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HIND INDUSTRIES LTD.
ANNUAL REPORT, 1998-1999



Shri Sikandar Bakht, Hon'ble minister of Industry, Govt. of India, Presenting to Shri Sirajuddin Qureshi, Managing Director, Hind Industries Ltd. National Productivity Award for best Productivity Performance in Meat Processing Industry for the year 1996 - 97.

HIND INDUSTRIES LIMITED

BOARD OF DIRECTORS : Mr. Sirajuddin Qureshi (Chairman cum Managing Director)
 : Mrs. Kiran Qureshi
 : Mr. H.K. Peshwani (IFCI Nominee)
 : Dr. M.A. Haleem
 : Mr. B.B. Gupta
 : Mr. B.B. Huria

EXECUTIVE DIRECTOR : Mr. P.K. Basu

SR. MANAGER (Finance & Accounts) : Mr. S. M. Saini

BANKERS : Indian Bank
 State Bank of Hyderabad

AUDITORS : M/s. M.K. Aggarwal & Co.
 Chartered Accountants

COMPANY SECRETARY : Mr. Shahid Jamal

REGISTERED OFFICE : B-3, Friends Colony (West)
 Main Mathura Road
 New Delhi - 110 065
 Phone : 691 8786 (5 Lines) Fax : 011-682 1137
 Email : hindgrp@nde.vsnl.net.in

WORKS : B-42, Site IV
 Industrial Area Sahibabad
 Distt. Ghaziabad (U.P.)
 Phone : 91-770 785/86 Fax : 0575-770 784

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HIND INDUSTRIES LIMITED**NOTICE**

Notice is hereby given that the 26th Annual General Meeting of the members of Hind Industries Limited will be held at 9.30 A.M. on Wednesday 29th September, 1999 at A-18, Ansal Farm Villa's, Satbari, Mehrauli, New Delhi - 110 030 to transact the following business :-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March 1999 and the Profit and Loss Account of the Company for the year ended on that date and the Report of Board of Directors and Auditors' thereon.
2. To appoint a Director in place of Mrs. Kiran Qureshi who retires by rotation and being eligible, offers herself for reappointment.
3. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to authorise the Board to fix their remuneration.

SPECIAL BUSINESS :

4. 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 257 and other applicable provisions, if any of the Companies Act, 1956, Mr.B.B.Huria be and is hereby appointed as Director of the Company liable to retire by rotation."

5. To Consider and if, thought fit, to pass with or without modification(s) the following resolution as Special Resolution ;

"RESOLVED THAT in accordance with the provisions of Section 81 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), and enabling

provisions in the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company With the Stock Exchanges where the shares of the Company are listed and subject to the approval of Govt. of India (G.O.I.), Financial Institutions (FIs), Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI), and all other concerned authorities, if any, and to the extent necessary and such other approvals, permissions and sanctions, as may be necessary, and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board") and/or a duly authorised Committee thereof for the time being exercising the powers conferred by the Board, the consent of the Company be and is hereby accorded to the Board to issue/offer equity shares, preference shares, convertible debentures (fully or partly), non-convertible debentures, all or any of the aforesaid with or without detachable or Non-detachable warrants and/or warrants of any nature and/or secured premium notes, and/or floating rate notes/bond, and/or any other financial instrument(s) (hereinafter referred to as "securities") as the Board in its sole discretions may at any time or times hereafter decide which securities when issued or allotted would ultimately result in an increase in the subscribed/paidup Share Capital of the Company by an amount not exceeding the Authorised share capital of the Company, to the Members, Employees, Companies, Financial Institutions, Mutual Funds, Banks, Non-resident Indians, Foreign Companies, Overseas Corporate Bodies (OCBs), Foreign Institutional Investors (FIIs), International Investors, or other entities/authorities and to such other persons through such issue which may be brought from time to time including public issue, right issue, private placement, placement on firm allotment basis, exchange of securities, conversion of loans or otherwise and for general corporate purposes including capital expenditure, working capital requirements, amalgamations, acquisitions, reconstructions, or any other re-organisation as the

HIND INDUSTRIES LIMITED

Board may deem fit and/or by any one or more or a combination of the above modes/methods or otherwise and in one or more tranche(s) with or without voting rights in general meetings/class meetings of the company as may be permitted under the then prevailing laws, at such price or prices in such manner as the Board may in its absolute discretion think fit in consultation with the lead managers, underwriters, advisors and such other persons, and on such terms and conditions including the number of Securities to be issued, face value, rate of dividend, interest, redemption period, manner of redemption, amount of premium on redemption, the number of preference share/equity shares to be allotted on conversion /redemption /extinguishment of debts, exercise of rights attached with warrants, the ratio of exchange of shares and/or warrants and/or any other financial instrument, period of conversion, fixing of record date or book closure and related or incidental matters.

Resolved further that such of these securities to be issued as are not subscribed, may be disposed off by the Board to such persons and in such manner and on such terms and conditions as the Board may in its absolute discretion think most beneficial to the Company including offering or placing them with Banks/ Financial Institutions/Investment Institutions/ Mutual Funds/Foreign Institutional Investors or such other persons or otherwise as the Board may in its absolute discretion decide.

Resolved further that for the purpose of giving effect to this resolution the board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer, issue, allotment and utilisation of proceeds of issue of the securities and further to do all such acts, deeds, matters and things and to finalise and execute all such deeds, documents and writings as may be necessary, desirable or expedient as it may deem fit.

Resolved further that the Board be and is hereby authorised to delegate all or any of the powers herein

conferred to any committee of Directors or Managing Director of the Company. to give effect to the aforesaid resolution."

6. To Consider and if, thought fit, to pass with or without modification(s) the following resolution as Special Resolution ;

"Resolved that in supersession of earlier resolutions passed by the Company for giving Inter-Corporate Guarantee and Security pursuant to the provisions of Section 372A of Companies Act, 1956 the Board is hereby authorised to give any Guarantee or provide any Security in connection with a loan made by any other person to or to any other person by, any Body Corporate notwithstanding the fact that whether such Body Corporate is under the same management or not as the Company, upto a limit of Rs.200 Crore (Rupees Two Hundred Crores) during the period of one year commencing from the conclusion of this Annual General Meeting."

By order of the Board of Directors

SHAHID JAMAL AHMAD
Company Secretary

New Delhi
September 04, 1999

REGISTERED OFFICE :
B-3, Friends Colony (West)
Main Mathura Road
New Delhi - 110 065.

HIND INDUSTRIES LIMITED**Notes :**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE MEETING.**
2. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 16th September, 1999 to Saturday, 25th September, 1999 (both days inclusive).
3. Members are requested to intimate to the Company Secretary changes, if any, in their registered addresses alongwith Pin Code Number.
4. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
5. As a measure of economy, distribution of copies of the Report at the Annual General Meeting shall not be made. Members are requested to bring their copies of the report to the meeting.
6. **SHAREHOLDERS SEEKING ANY INFORMATION WITH REGARD TO ACCOUNTS ARE REQUESTED TO WRITE TO THE COMPANY SECRETARY WELL IN ADVANCE SO AS TO REACH THE COMPANY ATLEAST 7 DAYS PRIOR TO ANNUAL GENERAL MEETING SO AS TO ENABLE THE MANAGEMENT TO KEEP INFORMATION READY AT THE AGM.**

EXPLANATORY STATEMENT

Pursuant to Section 173(2) of the Companies Act, 1956

ITEM NO. 4

To further broadbase and professionalise the Board of

Directors of the Company Mr.B.B.Huria was appointed as an Additional Director with effect from January 30, 1999. His term of office as Director expires with the conclusion of this Annual General Meeting. Mr.B.B.Huria has a very long and diversified experience in the field of finance having served in Senior Management Capacity in IFCI for a long period. The Company will be greatly benefitted by his professional expertise and acumen.

The Company has received notice under section 257 of the Companies Act, 1956 from a person alongwith the prescribed deposit for the appointment of Mr.B.B.Huria as Director of the Company.

Board recommends passing of the above resolution as an Ordinary Resolution.

None of the Directors shall be considered to be interested and/or concerned in the passing of the said resolution except to the extent of their shareholding in the Company.

ITEM NO. 5

Section 81 of the Companies Act, 1956 provides, inter alia, that whenever the subscribed capital of the Company is proposed to be increased by allotment of further shares, such shares shall be first offered to the members who are holders of the equity Shares of the Company in proportion to the capital paidup on those shares at that time. In case the shares are to be offered to any person other than the members of the company, approval of the members is required by a Special Resolution.

Looking into the very high cost of Debt Fund which the Company is presently availing from financial Institutions, the Company might think over in terms of substituting the debt fund with equity if the Share Market conditions improve. The Authorised share capital of the company at present is Rs.25. Crores (Rupees Twenty Five Crores only). The Company, therefore may issue/allot further shares in future for which Board seeks the approval of the shareholders and hence the resolution.

Board recommends passing of the resolution as a Special Resolution.

None of the directors shall be considered to be interested

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and/or concerned in passing of the said resolution except to the extent of their shareholdings in the Company.

ITEM NO. 6

Two resolutions under section 370 and 372 of Companies Act, 1956 for grant of authority to the Board to make Inter-Corporate Loan and Investment and for providing Security and Guarantee were proposed to be passed by 25th Annual General Meeting of the Company. However, because of passing of the Companies (Amendment) Ordinance 1998 the said resolutions were dropped from the list of business to be transacted by the Annual General Meeting and were not passed.

However, consequent upon the passing of the Companies (Amendment) Act, 1999 Section 372A has been incorporated consolidating the erstwhile provisions of section 370 and 372. The new provision, inter alia, has combined the limits for making of investments, loans/deposits and giving/providing of guarantees/securities and while abolishing the requirements of prior approval of the Central Government has given the authority to the Board of Directors and Shareholders of the Company to decide in the matter.

Hind Industries Limited has already provided corporate guarantee to Hind Agro Industries Limited, a subsidiary Company of Hind Industries Limited for more than Rs.100 Crores and looking into the size of its project further guarantees would have to be provided for its working capital and other requirements which may extend upto Rs.200 Crores in total.

Further, consequent upon appraisal made by IFCI of working capital requirement of Hind Agro Industries Ltd. for their plant at Aligarh, proposals have to be placed before various Commercial Banks and Financial Institutions for meeting the working capital requirements of Hind Agro Industries Limited and in this connection there is an immediate need of providing the corporate guarantees for availing of working capital facilities by Hind Agro Industries Ltd.

In view of the above, the Shareholders are requested to pass the resolution under item no.6.

None of the directors shall be considered to be interested and/or concerned in passing of the said resolution except to the extent of their Shareholdings in the Company.

HIND INDUSTRIES LIMITED**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors have pleasure in presenting their Twenty Sixth Annual Report alongwith Audited Accounts for the year ended 31st March, 1999.

FINANCIAL RESULTS :

The Financial highlights of the Company for the year is as under

<i>Particulars</i>	<i>(Rs. in lakh)</i>	
	<i>1998-99</i>	<i>1997-98</i>
Sales	3283.11	5312.66
Other Income	44.43	28.50
Operating Profit	210.50	685.17
Profit before Taxes	210.50	685.17
Provision for Taxation	7.50	9.75
Profit after Taxes	203.00	675.42
Appropriations:		
Proposed Dividend	-	58.02
Corporate Dividend Tax	-	5.80
Transfer to General Reserve	400.00	600.00
Surplus Carried to B/Sheet	179.90	376.33

OPERATIONS :

During the year, the Company could achieve a turnover of Rs. 3283.11 lakhs against a turnover of Rs. 5312.66 lakh in the previous year. The profit before taxes is Rs. 210.50 lakhs as against Rs.685.17 lakhs in the previous year. The decline in sales is attributed to the sluggish demand in the traditional market of the Company in Gulf Countries.

HIND AGRO INDUSTRIES LIMITED

Your Directors have pleasure to inform you that the 100% Export Oriented Ultra Modern Integrated Abattoir-Cum-Meat Processing Plant of Hind Agro Industries Limited, the Subsidiary Company of Hind Industries Limited, was commissioned in January, 1998 and could achieve a turnover of Rs.8798 lakhs with a profit after taxes of Rs.242 lakhs during the year 1998-99 which is a

commendable achievement for a new project in its first full year of operation.

DIVIDEND :

Your Directors do not recommend any dividend for the financial year ended on 31st March 1999 because of litigation pending on the subject before the Hon'ble High Court of Delhi pertaining to the financial year 1997-98.

CURRENT YEAR'S OUT LOOK :

Although Company's Sales have declined during the year, Company's brands of products EATCO and SIBACO have achieved a special reputation and equity in Middle East and other markets. The Directors are confident that the Company would be able to show an improved performance in the current year with the new marketing strategies adopted by the management.

DEPOSITS :

Your Company has not invited/accepted any fixed deposits from Public during the year pursuant to provisions of Section 58A of the Companies Act, 1956.

DIRECTORS :

Mrs.Kiran Qureshi, Director will retire by rotation at the forthcoming Annual General Meeting and being eligible offers herself for reappointment.

AUDITORS :

M/s M.K. Aggarwal & Co., Chartered Accountants, retire as Auditors of the Company at the conclusion of 26th Annual General Meeting and being eligible offer themselves for re-appointment.

The Board recommends for their reappointment.

YEAR 2000 COMPLIANCE :

The company has made adequate contingency plan to face any eventuality of break down in hardware and software systems.

There is no Y2K problem in packages relating to Accounting and Share Transfer. Our EDP Department

HIND INDUSTRIES LIMITED

completely solved Y2K problem in In-House Developed Softwares relating to production, personnel, accounting, vehicle management ,etc.

ANNEXURE TO THE DIRECTORS' REPORT

PARTICULARS OF EMPLOYEES :

There was no employee in the Company drawing remuneration of more than 50,000/- per month or Rs.6,00,000/- per annum hence no particulars of Employees under section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975 is required to be given.

Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo :

The statement pursuant to 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 is given in the Annexure forming part of this report.

ACKNOWLEDGEMENTS :

The Directors wish to thank and deeply acknowledge the co-operation, assistance and support extended to the Company by the Central Government, State Government, Financial Institutions and the Company's Bankers. The Board also wishes to place on record their appreciation for the all round co-operation and sincere efforts made by the workers, staff and executives of the Company.

For and on behalf of the Board of Directors

Mrs. Kiran Qureshi
Director

Dr. M. A. Haleem
Director

Shahid Jamal Ahmad
Company Secretary

New Delhi
September 04, 1999

Information in accordance with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

A) CONSERVATION OF ENERGY

Energy conservation Measures Taken :

a) Energy conservation during the financial period

(i) During the Financial Year, the Company continued efforts in optimum conservation of power. Power generation and power consuming equipments were under continuous supervision and maintenance.

(ii) Distribution system was overhauled for effective functioning.

(iii) In the cold storages, insulations were made more effective to ensure energy losses.

b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy :

Strict vigil is being maintained over use of utilities, refrigerants, compressors, air handling units, lighting and fans.

c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

Consumption of energy per unit of production has been in line with the level of activity due to measures related to energy conservation undertaken as stated above.

HIND INDUSTRIES LIMITED**d) Total Energy Consumption :****Power and Fuel consumption :**

<i>Electricity</i>	<i>Current Year</i>	<i>Previous Year</i>
a) Purchased Units (KWH)	1133220	1363340
Total Amount (Rs.)	5624461	7154649
Average Rate/Unit (Rs.)	4.97	5.24
b) Own Generation through Diesel Generating Set (Units of Electricity)	468069	660567
Cost of Diesel (in Rs.)	1672567	2262862
Cost/Unit of Electricity (in Rs.)	3.57	3.43

Consumption per Unit of Production**Fresh & Frozen Meat**

(Per M.T.)

<i>Particulars</i>	<i>Current Year</i>	<i>Previous Year</i>
Electricity (K.W.H.)	331.15	150.91
Diesel Oil (Litres)	45.59	24.37

Form "B"

(See Rule 2)

B) TECHNOLOGY ABSORPTION**1. Research and Development (R&D)****a) Specific areas in which R & D carried out by the Company.**

The R & D Laboratory is being run efficiently. Continuous efforts are being made to improve the functioning.

b) Benefits derived as a result of above R & D.

As a result of R & D, there has been improvement in the quality of the product.

c) Future Plan of action :

Continuous R & D efforts are on for further improving the taste and quality of the products of the Company.

d) Expenditure on R & D

	<i>Rs.</i>	<i>%age</i>
a) Capital	—	
b) Revenue	97810	
c) Total	97810	
d) Total R&D Expenses as percentage of total Turnover		0.0297

2. Technology Absorption, Adaptation and Innovation**a) Efforts in brief made towards technology absorption, adaptation and innovation :-**

Technology absorption, adaptation and innovation are ensured through recruitment of qualified technical, operational process and veterinary staff as well as food technologist. The personnel are imparted technical and professional training at the plant level and elsewhere on a continuous basis. Moreover, they are given frequent opportunity to interact with experts in the Industry.

b) Benefits derived as result of the above efforts e.g. product improvement, cost reduction, product development, import substitution, etc. :-

The improved manufacturing technology eliminates the chances of contamination and wastage thereby reducing the cost.

c) Technology imported : Nil**C) FOREIGN EXCHANGE EARNING AND OUTGO :****1. Efforts :**

During the financial year, the Company exported fresh and frozen meat products to various countries of Middle East and elsewhere.

2. Steps taken to increase Exports :

The Company has been continuously making efforts to increase exports by strengthening its marketing efforts, production as well as by exploring new markets.

3. Earning and Outgo :

The foreign exchange earnings of the Company amounted to Rs. 27,20,68,097 during the financial year under review by way of sales whereas the outgo during the same period was Rs. 3,08,164 on account of foreign travelling.

For and on behalf of the Board of Directors

Mrs. Kiran Qureshi
Director

Dr. M. A. Haleem
Director

New Delhi
September 04, 1999

Shahid Jamal Ahmad
Company Secretary