

**37th Annual Report
2009 - 2010**



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 EXECUTIVE OFFICER	Mr. Anil Vanjani
CHIEF FINANCIAL OFFICER	Mr. R. K. Goel
DY. GENERAL MANAGER-I.A. (F & A)	Mr. D. Guha
DY. GENERAL MANAGER (F & A)	Mr. Mohd. Ali Shaukat
COMPANY SECRETARY	Mr. Samar Bhatia
BANKERS	Indian Bank State Bank of Hyderabad Bank of India
AUDITORS	M/s. M. K. Aggarwal & Co. Chartered Accountants
REGISTERED OFFICE	A-1, Phase-I, Okhla Industrial Area, New Delhi - 110 020 Phone: 011-26372786 (7 Lines) Fax: 011-26817941-42 (2 Lines) Email: info@hind.in
WORKS	B-42, Site IV, Industrial Area, Sahibabad, Distt. Ghaziabad (U.P.) Phone: 0120-3005567-68 Fax: 0120-2895341

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NOTICE

NOTICE IS HEREBY GIVEN THAT THE 37TH ANNUAL GENERAL MEETING OF THE MEMBERS OF THE COMPANY WILL BE HELD ON FRIDAY, THE 24TH DAY OF SEPTEMBER, 2010, AT 9.30 A.M. AT BIPIN CHANDRA PAL MEMORIAL BHAVAN, A-81, CHITTARANJAN PARK, NEW DELHI- 110 019, TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2010, 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 declare dividend on the Equity Shares.
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.

BY ORDER OF THE BOARD FOR HIND INDUSTRIES LIMITED

PLACE: NEW DELHI
DATE: 14.08.2010

SAMAR BHATIA
Company Secretary

Registered Office:

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

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/ Registrar 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 Numbers 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 Annual General Meeting.
9. Those Members who have not yet claimed their dividend for the financial year 1997-98 are further notified that they should claim the same as soon as possible, since after completing 7 years from becoming unpaid it will be transferred in June, 2013 into the 'Investors Education and Protection Fund' and after such transfer claim cannot lie against the company or Fund.

BY ORDER OF THE BOARD FOR HIND INDUSTRIES LIMITED

PLACE: NEW DELHI
DATE: 14.08.2010

SAMAR BHATIA
Company Secretary

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 20th September, 2010 to 24th September, 2010 (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-

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. Gupta
Age	63 Years
Qualification	B.A., L.L.B., Delhi University.
Expertise	<p>Mr. Gupta is a senior Advocate and is engaged in his practice of advocacy since 1973. He regularly appears before the High Court & District Court. 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.</p> <p>He is an eminent Member and Chairman of the different committees of the Directors of the company.</p>
Other Directorships	Nil

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Thirty Seventh 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, 2010.

Financial Results:

The Financial Highlights of the Company for the financial year ended on March 31, 2010 are as under:

<i>(Amount in Lac Rs.)</i>		
Particulars	2009-10	2008-09
Sales	12245.36	11796.10
Other Income	188.33	143.72
Profit before Depreciation, Interest and Tax {PBDIT}	1108.54	1297.30
Profit/(Loss) before Taxes {PBT}	247.54	304.39
Less- Tax for current year	126.36	103.46
Less- Tax for Earlier years	(83.43)	—
Less- Fringe Benefit Tax	—	5.15
Add- Deferred tax asset /(liability)	43.33	(41.58)
Profit/(Loss) after Taxes {PAT}	247.95	154.21
Surplus/(Deficit) of Previous Year	—	—
Transfer to General Reserve	—	—
Surplus/(Loss) Carried to Balance Sheet	4519.65	4322.22

Performance:

During the financial year 2009-10, your Company achieved the highest ever turnover of Rs.122.45 Crores as against Rs.117.96 Crores in the previous year 2008-09, thereby showing an increase of 3.81%. The Profit before tax (PBT) of the Company during the financial year 2009-10 stood at Rs.2.47 Crores as against Rs.3.04 Crores in the previous financial year 2008-09, which is a decrease of 18.75%. The Net Profit after tax (PAT) of the Company during the financial year 2009-10 stood at Rs.2.48 Crores as compared to Rs.1.54 Crores in the previous year mainly due to the amount of Deferred Taxes Assets and reversal of provision for tax for earlier years.

The Company has made a good progress in the first quarter of this current financial year 2010-11 and has achieved a turnover of around 28.61 Crores in the said quarter ended on 30th June, 2010.

Your Directors are pleased to inform you that the Company is regular as on 31st March, 2010, in making the quarterly payment of installments to IFCI after the

Negotiated Settlement of Dues made by it vide its letter dated-21st June, 2005.

Profitability:

During the year under review the profitability of the company decreased in comparison to the corresponding financial year. The profitability has decreased mainly due to withdrawal of incentives on export of Meat and Meat Products by the Government.

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.), achieved Total Sales Turnover Rs.686.13 Crores and Profit before taxes (PBT) of Rs.9.34 Crores for the year ended 31st March, 2010, as compared to the Total Sales Turnover of Rs.632.82 Crores and the Profit before taxes (PBT) of Rs.5.59 Crores in the previous year 2008-09. 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, 2010 are attached herewith for your perusal.

Dividend:

The Board considering the Company's performance on achieving the highest ever turnover for the year under review, has recommended payment of dividend @ 5% for the year ended 31st March, 2010, subject to the approval of IFCI Ltd. and the Members at the ensuing Annual General Meeting.

Current year's outlook:

Your Company is expected to improve further and consolidate its operations in the ongoing financial year i.e.2010-11, 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 and bottom lines in the years to come.

The Company has already commenced the commercial production w.e.f. 25th March, 2010 in the factory of High Security Registration Number Plate (HSRNP). The said project at Baddi, in the State of Himachal Pradesh, is now commissioned and the company is applying for tenders in various states. Since the recent delivery of directives by the Honble' Supreme Court it is now mandatory for the Centre and State

Governments to implement the HSRNP system upto 31st May, 2010. In view of this verdict the company is hopeful of getting the tenders from various State Governments where the company has submitted its bids.

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 for the Financial Year 2010-11, 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, 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. Gupta, 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 2009-10, are explained and clarified as under:

— Explanation to Point No. 4 of the Auditor's Report and Point No. C.8 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 of the Employee	Designation	Qualification	Age	Remuneration (Amt in Rs.)	Experience	Date of employment	Previous employment
Mr. Sirajuddin Qureshi	Chairman & Managing Director	BA, LLB	62 years	33,86,405/-*	33 years	06.08.1993	Not Applicable
Mr. Anil Vanjani	Chief Executive Officer	CA, CS, ICWA, LLB	47 years	36,66,960/-	23 years	02.02.2009	Luxor Writing Instruments Pvt Ltd

— *Remuneration shown above includes commission of Rs.2,81,405/-

— The salary of the Chairman & Managing Director is as per the special resolution passed by the shareholders in the 35th 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:

- (i) that in the preparation of the Annual Accounts for the Financial Year ended 31st March, 2010, 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, 2010, 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**

PLACE: NEW DELHI
DATE: 14.08.2010

SIRAJUDDIN QURESHI
CHAIRMAN & MANAGING DIRECTOR

ANNEXURE TO THE DIRECTORS' REPORT
Form "B"

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

(See Rule 2)
A) CONSERVATION OF ENERGY:

Following activities were undertaken to save / conserve energy:

- (i) Proper inspections have been carried out for improvement in energy efficiency of the process adopted and eliminating wastages.
- (ii) Efforts have been regularly made to timely detect and rectify any steam/water leakage.
- (iii) 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.

FORM 'A'
FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY
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	47,84,197	46,60,191
Total cost (Rs.)	4,58,06,945/-	4,19,12,000/-
Cost per unit of electricity (Rs.)	9.57	8.99
c) Furnace Oil		
Ltrs	2,37,375	80,000
Cost in Rs.	66,31,662/-	13,50,817/-
Rate / Litre (Rs.)	27.94	16.89
d) High Speed Diesel Oil		
Ltrs	1,06,419	4,35,633
Cost in Rs.	33,92,421/-	1,33,20,406/-
Rate / Litre (Rs.)	31.88	30.58

Consumption per unit of production:
Fresh & Frozen Meat:
(Per K.G.)

Particulars	Current Year	Previous Year
Energy (in Units)	0.652	0.607

B) TECHNOLOGY ABSORPTION:
1. Technology Absorption, Adaptation and Innovation:
a) Efforts in brief made towards technology absorption, adaptation and innovation:

We have always kept abreast with the latest technology developments taking place in the external environment. 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
C) FOREIGN EXCHANGE EARNINGS AND OUTGO:
1. Earnings and Outgo:

Earnings of foreign exchange of the company have been to the tune of **Rs.1,04,26,74,663/-** (FOB Value) during the financial year 2009-10 (Previous year Rs.97,69,04,158/-), 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**

PLACE: NEW DELHI
DATE: 14.08.2010

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. 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, and 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.2009-10), as compared to the previous year (i.e.2008-09), there has been slight decrease in the Total Production and increase in the Sales Value made by the Company.

2.1 PRODUCTION AND CAPACITY UTILISATION

Production achieved during the year under review, was 7291.151 M.T. as compared to 7676.401 M.T. during the previous year, which shows a decrease of around 5.02% over the previous year. The capacity utilization as a percentage of installed capacity is also decreased from 30.70% to 29.16% over the same period.

2.2 SALES TURNOVER

The Company achieved highest ever turnover of Rs.122.45 Crores during the year 2009-10, as compared to Rs.117.96 Crores during the previous year 2008-09. The increase in sales amount is because of increase in sales price rate per Kg. 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 70.75% during the year under review as compared to 70.44% in the previous year. The Consumption of Utilities and Packing Material Cost to Sales increased to 1.37% in the year 2009-10, from 1.26% in the year 2008-09.

3.2 Interest Cost

The Financial Cost in the year 2009-10 was at Rs.5.96 Crores as against Rs.7.27 Crores in 2008-09.

4. OPPORTUNITIES AND THREATS

4.1 OPPORTUNITIES

- 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.
- India has the largest livestock population in the world.

4.2 THREATS

- 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.

- Emerging of new players in the meat industry results in increase in competition.
- 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. HIGH SECURITY REGISTRATION NUMBER PLATE

The Commercial Production for the High Security Registration Number Plate was commenced from 25th March, 2010. The said project at Baddi, in the State of Himachal Pradesh is in progress and we are applying for the tenders in various states. With the recent directive issued by Hon'ble Supreme Court to the Centre and State Governments, your Company is hopeful that the large scale work on High Security Registration Plate will start soon.

6. FUTURE PROJECTS

Your Subsidiary Company, M/s Hind Agro Industry Limited, last year bagged work order from Chennai Municipal Corporation for constructing, operating and maintaining of Modern Slaughter House at Perambur, Chennai on Design, Build, Operate and Transfer (DBOT) basis. The construction has already started and the Commercial Production is expected to start in the year 2010-11.

7. OUTLOOK

Having witnessed faster recovery in World Economy in 2009, IMF estimates a positive economic rebound in 2010. World GDP growth is estimated at the rate of 4.2% in 2010 while Advanced World and Emerging World is estimated to grow 2.3% and 6.3%, respectively. Further WTO projects World Trade to expand by 9.5% with Advanced World increasing by 7.5% and Emerging World by 11%. Nonetheless, with the timely stimulated economic efforts, the depth, span and intensity of the economic catastrophic spread in 2008, seems to be partially taken care of. Even in these trying times, India has shown an Economic Growth of 7.2% and prospects for the Economy look far better and promising in 2010-11.

8. RISKS AND CONCERNS

The following are the areas of concern:

- The meat industry is very competitive, and the pressure continues to increase through the entry of new players, consolidation of existing players and expansion of operations by existing players.
- Changes in Indian as well as Foreign Government Policies and Regulations present a major area of concern for the Industry.
- Meat is more prone to disease which affects its export.
- Appreciation in Indian Rupee as compared to USD is also an area of concern.

9. HUMAN RESOURCE AND INDUSTRIAL RELATIONS

The Company recognizes that nurturing and recruiting the best talent is vital to the long term success of an organization. The Company is enjoying the availability of an effective and efficient manpower, which are contributing their best in achieving the organizational goals. In response, the Company is also extended its full support to their needs, growth, development and aspirations. Employees are also provided with continuous opportunities for active learning and development which are viewed as key drivers