



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 26th 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** on **Tuesday, the 20th of September, 2011 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, 2011 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.

AS 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 pursuant to the provisions of Section 269 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves of and consents to the re-appointment of Mr. Soiru V. Dempo as a Whole-time Director of the Company (designated as “Executive Director”) for a period of three years with effect from 1st April, 2011”.

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 Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the Special Business is annexed hereto.
3. The Register of the Members and Share Transfer Books in respect of the Equity Shares of the Company will remain closed from Wednesday, the 14th of September, 2011, to Tuesday, the 20th of September, 2011 [both days inclusive]
4. Members are requested to notify immediately any change of address to the Company at Dempo House, Campal, Panaji, Goa – 403 001.

**DIRECTORS :**

Mr. Ashok N. Manjrekar and Dr. A. B. Prasad, are retiring by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. The Board has re-appointed Mr. Soiru V. Dempo as a Whole-time Director with the designation of Executive Director for a period of three years w.e.f. 1st April, 2011. 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

SOIRU V. DEMPO
Executive Director

Date : 30th July, 2011

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, dated 30th July, 2011.

ITEM 5

Mr. Soiru V. Dempo's term as a Whole-time Director expired on 31st March, 2011 and as such the Board of Directors in its meeting held on 23rd May, 2011, re-appointed him as a Whole-time Director with designation as Executive Director for a period of three years w.e.f. 1st April, 2011, subject to the approval of the Members of the Company at the ensuing Annual General Meeting and subject to Section 269 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956.

Mr. Soiru V. Dempo is deemed to be concerned and interested in this resolution as it relates to him. No other Director is concerned and interested in the said resolution.

This may be treated as an abstract under Section 302 of the Companies Act, 1956.

For and on behalf of the Board of Directors

Registered Office:

Dempo House, Campal
Panaji, Goa – 403 001

SOIRU V. DEMPO
Executive Director

Date : 30th July, 2011

DIRECTORS' REPORT

Your Directors have pleasure in presenting their Twenty-Sixth Annual Report and the Audited statements of accounts of the Company for the year ended 31st March, 2011.

Operations :

The Company has manufactured intermediate foods for Third Parties, during the year under review.

Financial Results :

	2010-2011 (Rs. in lacs)	2009-2010 (Rs. in lacs)
Profit/(Loss) for the year before		
Finance charges and depreciation	41.60	(1.01)
Finance charges	13.46	27.87
Profit/(Loss) before depreciation	28.14	(28.88)
Depreciation	22.26	32.82
Profit carried to Balance Sheet	5.88	(61.40)

Dividend :

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

Directors :

Mr. Ashok N. Manjrekar and Dr. A. B. Prasad retire by rotation and are eligible for re-appointment, which the Board recommends. The Board has re-appointed Mr. Soiru V. Dempo as a Whole-time Director (designated as "Executive Director") for a period of three years w.e.f. 1st April, 2011. Your approval to the said re-appointment is sought vide resolution set out in Item No. 5 of the accompanying Notice.

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, 2011, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- that the directors have selected such accounting policies and applied them consistently and made judgments 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 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, 2011 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. V. S. Dempo Holdings 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 : 30th July, 2011

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, 2011.

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	131427
* Total amount	Rs.	1113928
* Rate/Unit	Rs./Kwh	8.50
* including Demand charges		
b) Own Generation		
Through Diesel Generator		
Units	Kwh	128839
Units per Ltr. of Diesel Oil	Kwh	2.73
Cost/Unit	Rs./Kwh	12.82
2. Coal [Specify quality & where used]		
Quantity (Tonnes)		—
Total Cost		—
Average Rate		—
3. Furnace Oil (H.S.D. for Brand Drier)		
Quantity	L	23285
Total Amount	Rs.	905320
Average Rate	Rs.	38.88
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)	—	682.00
Electricity (Units)	—	192.71
H.S.D. Oil (Units)	—	188.91
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 2010-11 was a challenging year, as the Company did not have any long term arrangements of processing / manufacture of products. However, your Company managed to get orders to supply intermediate products.

During the year 2010-2011, your Company entered into an Agreement with a Multi-National Company, to develop their products, to manufacture at your Factory.

The Company has carried out review of its business prospects, and launched its Brands in some selected markets.

Your Company has employed experienced Marketing Team for the local, as well as, international market, for marketing its own products.

Your Company has employed competent and qualified Food Technologists and Engineers, and has introduced several programmes to keep them updated on information and new technologies, to achieve cost effectiveness.

The Company enjoys cordial relations with the employees.

Your Company has proper and adequate system of internal control to ensure that all assets are protected and safeguarded. Your Company has well documented operating procedures and authorizations which itself are adequate for internal controls. Adequate internal checks are built in to cover all financial transactions with systematic delegation of authority.

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 16th April, 2010, 25th May, 2010, 27th July, 2010, 26th October, 2010 and 03rd February, 2011.

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	18*	—
Soiru V. Dempo	Executive	5	Yes	6	2
N. C. Chaudhuri	Non-Executive	1	No	—	—
A. B. Prasad	Non-Executive	3	Yes	3	1
Sudin M. Usgaonkar	Non-Executive	4	No	5	—
Ashok N. Manjrekar	Non-Executive	4	No	—	—

* Includes directorship held in 17 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, 2011 are as follows :

Sr. No.	Name of the Director	Sitting Fees Rs.
1	Mr. Shrinivas V. Dempo	10,000
2	Mr. Soiru V. Dempo	10,000
3	Mr. N. C. Chaudhuri	2,500
4	Dr. A. B. Prasad	7,500
5	Adv. Sudin M. Usgaonkar	10,000
6	Mr. Ashok N. Manjrekar	10,000