

Hindustan Foods Ltd.

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24th

ANNUAL REPORT

2008-09



Hindustan Foods Limited

Board of Directors:

Mr. Shrinivas V. Dempo	<i>Chairman</i>
Mr. Soiru V. Dempo	<i>Executive Director</i>
Mr. N. C. Chaudhuri	<i>Director</i>
Dr. A. B. Prasad	<i>Director</i>
Adv. Sudin M. Usgaonkar	<i>Director</i>
Mr. Ashok N. Manjrekar	<i>Director</i>

Chief Executive – Operations:

Mr. G. S. Talekar

Registered Office:

Dempo House
Campal, Panaji, Goa – 403 001

Works:

Usgao, Ponda
Goa – 403 407

Auditors:

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

Bankers:

Bank of Maharashtra

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NOTICE

Notice is hereby given that the 24th Annual General Meeting of the Members of Hindustan Foods Limited will be held at the Registered Office of the Company at **Dempo House, Campal, Panaji, Goa - 403 001** on **Friday, the 25th of September, 2009** at **10.30 a.m.** to transact the following business.

AS ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2009 and Profit and Loss Account and Cash Flow Statement for the year ended on that date as also the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Ashok N. Manjrekar, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Dr. A. B. Prasad, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next meeting and to fix their remuneration.

NOTES:

1. A member entitled to attend and vote, at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a member of the Company. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.
2. The Register of the Members and Share Transfer Books in respect of the Equity Shares of the Company will remain closed from Saturday, the 19th of September, 2009, to Friday, the 25th of September, 2009 [Both days inclusive].
3. Members are requested to notify immediately any change of address to the Company at Dempo House, Campal, Panaji, Goa – 403 001.

DIRECTORS:

Mr. A. N. Manjrekar and Dr. A. B. Prasad, 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.

For and on behalf of the Board of Directors

Registered Office:

Dempo House, Campal
Panaji, Goa – 403 001

Date: 28th July, 2009

Soiru V. Dempo
Executive Director



DIRECTORS' REPORT

Your Directors have pleasure in presenting their Twenty-Fourth Annual Report and the Audited Statements of Accounts of the Company for the year ended 31st March, 2009.

Operations :

During the year under review, the Company has manufactured intermediates for weaning foods for Third parties. The orders received during the year were encouraging and there has been increase in production.

Financial Results :

	2008-2009 (Rs. in Lacs)	2007-2008 (Rs. in Lacs)
Profit/(Loss) for the year before		
Finance charges and depreciation:	8.75	(46.20)
Finance charges	29.08	4.09
Profit/(Loss) before depreciation	(20.33)	(50.29)
Depreciation	30.98	30.52
Loss Carried to Balance Sheet	(51.31)	(80.81)

Dividend :

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

BIFR :

The Board for Industrial and Financial Reconstruction (BIFR) vide its Order dated 13-10-2008, has ruled that the Company has ceased to be a Sick Industrial undertaking within Section 3 (1) (O) of the Act, and discharged the Company from the purview of SICA BIFR.

Directors :

Mr. Ashok N. Manjrekar and Dr. A. B. Prasad retire by rotation and are eligible for re-appointment, which the Board recommends.

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, 2009, the applicable accounting standards have been followed along with proper explanation relating to material departures;



- (ii) that the directors have 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 loss of the Company for the year under review;
- (iii) that 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 fraud and other irregularities;
- (iv) that the directors have prepared the accounts for the financial year ended 31st March, 2009 on a 'going concern' basis.

Particulars of Employees :

None of the employees of the Company was 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 this 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 :

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, a Management Discussion and Analysis Report and a report on Corporate Governance are provided in separate sections as a part of this Annual Report. A Certificate from the Statutory Auditors of the Company certifying the Company's compliance with the requirement of corporate governance in terms of Clause 49 of the Listing Agreement with the Stock Exchange is also annexed to the section on Corporate Governance.



Acknowledgments :

Your Directors place on record their appreciation of the continuing business relationship by M/s. Wockhardt Limited.

Your Directors also place on record their deep appreciation for the valuable support and guidance from M/s. Esmeralda Investments Pvt. Ltd., the holding company from time to time as well as Bank of Maharashtra, the bankers.

The Directors acknowledge the co-operation and contribution of the employees of the Company.

For and on behalf of Board of Directors

Place: Panaji
Date : 28th July, 2009

Soiru V. Dempo
Executive Director





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, 2009.

I. Conservation of Energy :

1. Energy consumption: Energy consumption have been higher per unit of production due to increase in fuel rates and lower tonnage.
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		180810
* Total amount	Rs.		1252562
* Rate/Unit	Rs./Kwh		6.93
* including Demand charges			
b) Own Generation			
Through Diesel Generator			
Units	Kwh		149431
Units per Ltr. of Diesel Oil	Kwh		2.67
Cost/Unit	Rs./Kwh		12.31
2. Coal [Specify quality & where used]			
Quantity (Tonnes)			—
Total Cost			—
Average Rate			—
3. Furnace Oil (H.S.D. for Band Drier)			
Quantity	L		28768
Total Amount	Rs.		949344
Average Rate	Rs.		33.00
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 (tonnes)	—	624
Electricity (Units)	—	289.75
H.S.D. Oil (Units)	—	239.47
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



MANAGEMENT DISCUSSION AND ANALYSIS

The year 2008-2009 was challenging, as long term arrangements with customers for processing/manufacture of their products did not materialise. However, your Company bagged orders to supply weaning food intermediates and other products. The orders received during the year were encouraging and there has been slight increase in the production.

The Company has carried out review of its business prospects, and has decided to launch products under its own brand, in regional areas, during the current year.

The Company has an excellent combination of experienced and talented Food Technologists and Engineers. The Company on regular basis undertakes various training programmes to keep its employees updated on information and new technologies, to achieve cost effectiveness.

The Company's relation with the employees continues to be cordial.

Research and development is an ongoing process at your Company. During the year, your Company has developed few products and the same is under self-life/stabilizing study. The Company is awarded Quality Certification of ISO 22000:2005, during the year by BVQI.

Some of the statements given in the above Management discussions and analysis about the Company's projections, estimates or expectations may be 'forward looking statements'. Actual results may differ substantially from those expressed or implied statements. Your company undertakes no obligations to publicly revise any forward looking statement to reflect future events or circumstances.



CORPORATE GOVERNANCE REPORT

A) MANDATORY REQUIREMENTS:

1) Company's Philosophy in Corporate Governance:

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

2) Board of Directors:

- a) Composition and Category of Directors & number of Board meetings held and the dates on which held.

The Board of Directors has 6 members comprising of 5 Non-Executive Directors and 1 Executive Director. Out of six, four Directors are Independent Directors.

During the year under review, the Board of Directors met 5 times i.e. on 12th April, 2008, 7th June, 2008, 25th July, 2008, 16th October, 2008 and 27th January, 2009.

None of the Directors on the Board is a member 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.

- b) Attendance of each director at the Board Meetings held during the year under review and at the last Annual General Meeting (AGM) as also the number of other directorships and committee memberships is as follows :

Name of Director	Category of Directorship	Number of Board Meetings attended	Last AGM Attended	Number of Directorship in other Companies	Number of Committees in which member
Shrinivas V. Dempo	Non-Executive	5	Yes	21 ¹	–
Soiru V. Dempo	Executive	5	Yes	7	2
N. C. Chaudhuri	Non-Executive	–	No	–	–
A. B. Prasad	Non-Executive	5	No	1	1
Sudin M. Usgaonkar	Non-Executive	5	No	5	–
Ashok N. Manjrekar	Non-Executive	3	No	–	–

¹Includes directorship held in 20 Private Limited Companies.

- c) Details of remuneration to the directors for the year under review:

The details of Sitting fees paid during the financial year ended 31st March, 2009 are as follows :

Sr. No.	Name of the Director	Sitting Fees Rs.
1.	Mr. Shrinivas V. Dempo	17,000
2.	Mr. Soiru V. Dempo	17,000
3.	Mr. N. C. Chaudhuri	Nil
4.	Dr. A. B. Prasad	19,000
5.	Adv. Sudin M. Usgaonkar	12,000
6.	Mr. Ashok N. Manjrekar	7,500



d) Details of Directors being Appointed/Re-appointed:

Mr. Ashok N. Manjrekar and Dr. A. B. Prasad retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. The brief profile of the Directors proposed for appointment / re-appointment, is as follows:

Mr. Ashok N. Manjrekar :

Mr. Ashok N. Manjrekar has been on the Board of Company since 20th January, 2006. He is M.Tech. in Food Technology from U.D.C.T., Mumbai and a Food and Nutrition Consultant. Mr. Manjrekar is not a Director in any Public Limited Company in India, other than Hindustan Foods Limited.

Dr. A. B. Prasad :

Dr. A. B. Prasad has been on the Board of Company since 24th January, 2002. He is a Director of Goa Carbon Ltd. He is M.Tech. and Ph.D. in Chemical Engineering.

e) Shareholding of Directors:

As on 31st March, 2009 Dr. A. B. Prasad holds 500 equity shares in the Company. None of the remaining directors hold any shares in the Company.

3) Audit Committee :

- (i) The terms of reference and power of the Audit Committee are as per Clause 49 of the Listing Agreement and Section 292 (A) of the Companies Act, 1956. The function of the Audit Committee is as per Listing Agreement with Stock Exchange. These include review of accounting and financial policies and procedures, review of financial reporting system, adequacy of internal control systems/internal audit function and risk management policies.
- (ii) The Audit Committee comprises of four Independent Directors. Four meetings were held during the year under review i.e. on 6th June, 2008, 25th July, 2008, 16th October, 2008 and 27th January, 2009. Other details are as under :

Name	Designation	Number of Meetings Attended
Dr. A. B. Prasad	Chairman	4
Mr. N. C. Chaudhuri	Member	—
Adv. Sudin M. Usgaonkar	Member	4
Mr. Ashok N. Manjrekar	Member	3

4) Remuneration Committee :

The Remuneration Committee comprises of the following members:

Name of the Member	Designation
Mr. Shrinivas V. Dempo	Member
Mr. Ashok N. Manjrekar	Chairman
Dr. A. B. Prasad	Member

During the year under review, no meeting of the committee was held.