dist.	Shantipuram Shantipuram Village, V Kota Rd., Chittoor Dist.	Tirupati 8-49, Meghna Apts., Jayasankaranagar, Tirupati - 517 501.	Hyderabad 6-11-741/B/B1, Moosarambagh, Hyderabad - 500 036.
Madanapalle Basinikonda Village, Madanapalle- Punganur Rd., Madanapalle Mandal, Chittoor Dist.	Chittoor Sundarajapuram, E R Palle P.O., Chittoor-Puttur Rd., Chittoor Dist.	Addanki State Bank Colony, Addanki, Prakasam Dist.	Bangalore 541/1, West of Kanakapura, Jayanagar 7th block, Bangalore.
Tiruvanamalai Somasipadi, Tiruvannamalai Dist., Tamil Nadu.	Narketpally Hyderabad-Vijayawada Highway, Cherugattu Village, Nalgonda Dist.		Chennai 3017B, Y Block, 13th Main Rd., Annanagar (West), Chennai - 600 040.
Uthangarai Koorsampatti village, Uthangarai Taluq, Dharmapuri Dist., Tamil Nadu.	Bayyavaram Bayyavaram Village, Anakapalli Taluq, Vijayawada-Vizianagaram Highway, Vizag Dist.		Visakhapatnam 39-11-58, Muralinagar, Vizag - 530 007.
Muppavaram Bythamanjaluru P.O., J.Panjaluru Mandal, Prakasam Dist.	Bangalore Yadavanahalli Village, Attibele-Hobli, Anekal Taluq, Bangalore South.		
Darsi Darsi Addanki Rd., Darsi, Prakasam Dist.			
Atmakur Nellore-Cuddapah Rd., Atmakur P.O., Nellore Dist.			
Santhamaguluru Vinukonda Rd., Puthavaripalem Village, Santhamaguluru Mandal, Prakasam Dist.			
Madhira Rayapatnam Village, Madhira Nandigama Rd., Madhira Mandal, Khammam Dist.			



Notice

Notice is hereby given that the Eighth Annual General Meeting of the Members of M/s. **Heritage Foods (India) Limited** will be held on Friday, the September 22, 2000 at Hari Hara Kala Bhavan, Sardar Patel Road, Secunderabad at 11.00 a.m. to transact the following business:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2000 and the Profit and Loss Account for the year ended on that date together with the Reports of the Directors' and the Auditors' thereon.
2. To declare Dividend.
3. To appoint a Director in place of Sri N P Ramakrishna, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors of the Company.

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

"RESOLVED THAT M/s. Raju & Prasad, Chartered Accountants, Hyderabad, be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting of the Company, at a remuneration to be fixed by the Board of Directors of the Company."

Special Business

5. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution.
"RESOLVED THAT Dr A Appa Rao, who was appointed an Additional Director of the Company, under Article 96 of the Articles of Association of the Company and who holds office upto this Annual General Meeting by virtue of Section 260 of the Companies Act, 1956, but being eligible offers himself for re-appointment, and in respect of whom the Company has received a notice in writing from a shareholder proposing his candidature for the office of Director pursuant to Section 257 of the Companies Act, 1956, be and is hereby appointed a Director of the Company, liable to retire by rotation."
6. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956, consent of the Company, be and is hereby accorded to the re-appointment of Smt N Bhuvaneswari, as the Whole-Time Director of the Company, under the designation "Executive Director", for a period of 5 years with effect from December 12, 1999 on the following terms and conditions:

Salary : Rs.75000.00 per month

Commission : 2% of the net profit of the Company per annum computed in accordance with Section 349 of the Companies Act, 1956.

Perquisites :

i) Housing

- a. The expenditure incurred by the Company on hiring furnished accommodation shall be subject to a ceiling of 50% of salary; or
- b. In case the accommodation is owned by the Company, 10% of the salary shall be deducted by the Company; or
- c. In case no accommodation is provided by the Company, the said Directors shall be entitled to house rent allowance subject to the ceiling laid down in clause (a).

Explanation: The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962, subject to a ceiling of 10% of the Salary.

ii) Medical Reimbursement: Reimbursement of the expenses incurred for self and family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.

iii) Leave Travel Concession: LTC for self and family once in a year, incurred in accordance with the rules of the Company.

Explanation: Family for (ii) and (iii) means the spouse, the dependant children and dependant parents.



- iv) a. Company's contribution toward Provident Fund as per the rules of the Company.
- b. Gratuity as per the rules of the Company.
- c. Company's contribution towards superannuation fund as per the rules of the Company.
- v) Earned Leave: On full pay and allowances and perquisites as per the rules of the Company not exceeding one month's salary for every 11 months of service completed. Encashment of Leave at the end of the tenure shall not be included in the computation of the aforesaid ceiling on perquisites and/or Salary.
- vi) Car for use on Company's business and telephone at residence shall not be considered as perquisites.

RESOLVED FURTHER THAT, notwithstanding anything contained above, where in any financial year, the Company incurs losses or its profits are inadequate, the Board of Directors may determine the remuneration payable to the Executive Director, within the ceiling limit of Rs.87,500/- per month, in accordance with the provisions stated in Section II of Part II of Schedule XIII to the Companies Act, 1956. The aforesaid perquisites stated in (iv) (a), (b) and (c) shall not be included in the computation of the aforesaid ceiling on remuneration.

RESOLVED FURTHER THAT the perquisites mentioned herein above be interchangeable within the overall ceiling of the annual remuneration payable to Smt N Bhuvaneswari.

RESOLVED FURTHER THAT in the event of any statutory amendment(s) or modification(s) or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors, be and is hereby authorized to increase, alter and vary the remuneration including the salary, commission, perquisites and other allowances, and in such manner as the Board in its absolute discretion deem fit and acceptable to Smt N Bhuvaneswari, within the limit specified in the Schedule XIII to the Companies Act, 1956 and the aforesaid resolution be suitably amended to give effect to such modification, relaxation or variance, subject to the approval of the Company at the General Meeting.

RESOLVED FURTHER THAT Dr V Nagaraja Naidu, Whole-Time Director of the Company, be and is hereby authorized to take steps necessary and desirable to give effect to this resolution."

- 7. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956, consent of the Company, be and is hereby accorded to the re-appointment of Dr V Nagaraja Naidu, as the Whole-Time Director of the Company, for a period of 5 years with effect from February 1, 2000 on the following terms and conditions:

Salary : Rs.75000.00 per month.

Perquisites :

- i) Housing
 - a. The expenditure incurred by the Company on hiring furnished accommodation shall be subject to a ceiling of 30% of salary; or
 - b. In case the accommodation is owned by the Company, 10% of the salary shall be deducted by the Company; or
 - c. In case no accommodation is provided by the Company, the said Directors shall be entitled to house rent allowance subject to the ceiling laid down in clause (a).

Explanation: The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962, subject to a ceiling of 10% of the Salary.

- ii) Medical Reimbursement: Reimbursement of the expenses incurred for self and family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
- iii) Leave Travel Concession: LTC for self and family once in a year, incurred in accordance with the rules of the Company.

Explanation: Family for (ii) and (iii) means the spouse, the dependant children and dependant parents.

- iv) a. Company's contribution toward Provident Fund as per the rules of the Company.
- b. Gratuity as per the rules of the Company.
- c. Company's contribution towards superannuation fund as per the rules of the Company.



v) Earned Leave: On full pay and allowances and perquisites as per the rules of the Company not exceeding one month's salary for every 11 months of service completed. Encashment of Leave at the end of the tenure shall not be included in the computation of the aforesaid ceiling on perquisites and/or Salary.

vi) Car for use on Company's business and telephone at residence shall not be considered as perquisites.

RESOLVED FURTHER THAT, notwithstanding anything contained above, where in any financial year, the Company incurs losses or its profits are inadequate, the Board of Directors may determine the remuneration payable to the Whole-Time Director, within the ceiling limit of Rs.87,500/- per month, in accordance with the provisions stated in Section II of Part II of Schedule XIII to the Companies Act, 1956. The aforesaid perquisites stated in (iv) (a), (b) and (c) shall not be included in the computation of the aforesaid ceiling on remuneration.

RESOLVED FURTHER THAT the perquisites mentioned herein above be interchangeable within the overall ceiling of the annual remuneration payable to Dr V Nagaraja Naidu.

RESOLVED FURTHER THAT in the event of any statutory amendment(s) or modification(s) or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors, be and is hereby authorized to increase, alter and vary the remuneration including the salary, perquisites and other allowances, and in such manner as the Board in its absolute discretion deem fit and acceptable to Dr V Nagaraja Naidu, within the limit specified in the Schedule XIII to the Companies Act, 1956 and the aforesaid resolution be suitably amended to give effect to such modification, relaxation or variance, subject to the approval of the Company at the General Meeting.

RESOLVED FURTHER THAT Smt N Bhuvaneswari, Executive Director of the Company, be and is hereby authorized to take steps necessary and desirable to give effect to this resolution."

8. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution.

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, and the provisions of other statutes as applicable and

subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the Articles of Association of the Company, be and are hereby altered in the manner following:

Under the heading "Transfer and Transmission of Shares", after Article 34 of the Articles of Association, the following new Articles 34A and 34B be inserted as follows:

"Article 34A: Nomination

A holder or joint holder(s) of shares in or debentures (including the Fixed deposit holder under Section 58A of the Companies Act, 1956), of the Company may nominate, a person in the prescribed manner to whom the shares and/or the interest of the member in the capital of the Company or debentures of the Company shall vest in the event of the holder(s) death. Such member may revoke or vary his/her nomination, at any time, by notifying the same to the Company to that effect. Such nomination shall be governed by the provisions of Section 109A and 109B of the Act or such other regulations governing the matter from time to time.

Article 34B: Dematerialization of Securities

Definitions

- "Beneficial Owner" shall have the meaning assigned thereto in Section 2 of the Depositories Act, 1996;
- "Depositories Act" shall mean the Depositories Act, 1996 or any statutory modification(s) or re-enactment thereof;
- "SEBI" means the Securities Exchange Board of India;
- "Depository" means a Company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration to act as a depository under the SEBI Act, 1992;
- "Security" means such security as may be specified by SEBI from time to time.

Dematerialization of Securities

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its securities and to offer securities in a dematerialized form pursuant to the Depositories Act, 1996;



Option for Investors

Every person subscribing to/acquiring securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities.

If a person opts to hold his securities with a depository, the Company shall intimate such depository the details of allotment of the security.

Securities in Depositories to be in fungible form

All securities held by a depository shall be dematerialized and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C, and 372A of the Companies Act, 1956, shall apply to a depository in respect of the securities held by it on behalf of the beneficial owner;

Rights of Depositories and Beneficial owners

- a) Notwithstanding anything to the contrary contained in these Articles, a depository shall be deemed to be the registered owner, for the purpose of effecting transfer of ownership of securities on behalf of the beneficial owner.
- b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities, which are held by a depository.

Service of document

Notwithstanding anything to the contrary contained in these Articles, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

Transfer of Securities

Nothing contained in these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of the depository.

Allotment of Securities dealt with by a Depository

Notwithstanding anything to the contrary contained in these Articles, where a depository deals with securities, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

Distinctive numbers of Securities held in a Depository

Nothing contained in these Articles regarding necessity of having distinctive numbers of securities issued by the Company shall apply to securities held in a depository.

Register and Index of Beneficial Owners

The Register and Index of Beneficial owners, maintained by a depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles."

By Order of the Board
for **Heritage Foods (India) Limited**

Date : August 17, 2000
Place: Hyderabad

V Nagaraja Naidu
Whole-Time Director



Notes

1. A Member entitled to attend and Vote at this Meeting is entitled to appoint one or more Proxies to attend and Vote on Poll, instead of himself. The Proxy need not be a Member of the Company. The Proxy, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
2. The Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of item nos. 5 to 8, as set above, is annexed.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from September 18, 2000 to September 22, 2000, both days inclusive.
4. The dividend on shares, as recommended by the Board of Directors, if declared at the Meeting, will be made payable on and after October 31, 2000, to those Members or their mandates whose names appear in the Register of Members of the Company, as on September 22, 2000.
5. The Register of Directors shareholding shall be kept open for inspection of any Member of the Company, during the period beginning, 14 days preceding the date of the Annual General Meeting and ending 3 days after the date of its conclusion. The Register shall also be open and accessible during the continuance of the Meeting, to any person having a right to attend the Meeting.
6. Pursuant to Section 205C inserted by Clause 12 of the Companies (Amendment) Act, 1999, the unpaid dividends shall be transferred to "Investor Education and Protection Fund" established by the Central Government after the expiry of seven years from the date of transfer to the unpaid dividend account. Members, who have not encashed their dividend for the under mentioned financial years, may claim or approach the Company for issue of duplicate Dividend Warrants or revalidation of the Dividend Warrants, as the case may be within the due dates respectively mentioned thereby.

Dividend for the year	Date of declaration	Due for transfer on
1995-96	25.09.96	08.11.2003
1996-97	25.09.97	10.11.2004
1997-98	29.09.98	09.11.2005
1998-99	22.09.99	05.11.2006

7. Bank Mandate for Dividend or Electronic Clearing Service:
 - a. In order to protect the investors from fraudulent encashment of warrants, the members are requested to furnish their Bank account No. (Current/Savings), the name of the Bank, and the branch where they would like to deposit the Dividend Warrants for encashment. These particulars will be printed on the cheque portion of dividend warrant besides the name of the shareholders so that these warrants cannot be encashed by anyone other than the shareholder. The said details should be furnished by the First/Sole shareholder, directly to the Share Transfer Agent quoting the Folio No., details of holding, etc.
 - b. The Company is also planning to provide the facility of *Electronic Clearing Service* for shareholders residing in specified cities for payment of dividend, if sufficient number of shareholders provide correct and complete Bank mandate details in the required format (**The model mandate form is attached to this Annual Report**). For obtaining the benefit of this facility please **send your option to the Share Transfer Agent, to reach on or before September 22, 2000.**
8. The Shares of the Company are listed on the Stock Exchanges at Hyderabad, Mumbai, Madras and at the National Stock Exchange, Mumbai. Pursuant to clause 43A of the Listing agreement with the Hyderabad Stock



Exchange, it is informed that the Listing fee for the year 2000-2001 has been paid within the prescribed time limit, to all the said Stock Exchanges.

9. The shareholders who are holding shares in identical order of names in more than one folio are requested to write to the Company enclosing the Share certificates to enable the Company to consolidate their holdings in one folio.
10. Members are requested to notify immediately change of address, if any, to the Company's Share Transfer Agent, M/s. Karvy Consultants Limited, Karvy House, 46 Avenue 4, Street No.1, Banjara Hills, Hyderabad - 500 034.

11. Non-resident Indian shareholders are requested to inform the following immediately:

- a. Change in the residential status on return to India for permanent settlement.
- b. The particulars of NRO/ NRE account, if not furnished earlier.

12. Members desiring any information regarding the Annual accounts are requested to write to the Company, at least ten days before the date of the meeting, to enable the management to keep the information ready at the Meeting.

Explanatory Statement

Pursuant to Section 173(2) of the Companies Act, 1956, the following Explanatory statements set out all material facts relating to the business under item Nos. 5 to 8 of the accompanying Notice dated August 17, 2000.

Item No. 5

Dr A Appa Rao was co-opted as an Additional Director of the Company, by the Board of Directors, with effect from January 27, 2000. In terms of Section 260 of the Companies Act, 1956, he vacates office at this Annual General Meeting. Due Notice under Section 257 of the Companies Act, 1956, has been received from a Member, proposing his appointment as a Director of the Company. The period of office of Dr A Appa Rao, shall be liable to determination by retirement of Directors by rotation and he has filed the requisite consent pursuant to provisions of Section 264(1) of the Companies Act, 1956, to act as such Director, if appointed.

Dr A Appa Rao is a graduate in Agriculture and has a doctorate in Agriculture from the University of Madras. He completed his postdoctoral work at Kansas State University as a TCM-USA Scholar. He is also an active member of several associations including the Indian Council of Agricultural Research. He was formerly the Vice Chancellor, Andhra Pradesh Agricultural University. Dr A Appa Rao is also a director in few Public Limited Companies. The Company is of the view that his experience and knowledge in the fields of Agriculture and Dairy will be of immense value to it.

The Board of Directors of the Company recommends the resolution as set out at this item of the Notice for approval

of the Shareholders. None of the Directors of the Company, other than Dr A Appa Rao is interested in the resolution.

Item No. 6 & 7

Smt N Bhuvaneswari was appointed as the Whole-Time Director of the Company under the designation "Executive Director" for a period of 5 years with effect from December 12, 1994 at the Meeting of the Board of Directors held on December 11, 1994 and the same was approved in the 3rd Annual General Meeting of the Company held on September 20, 1995. The said term expired on December 12, 1999 and the Board of Directors felt it desirable at its meeting held on October 27, 1999 to re-appoint her for a further period of 5 years subject to the approval of the shareholders at their meeting, in the manner and to the extent laid down in the text of the resolution which is self-explanatory.

Dr V Nagaraja Naidu was appointed as the Whole-Time Director of the Company for a period of 5 years with effect from February 1, 1995 at the Meeting of the Board of Directors held on January 9, 1995 and the same was approved in the 3rd Annual General Meeting of the Company held on September 20, 1995. The said term expires on February 1, 2000 and the Board of Directors felt it desirable at its meeting held on January 27, 2000 to re-appoint him for a further period of 5 years subject to the approval of the shareholders at their meeting, in the manner and to the extent laid down in the text of the resolution which is self-explanatory.

For the sake of brevity, the particulars of the proposed remuneration, perquisites and benefits of Smt N Bhuvaneswari and Dr V Nagaraja Naidu are not being set out again in the Explanatory statement and the members are requested to



refer the same as set out in the body of the respective resolutions. These particulars may be treated as the abstract of the terms of their appointment(s) required to be sent to every member of the Company pursuant to Section 302 of the Companies Act, 1956.

The Board recommends the resolutions as set out at item nos. 6 and 7 of the Notice for the approval of the Members. *Smt N Bhuvaneswari and Dr V Nagaraja Naidu may be deemed to be interested in the resolutions at the item nos. 6 and 7, to the extent it relates to them. None of the other Directors of the Company is interested in the resolutions.*

Item No. 8

The Securities Exchange Board of India (SEBI), vide its circular bearing Ref No.SMDRP/POLICY/CIR-23/2000 dated May 29, 2000 has decided to add 2562 scrips to the existing 579 scrips for compulsory dematerialized trading by all class of investors in 9 phases. The aforesaid SEBI's directive makes it obligatory for the Company to admit its securities with both the depositories viz., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), and establish connectivity before January 29, 2001, to enable dematerialized trading from the said date.

In line with your Company's constant endeavor to provide best possible services to the shareholders and investors, your Directors feel that the Company's Equity shares shall be admitted well in time before January 29, 2001, for enormously reducing the time, cost & efforts of the Investor & the Company and for enabling effective & efficient service and functioning.

It may be clarified that while the above additional facility will be provided within the new legal framework, Shareholders have an option to join this System, upto January 29, 2001. Thereafter the shares can be traded on the Stock Exchange(s) only in the Dematerialized form. The existing provisions in respect of the shares held in the form of paper scrips will continue without any change upto January 29, 2001.

Further, by the Companies (Amendment) Act, 1999 which introduced new Sections 109A and 109B, the holder(s) of security of the Company have been given an option to nominate a person to whom the rights of security holder(s) of the Company shall vest in the event of the holder(s) death.

Consequently, your directors consented to insert Article 34A in the Articles of Association of the Company, at their meeting held on October 27, 1999 and to insert Article 34B at their meeting held on August 17, 2000, which are subject to the approval of the Members at this General Meeting. The resolution as set out at this item of the Notice is proposed for approval of the Members of the Company in tune with the amendments made to provisions of the Companies Act, 1956.

The Board recommends this resolution for your acceptance. None of the Directors of the Company is interested in the resolution as set out at this item of the Notice, except to the extent that they are the Shareholders of the Company.

By Order of the Board
for **Heritage Foods (India) Limited**

Date : August 17, 2000
Place: Hyderabad

V Nagaraja Naidu
Whole-Time Director