

HIND INDUSTRIES LIMITED

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**34th Annual Report
2006-2007**



HIND INDUSTRIES LTD.

BOARD OF DIRECTORS	Chairman & Managing Director Mr. Sirajuddin Qureshi
	Nominee Director-IFCI Limited Mr. Dinesh Sharma
	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. Vikas Sabharwal
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 & investors@hind.in
WORKS	B-42, Site IV, Industrial Area, Sahibabad, Distt. Ghaziabad (U.P.) Phone: 95120-2895342-43 Fax: 95120-2895500 & 5341

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**NOTICE**

NOTICE IS HEREBY GIVEN THAT THE 34TH ANNUAL GENERAL MEETING OF THE MEMBERS OF THE COMPANY WILL BE HELD ON SATURDAY, THE 29TH DAY OF SEPTEMBER, 2007, 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 2007, 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. Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Dr. Naseem Qureshi, who retires by rotation and being eligible, offers himself for re-appointment.
4. 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:

5. 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/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 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



HIND INDUSTRIES LTD.

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
FOR HIND INDUSTRIES LIMITED**

Place: NEW DELHI
Date: 31ST AUGUST, 2007

**VIKAS SABHARWAL
COMPANY SECRETARY**

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

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 Friday, 21st September, 2007 to Saturday, 29th September, 2007 (both days inclusive).

3. 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.

4. Members are requested to intimate to the Company changes, if any, in their registered addresses along with Pin Code Number.

5. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.

6. 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.

7. 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.

8. 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.

**BY ORDER OF THE BOARD
FOR HIND INDUSTRIES LIMITED**

Place: NEW DELHI
Date: 31ST AUGUST, 2007

**VIKAS SABHARWAL
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	Dr. Naseem Qureshi
Age	43 Years
Qualification	B.Sc., BUMS.
Expertise	Dr. Naseem Qureshi, the brother of Mr. Sirajuddin Qureshi-Chairman & Managing Director and brother-in-law of Mrs. Kiran Qureshi-Director, has nearly two decades of valuable experience in the various areas of industry specially procurement of raw material, production and export of meat and meat products. He has worked for the company as its Vice President for about four years and has been associated with Hind Agro Industries Ltd., the subsidiary of the company, as President for the last nine years.
Other Directorships	Hind Builders Ltd. Hind Biopharmaceuticals Ltd. Agriotek Foods Ltd.
Name	Mr. B. B. Gupta
Age	60 Years
Qualification	A Bachelor's Degree in Arts from Delhi University, India. A Bachelor's Degree in Law from Delhi University, India.
Expertise	Mr. B. B. Gupta is engaged in his practice of advocacy since 1973. He regularly appears before the High Court & District Court and also assessed to Income Tax. He has more than three decades of rich experience in various aspects of legal matters. He has a deep insight into the functioning of different industries. He is an eminent member of the various Institutes/Bar Council, viz. Indian Law Institute, New Delhi, Institute of Constitutional & Parliamentary Studies, New Delhi, Supreme Court Bar Association, Delhi High Court Bar Association, International Jurists Organization etc. He is also member on the different committees of the Directors of the company.



HIND INDUSTRIES LTD.

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Thirty Fourth 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, 2007.

Financial Results:

The Financial Highlights of the Company for the financial year ended on 31st March, 2007 are as under:

(Rs. In Lacs)

Particulars	2006-07	2005-06
Sales	9096.21	8330.14
Other Income	135.03	153.00
Profit before Depreciation, Interest and Tax (PBDIT)	1286.40	1334.85
Profit/(Loss) before Taxes (PBT)	586.25	650.23
Profit/(Loss) after Taxes (PAT)	386.06	170.10
Surplus/(Deficit) of Previous Year	3795.11	3625.01
Surplus/(Loss) Carried to Balance Sheet	4181.17	3795.11

Performance:

During the financial year 2006-07, the Company has achieved Total Turnover of Rs.90.96 Crores as against Rs.83.30 Crores in the previous year 2005-06, thereby showing an increase of around 9.20%. There was some adverse effect on the sale due to ban on fresh sheep meat. The Profit before tax (PBT) of the Company during the financial year 2006-07 is Rs.5.86 Crores as against Rs.6.50 Crores in the previous financial year 2005-06, which has decreased by around 9.84%. The Net Profit after tax (PAT) of the Company during the financial year 2006-07 has increased to Rs.3.86 Crores from Rs.1.70 Crores in the previous year mainly due to the effect of Deferred Taxes.

The Company has made a good progress in the first quarter of this current financial year 2007-08 and has achieved a turnover of around 25.48 Crores in the said quarter ended on 30th June, 2007.

Your Directors are pleased to inform you that the Company is regular as on 31st March, 2007, 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 2006-2007 by achieving Total Sales Turnover & Other Income of Rs. 480.41 Crores and Profit after taxes (PAT) of Rs. 10.76 Crores, as compared to the Total Sales Turnover & Other Income of Rs. 392.35 Crores and the Profit after taxes (PAT) of Rs. 7.80 Crores in the previous year 2005-06. 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, 2007 are attached herewith for your perusal.

Dividend:

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, 2007.

Current year's outlook:

Your Company is expected to improve further and consolidate its operations in the ongoing financial year i.e.2007-08, 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 top & 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 earmarked 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 High Security Registration Number Plate. The said project at Baddi, in the State of Himachal Pradesh is in progress and the company is applying for tenders in various states.

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.



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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 for the Financial Year 2007-08, 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. Gupta and Dr. Naseem Qureshi, Directors of the Company are liable to retire by rotation at the forthcoming Annual General Meeting of the company and being eligible, offers themselves for the re-appointment.

The Board recommends the re-appointment of Mr. B. B. Gupta and Dr. Naseem Qureshi, Directors 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 2006-07, 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:

A statement showing the particulars of employees pursuant to section 217(2A) of the Companies Act, 1956, read with the Companies (particulars of employees) rules 1975 is mentioned below :-

Name	: Mr. Sirajuddin Qureshi
Designation	: Chairman & Managing Director
Qualification	: BA, LLB
Age	: 59 years
Gross Salary	: Rs. 28,35,968/-
Commission	: Rs. 3,60,416/-
Experience	: 30 years
Date of employment	: 05.08.1993

The salary is as per the special resolution passed by the shareholders in the 33rd Annual General Meeting

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:

- that in the preparation of the Annual Accounts for the Financial Year ended 31st March, 2007, the applicable Accounting Standards had been followed along with proper explanations relating to the material departures;
- 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;
- 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;
- that the Directors had prepared the Accounts for the Financial Year ended 31st March, 2007, 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 also wish to place on record the support and confidence reposed in the management by the employees. Total quality in every sphere of activities, employee training and development continues to be on the top priority of your management.

Acknowledgements:

Your Directors would like to express their grateful appreciation for the co-operation and support extended by the Central Government, State Government, Financial Institutions, Bankers, Vendors and Shareholders of the company during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services and untiring efforts of the executives, staff and workers of the company at all the levels.

**ON BEHALF OF THE BOARD
FOR HIND INDUSTRIES LIMITED**

**NEW DELHI
31ST AUGUST, 2007**

**SIRAJUDDIN QURESHI
CHAIRMAN & MANAGING DIRECTOR**

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:

The Company puts in continuous efforts for the improvement in energy efficiency and conservation of energy is given a very high priority while implementing all our projects. The Company understands that energy saving is one of the factor for the economic growth of the country. Your Company constantly evaluates new technologies and invests to make its infrastructure more energy-efficient.

Energy conservation Measures Taken:

a) Energy conservation measures during the financial year:

- (i) In order to conserve the energy, High Efficiency Gen Sets have been installed by revamping old DG Sets during the year under review.
- (ii) Proper inspections have been carried out for the effective functioning of the condensate return system.
- (iii) Efforts have been regularly made to timely detect and rectify any steam/water leakage.
- (iv) Regular meetings, lectures and demonstrations were organized to acquaint and train the workers and operators for keeping an efficient functioning and maintenance of the refrigeration and other delicate equipments of the Company.

b) Additional investments and proposals, if any, being

implemented for reduction of consumption of energy:

- (i) The Company has revamped the Old DG Sets with new generation series, high efficiency Gen sets have been installed to reduce the consumption of energy.
- (ii) The Company has also revamped the old refrigeration pipe network including condensers to increase the overall efficiency.
- (iii) The Company has implemented a proper system through which regular overhauling and timely replacement of inefficient equipments have been carried out and thereby, reduction in the consumption of energy.
- (iv) The Company has installed equipments of optimum size and capacity in order to prevent the misuse / wastage of power & energy and also monitor the same on routine basis.

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

The Company is able to achieve the consumption of energy per unit of production in line with the level of activity, due to conservation of energy measures undertaken as stated above during the year.

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	59,63,799	61,16,339
Total cost (Rs.)	4,41,17,766/-	4,59,75,000/-
Cost per unit of electricity (Rs.)	7.40	7.52
c) Furnace Oil		
Ltrs	1500000	-
Cost in Rs.	23,67,692/-	-
Rate / Litre (Rs.)	15.78	-

Consumption per unit of production:

Fresh & Frozen Meat:	(Per K.G.)	
Particulars	Current Year	Previous Year
Energy (in Units)	0.73	0.65



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:**

Research & Development of new technologies, processes and methodologies are on the high priority list of your Company. This allows the Company to enhance quality, productivity and customer satisfaction through continuous innovation.

During the year under review, R & D activities have been carried out on improving the quality of finished products, reduction in wastage, conservation of energy.

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

The above activities helped the Company in improving the quality of products and customers' satisfaction. Reduction in wastages, energy consumption could be achieved, due to the aforesaid efforts made by the Company during the year under review.

c) Future Plan of Action:

The Company believes in making continuous R & D efforts in future too for further improving the technology towards achieving better taste and quality of the food products of the Company with minimum wastage.

d) Expenditure on R & D:

	Current Year	Previous Year
a) Capital (Rs.)	-	-
b) Revenue (Rs.)	2,084	70,530
c) Total (Rs.)	2,084	70,530
d) Total R&D expenses as a percentage of total Turnover	.0002	0.008

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

It has been Company's constant endeavor to apply such latest domestic and imported technology which improves efficiency and reduces cost. The Company is regularly employing qualified technical, operational, process, veterinary staff and food technologist for proper absorption, adaptation and innovation of the technology. The employees are regularly imparted technical and professional training for their continuous updation.

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

The Company is making regular efforts for adopting the latest manufacturing technology, which minimizes the wastage and contamination, if any and thereby reduces the cost.

c) Technology imported: Nil

d) During the year company has installed Rendering plant for processing of by-products and achieved a sale of Rs. 58.00 Lacs from by-products in the domestic market.

C) FOREIGN EXCHANGE EARNINGS AND OUTGO:**1. Efforts:**

Regular efforts have been made in order to maintain and consolidate the volume and realization of sales by exporting fresh, chilled and frozen quality meat products to the various existing as well as new International Markets.

2. Steps taken to increase Exports:

The Company is making regular efforts to explore new high realization international markets while maintaining the existing markets for enhancing the exports.

3. Earnings and Outgo:

Earnings of foreign exchange of the company have been to the tune of **Rs.76,85,99,727/-** (FOB Value) during the financial year 2006-07 (Previous year Rs.69,34,13,927/-), by way of exports and the foreign exchange outgo during the same period was Rs. **NIL**.

**ON BEHALF OF THE BOARD
FOR HIND INDUSTRIES LIMITED**

**NEW DELHI
31ST AUGUST, 2007**

**SIRAJUDDIN QURESHI
CHAIRMAN & MANAGING DIRECTOR**

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

The Company is engaged in the manufacture and export of fresh, chilled and frozen meat and meat products. The Products of the company are widely acceptable and consumed in a large quantity worldwide. The Company, together with its Subsidiary Company, M/s Hind Agro Industries Ltd. is the largest exporter of the meat and meat products from northern India. Till date, only a few players exist in this meat export industry, which left enough space for the company to explore further. The Government is also playing its important role by extending its continuous support for the growth and development of the meat industry. Your company is trying to increase its margins and turnover by exploring new international markets. The focus of the company is to improve the business strategy, production integration, enhanced economies of scale, cost reduction and aggressive marketing, thereby increase the business by supplying the existing product range in the existing as well as in the alternative markets.

2. SEGMENTWISE/PRODUCTWISE PERFORMANCE

Your Company has only one segment of product, which is "Fresh & Frozen Meat". During the year under review (i.e.2006-07), as compared to the previous year (i.e.2005-06), there has been increase in the sales value.

2.1 PRODUCTION AND CAPACITY UTILISATION

Production achieved during the year under review, was 8163.94 M.T. as compared to 9345.01 M.T. during the previous year, which shows a downfall of around 12% over the previous year. The capacity utilization as a percentage of installed capacity is also decreased from 37.38% to 32.65% over the same period.

2.2 SALES TURNOVER

The Company managed to achieve a Sales of Rs. 90.96 Crores during the year 2006-07, as compared to Rs. 83.30 Crores during the previous year 2005-06. The increase in sales amount is because of increase in sales price rate per K. G. However, the Company is making its intense efforts to increase its production and sales day-by-day.

3. FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE**3.1 Raw Materials, Utilities and Packing Cost**

The Raw Material Consumed to Sales was 54% during the year under review as compared to 62% in the previous year. The Consumption of Utilities and Packing Material Cost to Sales stood at 1.55% in the year 2006-07, up from 1.53% in the year 2005-06, which is mainly attributable due to the change in the product mix during the financial year under review.

3.2 Interest Cost

The Financial Cost in the year 2006-07 was at Rs.4.38 Crores as against Rs.4.26 Crores in 2005-06. The increase in the Financial Cost is mainly on account of increase in working capital borrowings.

4. OPPORTUNITIES AND THREATS**4.1 OPPORTUNITIES**

- Fresh and Frozen Meat and Meat Products of the company have great export potential and demand in the international market. There exist very few players in this industry, which

leaves enough space for the Company to capture this market.

- With the rich experience of the Promoters of the Company in Meat Industry and having a sound network in the Global Market, the Company will definitely continue to achieve its targets of being a leader in this field.
- The Company is having the services of a highly qualified and experienced work force and enjoys a very healthy industrial environment for its growth and development.
- The Company along with its Subsidiary Company i.e. M/s Hind Agro Industries Limited, enjoy a significant share of Meat Export Industry and command a greater acceptability of their products internationally.
- The Government is extending its full support to the Export Industry and making its efforts in opening-up new alternate markets for the export.

4.2 THREATS

- The Company, being an 100% E.O.U., has its entire sales for exports, which has its inherent uncertainties depending upon global developments and economic and political scenario of meat importing countries.
- High hidden infrastructure costs like indirect taxes, poor roads, erratic power & water supply, oil prices, low economies of scale, that continue to impede global competitiveness and export performance, remains a cause of concern for the company.
- The quality of raw material depends upon the health of livestock, which needs to be disease free for being worthy of acceptance in the international market.
- Since the meat and meat products of the Company are in a chilled and frozen form, the same are highly perishable in nature. So, strict care is required to continuously maintain the temperature to a certain freezing level during transit to avoid any contamination of the high value products of the Company.
- The increase in the rate of INR (Indian Rupee) in comparison with the USD (US Dollar) is the primary concern as the company is billing to its overseas customers in USD.

5. FUTURE PROJECTS

The Company is considering various expansion plans. Presently it is desirous of establishing an Integrated Animal Husbandry, Rearing, Breeding and Meat Processing Project in the State of West Bengal, where it will breed, rear and process Buffaloes, Goats and meat products, etc. In order to set-up the said project, the Government of West Bengal has earmarked 500 acres of land at Salboni Farm in West Medinipur District of West Bengal to the Company. The company has obtained the in-principle approval from State Bank of India, Kharagpur, West Bengal for partly augmenting its working capital needs.

The Company has obtained necessary licence for the High Security Registration Number Plate. The said project at Baddi, in the State of Himachal Pradesh is in progress and we are applying for the tenders in various states.

6. OUTLOOK

Your company manufactures and export meat and meat products, which has a great international market and demand, as the same is widely preferred and consumed