



33rd Annual Report
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HIND INDUSTRIES LIMITED

**BOARD OF DIRECTORS****Chairman & Managing Director**

Mr. Sirajuddin Qureshi

Nominee Director-IFCI Limited

Mr. Rakesh Kapoor

Directors

Mrs. Kiran Qureshi

Dr. Naseem Qureshi

Mr. B. B. Gupta

Mr. B. B. Huria

CHIEF FINANCIAL OFFICER

Mr. S. K. Gupta

SR. MANAGER (I.A.) (F & A)

Mr. D. Guha

SR. MANAGER (F & A)

Mr. Mohd. Ali Shaukat

COMPANY SECRETARY

Mr. Kashif Shamim

BANKERS

Indian Bank

State Bank of Hyderabad

AUDITORS

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

Chartered Accountants

REGISTERED OFFICE

A-1, Phase-I,

Okhla Industrial Area,

New Delhi - 110 020

Phone: 26372786 (7 Lines)

Fax: 26817941-42 (2 Lines)

Email: info@hind.in**WORKS**

B-42, Site IV, Industrial Area, Sahibabad, Distt. Ghaziabad (U.P.)

Phone: 95120-2895340-43

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**NOTICE**

NOTICE IS HEREBY GIVEN THAT THE 33RD ANNUAL GENERAL MEETING OF THE MEMBERS OF THE COMPANY WILL BE HELD ON SATURDAY, THE 30TH DAY OF SEPTEMBER, 2006, AT 9.30 A.M. 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 Audited Balance Sheet as at 31st March 2006, and the Profit & Loss Account of the Company for the year ended on that date together with the Directors' and Auditors' Reports thereon.
2. To appoint a Director in place of Mr. B. B. Huria, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint the Auditors of the Company to hold the office from the conclusion of this meeting until the conclusion of 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 a **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 Agreement entered into by the Company with the Stock Exchange, where the shares of the Company are listed and subject to the approval of Govt. of India (G.O.I.), Financial Institutions (FI's), 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 authorized 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/offr 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 discretion may at any time or times hereafter decide, which securities when issued or allotted, would ultimately result in an increase in the Subscribed/Paid up Share Capital of the Company by an amount not exceeding

the Authorized Share Capital of the Company, to the Members, Employees, Companies, Financial Institutions, Mutual Funds, Banks, Non-resident Indians, Foreign Companies, Overseas Corporate Bodies (OCB's), Foreign Institutional Investors (FI's), 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 or for general corporate purposes including capital expenditure, working capital requirements, amalgamations, acquisitions, reconstructions, or any other re-organization, 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 shares/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 authorized 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 utilization of proceeds of issue of the securities and further to do all such acts, deeds, matters and things and to finalize 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 authorized 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."

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



HIND INDUSTRIES LTD.

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 read with Schedule XIII and all 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 subject to such other approvals and sanctions, if required, the consent of the company be and is hereby accorded for the revision in the remuneration of Mr. Sirajuddin Qureshi, the Chairman & Managing Director of the Company for the remaining tenure of his appointment i.e. from 1st October, 2006 to 5th August, 2008, as per the details set out hereunder:

(i) Salary:

Salary of Rs.1,50,000/- (Rupees One Lac Fifty Thousand only) per month with such increment, as may be decided by the Board of Directors from time to time of an amount not exceeding 10% of the salary and allowances.

(ii) Commission:

Commission payable @ 1% of Net Profit calculated as per the provisions of section 349 and 350 and other relevant provisions of the Companies Act, 1956.

(iii) Perquisites:

In addition to above, the Chairman & Managing Director shall also be entitled to the following perquisites as specified in Category A, B & C:

Category A:

(a) Housing:

- (i) The expenditure incurred by the company on hiring furnished accommodation will be subject to the following ceiling – 60% of the salary over and above 10% payable by him.
- (ii) In case accommodation is owned by the company, 10% of his salary shall be deducted by the company.
- (iii) In case no accommodation is provided by the company, he shall be entitled to HRA @ 60% of the salary.

(b) Medical reimbursement:

Reimbursement of actual medical expenses incurred by him and his family, subject to ceiling of one month's salary in a year or three month's salary over a period of three years.

(c) Leave Travel Concession:

For self and his family, once a year subject to ceiling of one month's salary in a year or three month's salary over a period of three years.

(d) Club fee:

Fees of clubs, subject to a maximum of two clubs for self and spouse on actual basis subject to one month's salary in a year.

(e) Personal accident insurance:

Actual premium to be paid by the company, subject to one month's salary in a year.

Category B:

The Chairman & Managing Director shall also be entitled to the following perquisites, which shall not be included in computation of the ceiling on remuneration specified herein:

- (i) Contribution to the provident fund, superannuation fund or annuity fund as per the rules of the company to the extent that these either singly or put together are not taxable under the Income Tax Act, 1961.
- (ii) Gratuity payable shall not exceed a half month's salary for each completed year of service.
- (iii) Encashment of leave at the end of every financial year.

Category C:

The company shall provide a car with driver and telephone facility at the residence of the Chairman and Managing Director. The provision of Car with driver for use of company's business and telephone facility at the residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the company on the Chairman and Managing Director.

RESOLVED FURTHER THAT subject to the provisions of section 198 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the remuneration and perquisites as set out hereinabove shall be paid or granted to Mr. Sirajuddin Qureshi as minimum remuneration, notwithstanding that in any financial year of the company, during the remaining tenure of Mr. Sirajuddin Qureshi as the Chairman and Managing Director, the Company has made no profits or the profits made are inadequate, but subject to the ceiling as provided in section II of Part II of Schedule XIII of the Companies Act, 1956 or such other amount and perquisites as may be provided in the said Schedule XIII, as may be amended from time to time or any equivalent statutory re-enactment(s) thereof.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to vary/modify/amend any of the aforesaid terms and conditions, provided such variation/modification/amendment is in conformity with the applicable provisions of the Act, as amended from time to time.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to do all such act, deeds, matters and things as may be considered necessary, appropriate, expedient or desirable to give effect to this resolution."

**BY ORDER OF THE BOARD
FOR HIND INDUSTRIES LTD.**

Place: New Delhi
Date: 31-08-2006

**KASHIF SHAMIM
COMPANY SECRETARY**

Registered Office:
A-1, Phase-I,
Okhla Industrial Area,
New Delhi-110 020.



HIND INDUSTRIES LTD.

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS/HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE, MUST REACH AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE MEETING. A PROXY FORM IS ATTACHED HERewith.**
2. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 21st September, 2006 to Saturday, 30th September, 2006 (both days inclusive).
3. Pursuant to the vacation of stay order granted by the Hon'ble Delhi High Court to IFCI Limited (IFCI) on the payment of dividend declared @ 8% on the equity shares of Rs.10/- each of the company for the financial year 1997-98, the dividend warrants have been dispatched to the concerned shareholders. If the shareholders, who have not received their dividend warrants, are requested in their own interest to write to the company.
4. Pursuant to the directions of the Securities Exchange Board of India (SEBI), trading in the shares of your company is in compulsory de-materialized form. The members who have not yet got their shares de-materialized, are requested to opt for the same in their own interest and send their share certificates through Depository Participant(s) with whom they have opened the de-materialization account.
5. Members are requested to intimate to the Company changes, if any, in their registered addresses along with Pin Code Number.
6. **Members/Proxies should bring the attendance slip duly filled in for attending the meeting.**
7. As a measure of economy, distribution of copies of the Annual Report at the Annual General Meeting shall not be made. Therefore, Members are requested to bring their copies of the Report to the meeting.
8. Members who hold shares in dematerialized form are requested to write their DP ID and Client ID numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.
9. Shareholders seeking any information with regard to accounts are requested to write to the company well in advance so as to reach the company atleast 7 days prior to the annual general meeting and 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 share capital of the Company is proposed to be increased by the 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, the approval of the members is required by way of a Special Resolution.

The Authorized Share Capital of the Company at present is Rs.16.00 Crores (Rupees Sixteen Crores only). Keeping in view the proposed

restructuring and re-alignment of the long term liabilities, the Company may issue/allot further shares, 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 consider to be interested and/or concerned in passing of the said resolution, except to the extent of her/his shareholdings in the Company.

ITEM NO. 5

Members are hereby informed that Mr. Sirajuddin Qureshi (aged 58) was re-appointed as the Chairman and Managing Director of the Company for a period of five years effective from 06.08.2003 to 05.08.2008 on the remuneration as approved by the Remuneration Committee in its meeting held on 16th August, 2003 and confirmed by the Board of Directors in its meeting held on 16th August, 2003 and by the Shareholders in the Annual General Meeting held on 29th September, 2003, subject to the approval of the Central Government. Again as per the requirements of Schedule XIII the Remuneration Committee, Board of Directors and the Shareholders in their respective meetings held on 16th August, 2004 and 30th September, 2004, have re-approved the Re-appointment and the remuneration of the Chairman and Managing Director, subject to the approval of the Central Government.

The company has continuously grown leaps and bounds under his esteemed leadership. It is his total involvement, leadership and hard work that the company has emerged today as one of the largest integrated manufacturer, processor and exporter of Fresh and Frozen Buffalo and Sheep Meat and Meat products in all over the World.

Considering the fact that he is discharging overall responsibilities of the affairs of the Company and on the recommendation of the Remuneration Committee, the Board of Directors have considered and resolved to revise his remuneration for the remaining tenure of his appointment i.e. from 1st October, 2006 to 5th August, 2008, subject to the approval of the members at the ensuing Annual General Meeting of the Company, on the terms and conditions as set out in the resolutions passed in their respective meetings, within the limits specified in Schedule XIII of the Companies Act, 1956.

Mr. Sirajuddin Qureshi, may be considered to be concerned or interested in the said resolution, since it relates to his revision of remuneration. Mrs. Kiran Qureshi and Dr. Naseem Qureshi, Directors may also be considered as concerned or interested in the same, being relatives of Mr. Sirajuddin Qureshi. Save as aforesaid, none of the other Directors are concerned or interested in the said resolution.

This Explanatory Statement together with the accompanying notice is to be regarded as an abstract of his revised terms of remuneration or concern or interest under section 302 of the Companies Act, 1956.

As required under the amended Schedule XIII of the Companies Act, 1956, the relevant information to be sent along with the notice calling the Annual General Meeting is set out hereinafter.

Your Directors recommend the aforesaid resolution as Special Resolution for your approval.

**BY ORDER OF THE BOARD
FOR HIND INDUSTRIES LTD.**

Place: New Delhi
Date: 31-08-2006

**KASHIF SHAMIM
COMPANY SECRETARY**

**INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT**

As required under the Listing Agreement, the particulars of Director who is proposed to be re-appointed, are given below:

Name	Mr. B. B. Huria
Age	62 Years
Qualification	B.Sc., Delhi University, M.S. (Mechanical Engg.), Diploma in Russian-English Translation and Interpretation, Peoples' Friendship University, Moscow.
Expertise	Mr. B. B. Huria is an Ex. Chief General Manager of the IFCI Ltd., the premier Financial Institution of India. He has four decades of rich experience in various aspects of finance, banking, audit and administration. He has been on the Board of various companies as an expert on finance and Banking. He has a deep insight into the functioning of different industries. He is an eminent member on the different Committees of Directors of the company.
Other Directorship	M/s XO Infotech Limited M/s Agro Dutch Industries Limited M/s Micro Fincap Private Limited

I. General Information:

- (1) Nature of Industry:
- (2) Date or expected date of commencement of commercial production:
- (3) In case of new companies, expected date of commencement of activities as per project approved by financial Institutions appearing in the prospectus:
- (4) Financial performance based on given indicators:

Manufacturing & Export

01.01.1990

Not Applicable

(Rs. In Lacs)

Parameters	2005-06	2004-05	2003-04
Turnover	8330	9672	7427
Net Profit/(Loss) as per P&L A/c	170	478	97

- (5) Export performance and net foreign exchange collaborations:

(Rs. In Lacs)

Parameters	2005-06	2004-05	2003-04
Exports	8330	9672	7427
FOB Value	6934	8162	6996

- (6) Foreign investments or collaborators, if any:

NIL

II. Information about the Appointee:

- (1) Background details:

The proposed appointee i.e. Mr. Sirajuddin Qureshi, has been working as the Chairman & Managing Director and is the core promoter of the Company. He is discharging the overall responsibilities of the affairs of the Company through Marketing, Finance, and Production to Exports and overall management of the Company.



(2) Past remuneration:

2005-06	Rs.9,00,000/-
2004-05	Rs.8,10,000/-
2003-04	Rs.7,20,000/-

[3] Recognition or awards:

Mr. Sirajuddin Qureshi is an eminent Member of the various Govt., commercial, social and cultural organizations. He has bagged many prestigious awards like Dada Bhai Nauroji Award, Best Citizen Award from the Uttar Pradesh Government.

(4) Job profile and his suitability:

Mr. Sirajuddin Qureshi is the Chairman & Managing Director of the Company and also the Managing Director of the Subsidiary Company, i.e. Hind Agro Industries Ltd., which is also in the same trade. Hence, his vast experience in the industry of meat export may be used fruitfully in both the companies.

[5] Remuneration proposed:

Basic Salary: Rs.1,50,000/- per month. Besides the above Salary, the Appointee is proposed to be paid Commission @ 1%, Furnished Accommodation, Medical Benefits, Leave Travel Concession, Club Fees, Personal Accident Insurance, Leave Encashment. The Company shall also make contribution for him to the Provident Fund, Superannuation /Annuity Fund, Gratuity. A Car with driver and Telephone facility at the residence of the Chairman and Managing Director shall also be provided by the Company. Details of all the above elements may be referred at point no. 5 of the Notice contained in this Annual Report.

[6] Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin:

No comparative figures are available of the industry as such, but the remuneration package is in consonance with the profile of the Appointee, position, industry and size of the Company. The Appointee is not an expatriate.

(7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personal, If any:

The Appointee does not have any pecuniary relationship with the Company. He is a relative of Mrs. Kiran Qureshi and Dr. Naseem Qureshi, Directors in the Company.

III. Other Information:

(1) Reason of loss or inadequate profits.

The Company has managed to achieve only a Net Profit of Rs.170.00 Lacs during the financial year 2005-06, due to low production and sales made by it, which is caused by unintended disease and natural calamities occurred during the year.

(2) Steps taken or proposed to be taken for improvement.

The company is making its regular efforts for the improvement in its production and sales volume.

[3] Expected increase in productivity and profits in measurable terms.

The company is expected to increase its productivity and profits by about 20% in the next financial year.

**IV. Disclosures:**

- (1) The shareholders of the company are being informed of the remuneration package of Mr. Sirajuddin Qureshi-Chairman and Managing Director, at point no. 5 of the Notice contained in this Annual Report.
- (2) The following disclosure is also being made as a part of the Board of Director's Report under the heading "Corporate Governance", attached to this Annual Report: -

- (i) All elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc. of all the Directors:

The Company is not paying any remuneration to any other Director of the Company.

- (ii) Details of fixed and performance linked incentives along with the performance criteria:

All elements of the remuneration package of the Appointee are defined in the Special Resolution at point no.5 of the Notice as contained in this Report. Only Commission @ 1% on the Net Profits of the Company, as per section 309 (5) of the Companies Act, 1956, is partly linked to the Performance of the Company. Rest all elements are fixed in nature.

- (iii) Service contracts, notice period, severance fees:

No separate service contract executed by the Company with the proposed Appointee.

- (iv) Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable:

Nil.

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HIND INDUSTRIES LTD.

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Thirty Third Annual Report on the business and operations of your Company and the Audited Annual Accounts of the Company for the financial year ended on 31st March, 2006.

Financial Results:

The Financial Highlights of the Company for the financial year ended on March 31, 2006 are as under:

	(Rs. In Lacs)	
Particulars	2005-06	2004-05
Sales	8330.14	9672.41
Other Income	153.00	36.76
Profit before Depreciation, Interest and Tax {PBDIT}	1334.85	788.57
Profit/(Loss) before Taxes {PBT}	650.23	70.52
Profit/(Loss) after Taxes {PAT}	170.10	478.36
Surplus/(Deficit) of Previous Year	-	[275.07]
Transfer to General Reserve	-	-
Surplus/(Loss) Carried to Balance Sheet	3795.11	3625.00

Performance:

During the financial year 2005-06, the Company has achieved Total Turnover of Rs.83.30 Crores as against Rs.96.72 Crores in the previous year 2004-05, thereby showing a decline of around 14%. The Sales during the year under review were affected mainly due to the emergence of some natural catastrophes like, Bird Flu, Floods situation arisen in Mumbai. However, the Profit before tax (PBT) of the Company during the financial year 2005-06 is Rs.6.50 Crores as against Rs.1.70 Crores in the previous financial year 2004-05, which has increased by around 282%. The Net Profit after tax (PAT) of the Company during the financial year 2005-06 has declined to Rs.1.70 Crores from Rs.4.78 Crores in the previous year is mainly due to Deferred Taxes Expenses of Rs.4.22 Crores.

On the other hand, the Company has made a very good progress in the first quarter of this current financial year 2006-07 and has achieved a turnover of around 36.00 Crores in the said quarter ended on 30th June, 2006 and accordingly made a good compensation of the low turnover in the previous financial year.

Your Directors are pleased to inform you that the Company is regular in making the quarterly payment of installments to IFCL after the Negotiated Settlement of Dues made by it vide its letter dated 21st June, 2005.

Financial Conditions and Results of Operation:

'Management Discussion and Analysis of Financial Condition and Results of Operation of the Company for the year under review', as stipulated in Clause 49 of the Listing Agreement with the Stock Exchange, are given as separate Statement in this Annual Report.

Subsidiary Company: HIND AGRO INDUSTRIES LIMITED

The Subsidiary Company, i.e. M/s Hind Agro Industries Limited, which has a 100% export oriented modern, integrated abattoir-cum-meat processing plant at Aligarh (U.P.), has made good progress during the financial year 2005-2006 by achieving Total Sales Turnover & Other Income of Rs. 392.35 Crores and Profit after taxes (PAT) of Rs. 7.80 Crores, as compared to the Total Sales Turnover & Other Income of Rs. 338.43 Crores and the Profit after taxes (PAT) of Rs. 2.48 Crores in the previous year 2004-05. A copy of the Directors' Report, Auditors' Report, Balance Sheet and Profit & Loss A/c of the Subsidiary Company for the financial year ended on 31st March, 2006 are attached herewith for your perusal.

Dividend:

Your Directors are pleased to inform you that the stay order granted by the Hon'ble Delhi High Court to IFCL Limited (IFCL) in the matter of payment of dividend declared @ 8% on the equity shares of Rs.10/- each of the company for the financial year 1997-98 has been vacated, consequently the company has dispatched the dividend warrants to the concerned shareholders.

In view of the future growth and expansion of business of your Company, the Board of Directors have taken a view that it will be in the larger interest of the Company to retain and plough back the profits for the purpose of business growth. Hence, no dividend is being recommended for the Financial Year ended on 31st March, 2006.

Current year's outlook:

Your Company is expected to improve further and consolidate its operations in the ongoing financial year i.e.2006-07, by making increase in volumes, reduce financial and other costs, monitoring and controlling a better mix of its products and markets towards achieving the better bottom lines in the years to come.

Your Company is considering to set-up an Integrated Animal Husbandry, Rearing and Meat Processing Project in the State of West Bengal, where it will breed, rear and process Buffaloes, Goats and meat products, etc. For the establishment of the said project, the Government of West Bengal has allotted 500 acres of land at Salboni Farm in West Medinipur District of West Bengal to the Company.

The Company has obtained necessary licence for the other High Security Registration Number Plate Project of the company. The said project at Baddi, in the State of Himanchal Pradesh is in progress.

Consolidated Financial Statements:

As stipulated in the Listing Agreement with the Stock Exchange, the Consolidated Financial Statements have been prepared by the Company in accordance with the relevant accounting standards issued by the Institute of Chartered Accountants of India. The Audited consolidated financial statements together with Auditors' Report thereon form part of this Annual Report.

**Deposits:**

The Company has not invited/accepted any Fixed Deposits from Public during the year pursuant to the provisions of Section 58A of the Companies Act, 1956 and the Rules made thereunder.

Capital Structure:

During the year under review, there is no change in the capital structure of the company.

Listing Agreement Compliance:

The securities of the Company are listed with the Bombay Stock Exchange Limited, Mumbai. The Calcutta Stock Exchange Association Limited has not conveyed its formal approval for the de-listing the shares of the Company, as earlier agreed and resolved by the Company. The Company has been complying with the Listing Agreement and has already made the payment of listing fees to the Bombay Stock Exchange Limited, Mumbai.

Corporate Governance:

Your Company is committed to maintain the highest standards of Corporate Governance. Your directors are also committed to adhere to the requirements set out by the Securities and Exchange Board of India's (SEBI) Corporate Governance practices and have implemented all the major stipulations prescribed. A separate section on Corporate Governance and the Certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance forms part of this Annual Report.

Insurance:

The Company has made necessary arrangements for adequate insurance of its insurable interests.

Directors:

In accordance with the provisions of section 256 of the Companies Act, 1956 and Article No. 147 of the Articles of Association of the Company, Mr. B. B. Huria, Director of the Company is liable to retire by rotation at the forthcoming Annual General Meeting of the company and being eligible, offers himself for the re-appointment.

The Board recommends the re-appointment of Mr. B. B. Huria, Director at the forthcoming Annual General meeting of the company.

Auditors:

The Statutory Auditors M/s M. K. Aggarwal & Co., Chartered Accountants, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a letter from them to the effect that their re-appointment, if made, would be within the limits prescribed under section 224 (1B) of the Companies Act, 1956 and they are not disqualified for such re-appointment within the meaning of section 226 of the said Act.

The Board recommends their re-appointment at the ensuing Annual General Meeting of the company.

Auditor's Report:

The observations of the Auditors in the Auditor's Report on the Annual Accounts for the year 2005-06, are explained and clarified as under:

-Explanation to Point No. 4 of the Auditor's Report and Point No. C-7 of the Notes forming part of accounts to the Auditor's Report:

The Company is taking adequate steps for realization of its debts and reasonable provisions shall be made upon its realization in the subsequent years.

Particulars of Employees:

During the Financial Year 2005-06, there was no employee in the company drawing a remuneration in aggregate of Rs. 24,00,000/- or more per annum or employed for part of the year, drawn a remuneration of Rs. 2,00,000/- or more per month, therefore no particulars of employees under section 217 (2A) of Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975, are 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.

Directors' Responsibility Statement:

Pursuant to the requirements of 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, 2006, the applicable Accounting Standards had been followed along with proper explanations relating to the material departures;
- (ii) that the Directors had 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;
- (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, 2006, on a 'going concern' basis.

Personnel:

The employer-employee relations throughout the year were very cordial. The Company enjoys a healthy working atmosphere that inspires the employees to put their best foot forward in achieving a high-sustainable growth. The Directors