

29th Annual Report 2001-2002

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Hind Industries Limited

HIND INDUSTRIES LTD.**Board of Directors***Chairman cum Managing Director*

Mr. Sirajuddin Qureshi

Directors

Mrs. Kiran Qureshi

Dr. M.A. Haleem

Mr. B.B. Gupta

Mr. B.B. Huria

Nominee Director (IFCI)

Mr. J.B. Sarkar

Chief Manager (Finance & Accounts)

:

Mr. D. Guha

Dy. Manager (Finance & Accounts)

:

Mr. M. A. Shaukat

Bankers

:

Indian Bank

State Bank of Hyderabad

Auditors

:

M/s. M.K. Aggarwal & Co.

Chartered Accountants

Registered Office

:

A-1, Okhla Industrial Area

Phase - I

New Delhi - 110 020

Phone : 6372786 (7 Lines)

Fax : 6817939 (4 Lines)

E-mail : hindgrp@mantraonline.com

Works

:

B-42, Site IV

Industrial Area Sahibabad

Distt. Ghaziabad (U.P.)

Phone : 91-770785/86

Fax : 0120-770785

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HIND INDUSTRIES LTD.**NOTICE**

Notice is hereby given that the 29th Annual General Meeting of the members of Hind Industries Limited will be held at 11.15 A.M. on Monday 30th September, 2002 at Seble Hall, Main Mathura Road, Badarpur, New Delhi - 110 044 to transact the following business :-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March 2002, 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 Dr. M. A. Haleem who retires by rotation and being eligible, offers himself 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 fix their remuneration.

SPECIAL BUSINESS:

4. 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 reenactment 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 Fund, 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 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/

HIND INDUSTRIES LTD.

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."

By order of the Board of Directors

Place : NEW DELHI

Date : 17/08/2002

DR.M.A.HALEEM

Director

Registered Office

A-1, Okhla Industrial Area, Phase I,
New Delhi - 110020

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 Monday, 16th September, 2002 to Wednesday, 25th September, 2002 (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 AT LEAST 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

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 paid up 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.16 Crores (Rupees Sixteen 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 and/or concerned in passing of the said resolution except to the extent of their Shareholdings in the Company.

By order of the Board of Directors

Place : NEW DELHI

Date : 17/08/2002

DR.M.A.HALEEM

Director

Registered Office

A-1, Okhla Industrial Area, Phase I,
New Delhi - 110020

INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT

As required under the listing agreement, the particulars of Director who is proposed to be reappointed are given below:

Name	Dr. M A Haleem
Age	73 Years
Qualification	A Bachelor's Degree in Veterinary Science, Sagar University, India. Post Graduate Degree from Kansas State University, USA Post Graduate Degree in Food Technology from Australia.
Expertise	Around 45 years experience in the area of meat and poultry product technology, Chairman and Head of The Department of Meat, Fish and Poultry technology at Central Food Technology and Research Institute (C.F.T.R.I.), CSIR Mysore for 29 years, Veterinary Officer with State Government of Orissa for 4 years. Advisor to Venky's Fast Food, Pune. Advisor to Govt. of Somalia as an Indian expert on Animal & poultry Science and Technology. Director of the Company since 10 th December, 1991.
Other Directorship	Hind Agro Industries Limited (HAIL). Member Audit Committee and Share Transfer Committee of HAIL.

HIND INDUSTRIES LTD.**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors have pleasure in presenting their Twenty Ninth Annual Report alongwith Audited Statements of Accounts for the year ended 31st March, 2002.

Financial Highlights:

The Financial results of the Company for the year under review and for previous year are as under;

	Rs. in Lacs	
Particulars	2001-02	2000-01
Sales	5427.59	5401.17
Other Income	148.25	134.56
Operating Profit/(Loss)	(339.26)	188.36
Profit/(Loss) before Taxes	(339.26)	188.36
Provision for Taxation	—	16.00
Profit/(Loss) after Taxes	(339.26)	172.36
Surplus of Previous Year	108.30	—
Appropriations:		
Proposed Dividend	—	—
Corporate Dividend Tax	—	—
Transfer to General Reserve	—	200.00
Surplus/(Loss) Carried to B/Sheet	(230.96)	108.30

Operations :

During the year the Company could achieve a turnover of Rs.5427.59 lakhs against a turnover of Rs. 5401.17 lakhs in the previous year. The loss before taxes is Rs. (339.26) lakhs as against profit of Rs.188.36 lacs in the previous year.

HIND AGRO INDUSTRIES LIMITED

Hind Agro Industries Limited the 100% Export Oriented Ultra Modern Integrated Abattoir-Cum-Meat Processing Plant of Hind Agro Industries Limited, the Subsidiary Company of Hind Industries Limited could achieve a turnover of Rs. 29461.49 lakhs and a loss after taxes of Rs. 402.14 lakhs during the year 2001-2002. This is against a turnover of Rs. 36172.28 lakhs with a profit after taxes of Rs. 1514.12 lakhs during the previous year.

Dividend :

Your Directors do not recommend any dividend for the financial year ended on 31st March 2002 in view of the losses suffered by the company.

Current year's out Look :

The Company embarked into new financial year 2002-2003 with not a very promising performance on account of sharp increase in the cost of raw material as well as drastic changes in Product Mix ratio.

However, the Directors are making all efforts that the Company would be able to recover and recoup this phase of depression with the innovative marketing strategies adopted.

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.

Listing Agreement Compliance :

The Company's Equity Shares have been listed at Ahmedabad, Mumbai, Delhi, Kolkata, Chennai, Hyderabad & U.P. Stock Exchanges. The Company has already made the payment of listing fees to each of the above Stock Exchanges in compliance of the provisions of the Listing Agreement.

Insurance :

The Company has made necessary arrangements for adequately insuring its insurable interests.

Directors :

Dr.M. A.Haleem, Director will retire by rotation at the forthcoming Annual General Meeting and being eligible offers himself for reappointment.

The Board recommends for his reappointment.

Director's Responsibility Statement :

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibilities Statement, it is hereby confirmed:

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2002, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) 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 or loss of the company for the year under review;
- (iii) 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;
- (iv) that the directors had prepared the accounts for the financial year ended 31st March, 2002 on a 'going concern' basis.

Auditors :

M/s M.K.Aggarwal & Co., Chartered Accountants, retires as Auditors of the Company at the conclusion of 29th Annual General Meeting and being eligible offer themselves for reappointment.

The Board recommends for their reappointment.

Particulars of Employees :

There was no employee in the Company drawing remuneration of more than 1,00,000/- per month or Rs.12,00,000/- per annum hence no particulars of Employees under section 217(2A) of 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 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

Place : NEW DELHI

SIRAJUDDIN QURESHI

Date : 17/08/2002

Chairman

ANNEXURE TO THE DIRECTORS' REPORT

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 year**

- (i) Intensive drive continued to identify and rectify the steam/water leakages.
- (ii) Decluttering of idle charges headers/pipe lines for inducing insulation of pipelines.
- (iii) Regular inspection/rectification of and efficient monitoring of condensate return system.

- (iv) Conducting lectures and demonstrations to educate and train our engineers and operators for proper and efficient functioning and maintenance of refrigeration equipment.

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

- (i) Continuation of leak detection/rectification programme.
- (ii) Overhauling and replacement of equipment for improved process of product.
- (iii) Monitoring regularly the use of correct size and capacity of equipment in order to ensure avoidance of any excessive use of power or any other type of energy and overseeing the same strictly at regular intervals with the purpose of achieving zero-wastage of power or refrigeration energy.

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.

d) Total energy consumption :**Power and Fuel consumption :**

Electricity	Current Year	Previous Year
a) Purchased Units (KWH)	-	-
Total Amount (Rs.)	-	-
Average Rate/Unit (Rs.)	-	-
b) Own Generation through Diesel Generator Set		
Units of Electricity	4741450	3956015
Total Cost (Rs.)	19617881	17222111
Cost Per Unit of Electricity (Rs.)	4.14	4.35

HIND INDUSTRIES LTD.**Consumption per Unit of Production****Fresh & Frozen Meat**

(Per K.G.)

Particulars	Current Year	Previous Year
Energy (in Units)	0.65	0.48

(The cost of deisal increased by 13.91% over previous year whereas the cost per unit of electricity decreased by 4.83% thereby indicating efficiency of operations)

Form "B"

(See Rule 2)

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

Specific areas in which R & D activities are carried out during the year are waste reduction, energy conservation, improved productivity.

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

The R & D activities helped the Company to improve quality of products thereby achieving greater customer satisfaction in the highly competitive global market. Such activities also enabled the Company to reduce process waste, lowering the energy consumption and increase in productivity.

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

	Rs.	Percentage
a) Capital	-	
b) Revenue	118654	
c) Total	118654	
d) . Total R&D Expenses as percentage of total Turnover		0.022

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 veterinery staff as well as food technologist. The personnel are imparted technical and proffessional 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 per unit.

c) Technology imported : Nil**C) FORIEGN EXCHANGE EARNINGS AND OUTGO :****1. Efforts :**

During the financial year, the company continued to export fresh and frozen meat products to various Countries of Middle East and South East.

2. Steps taken to increase Exports :

The Company has been continously making efforts to increase exports by strengthening its marketing, production and also exploring new markets.

3. Earnings and Outgo :

The foreign exchange earnings of the company has been Rs. 44,61,68,318 during the financial year under review by way of sales whereas the outgo during the same period is Nil.

For and on behalf of the Board of Directors

Place : NEW DELHI

Date : 17/08/2002

SIRAJUDDIN QURESHI

Chairman

MANAGEMENT DISCUSSION AND ANALYSES**1. INDUSTRY STRUCTURE & DEVELOPMENT**

The Company is in the business of manufacture & export of fresh and frozen meat & meat products and has been able to explore a vast market in the Middle East and South East Asian Countries. However, unfortunately there was an outbreak of "Foot & Mouth Disease" (FMD), a viral disease of cattle, which affected the Industry adversely. There was suspension of issuance of permits for imports of frozen buffalo meat from India by a number of exporting countries for full 5 months. This forced the importers of processed meat to review their protocols pertaining to livestock products. Due to this recessionary trend in the International market the Company was unable to procure export orders as planned and hence was not able to utilize its installed production capacity fully. The same was the fate of other Companies in the field. The scenario was aggravated further by rise of procurement price of raw materials in the domestic market.

2. SEGMENT - WISE / PRODUCT - WISE PERFORMANCE

The Company has only one segment of production which is "Fresh & Frozen Meat". During the year the Company has not been able to maintain its production at par with the previous year on account of various odds and difficulties as well as decline in export orders.

2.1 PRODUCTION AND CAPACITY UTILISATION

The production achieved during the year is 7,243.97 M.T. which is 28.98 % of installed capacity of 25,000 M.T.s.

2.2 SALES TURNOVER

The Company has been able to maintain its sales turnover at par with the previous year with a marginal increase thereon.

3. FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE**3.1 RAW MATERIALS, UTILITIES AND PACKING COST**

The cost of consumption of raw materials to sales was 53.59 % in 2001 - 2002 as compared to 47.49 % during 2000 - 2001. Also the cost of consumption of utilities and packing cost to turnover increased from 6.48 % to 6.50 % during 2001 - 2002. Steady increase in oil prices alongwith other factors contributed to the higher cost of raw material and utilities.

3.2 INTEREST COST

The net interest cost in 2001 - 2002 was Rs. 820.98 lakhs as against Rs. 514.12 lakhs in the previous year. The increase in interest cost was mainly due to capitalization of expansion project of the Company during the previous year.

4. OPPORTUNITIES AND THREATS**4.1 OPPORTUNITIES**

- The Company is in the business of export of processed food, which has a vast global market.
- Hind Industries Limited and its subsidiary Company HIND AGRO INDUSTRIES LIMITED are the market leaders in the Meat Industry.
- The promoters of the Company have a experience of around 2 decades in the Meat Industry and very good contacts in the Gulf & South East Asian Market.
- The Company has a highly qualified and experienced work force and healthy Industrial environment.
- The Govt. is giving all sorts of encouragements & incentives to processed food Industry.

4.2 THREATS

- Uncertainty over Govt. of India's long term policy for export of Meat & Meat Products
- Highly perishable nature of the product

HIND INDUSTRIES LTD.

The Company being a 100 % E.O.U. its entire sales relates to exports which has its inherent uncertainties depending on global developments.

5. FUTURE PROJECTS

The focus in the year 2001 – 2002 was mainly on consolidation of operation of existing plants to achieve consistently maximum production level.

6. OUTLOOK

The Company is in the field of Food Processing, which has a vast market all over the world. The Company has an outlook for exploring the untapped opportunities all over the world in processed Food Products.

The Company has a good track record of selecting and absorbing the better technologies and making continuous improvements therein. The Company has plans for installation of modern and latest systems as a measure of pollution control.

7. RISKS AND CONCERNS

The Company is a 100 % EOU and has to face competition globally. The sales realizations are subject to price and exchange rate fluctuations. The processed food items are perishable in nature and is always accompanied with the risk of being spoiled and decomposed on account of various factors like mishandling and passage of time. The Meat Industry is considered to be a high risk oriented Industry, owing to consistent changes in Govt. policies.

8. HUMAN RESOURCE AND INDUSTRIAL RELATIONS

The human resource of the Company is its prime asset which is contributing through hardwork, creativity & innovation. The Company has a record of excellent Industrial Relations with almost no record of industrial disputes and discord. The Company is also having an ongoing system of grooming its manpower to meet the challenges of the Industry.

The total number of regular employees as on 31st March, 2002 was 180 only.

9. INTERNAL CONTROL SYSTEM AND ITS ADEQUACY

The Company has a broad based Internal Control System, which operates through the following mechanism :—

9.1 BUDGETARY CONTROL SYSTEM

The Company prepares exhaustive operational budget for its various operational centers. Throughout the year the actual expenses are closely monitored against the budgeted figures, variances are analyzed and timely corrective measures are taken.

9.2 MANAGEMENT INFORMATION SYSTEM

The various operational departments generate reports on all relevant parameters of their departments with the comparison of the same with the budgeted figures / goals and submit the same to the management for their decision – making and corrective measures. The Company has a full – fledged “ MIS Department ” also, which co – ordinates all the MIS activities.

9.3 INTERNAL AUDIT SYSTEM

The Company has its own system of Internal Audit which operates through a team of experienced and qualified officers.

The Company has engaged a reputed firm of Chartered Accountants M/s. M.S. Sekhon & Company as Concurrent Auditors for the year under review, who report to IFCI directly. The Internal Audit Reports are properly dealt with for suitable corrective actions and guidance.

10. SOCIAL RESPONSIBILITY AND COMMUNITY DEVELOPMENTS

The Company has contributed in its humble way towards improving the Socio – Economic environments of its surroundings especially in the field of agricultural and related areas by helping in creation of NGO's and Social Development Societies. Moreover, the Company contributes substantially to various Public Trusts in their welfare activities.