



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

CONTENTS

	<u>Page No.</u>
Notice	2
Directors' Report	5
Management Discussion and Analysis	9
Corporate Governance Report	11
Auditor's Report	20
Balance Sheet	22
Profit & Loss Account	23
Schedules Forming Part of Accounts	24
Balance Sheet Abstract	36
Cash Flow Statement	37
Statement Pursuant to Section 212 of Companies Act, 1956	38
Annual Report 2006-2007 of Hind Agro Industries Limited	39
Consolidated Balance Sheet	60

**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



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.

**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 IFCI 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.

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/-
Commision	: 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:

- (i) 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;
- (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, 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

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**

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

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

product around the globe. As you know that India enjoys a rich and healthy livestock wealth that has a major scope for the development and growth of meat export industry. As before, your company will continue its thrust towards product and market development, better consumer services and technology upgradation, cost reduction and improve production efficiency for achieving a better growth. The Company is confident that by continuous upgradation and adoption of modern technology, it can have a major share of the market.

7. RISKS AND CONCERNS

During the financial year 2006-07, the Export of the Company was increased from 83.30 Crores to 90.96 Crores as the export business, especially meat, has always been prone to national and international disturbances. It fluctuates quickly, whether in favor or against, to the changes in political-socio-economic scenario of any country. A slight shift in the Government Policy may have a big impact on the export performance of the Industry. Accordingly, the Company, currently being entirely focused on exports, has to bear such uncertainties. The Global prices are also determined subject to many factors and they carry little influence of an individual exporter. Hence, the volume and realizations of exports of the Company are vulnerable to such International prices and exchange rate fluctuations. However, judicious risk management policies, strong internal control systems, constant monitoring of various risk factors and a focus on greater market penetration continue to guide the business strategy of the company.

8. 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 of their personal growth and the success of the company. The Company has been able to maintain an excellent industrial rapport with its employees with no pending industrial dispute or conflict. The Company's Commitment to maintain harmony in Industrial Relations has resulted in achieving high productivity standards in the Industry.

9. INTERNAL CONTROL SYSTEMS AND ITS ADEQUACY

Your company has a proper and adequate system of internal control to ensure effective internal checks and provides assurance to the efficiency of operations, security of assets against loss from unauthorized use or disposition and that all the transactions are authorized, recorded and reported correctly.

The Company adheres to and abides by the strict Internal Control and Management Information System. The Company has maintained an inbuilt Internal Audit System looked after by a highly experienced and qualified team of professionals. The services of an independent Chartered Accountant firm, i.e. M/s. Sekhon & Co., have also been taken to add more emphasis to the internal/concurrent

audits of the Company. The above firm also maintains a direct reporting relationship on quarterly basis with IFCI Ltd. a term lender to the company, about the working of the company. It is also pertinent to note that a summary of audit observations and action taken by the management are placed before and discussed at the Audit Committee Meetings. The suggestions and directions of Audit Committee are recorded and action taken accordingly.

10. SOCIAL RESPONSIBILITY AND COMMUNITY DEVELOPMENT

The Company is making its regular efforts in improving the socio-economic environment in and around the factory, especially towards maintaining a clean and green pollution free surroundings, improving the quality of life of its suppliers, employees and all concerned, through its efficient functioning and by taking all precautions against all sorts of environmental hazards. Special care for conserving the scarce natural and infrastructure resources like, energy, water, steam etc. is taken for avoiding wastages. Developing and improving the agricultural resources, especially livestock, is given an utmost priority by the Company. Further, being 100% Export Oriented, the Company continuously strives to boost exports for better contributions towards the Foreign Exchange coffers of the Nation. The Company is fully conscious of its social responsibilities and has been discharging them to the fullest extent.

11. CAUTIONARY STATEMENT

The statements made in this report and those appearing elsewhere, may be forward-looking statements, that set forth anticipated results based on management plans and assumptions. These statements are likely to address the Company's growth strategy, financial results, market position, product development, product potential and development programs. Achievement of future results is subject to risks, uncertainties and inaccurate assumptions. Should known or unknown risks or uncertainties materialize or should underlying assumptions prove inaccurate, actual results could vary materially from past results and those anticipated, estimated or projected. Among the other factors that could cause the actual results to differ materially are:

- the impact of existing and future regularity provisions on product exclusivity;
- interest and foreign currency exchange rate fluctuations;
- statutory legislations and regulations affecting operations, including tax obligations; and other allied factors.

**ON BEHALF OF THE BOARD
FOR HIND INDUSTRIES LTD.**

**NEW DELHI
31st AUGUST, 2007**

**SIRAJUDDIN QURESHI
CHAIRMAN & MANAGING DIRECTOR**

CORPORATE GOVERNANCE REPORT

Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values. Good Corporate Governance goes beyond compliance and involves a company wide commitment. The detailed report on Corporate Governance for the Financial Year 2006-2007, as per the format prescribed by SEBI and incorporated in the revised clause 49 of the Listing Agreement is set out below:

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company is totally committed and devoted towards achieving business excellence and enhancing shareholder value by following the best disclosure practices with a high level of integrity, accountability, fairness, transparency and responsibility to all the stakeholders, such as shareholders, creditors, suppliers, lenders, consumers, employees, etc. The Company understands that good corporate governance and transparency in actions of the management is the key to a strong bond of trust with the Company's stakeholders.

2. BOARD OF DIRECTORS

Composition

The Board of Directors of the Company comprises of six members including one Executive Director, five Non-Executive Directors, of which three are Independent Directors, including a Nominee Director of IFCI Limited. The Board believes that the current size is appropriate based on the company size and circumstance and is appropriate mix of Non-Executive and Independent Directors to maintain the independency of the Board. The Directors are professionally competent and highly respected persons from their respective fields and provide valuable contribution to the decisions and deliberations of the Board.

The brief profile of the Company's Board is as under:

Mr. Sirajuddin Qureshi, 59 Years, Chairman and Managing Director of the company, done Bachelor of Arts in 1970 and LL.B in 1973 from the University of Delhi. He is an emerging and promising first generation entrepreneur with more than 30 years of vast experience in the field of Food Processing and Marketing. He focused the interests in export as early as in the year 1990, as a result of which, the 100% Export Oriented Meat Processing Plant of the Company was set up at Sahibabad in the State of Uttar Pradesh. He has also laid down the foundation of the Subsidiary Company, i.e. Hind Agro Industries Limited in the year 1994, having the modern State-of-the-art abattoir-cum-meat processing Plant in Aligarh, Uttar Pradesh.

He is a coveted member of various prestigious Government and Non-Government Bodies of Commerce and Industry. He has been honored with several awards and recognitions from the Government of India for his contributions to the Export Industry. He is an Executive Director on the Board of the company with overall responsibility of the affairs of the company. He has highly contributed for the growth and development of the Hind Group to its present position as market leader in India in its field.

Mrs. Kiran Qureshi, 57 years, wife of Mr. Sirajuddin Qureshi, is having rich experience of more than two decades in the various areas of meat Industry. She has completed Bachelor of Arts and LL.B from the University of Delhi. She is a widely travelled person and has got wide exposure of the different aspects of the Export Business. She is the Promoter-Director of the Company and also of the Subsidiary Company i.e. Hind Agro Industries Ltd.

Dr. Naseem Qureshi, 43 years, B.Sc., BUMS., brother of Mr. Sirajuddin Qureshi, has nearly one and half decade of valuable experience in the various areas of meat industry, specially procurement of raw material, marketing, product development, techno-commercial areas and export. He has worked for the company as its Vice President for about four years and has also been associated with the Subsidiary Company i.e. Hind Agro Industries Ltd., as President from the last nine years.

Mr. B. B. Gupta, 60 years, Senior Advocate, 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. He is also the member on the different Committees of the Directors of the company.

Mr. B. B. Huria, 63 years, B.Sc., M.S. (Mechanical Engineering), Diploma in Russian-English Translation & Interpretation, Peoples' Friendship University, Moscow, is an Ex-Chief General Manager of the IFCI Ltd. He has four decades of rich experience in various aspects of finance, banking, IT, 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 the Directors of the company.



Mr. Rakesh Kapoor*, 52 years, B.Sc. (Honours) and Diploma in Management, is a Nominee of IFCI Ltd. on the Board of the Company. He is working as General Manager with IFCI Ltd., a lead Financial Institution of the Government of India. He has more than 30 years of rich experience in the field of Audit, Finance and Taxation etc. with the various Corporate & Financial Sectors. He is also the members of the various Committees of Directors across various companies.

*The Nomination of Mr. Rakesh Kapoor, was withdrawn by IFCI Ltd with effect from 15th July, 2007 and Mr. Dinesh Sharma is the present Nominee Director of IFCI on the Board & its Committees.

Meeting of Board of Directors

The Board had met five times during the last Financial Year (i.e. 2006-07). The meetings were held on 27th April, 2006, 29th July, 2006, 31st August, 2006, 28th October, 2006 and 27th January, 2007. The Company Secretary furnished detailed agenda notes and the information required to be given in terms of business on the agenda in advance to the Directors. The Board meets at least once a quarter to review the quarterly results and other items on the agenda.

Attendance of Directors

The details of attendance of each Director at the said Board Meetings as well as at the Annual General Meeting, Chairmanships/ Memberships of the Committees, outside directorships of each Director are as under:

Name	Category	Attendance		Committee Membership/ Chairmanship *		No. Of Outside Directorships #
		Board Meeting	Annual General Meeting	Committee Membership	Chairmanship	
Mr. Sirajuddin Qureshi	Chairman & Managing Director	5	Yes	1	Nil	4
Mrs. Kiran Qureshi	Non-Executive	LOA	No	Nil	Nil	3
Dr. Naseem Qureshi	Non-Executive	LOA	No	Nil	Nil	2
Mr. B. B. Huria	Independent	4	Yes	3	Nil	2
Mr. B. B. Gupta	Independent	5	Yes	2	2	Nil
Mr. Rakesh Kapoor	Independent	4	No	6	Nil	4

*The Memberships/Chairmanships in Audit Committee and Shareholders' Grievance Committee are reported and other Committees membership / chairmanship has not been included in this report.

#This excludes directorships held in Private Limited Companies.

Shareholding of Directors in the Company

(As on 31.03.2007)

S. No.	Name of the Director	No. of Equity Shares of Rs.10/- each
1	Mr. Sirajuddin Qureshi	3,28,350
2	Mrs. Kiran Qureshi	5,94,250
3	Dr. Naseem Qureshi	1,00,150
4	Mr. B. B. Gupta	2,000
5	Mr. B. B. Huria	Nil
6	Mr. Rakesh Kapoor	Nil

Re-appointment of Directors

Mr. B. B. Gupta and Dr. Naseem Qureshi, Directors shall retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. Their brief resumes have been provided in the Notice as well as in this report.

Code of Conduct

The Board has laid down the Code of Ethics and Business Conduct for all Board members, Senior Management personnel of the



company. A copy of the Code has also been put on the website of the company.

Certificate of Code of Conduct for the year 2006-07

The Company is committed to conducting its business in accordance with the applicable laws, rules and regulations and with highest standards of business ethics. The Company has adopted a "Code of Ethics and Business Conduct" which is applicable to all directors, senior management personnel of the company.

The Code has been circulated to all the members of the Board and Senior Management personnel and the compliance of the same has been affirmed by them. A declaration signed by the Chairman and Managing Director is given below:

"I hereby certify that the company has obtained from all the Board Members and Senior Management personnel, the affirmation that they have complied with the Code of Ethics and Business Conduct, under a certificate of Code of Conduct for the year 2006-07."

**ON BEHALF OF THE BOARD
FOR HIND INDUSTRIES LTD.**

**New Delhi
31st August, 2007**

**Sirajuddin Qureshi
Chairman and Managing Director**

3. COMMITTEES OF DIRECTORS

(A) AUDIT COMMITTEE:

Composition

As a measure of good Corporate Governance and to provide assistance to the Board of Directors in fulfilling its responsibilities, there exists an Audit Committee of Directors, consisting of three Non-executive Independent Directors. The following Directors are the present members of the Committee.

- 1) Mr. B. B. Gupta
- 2) Mr. B. B. Huria
- 3) Mr. Rakesh Kapoor (IFCI Nominee)*

They are financially literate, possess good accounting, taxation, audit and related financial management expertise. Mr. B. B. Gupta is the Chairman of the committee. Mr. B. B. Huria and Mr. Rakesh Kapoor are the members of the Committee.

* The Nomination of Mr. Rakesh Kapoor, was withdrawn by IFCL Ltd with effect from 15th July, 2007 and Mr. Dinesh Sharma is the present Nominee Director of IFCL on the Board & its Committees.

Terms of Reference of the Audit Committee

The terms of reference of Audit Committee are as per the revised guidelines set out in the Listing Agreement entered into with the Stock Exchange read with section 292A of the Companies Act, 1956 and includes such other functions as may be assigned to it by the Board from time to time.

The Audit Committee is responsible for the effective supervision of the financial reporting process, reviewing with the management the financial statements and ensuring their compliance with accounting standards, stock exchange and other legal requirements, reviewing the internal audit system, assessing their adequacy and ensuring compliance with internal controls, follow-up action on significant findings and reviewing quarterly and annual accounts.

Role & Power of the Committee

In view of the provisions of section 292A of the Companies Act, 1956 and the matters specified under amended clause 49 of the Listing Agreement with the Stock Exchange, the Audit Committee has been vested with the following powers:

- i) To investigate into any matter in relation to the items specified in section 292A of the Companies Act, 1956, or to it by the Board and for this purpose shall have full access to the information contained in the records of the Company;
- ii) To investigate any activity within its terms of reference;
- iii) To seek information from any employee;
- iv) To obtain outside legal or other professional advise;
- v) To secure attendance of outsiders with relevant expertise, if it considers necessary.

Meeting of Audit Committee

During the year 2006-07, the Committee met five times on 27th April, 2006, 29th July, 2006, 31st August, 2006, 28th October, 2006 and 27th January, 2007. The attendance of the members of the Committee in the meetings is as under:

Name	No. of Meetings during the Year (2006-07)	
	Held	Attended
Mr. B. B. Gupta	5	5
Mr. B. B. Huria	5	4
Mr. Rakesh Kapoor*	5	4

* The Nomination of Mr. Rakesh Kapoor, was withdrawn by IFCI Ltd with effect from 15th July, 2007 and Mr. Dinesh Sharma is the present Nominee Director of IFCI on the Board & its Committees.

The Company Secretary of the Company acts as the Secretary of the Audit Committee.

The Committee reviewed the quarterly/annual financial results of the company prepared in accordance with the Accounting Standards and recommended the same to the Board of Directors for their adoption.

The Chairman of the Audit Committee briefs the Board of Directors, on the Audit Committee's observations on various issues discussed at the meetings. The Minutes of the Audit Committee Meetings are circulated to the Board Members for their confirmation and ratification.

All the suggestions/recommendations of the Audit Committee during the financial year 2006-07, have been accepted by the Board of Directors.

(B) SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

Composition

During the year under review, the Grievance Committee of Directors of the Company is duly constituted with three Non-executive Independent Directors. The following Directors are the present members of the Committee.

- 1) Mr. B. B. Gupta
- 2) Mr. B. B. Huria
- 3) Mr. Rakesh Kapoor (IFCI Nominee)*

Mr. B. B. Gupta is the Chairman of the committee and Mr. B. B. Huria and Mr. Rakesh Kapoor are the members of the committee.

* The Nomination of Mr. Rakesh Kapoor, was withdrawn by IFCI Ltd with effect from 15th July, 2007 and Mr. Dinesh Sharma is the present Nominee Director of IFCI on the Board & its Committees.

The objective of this Committee is to monitor the redressal of shareholders and investors' complaints relating to the transfer of shares, non-receipt of the annual report, non-receipt of dividends and issuance of duplicates share certificates, etc.

Meetings during the year

During the year 2006-07, the committee met once on 31st August, 2006 and all the members attended the meeting. The Committee discussed the following complaints received during the period regarding non-receipt of Annual Report, Dividend, allotment/call money and the transfer of shares etc., which were attended to and redressed by the Company:

Nature of Complaints	No. of Complaints Received	No. of Complaints Redressed	No. of Pending Complaints
With regard to non receipt of dividend	6	6	Nil
With regard to share transfer, transmission, transposition	1	1	Nil
With regard to non-receipt of Annual Report	5	5	Nil
With regard to payment of allotment money	6	6	Nil
Total	18	18	Nil

There have been no material grievances raised and all items referred have been dealt with. All the complaints were resolved to the satisfaction of shareholders.

**(C) REMUNERATION COMMITTEE****Composition**

The Remuneration Committee of Directors of the Company is duly constituted with three Non-executive Independent Directors. The following Directors are the present members of the Committee.

- 1] Mr. B. B. Gupta
- 2] Mr. B. B. Huria
- 3] Mr. Rakesh Kapoor (IFCI Nominee)*

Mr. B. B. Gupta is the Chairman of the committee and Mr. B. B. Huria and Mr. Rakesh Kapoor are the members of the committee.

* The Nomination of Mr. Rakesh Kapoor, was withdrawn by IFCI Ltd with effect from 15th July, 2007 and Mr. Dinesh Sharma is the present Nominee Director of IFCI on the Board & its Committees.

Terms of Reference

The Terms of reference of the remuneration committee, interalia, include determination of compensation package of Executive Director and Non-Executive Directors of the company.

Meetings and Attendance during the year

During the year 2006-07, the Committee met once on 31st August, 2006, where all the members of the committee were present. The Committee considered the revision in the remuneration of Mr. Sirajuddin Qureshi, the Chairman & Managing Director of the Company.

Remuneration Policy

The remuneration policy of the company is directed towards rewarding performance, based on review of the achievements. The remuneration policy of the company is in consonance with the existing industry practice, which is broadly based on the following criteria:

- 1] Job responsibilities
- 2] Key performance areas
- 3] Industry trend

Details of the Remuneration

At present, the Company is paying remuneration only to the Chairman and Managing Director of the company. The aggregate value of salary and perquisites for the year ended on March 31, 2007 of the Chairman and Managing Director of the Company is as under:

Name of the Director	(Amount in Rs.)			
	Salary	Perquisites	PF	Commission
Mr. Sirajuddin Qureshi	28,35,968/-	-	9,360/-	3,60,416/-

Salary includes payment of arrears of Rs.8,45,968/-

Compensation/Fees paid to Non-Executive Directors

The Company is making payment to the Non-Executive Directors by way of sitting fees only for attending the Board and Committee Meetings.

Subsidiary Company

The Company has one material non-listed Indian Subsidiary Company. i.e. M/s Hind Agro Industries Limited, more so explained in the Directors' Report. One Independent Director on the Board of Directors of the Company, namely Mr. Rakesh Kapoor was also a Director on the Board of Directors of the Subsidiary Company.

During the current year the nomination of Mr. Rakesh Kapoor, was withdrawn by IFCI Ltd from both the Holding and the Subsidiary Companies hence to comply with the requirements of Clause 49, Mr. B. B. Huria Independent Director of Hind Industries Limited was appointed as an Additional Director on the Board of Hind Agro Industries Ltd.

In compliance of the provisions of Clause 49 of the Listing Agreement, the Audit Committee of the Company reviewed the financial statements of the Subsidiary Company. The Minutes of the Board Meetings of the Subsidiary Company are also placed at the Board Meetings of the Company.

CEO/CFO Certification

The Board has recognized the Chairman & Managing Director of the company as CEO and the CFO-Hind Group as the CFO for the limited purpose of compliance under the Listing Agreement. The CEO and CFO have certified, in terms of Clause 49 of the Listing Agreement, to the Board that the financial statements present a true and fair view of the company's affairs and are in

compliance with the existing accounting standards, applicable laws, internal control and disclosure norms.

Compliance Officer

Mr. Kashif Shamim, Company Secretary is designated as the Compliance Officer under SEBI (Disclosure and Investor Protection) Guidelines, 2000, for the compliance of the Listing Agreement, SEBI Rules & Regulations and overseeing/addressing the investor complaints, etc. During the current year Mr. Kashif Shamim, Company Secretary left from the company hence Mr. Vikas Sabharwal has been appointed as Company Secretary and Compliance Officer.

Compliance

Certificate from the Company's Auditors on the compliance of Corporate Governance, as required under Clause 49 of the Listing Agreement, is incorporated in this Annual Report.

4. GENERAL BODY MEETINGS:

The particulars of AGM's held during the last three years are as under: -

AGM	Date	Time	Venue
31 st AGM	30.09.2004	9.30 A.M.	Seble Hall, Main Mathura Road, Badarpur, New Delhi-110044
32 nd AGM	30.09.2005	9.30 A.M.	Same as above.
33 rd AGM	30.09.2006	9.30 A.M.	Same as above.

All the special resolutions in the previous three Annual General Meetings have been passed by the company with requisite majority. None of the resolution placed before the previous AGMs required a postal ballot under section 192A of the Companies Act, 1956. However, the company on 23rd July, 2007 completed a process of Postal Ballot and passed a special resolution to the effect of altering its Memorandum of Association by addition of 2 new objects in its main object clause III (A). Hence, there are no such resolutions which are proposed to be passed by Postal Ballot in the ensuing Annual General Meeting.

5. DISCLOSURES:**The details of materially significant Related Party Transactions:**

The company has entered into a few transactions with the other companies, firms and parties during the year under review, in which directors are interested. However, these transactions were in the normal course of business and not considered in conflict with the interest of the company. The Company has received General Notices of Disclosure of Interest from the Directors under section 299 of the Companies Act 1956.

The disclosure of transactions with the related parties as per Accounting Standard-18, is appearing in Note C-2 of Schedule 16 of the annual accounts with the Company for the year ended on 31st March, 2007.

Details of non-compliance, penalties etc. imposed by Stock Exchange, SEBI etc. on any matter related to Capital Market during the last 3 years:

There has been no non-compliance of any legal requirements nor have been any strictures imposed on the company by Stock Exchange or SEBI or any statutory authority on any matter related to capital market during the last three years.

Accounting Treatment

The Company's Financial Statements are prepared as per the guidelines of Accounting Standards issued by the Institute of Chartered Accountants of India.

Risk Management

The Company has laid down procedures to inform Board Members about the risk assessment and minimization procedures. The Board of Directors reviewed the risk assessment and control process in the company and is satisfied that the process is appropriate to the company needs.

Management Discussion and Analysis

A 'Management Discussion and Analysis Report', which forms part of Annual Report, is given by means of a Separate Annexure attached to the Directors' Report.

6. MEANS OF COMMUNICATION

- Quarterly, Half Yearly Financial Results of the Company are generally published in widely circulated newspapers namely "Business Standard" and "Veer Arjun" and the copies of the results are simultaneously supplied to the Stock Exchange.
- The Company has not made any presentation to any Institution/ Investor/Analyst.
- The financial results are also posted on the website of the company www.hindindustries.net and on the Electronic Data



Information Filing and Retrieval (EDIFAR) website maintained by SEBI in association with the National Informatics Centre (NIC).

(d) The Company has e-mail addresses, which are as under:
info@hind.in & investors@hind.in

7. GENERAL SHAREHOLDERS INFORMATION**(a) ANNUAL GENERAL MEETING**

DATE : September 29, 2007
DAY : Saturday
TIME : 9.30 A.M.
VENUE : Seble Hall, Main Mathura Road, Badarpur, New Delhi-110044

(b) FINANCIAL CALENDAR

Financial reporting for the
Quarter ending June 30, 2007 : July, 2007
Quarter ending September 30, 2007 : October, 2007
Quarter ending December 31, 2007 : January, 2008
Quarter ending March 31, 2008 : April, 2008

(c) DATE OF BOOK CLOSURE

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

(d) LISTING ON STOCK EXCHANGES

1. The Bombay Stock Exchange Limited, Mumbai,
2. The Calcutta Stock Exchange Association Ltd., Kolkata.

(e) STOCK CODE

526307 (BSE)

**(f) DEMAT/REMAT ISIN NO.
FOR EQUITY SHARES**

INE675B01019

(g) MARKET PRICE DATA (FINANCIAL YEAR 2006-2007)

The monthly high/low prices and volume of shares of the company traded on BSE from April, 2006 to March, 2007 are given below:

MONTH & YEAR	OPEN RS.	HIGH RS.	LOW RS.	CLOSE RS.	NO. OF SHARES	NO. OF TRADES
April 06	20.90	27.75	20.50	26.45	154810	786
May 06	28.00	40.75	23.60	27.25	782856	4606
June 06	27.20	29.40	18.75	25.75	105452	762
July 06	25.00	29.95	19.30	25.65	83600	381
August 06	24.60	45.75	24.15	32.15	1913755	6501
Sept. 06	30.50	34.55	28.00	30.00	198183	1331
Oct. 06	30.00	32.70	27.15	27.75	112120	981
Nov. 06	27.50	27.80	22.05	24.60	185788	918
Dec. 06	23.25	31.00	17.50	24.15	205376	924
Jan. 07	24.55	32.50	21.50	29.45	189195	1133
Feb. 07	29.75	32.90	24.70	25.95	200128	1377
March 07	26.50	29.70	22.10	23.70	50662	245

Source: - www.bseindia.com

**(h) REGISTRAR AND SHARE TRANSFER AGENT**

In terms of the provisions relating to the Listing Agreement entered into with the Stock Exchange, the Company is continuing with the services of M/s SKYLINE FINANCIAL SERVICES PRIVATE LIMITED for both dematerialized and physical shares of the Company for processing Demat/Remat, transfers, sub-division, consolidation, splitting of securities etc. All the correspondence relating to the above should be sent to the following address:

SKYLINE FINANCIAL SERVICES PRIVATE LIMITED
123, VINOBA PURI,
LAJPAT NAGAR – II,
NEW DELHI – 110020

(i) SHARE TRANSFER SYSTEM

To expedite the transfer, authority has been delegated to the Share Transfer Committee of the Directors of the Company. The officers of the company are also authorised to oversee the share transfer procedure. The Share Transfer Committee meets once in a fortnight to approve the transfer of shares, Demat/Remat, issue of duplicate, renewed, splitted and consolidated share certificates etc. The Registrar and Share Transfer Agent (RTA) ensure the dispatch of transferred and other share certificates duly signed by the abovesaid officers within 21 days of the receipt. In compliance with the Listing Agreement and SEBI Circular, at every three months the audit of total share capital held in NSDL, CDSL and in physical form at the office of the RTA conducted by a Practicing Company Secretary and at every six months, the Share Transfer System is also audited by him and a Report/Certificate to that effect issued by him. The said Reports/Certificates are also submitted to the Bombay Stock Exchange Ltd. within stipulated time.

(j) SHAREHOLDING PATTERN AND DISTRIBUTION OF SHARES AS ON 31ST MARCH, 2007**(A) SHAREHOLDING PATTERN**

Category	No. of Shares	% of Total
Promoters	3486800	40.38
Directors & Relatives	191850	2.22
Financial Institutions	554800	6.42
Nationalized Banks	100	0.00
Mutual Funds	10200	0.12
Bodies Corporate	329893	3.82
Public	3958463	45.84
NRI's/OCB's	104134	1.20
Total	8636240	100.00

(B) DISTRIBUTION OF SHAREHOLDING

Slab.	Shareholders		Shares Held	
	No.	Percentage	No.	Percentage
1-250	7261	84.88	742675	8.60
251-500	751	8.78	296087	3.43
501-1000	267	3.12	216017	2.50
1001-2000	118	1.38	181318	2.10
2001-3000	35	0.41	88502	1.03
3001-4000	20	0.23	67876	0.78
4001-5000	16	0.19	74598	0.86
5001-10000	28	0.33	199579	2.31
10001 and above	58	0.68	6769588	78.39
Total	8554	100.00	8636240	100.00

(k) LIQUIDITY AND DEMATERIALISATION OF SHARES

The shares of the Company are compulsorily tradable in dematerialized form from January 2002, in rolling settlement segment



of Bombay Stock Exchange, as per the Notification issued by the Securities and Exchange Board of India. The Company has dematerialized 36,58,539 nos. of equity shares as on 31st March, 2007 and 49,58,484 nos. of shares upto 24th August, 2007 in both the Depositories i.e. National Securities Depository Ltd.(NSDL) and Central Depository Services of India Ltd.(CDSL).

(l) OUTSTANDING GDRs / ADRs / Warrants or any Convertible Instruments, conversion date and likely impact on equity: N.A

(m) PLANT LOCATION

HIND INDUSTRIES LIMITED
B-42, Site IV,
Sahibabad Industrial Area,
Distt. Ghaziabad, (U.P.) – 201010.
Phone: 95120-2895340-43
Fax: 95120-2895500 & 5341

(n) ADDRESS FOR CORRESPONDENCE

HIND INDUSTRIES LIMITED
Registered Office: A-1, Phase-I,
Okhla Industrial Area,
New Delhi-110020.
Phone: 26372786 (7 Lines).
Fax: 26817941-42.
E-mail: info@hind.in & investors@hind.in

**ON BEHALF OF THE BOARD
FOR HIND INDUSTRIES LTD.**

**NEW DELHI
31st AUGUST, 2007**

**SIRAJUDDIN QURESHI
CHAIRMAN & MANAGING DIRECTOR**

AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT(S)

To the Members of Hind Industries Limited,

We have examined the compliance of Corporate Governance by The Hind Industries Limited, for the year ended on 31st March, 2007, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that the Registrar and Share Transfer Agent of the Company have maintained records to show Investors' Grievances against the Company and have certified that as on 31st March, 2007, there were no investor grievances remaining unattended/pending for a period exceeding one month.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For and on behalf of
M. K. Aggarwal & Co.
Chartered Accountants**

**New Delhi
Date : August 31, 2007**

**Atul Aggarwal
Partner
(M.No.99374)**

AUDITORS' REPORT

To
The Members of
HIND INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of HIND INDUSTRIES LIMITED as at March 31, 2007 and the Profit and Loss account and also the cash flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure hereto, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. *Provision for Sundry Debtors pending adjustment.*
(Refer Note C.7 of Notes forming part of Balance Sheet.)
5. Further to our comments in the Annexure referred to in paragraph (3) above, we report that :
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - ii. In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;
 - iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory accounting standards referred to in Section 211(3C) of the Companies Act, 1956.
 - v. On the basis of the written representations received from the Directors of the Company, as on March 31st, 2007 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31st, 2007 from being appointed as a Director in terms of Section 274(1)(g) of the Companies Act, 1956.
 - vi. Subject to para (4) above and , in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with significant accounting policies and

subject to other notes give the information as required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

- a) In the case of the Balance Sheet, of the state of affairs of Company as at 31st March, 2007;
- b) In the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- c) in the case of Cash Flow Statement, of the cash Flow of the company for the year ended on that date.

For **M.K.AGGARWAL & CO.**
Chartered Accountants

Date : 31st August, 2007
Place : New Delhi

(ATUL AGGARWAL)
Partner
(M. No. 99374)

ANNEXURE TO AUDITOR'S REPORT

(Referred to in paragraph [3] of our report of even date)

- I) In respect of its fixed assets:
 - a. The Company has maintained records showing some particulars of Fixed Assets including quantitative details and situation of fixed assets. However such records have to be completed to show full particulars of situation of fixed assets.
 - b. As informed to us, most of the fixed assets have been physically verified by the management during the year in accordance with a phased programme of verification which, in our opinion, is reasonable having regard to the size of the Company and nature of its fixed assets. No material discrepancies were noticed on such verification as per explanation and information given to us.
 - c. In our opinion, the company has not disposed of substantial part of fixed assets during the year and the going concern status of the company is not affected.
- II) In respect of its inventories :
 - a. As explained to us, inventories have been physically verified by the management in accordance with perpetual inventory program at regular intervals during the year.
 - b. In our opinion, the procedures of physical verification of inventory followed by management are, reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. The Company is maintaining proper record of inventories. As explained to us there were no material discrepancies noticed in physical verification as compared to book records. However formal records and documentation has not been produced before us, which are not in possession of the company.



- III) In regard to Loans and Advances :
- a. The company has granted loans secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 and there is total amount outstanding at the year end is Rs. 373.43 lakhs from two parties. However the terms & conditions as regard thereto are not prima-facie prejudice to the interest of the company.
 - b. As informed, the company has taken loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 and the total amount of outstanding is Rs. 92.26 lakh from one party. However the terms & condition as regard thereto are not prima-facie prejudice to the interest of the company.
 - c. According to the records of the company examined by us and the information and explanations given to us, there is no overdue amount of loans taken or granted to companies, firms or other parties listed in the registers maintained under section 301 of the companies Act, 1956.
- IV) In our opinion and according to the information and explanations given to us there are adequate internal control procedures commensurate with the size of the company and nature of its business for the purchase of the inventory, fixed assets and for sale of goods. During the course of our audit we have not observed any continuing failure to correct major weaknesses in internal controls.
- V) In our opinion and according to the information and explanations given to us, there are no contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act 1956.
- VI) The Company has not accepted any deposits from the public within the meaning of Section 58A of the Companies Act, 1956 and therefore we have no comments to offer.
- VII) In our opinion and according to the information and explanations given to us, the Company has an internal audit system commensurate with the size and nature of its business.
- VIII) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub section (1) of Section 209 of the Companies Act, 1956 for the products of the Company.
- IX) In respect of statutory dues :
- a. Undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employee's State Insurance Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it, have generally been regularly deposited with the appropriate authorities.
 - b. According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid dues were outstanding, at the year end for a period of more than six months from the date they became payable.
- X) The Company does not have any accumulated losses at the end of the financial year. However it has not incurred any cash losses in the current year and immediately preceding financial year.
- XI) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions/banks as at the year-end and renegotiated settlement has been accepted.
- XII) According to the information and explanations given to us, and based on the documents and records produced to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- XIII) In our opinion, the company is not a chit fund or Nidhi / mutual benefit fund/society.
- XIV) In our opinion, the company is not dealing in or trading in shares, securities, debentures, and other investment.
- XV) According to the information and explanations given to us, the Company has given guarantee for loans taken by its subsidiary from a bank, the terms and conditions whereof in our opinion are not prima-facie prejudicial to the interest of the Company.
- XVI) Based on the information and explanations given to us, the term loans raised earlier have been applied for the purpose for which the loans were obtained.
- XVII) According to the information and explanations given to us, and on overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used prima-facie for long-term investment by the Company
- XVIII) The Company has not made any preferential allotment of shares to any parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- XIX) The Company does not have any outstanding debentures during the year.
- XX) The Company has not raised any money by way of public issue during the year.
- XXI) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year that causes the financial statements to be materially misstated.

For M. K. AGGARWAL & CO.
Chartered Accountants

(ATULAGGARWAL)

Partner

(M. No. 99374)

Date : 31st August, 2007
Place : New Delhi

**BALANCE SHEET AS AT MARCH 31ST, 2007**

PARTICULARS	Schedules	AS AT 31.03.2007 (Rs.)	AS AT 31.03.2006 (Rs.)
SOURCES OF FUNDS			
1. Shareholder's Funds			
a) Share Capital	1	89,591,200	89,591,200
b) Reserves & Surplus	2	<u>497,289,775</u>	<u>458,712,394</u>
		586,880,975	548,303,594
2. Loan Funds			
a) Secured Loans	3	397,672,792	396,433,011
b) Unsecured Loans		<u>49,508,399</u>	<u>52,861,550</u>
		447,181,191	449,294,561
3. Deferred Tax Liability		42,091,000	12,476,000
TOTAL		<u>1,076,153,166</u>	<u>1,010,074,155</u>
APPLICATION OF FUNDS			
1. Fixed Assets :			
a) Gross Block	4	564,033,547	545,507,928
b) Less: Depreciation		<u>203,479,598</u>	<u>177,321,926</u>
c) Net Block		360,553,949	368,186,002
d) Capital Work in Progress - HSRP		23,923,007	23,521,867
e) Expenses incurred on Project-HSRP		4,801,199	905,921
e) Expenses incurred on Project-Salboni		952,450	-
2. Investments	5	187,500,000	188,062,446
3. Current Assets, Loans & Advances	6	560,734,657	514,884,918
Less: Current Liabilities & Provisions	7	<u>62,312,096</u>	<u>85,486,999</u>
Net Current Assets		<u>498,422,561</u>	<u>429,397,919</u>
TOTAL		<u>1,076,153,166</u>	<u>1,010,074,155</u>
Significant Accounting Policies and Notes forming Part of Accounts	16	-	-

For and on behalf of the Board**As per Report of even date attached
For & on behalf of****SIRAJUDDIN QURESHI**
Chairman & Managing Director**DR.NASEEM QURESHI**
Director**S.K.GUPTA**
Chief Financial Officer**M .K. AGGARWAL & CO**
Chartered Accountants**D.GUHA**
Sr.Manager (I.A.)
(Finance & Accounts)**MOHD.ALI SHAUKAT**
Sr. Manager
(Finance & Accounts)**VIKAS SABHARWAL**
Company Secretary**(ATUL AGGARWAL)**
Partner
(Membership No.99374)PLACE : NEW DELHI
DATE : 31-08-2007

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31ST, 2007**

PARTICULARS	Schedules	FOR THE YEAR ENDED 31.03.2007 (Rs.)	FOR THE YEAR ENDED 31.3.2006 (Rs.)
INCOME			
Sales	8	909,620,891	833,014,039
Other Income	9	13,502,501	15,300,086
Increase / (Decrease) in Closing Stock	10	(10,759,453)	73,525,751
		912,363,939	921,839,876
EXPENDITURE			
Manufacturing Expenses	11	565,117,184	582,316,319
Payment to & Provision for Employees	12	30,496,171	20,992,114
Administrative & Other Expenses	13	18,881,992	15,496,906
Selling , Distribution & Other Expenses	14	169,229,008	169,549,216
Financial Expenses	15	43,885,507	42,570,676
Depreciation	4	26,128,866	25,891,427
		853,738,728	856,816,658
PROFIT/(LOSS) BEFORE TAXATION		58,625,211	65,023,218
Less: Current Taxes			
i) Income Tax for Current Year		6,386,411	5,471,704
ii) Income Tax for Earlier Years		575,079	117,192
iii) Fringe Benefit Tax		555,172	219,855
iv) Deferred Taxes		12,502,362	42,203,638
PROFIT/(LOSS) AFTER TAXATION		38,606,187	17,010,829
Balance brought forward		379,511,527	362,500,698
Surplus/deficit brought forward from previous year		-	-
Surplus / (Deficits) Carried to Balance Sheet		418,117,714	379,511,527
Earning per share		4.47	1.97
Significant Accounting Policies and Notes forming Part of Accounts	16		

For and on behalf of the Board**As per Report of even date attached
For & on behalf of**

SIRAJUDDIN QURESHI
Chairman & Managing Director

DR.NASEEM QURESHI
Director

S.K.GUPTA
Chief Financial Officer

M.K. AGGARWAL & CO
Chartered Accountants

D.GUHA
Sr.Manager (I.A.)
(Finance & Accounts)

MOHD.ALI SHAUKAT
Sr. Manager
(Finance & Accounts)

VIKAS SABHARWAL
Company Secretary

(ATULAGGARWAL)
Partner
(Membership No.99374)

PLACE : NEW DELHI
DATE : 31-08-2007

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH- 31, 2007**

SCHEDULE "1"-SHARE CAPITAL	AS AT 31.03.2007 (Rs.)	AS AT 31.03.2006 (Rs.)
AUTHORISED :		
1,60,00,000(Previous year 1,60,00,000) Equity Shares of Rs. 10/- each	160,000,000	160,000,000
ISSUED, SUBSCRIBED & PAID UP: 8636240 (Previous year-8636240) Equity Shares of Rs. 10/- each fully paid up.	86,362,400	86,362,400
Out of above		
i) 990 (Previous Year 990)Equity Shares are allotted as fully paid pursuant to a contract without payment received in cash.		
ii) 1070000 (Previous Year 1070000) Equity Shares of Rs. 10/- each fully paid have been allotted as Bonus Shares by capitalisation of General Reserve.		
Add: Share Forfeited 1286820 Shares on which Rs.3228800/- paid up (Previous Year - 3228800)	3,228,800	3,228,800
TOTAL	89,591,200	89,591,200
SCHEDULE "2" - RESERVES AND SURPLUS		
REVALUATION RESERVES		
Balance as per last Balance Sheet	1,699,571	1,728,377
Less: Amortization of land	<u>(28,806)</u>	<u>(28,806)</u>
	1,670,765	1,699,571
SECURITIES PREMIUM ACCOUNT	74,272,496	74,272,496
CAPITAL RESERVE	3,228,800	3,228,800
GENERAL RESERVE		
Balance as per last Balance Sheet	379,511,527	362,500,698
Add: Transferred from Profit & Loss A/C	<u>38,606,187</u>	<u>17,010,829</u>
	418,117,714	379,511,527
TOTAL	497,289,775	458,712,394

**Schedules annexed to and forming part of the Balance Sheet as at March- 31, 2007**

SCHEDULE '3'-SECURED LOANS	AS AT 31.03.2007 (Rs)	AS AT 31.3.2006 (Rs)
From the Industrial Finance Corporation of India Ltd. (IFCI)		
IFCI Loan - 12.50%	149,500,000	184,000,000
IFCI Loan - (Interest Free)	30,030,000	36,960,000
<p>(Secured by first charge by way of hypothecation of all the movable properties (save and except book debts) including movable machinery, machinery spares, tools and accessories present and future subject to prior charges created and /or to be created in favour of the borrower's bankers on stock of raw - materials, semi finished and finished goods, consumable stores, book debts and such other movables used in the ordinary course of business).</p>		
Liability under IFCI Restructuring Account* (Refer Note No.3.9)	41,475,385	51,046,627
From Scheduled Banks (Secured against Stocks, Book Debts and Personal Guarantee of the Promoter Directors and second charge on the entire fixed assets present & future of the company.)	168,926,944	123,969,461
DEFERRED PAYMENT CREDIT Against purchase of vehicles secured by Hypothecation of vehicles,D.G Set. Repayable with in one year Rs.4096368/= (Previous year Rs.980400/=)	7,740,463	456,923
TOTAL	<u>397,672,792</u>	<u>396,433,011</u>

Schedules annexed to and forming part of the Balance Sheet as at March- 31, 2007

Schedule "4" - FIXED ASSETS

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at April 01, 2006	Additions during the year	Deduction during the year	Total as at March, 31, 2007	As at April 01, 2006	Depreciation For the Year	Deduction during the year	Total as at March, 31, 2007	As at March 31, 2007	As at March 31, 2006
LEASEHOLD LAND	3,105,460	-	-	3,105,460	662,498	41,406	-	703,904	2,401,556	2,442,962
FACTORY BUILDING	61,221,787	1,978,252	-	63,200,039	22,170,515	2,059,655	-	24,230,170	38,969,869	39,051,272
PLANT & MACHINERY	436,692,482	15,447,358	-	452,139,840	135,360,621	21,045,134	-	156,405,755	295,734,085	301,331,861
FURNITURE & FIXTURE	24,358,865	157,202	-	24,516,067	8,944,203	1,544,229	-	10,488,432	14,027,635	15,414,662
OFFICE EQUIPMENT	3,281,377	35,600	-	3,316,977	1,191,236	142,617	-	1,333,853	1,983,124	2,090,141
VEHICLE	16,226,558	907,207	-	17,133,765	8,502,698	1,290,982	-	9,793,680	7,340,085	7,723,860
COMPUTERS	603,404	-	-	603,404	472,160	33,649	-	505,809	97,595	131,244
ELECTRICAL EQUIPMENTS	17,995	-	-	17,995	17,995	-	-	17,995	-	-
TOTAL	545,507,928	18,525,619	-	564,033,547	177,321,926	26,157,672	-	203,479,598	360,553,949	368,186,002
PREVIOUS YEAR	543,700,309	2,748,399	940,780	545,507,928	152,073,817	25,941,098	651,259	177,321,926	368,186,002	391,626,492

Depreciation for the year includes amortization of land of Rs. 41406.00 of which Rs. 28806.00 is transferred from Revaluation Reserve and Rs. 12600.00 is debited to Profit & Loss Account.

**Schedules annexed to and forming part of the Balance Sheet as at March- 31, 2007**

SCHEDULE "5"- INVESTMENTS (AT COST)	AS AT 31.03.2007 (Rs)	AS AT 31.03.2006 (Rs)
A) EQUITY SHARES, (UNQUOTED)		
1,87,50,000 Equity Shares of Rs. 10/-each fully paid up of Hind Agro Industries Limited Subsidiary company under same management (Previous Year 1,87,500,00 Equity Shares of Rs. 10/- each fully paid up)	187,500,000	187,500,000
B) EQUITY SHARES (QUOTED)	-	378,756
(i) 1402 Equity shares of Dena Bank		
(ii) 471 Equity Shares of Punjab National Bank	-	183,690
TOTAL	<u>187,500,000</u>	<u>188,062,446</u>
SCHEDULE '6"- CURRENT ASSETS, LOANS AND ADVANCES		
A. CURRENT ASSETS		
1. INVENTORIES (As valued, taken & certified by the Management)		
Finished goods	174,931,362	185,690,815
Packing Materials and Stores & Spares	-	1,664,021
	<u>174,931,362</u>	<u>187,354,836</u>
2. SUNDRY DEBTORS		
Over Six Months — Considered Good	60,484,969	16,700,832
Over Six Months — Considered Doubtful	4,000,000	4,000,000
Other Debts — Considered Goods	<u>155,540,244</u>	<u>193,536,741</u>
	220,025,213	214,237,573
Less: Provision For Doubtful Debts	<u>4,000,000</u>	<u>4,000,000</u>
	216,025,213	210,237,573
3. CASH & BANK BALANCES		
Cash in hand	583,498	504,594
Balance with the Scheduled Banks in Current Accounts including the FDR	<u>1,969,180</u>	<u>11,564,349</u>
	(A) <u>393,509,253</u>	<u>409,661,352</u>
B. LOANS AND ADVANCES		
Advances recoverable in cash or in kind or for value to be received, unsecured		
Considered Good	72,818,647	25,533,767
Considered Doubtful	<u>5,600,000</u>	<u>5,600,000</u>
	<u>78,418,647</u>	<u>31,133,767</u>
Less: Provision for Doubtful Advance	<u>(5,600,000)</u>	<u>(5,600,000)</u>
Other Advances- considered good	4,837,883	-
Advances to Suppliers	60,452,643	42,979,874
Security Deposits	29,116,231	36,709,925
	(B) <u>167,225,404</u>	<u>105,223,566</u>
TOTAL	(A +B) <u>560,734,657</u>	<u>514,884,918</u>

**Schedules annexed to and forming part of the Balance Sheet as at March- 31, 2007**

SCHEDULE '7' CURRENT LIABILITIES & PROVISIONS	AS AT 31.03.2007 (Rs)	AS AT 31.03.2006 (Rs)
CURRENT LIABILITIES		
Sundry Creditors	7,122,180	2,551,593
Other Liabilities	32,738,294	69,258,577
	<u>39,860,474</u>	<u>71,810,170</u>
PROVISIONS		
Provision for Staff- Welfare Schemes	9,805,332	6,825,151
Provision for Taxation	12,646,290	6,851,678
TOTAL	<u>62,312,096</u>	<u>85,486,999</u>
	FOR THE YEAR ENDED 31.03.2007	FOR THE YEAR ENDED 31.03.2006
SCHEDULE '8' - SALES		
Export Sales	903,722,407	833,014,039
Domestic Sales	5,898,484	-
TOTAL	<u>909,620,891</u>	<u>833,014,039</u>
SCHEDULE '9' - OTHER INCOME		
Gain in Foreign Exchange Fluctuation	1,397,055	2,535,604
Miscellaneous Income	12,105,446	12,764,482
Tax deducted at Source Rs.2,20,497/- (Previous year Rs.205939/-)		
TOTAL	<u>13,502,501</u>	<u>15,300,086</u>
SCHEDULE '10' - INCREASE / (DECREASE) IN CLOSING STOCK		
Closing Stock of Finished goods	174,931,362	185,690,815
Opening Stock of Finished goods	185,690,815	112,165,064
TOTAL	<u>(10,759,453)</u>	<u>73,525,751</u>
SCHEDULE "11" - MANUFACTURING EXPENSES		
Raw Material Consumed	491,858,760	514,000,515
Consumable Stores	2,754,718	1,865,036
Packing Material Consumed	11,325,950	10,937,338
Power & Fuel	48,704,648	45,975,143
Repair & Maintenance		
-Plant & Machinery	7,511,825	7,388,359
-Building	2,364,068	1,172,769
-Others	597,215	977,159
TOTAL	<u>585,117,184</u>	<u>582,316,319</u>

**Schedules annexed to and forming part of the Balance Sheet as at March- 31, 2007**

	FOR THE YEAR ENDED 31.03.2007 (Rs.)	FOR THE YEAR ENDED 31.03.2006 (Rs.)
SCHEDULE "12" -PAYMENT TO & PROVISION FOR EMPLOYEES		
Salaries , Wages and Other Benefits	28,711,262	19,400,637
Contribution to Provident Fund & Other Funds	1,784,909	1,591,477
TOTAL	30,496,171	20,992,114
SCHEDULE "13" ADMINISTRATIVE & OTHER EXPENSES		
Rent	2,225,400	2,365,200
Vehicle Running & Maintenance	4,657,376	2,735,359
Travelling & Conveyance	1,120,615	797,085
Rates, Taxes & Subscription	358,533	390,224
Security Service Charges	642,008	749,555
Printing & Stationery	512,202	377,421
Statutory Audit Fee	374,000	374,000
Tax Audit Fee	101,000	101,000
Service Tax	-	58,140
Certification Fee	60,000	129,255
Legal & Professional Expenses	3,062,428	2,465,788
Insurance Expenses	2,684,131	2,508,456
Postage Expenses	293,809	77,929
Telephone Expenses	1,545,153	1,056,791
Misc. Expenses	1,245,337	1,310,703
TOTAL	18,881,992	15,496,906
SCHEDULE "14"- SELLING, DISTRIBUTION & OTHER EXPENSES		
Freight & Forwarding Expenses	168,086,792	168,859,273
Business Promotion Expenses	1,142,216	689,943
TOTAL	169,229,008	169,549,216
SCHEDULE "15"- FINANCIAL EXPENSES		
Bank Interest and Charges	21,966,168	15,971,018
IFCI Interest	21,919,339	26,599,658
TOTAL	43,885,507	42,570,676

SCHEDULE- 16

Notes forming part of Accounts as at 31st March, 2007

A. SIGNIFICANT ACCOUNTING POLICIES**A.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The Financial Statements are prepared on Historical Cost convention and Accrual Basis, in accordance with applicable Accounting Standards and the relevant disclosure requirements of the Companies Act, 1956.

A.2 Use of Estimates

The preparation of financial statements is in conformity with GAAP which requires that the management of the company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balance of the assets and the disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates includes the useful life of fixed assets, provision for doubtful debt / advances, future obligation in respect of retirement benefit plans etc. Actual results could differ from these estimates.

A.3 FIXED ASSETS

- a) Fixed Assets are stated at original cost, less depreciation, except in case of leasehold land which is stated at revalued cost.
- b) Cost of fixed assets comprises purchase price, duties, levies and any directly attributable cost of bringing the assets to its working condition for the intended use. Borrowing cost related to the acquisition or construction of the qualifying fixed assets for the period upto the completion of their acquisition or construction are included on the book value of the assets.
- c) All costs relating to upgradations / enhancements are generally charged off as revenue expenditure unless they bring significant additional benefits of lasting nature.
- d) Capital work in progress comprises of fixed assets acquired and other incidental cost that are not ready for intended use before the balance sheet date.
- e) Impairments
- (i) The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairments loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.
- (ii) After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

A.4 INVESTMENTS

Long Term investments in equity shares of subsidiary company are stated at cost. Provision for diminution is made if the decline in value is other than temporary in nature.

A.5 INVENTORIES

Inventories are stated at lower of cost or net realizable value. The cost of various categories of inventories is arrived at as under : -

- (a) Raw material and packing material is valued at cost on FIFO basis.
- (b) Stores & spares purchased are taken as consumption during the year.
- (c) The realizable costs of inventories of finished goods are arrived at Direct Costing Method, based on FIFO formula.

A.6 REVENUE RECOGNITION**i) Sales**

Sales of goods are accounted for on C&F basis and are net of discount and sales return.

ii) Purchases

Purchases are accounted exclusive of animal's waste and other materials returned to the suppliers as per practice prevailing in the trade.

iii) Depreciation

- a) Depreciation is provided under the Straight Line Method at the rates and in the manner prescribed in schedule XIV of the Companies Act, 1956.
- b) Leasehold land is being amortized over the period of lease.

A.7 RETIREMENT BENEFITS**a) Gratuity and Leave Encashment**

The provisions for Gratuity and Leave Encashment are determined on an actual calculation basis certified by personnel department at the end of the year and charged to the revenue every year.

b) Provident Fund

Eligible employees receive benefit from provident fund, which is defined contribution plan for which both employees and the company make monthly contribution to the provident fund equal to a specified percentage. Retirement benefits in the form of provident fund are charged to profit and loss account of the year when contribution to the fund is due. The company has no further obligations under the provident fund plan beyond its monthly contribution.

A.8 FOREIGN EXCHANGE TRANSACTIONS

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction.

Exchange differences arising on foreign currency transactions settled during the year are recognised in the profit and loss account for the year.

All foreign currency denominated monetary assets and liabilities are translated at the exchange rates prevailing on the Balance Sheet date. The resultant exchange differences are recognised in the profit and loss account for the year.

A.9 TAXATION

Tax expenses comprises of Current , Deferred and Fringe Benefit Tax.

Current Tax liabilities have been determined as per the tax laws prevailing during the year and accounted for accordingly.

Deferred Tax liabilities and Assets have been accounted for as per AS-22.

A.10 CONTINGENT LIABILITIES & PROVISION

In terms of the requirement of accounting standard 29 (AS-29) on "Provisions, Contingent Liabilities and Contingent Assets".

- (a) Where as a result of past events, there is a present obligation that probably requires an outflow of resources and reliable estimates can be made of the amount of obligation- an appropriate provision is created and disclosed ;
- (b) Where as a result of past events, there is a possible obligation that may, but probably will not require an outflow of resources-no provision is recognized but appropriate disclosure made as

contingent liability unless the possibility of outflow is remote.

B. CONTINGENT LIABILITIES & NOTES**B.1 Claims against the Company not acknowledged as Debt:**

Rs. Nil Lacs. (Previous Year : NIL)

B.2 Guarantees and other Contingencies

(Rs. In lacs)

	CURRENT YEAR	PREVIOUS YEAR
	As at	As at
	31-03-2007	31-03-2006
a) <i>Given to Subsidiary</i>		
For Term Loan	3277.25	3847.87
For Working Capital	750.00	2825.00
b) <i>Given to others</i>	43.18	42.75
B.3 Bills Discounted from Bank	951.48	497.61
B.4 Income Tax demands under appeal not provided for	* 295.16	44.14

(*) In view of carry forward losses, the demand may not arise.

C.1 Segment information for the year ended 31st March, 2007.

Information about primary segment.

(Rs.in Lacs)

The Company is in export business of meat products only, and hence, risk and returns are perceived on the basis of Geographical wise sales based on location of the customers.

Country's Name	Segment Revenue	Segment Expenses*	Segment Result	Segment Assets	Segment Liabilities	Capital Expenditure	Depreciation	Non-Cash Expenditure, other than Depreciation
External Sales								
GULF COUNTRIES	6915.54	5145.50	1770.04	1700.89	-	-	-	-
	*6040.04	5035.60	1004.44	1903.66	-	-	-	-
SOUTH EAST ASIA	2121.69	1578.64	543.05	456.00	-	-	-	-
	*2290.10	1909.27	380.83	198.72	-	-	-	-
Total	9037.23	6724.14	2313.09	2156.89	-	-	-	-
	*8330.14	6944.87	1385.27	2102.38	-	-	-	-
Unallocable	86.41	1813.25	(1726.84)	-	-	-	261.29	-
	*888.26	2103.42	(1215.16)	-	-	-	258.91	-
Total	9123.64	8537.39	586.25	11384.65	-	-	-	-
	*9218.40	9048.29	170.11	10955.61	-	-	-	-

* Figures indicate previous year.

B- Secondary Segments

The Company is dealing in one product only and hence no secondary segment reporting is considered necessary

C. 2 RELATED PARTY DISCLOSURES

S.NO.	Name of the Related Party	Nature of Relationship	Nature of Transaction	Debit Rs.in Lakhs	Credit Rs.in Lakhs Rs. In Lakhs	Amount as on 31.03.2007
1	Hind Agro Ind. Ltd.	Subsidiary Co.	Investment in Equity	-	-	150.00
2	Hind Agro Ind. Ltd.	Subsidiary Co.	Business Transaction	4312.91	4102.59	210.32
3	Islamuddin & Co.	Firms in Which KMP are Interested	Rent	10.45	10.45	NIL
4	Islamuddin & Co.	Firms in Which KMP are Interested	Business Transaction	17.00	17.00	NIL
5	Eatcco Foods (P) Ltd.	Firms in Which KMP are Interested	Business Transaction	0.25	0.25	NIL
6	Al- Mashriq Export Pvt. Ltd.	Firms in Which KMP are Interested	Business Transaction	-	(92.26)	(92.26)
7	Samar Travels & Cargo Pvt. Ltd.	Firms in Which KMP are Interested	Business Transaction	13.11	-	13.11
8	Fast Trax Food (P) Ltd.	Firms in Which KMP are Interested	Business Transaction	467.13	467.13	NIL
9	Mrs. Kiran Qureshi	Relatives of KMP	Rent	2.40	2.40	NIL
10	Hind Air Link (P) Ltd.	Firms in Which KMP are Interested	Business Transaction	170.10	170.10	NIL

Related Party relationship is identified by the company and relied upon by the Auditors.

**C.3 EARNING PER SHARE**

	<u>Year ending 31.03.2007</u>	<u>Year ending 31.03.2006</u>
Profit After Tax	386.06 Lacs	170.11 Lacs
Weighted No. Of Shares	8636240	8636240
Basic / Diluted Earning per share	4.47	1.97

C.4 Accounting for Deferred Tax (A.S.-22) on income :

Particulars	(Rs. In Lacs) Year Ended 31 st March,2007	(Rs.in lacs) Year Ended 31 st March,2006
a) Deferred Tax Assets on account of timing differences:		
(i) Provision for doubtful debts	32.31	32.31
(ii) Provision for Gratuity	28.52	20.78
(iii) Provision for Leave encashment	2.43	1.63
(iv) Carry forward Losses	286.11	514.32
Total	<u>349.37</u>	<u>569.04</u>
b) Deferred Tax Liability on account of timing differences:		
(i) Depreciation on fixed assets	<u>770.28</u>	<u>693.80</u>
Total	<u>770.28</u>	<u>693.80</u>
Net Deferred Tax Liability (B-A)	<u>420.91</u>	<u>124.76</u>

C.5 The Current Assets, Loans and Advances are realizable at the value stated in the Balance Sheet, in the ordinary course of business.

C.6 Mr. Sirajuddin Qureshi, Chairman & Managing Director, and Mrs. Kiran Qureshi, Director of the Company have given personal guarantee to Industrial Finance Corporation of India Ltd. for Rs.1795.30 lacs .

C.7 Balances under Sundry Debtors, Creditors, Loans and Advances are subject to confirmation and reconciliation and consequent adjustments thereof. The outstanding Debtors which may not be recoverable could not be ascertained at the year end.

C.8 There exists no indication for the management to conclude that any of its cash generating units are impaired and accordingly no provision for impairment is required to be made in the financial statement.

C.9 Financial institutions vide their letter dated 21st June 2005 have been agreed for "Negotiated Settlement " of dues at total amount of Rs. 2762 lacs of debt owed by the Company as on 1st April, 2006. Out of the amount of Rs. 2762 lacs, Rs. 2300 lacs shall carry interest @ 12.50% p.a. The company has reversed excess liability of Rs. 638 lacs in proportion to the time period of repayment as the company is reasonably sure to comply with the terms of renegotiated settlement.

C.10 A sum of Rs. 287.24 lacs has been capitalized as pre-operative expenditure under the head "High Security Registration Number Plate (HSRNP)". The expenditure is separately shown under WIP as the unit has not yet commenced production.

C.11 A sum of Rs. 9.52 lacs has capitalized, being expenditure incurred on Salboni project, being pre-operative in nature.

C.12 The Company has paid a sum of Rs. 50 Lakhs towards purchase of share from Uttar Pradesh Pashudhan Udyog Nigam Ltd. (UPPUNL) and balance liability, if any, of Rs. 150 lacs is payable in accordance with agreement entered into with the said corporation. However the company has not provided the liability, which is recoverable in the opinion of the management.

C.13 Research and Development Expenses :— Rs.2084.00 (Previous year Rs. 70530.00).

C.14 There is no liability pending to Small Scale Industrial Units.



C.15 Additional information pursuant to the provision of paragraphs 3 & 4 of part II of schedule VI to the Companies Act, 1956 :

A. PARTICULARS OF INSTALLED CAPACITY AND ACTUAL PRODUCTION. *

	ITEMS	QUANTITY (MT) AS AT 31-03-2007	QUANTITY (MT) AS AT 31-03-2006
Licensed Capacity	Fresh & Frozen Meat	25,000.00	25000.00
Installed Capacity	Fresh & Frozen Meat	25,000.00	25000.00
Actual Production	Fresh – Sheep/ Buffalo	2,662.895 5,501.042	2,594.745 6,750.265

* As certified by the management and relied upon by the Auditors being a technical matter.

B. DETAILS OF PURCHASES, SALES AND CLOSING STOCK FOR THE YEAR ENDED 31ST MARCH, 2007
(Previous year figures are shown in brackets)

Items	Opening Stock (MT)	Value (Rs)	Production (MT)	Sales (MT)	Value (Rs)	Closing Stock (MT)	Value (Rs)
Sheep	Nil	Nil	2,662.895	2,662.895	474728881	Nil	Nil
	(Nil)	(Nil)	(2,594.745)	(2,594.745)	(419,453,692)	(Nil)	(Nil)
Buffalo	3,109.878	185,690,815	5,501.042	6,004.880	428,993,526	2,606.040	174,931,362
	(2,666.153)	(112,165,064)	(6,750.265)	(6306.540)	(413,560,347)	(3,109.878)	(185,690,815)

(Figures in bracket represent previous year figures)

C. DETAIL OF RAW MATERIAL CONSUMED

Items	Year ended 31 st March, 2007		Year ended 31 st March, 2006	
	Quantity (MT)	Value (Rs)	Quantity (MT)	Value (Rs)
Sheep	2,681.148	271,189,065	2,633.927	241,498,245
Buffalo	5,531.800	219,518,763	6,784.186	272,303,328

D. EXPENDITURE IN FOREIGN CURRENCY

NIL

(Previous Year : NIL)

E. VALUE OF IMPORTS

	YEAR ENDED 31.03.2007 (Rs)	YEAR ENDED 31.03.2006 (Rs)
(1) Value of Imports(CIF Value)	Nil	Nil
(2) Expenditure on Traveling	Nil	Nil

F. EARNING IN FOREIGN CURRENCY

	YEAR ENDED 31.03.2007 (Rs)	YEAR ENDED 31.03.2006 (Rs)
FOB Value of Export Goods	768,599,727	693,413,927

C.16 PARTICULARS OF MANAGERIAL REMUNERATION ARE AS UNDER :—

- (a) Salaries include remuneration payable to Chairman & Managing Director amounting to Rs. 28,35,968/-including arrears of Rs. 845968/-,
(Previous Year Rs.9,00,000/-).



(b) Commission Payable as follows.

Particulars	Amount (in Rs.)
Net Profit/ (Loss) as per Profit & Loss A/c	5,86,25,211.00
Add:	
Depreciation as per Profit & Loss A/c	2,61,28,866.00
Director's Remuneration	28,35,968.00
Sitting Fee Paid	-
Commission paid	3,60,416.00
	8,79,50,461.00
Less :	
Depreciation as per Section 350 Of the Companies Act ,1956	2,61,28,866.00
Net Profit /(Loss) available for Director's remuneration	6,18,21,595.00

Commission Payable 1% of Net Profit as above Rs. 3,60,416/-

The Commission payable to the Chairman & Managing Director is restricted to Rs. 1,00,000/- being one month Basic Salary as approved by Department of Company Affairs, Government of India, for the period upto 30-09-2006. However, from 01-10-2006, the commission is restored to 1% of the net profit.

C.17 Previous year's figures have been regrouped and reclassified wherever necessary to the extent possible to make them comparable with those of the current year.

For and on behalf of the Board

**As per Report of even date attached
For & on behalf of**

SIRAJUDDIN QURESHI
Chairman & Managing Director

DR.NASEEM QURESHI
Director

S.K.GUPTA
Chief Financial Officer

M .K. AGGARWAL & CO
Chartered Accountants

D.GUHA
Sr.Manager (I.A.)
(Finance & Accounts)

MOHD.ALI SHAUKAT
Sr. Manager
(Finance & Accounts)

VIKAS SABHARWAL
Company Secretary

(ATUL AGGARWAL)
Partner
(Membership No.99374)

PLACE : NEW DELHI
DATE : 31-08-2007

**INFORMATION PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT,1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I. Registration Details**

Registration No. State Code
Date

II. Capital Raised during the year (Amount in Rs. Thousands)

Public issue Right Issue
Bonus Issue Private Placement

III. Position of Mobilisation and deployment of Funds (Amount in Rs. Thousands)

Total Liabilities Total Assets

Sources of funds

Paid up Capital Reserves & Surplus
Secured Loans Unsecured Loan
Deferred Tax Liability

Application of funds

Net Fixed Assets Investment
Net Current Assets Misc. Expenditure
Accumulated Losses

IV. Performance of the Company (Amount in Rs. Thousands)

Turnover Total Expenditure
Profit/(Loss) Before Tax Profit/(Loss) After Tax
Earning Per Share in Rs. Dividend Rate %

V. Generic Names of three Principal Products/ Services of Company

Item Code No. (I.T.C.Code)
Product Description &

The ITC code of the products are as per publication "Indian Trade Classification" based on Harmonised commodity description and coding system by Ministry of Commerce, Directorate General of Commercial Intelligence and statistics.

For and on behalf of the Board**As per Report of even date attached
For & on behalf of****SIRAJUDDIN QURESHI**
Chairman & Managing Director**DR. NASEEM QURESHI**
Director**S. K. GUPTA**
Chief Financial Officer**M .K. AGGARWAL & CO**
Chartered Accountants**D. GUHA**
Sr. Manager (I.A.)
(Finance & Accounts)**MOHD. ALI SHAUKAT**
Sr. Manager
(Finance & Accounts)**VIKAS SABHARWAL**
Company Secretary**(ATUL AGGARWAL)**
Partner
(Membership No.99374)Place : New Delhi
Date : 31-08-2007

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 ST MARCH- 2007**

[Amount Rs. In lacs]

Particulars	Year Ended March 31,2007	Year Ended March 31,2006
A) CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Taxation as per Profit & Loss Account	586.25	650.23
ADJUSTMENTS FOR		
Depreciation	261.29	252.19
Deferred Tax Expenses	171.13	13.88
Income Tax for Current Years	(63.86)	(54.72)
Income Tax for Earlier Years	(5.75)	(1.17)
Fringe Benefit Tax	(5.55)	(2.20)
Interest Paid	438.86	425.71
Operating Profit Before Working Capital Changes	1,382.37	1,283.92
INCREASE/(DECREASE) IN WORKING CAPITAL		
Sundry Debtors	(57.87)	181.77
Inventory	124.23	(710.75)
Trade Receivable	(620.02)	(261.49)
Trade Payable	(231.75)	558.57
NET CASH FROM OPERATING ACTIVITIES.....A	596.96	1,052.02
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(237.75)	(262.35)
Investment	5.62	(1.84)
NET CASH USED IN INVESTING ACTIVITIES.....B	(232.13)	(264.19)
C) CASH FLOW FROM FINANCE ACTIVITIES		
General Reserve	-	-
Unsecured Loan	(33.53)	(78.28)
Proceeds from Borrowings	12.40	(430.26)
Interest paid	(438.86)	(425.71)
NET CASH USED IN FINANCE ACTIVITIES.....C	(459.99)	(934.25)
CASH FLOW DURING THE YEAR.....(A+B-C)	(95.16)	(146.42)
Cash & Cash Equivalents (Opening Balance)	120.69	267.11
Cash & Cash Equivalents (Closing Balance)	25.53	120.69
	0.00	-

For and on behalf of the Board

As per Report of even date attached
For & on behalf of**SIRAJUDDIN QURESHI**
Chairman & Managing Director**DR. NASEEM QURESHI**
Director**S. K. GUPTA**
Chief Financial Officer**M. K. AGGARWAL & CO**
Chartered Accountants**D. GUHA**
Sr. Manager (I.A.)
(Finance & Accounts)**MOHD. ALI SHAUKAT**
Sr. Manager
(Finance & Accounts)**VIKAS SABHARWAL**
Company Secretary**(ATUL AGGARWAL)**
Partner
(Membership No.99374)Place : New Delhi
Date : 31-08-2007

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO THE SUBSIDIARY COMPANY**

1. Name of subsidiary : HIND AGRO INDUSTRIES LTD.
2. Financial Year of the subsidiary ended on : 31st March, 2007.
3. Shares of the subsidiary held by the Company on the above date :
- a) Number and face value : 1,87,50,000 Equity Shares of the face value of Rs.10/- each fully paid up.
- b) Extent of holding : 57%
4. Net aggregate amount of profit/ (losses) of the subsidiary for the above financial year of the subsidiary so far as they concern members of the Company.
- a) Dealt with in the accounts of the company for the year ended 31st March, 2007. : Nil
- b) Not dealt with in the accounts of the company for the year ended 31st March, 2007. : Rs.6.09 Crores
5. Net aggregate amount of profit/ (losses) for previous financial year of the subsidiary, since it became a subsidiary so far as they concern members of the Company.
- a) Dealt with in the accounts of the company for the year ended 31st March, 2007. : Nil
- b) Not dealt with in the accounts of the company for the year ended 31st March, 2007. : Rs.12.35 Crores

For and on behalf of the Board**SIRAJUDDIN QURESHI**
Chairman & Managing**DR. NASEEM QURESHI**
Director**S. K. GUPTA**
Chief Financial Officer**D. GUHA**
Sr. Manager (I.A.)
(Finance & Accounts)**MOHD. ALI SHAUKAT**
Sr. Manager
(Finance & Accounts)**VIKAS SABHARWAL**
COMPANY SECRETARY**PLACE : NEW DELHI****DATE : 31st August, 2007**



DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the Thirteenth Annual Report together with the Audited Accounts of the Company for the year ended on March 31, 2007.

FINANCIAL HIGHLIGHTS

The Financial Results for the year ended on March 31, 2007, are given below:

	(Rs. in Lacs)	
PARTICULARS	2006-07	2005-06
Total Sales & Other Income	48041.24	39234.71
Profit before Depreciation, Interest & Tax	2933.70	2233.53
Depreciation	606.41	607.45
Interest	1188.15	817.04
Profit/(Loss) before Tax	1139.14	809.04
Profit/(Loss) after Tax	1076.31	779.73
Balance brought forward	2183.20	1403.47
Balance carried to Balance Sheet	3259.52	2183.20

OPERATIONS

Your Directors are pleased to inform you that the financial performance of the company has improved during the year under review. The 'Sales and Other Income' of the company has been increased to Rs. 480.41 Crores during the year 2006-07 from Rs. 392.35 Crores in the previous financial year 2005-06, thereby making an effective growth of around 22% during the year. The Net Profit of the company has also increased to Rs. 10.76 Crores as against the Net Profit of Rs. 7.80 Crores over the same period, showing an increase of around 38%, which is a very healthy sign for future growth and development of the company. During the year under review, your company continued its endeavour to provide the best quality of products to the customers overseas and achieve excellence in customer service. All round efforts were made to achieve possible savings/cost reduction in different areas of operations.

DIVIDEND

In view of the further 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.

PROSPECTS

Your Directors believe that the prospects of the Company are very bright, that is quite significant from the increase in the Total Turnover and Net Profit of the Company year by year. The Company is continuously showing signs of improvement by increasing its exports after tapping new as well as existing international markets. The Company is making regular efforts to upgrade the quality, reduce cost, add value to its products,

which is beneficial for the long term growth of the company. The rising value of Indian Rupee (INR) in comparison to the US Dollar (USD) is the primary concern for the Company and affects the overall performance of your Company.

Your Company also bagged an award namely APEDA Export Award (Silver Trophy) for the year 2005-06, from the Agricultural and Processed Food Products Exports Development Authority (APEDA), Ministry of Commerce, Government of India, for the export excellence in meat industry. The Company is also recognized as "Three Star Export House" till 31st March, 2009, by Joint Director General of Foreign Trade, Ministry of Commerce & Industry, Government of India

Your company is committed to provide the highest quality of products to its customers and continue to maintain its overseas markets share. Efforts are also underway to improve processes and operations to maximize gain and reduce cost. Your company is positive that it would be able to perform well in the coming years too.

FIXED DEPOSITS

Your 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.

DIRECTORS

During the period under review, Mr. S. S. Yadav, was associated with the company as Director, representing U. P. Pashudhan Udyog Nigam Limited (UPPUNL), but ceased to be so consequent to his retirement from UPPUNL. The nomination of Mr. S. K. Mittal, nominee-PICUP, was withdrawn consequent to his retirement from PICUP.

The nomination of Mr. Rajeev Mukhija, nominee IFCI-VCF, was withdrawn by IFCI-VCF and in his place Mr. Anil Kumar Chauhan, was appointed as Director representing IFCI-VCF, but his nomination was also withdrawn by IFCI-VCF in the April, 2007. The nomination of Mr. Rakesh Kapoor, nominee – IFCI, was withdrawn by IFCI.

The Board of Directors expresses their gratitude for the professional contributions, able guidance and whole hearted support provided by Mr. S.S. Yadav, Mr. S.K. Mittal, Mr. Rajeev Mukhija, Mr. Rakesh Kapoor and Mr. A.K. Chauhan, during their tenure as the Directors of the company.

Mrs. Kiran Qureshi and Mr. Ishtiaque Abidi, retire by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting of the Company.

The Board recommends their re-appointment as Directors in the ensuing Annual General Meeting of the company.

During the period under review, Mr. B. B. Huria, was appointed as an Additional Director who is also an Independent Director on the Board of the Holding Company i.e. Hind Industries Limited.

The terms of office of Mr. B. B. Huria expires at the ensuing Annual General Meeting of the Company. The Company has received Notice under Section 257 of the Companies Act,



1956 from a member proposing the appointment of Mr. B. B. Huria, as Director of the Company, liable to retire by rotation.

The Board recommends his appointment as Director in the ensuing Annual General Meeting of the company.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) in the preparation of the Annual Accounts for the financial year ended March 31, 2007, the applicable Accounting Standards had been followed alongwith proper explanation relating to material departures;
- (ii) 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) 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) the Directors had prepared the Accounts for the financial year ended March 31, 2007, on a going concern basis.

AUDITORS

The Statutory Auditors M/s Vipin Aggarwal & Associates, 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 appointment/re-appointment, if made, would be within the limits under section 224 (1B) of the Companies Act, 1956 and they are not disqualified for such appointment/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 are self explanatory and need no further clarifications.

PARTICULARS OF EMPLOYEES

During the Financial Year 2006-07, 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.

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 the Report.

ACKNOWLEDGMENTS

The Directors wish to express their gratitude for the all round support, co-operation and encouragements offered by the Central Government, State Government, Financial Institutions and Banks, etc. The Directors are also pleased to have the continued trust and confidence reposed by the Shareholders, Debentureholders, Suppliers, Buyers, Consultants in the company. Your Directors also express their special appreciation for the dedicated and devoted services rendered by the employees at all the levels of the company.

By order of the Board
For HIND AGRO INDUSTRIES LIMITED

Place : New Delhi
Date : 31/08/2007

SAMAR QURESHI SIRAJUDDIN QURESHI
DIRECTOR MANAGING DIRECTOR

ANNEXURE TO DIRECTORS' REPORT

INFORMATION IN ACCORDANCE WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

(A) CONSERVATION OF ENERGY

(a) Energy conservation measures taken:

The Company has adopted the following energy conservation measures:

- A new Rendering Plant of Wet Rendering Technology with lower consumption of electricity and fuel has been commissioned.
- Boilers have been installed with the steam flow meters and automatic blow down heat recovery system to efficiently utilize the steam and conserve energy.
- Power factor control panel incorporating automatic power factor correction relay is being installed.
- Section-wise date monitoring device (Qusar), on main electric panel is being provided to save energy.
- PLC based DG synchronized panel is installed to reduce the fuel consumption and increase the efficiency of the engine.
- Latest two-stage Screw Compressor Technology is incorporated in refrigeration system to reduce the power consumption and operation & maintenance cost.

(b) Additional investment and proposal, if any, being implemented for reduction of consumption of energy:

Proposals for continuous reduction of energy

consumption are being undertaken such as:

- Re-insulation of entire old refrigeration system piping by latest type PUF insulation and vapor barrier, WRT to operating temperature for reducing excessive superheat and power consumption.
- Installation of moisture level monitoring device.
- Acquiring high pressure water and air jet cleaning systems.
- Using low cost/alternate fuel for Boilers.
- Utilizing the DG exhaust waste heat recovery system for generation of hot water.
- Conversion of small plate freezer from gravity feed to force feed circulation system to reduce the freezing time and power consumption.

(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 measures mentioned at point nos. (a) and (b) above have been facilitating the energy conservation and its consequent impact on the cost of production of goods in the following ways:

- Consumption of steam, electricity and fuel is being strictly controlled in Boilers.
- Condensed water is being reused for conserving fuel and water conditioning chemicals.
- Oxygen level in flue gases is being controlled to economize the fuel burnt.
- Duration of D.G. Sets is being avoided by optimizing power factor.
- Switching over from HSD to FO boiler fuel to reduce the cost of fuel.

(d) Total energy consumption:

I. Power and fuel consumption.

	Current Year	Previous Year
1. Electricity		
(a) Purchased	NA	NA
Unit	NA	NA
Total amount	NA	NA
Rate/unit	NA	NA
(b) Own generation		
(i) Through diesel generator		
Units	15026601	14453159
Units per ltr. of diesel oil	3.52	3.24
Cost/unit	Rs.6.88	Rs. 6.85
(ii) Through steam turbine/generator	NA	NA
Units	NA	NA
Units per ltr. of fuel oil/gas	NA	NA
Cost/unit	NA	NA
2. Coal (specify quality and where used)		
Quantity (tonnes)	NA	NA
Total Cost	NA	NA
Average rate	NA	NA
3. Furnace oil		
Quantity (k. ltrs)	1614607	NA
Total amount	23505218	NA

Average rate	14.56	NA
4. Others/internal generation		
Quantity	NA	NA
Total Cost	NA	NA
Rate/Unit	NA	NA

II. Consumption per unit of production.

	Standards (if any)	Current Year	Previous Year
Products(with details)unit	No Standards as such have been prescribed but the company is making continuous efforts for minimizing the consumption of energy per unit of production.		
-Electricity		0.25	0.27
-Furnace oil		NA	NA
-Coal (specify quality)		NA	NA
-Others(specify)		NA	NA

(B) TECHNOLOGY ABSORPTION:

(e) Efforts made in technology absorption:

1. RESEARCH AND DEVELOPMENT (R & D).

a) Specific areas in which R & D carried out by the Company:

- R & D laboratory is being continuously maintained and improved for producing and exporting better quality of meat products.
- Animal husbandry and health care facilities are being continuously provided to the farmers in nearby villages for eliminating the occurrence of disease, reducing the mortality rate, boosting the milk production, which ensure the availability of timely and better quality of raw material for the company.

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

- As a result of the above measures, the mortality rate, health, productive life, milk production and quality of meat from the animals are being continuously improved.

c) Future plan of action:

- Efforts shall be made on an ongoing basis in R & D for continuously upgrading the health and hygiene of the animals for obtaining regular supply of best raw material for the Company.

d) Expenditure on R & D:

	Current Year	Previous Year
i). Capital	NIL	NIL
ii). Recurring	Rs.22.37 Lacs	Rs. 15.84Lacs
iii). Total	Rs.22.37 Lacs	Rs. 15.84Lacs
iv). Total R & D expenditure as a percentage of total turnover	0.05%	0.04%

**2. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION.****a) Efforts, in brief, made towards technology absorption, adaptation and innovation.**

- A High Rate Bio-Methanation Plant with Japanese Collaboration is being installed to further control the pollution and introduce the waste-to-energy generation program under the auspices of Ministry of Non-Conventional Energy Sources (MNES)-Government of India and Central Leather Research Institute (CLRI).
- A new high capacity Rendering Plant with the latest Danish technology and collaboration has been commissioned.
- The Refrigeration System is also being upgraded and augmented by adopting the latest German Technology.

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

- The energy consumption and cost of generation of power shall be further reduced.
- The quality and quantity of the by-products shall be optimised.

c). In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:

- | | |
|--|--|
| i) Technology imported. | - Wet Rendering Technology imported from Denmark.
- Two-stage screw compressor Technology from Germany. |
| ii) Year of import. | - 2002-03
- 2003-04
- 2005-06
- 2006-07 |
| iii) Has technology been fully absorbed. | Yes. |
| iv) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action. | Nil |

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

Activities relating to exports, initiative taken to increase exports, development of new export markets for products and services and export plans:

- As a result of the rigorous efforts, the exports have been significantly increased by exploring new markets, offering better products and terms to the buyers and improving the follow up services for getting the repeat orders.

Total Foreign Exchange used and earned:

	(Rs. In Lacs)	
	<u>Current Year</u>	<u>Previous Year</u>
(i) Total Foreign Exchange used	565.31	1157.07
(ii) Total Foreign Exchange earned (FOB Value)	39574.93	31184.65

By order of the Board
For **HIND AGRO INDUSTRIES LIMITED**

Place :New Delhi
Date :31/08/2007

SAMAR QURESHI
DIRECTOR

SIRAJUDDIN QURESHI
MANAGING DIRECTOR



AUDITORS' REPORT

To
**THE MEMBERS OF
HIND AGRO INDUSTRIES LTD.**

1. We have audited the attached Balance Sheet of M/s HIND AGRO INDUSTRIES LIMITED as at 31st March, 2007 and the Profit & Loss Account and also the Cash Flow Statement of the company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. And audit also includes assessing the accounting principles used and significant estimate made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matter specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph (3) above, we report that :
 - (a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of accounts as required by law have been kept by the company, so far as appears from our examination of the books;
 - (c) the Balance Sheet and Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of accounts ;
 - (d) in our opinion, the Balance Sheet and Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (e) on the basis of the written representations received from Directors, as on March 31, 2007, and taken on record by the Board of Directors, we report that none of the Directors of the Company are disqualified as on March 31, 2007 from being appointed as a Director, in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and

give a true and fair view in conformity with the accounting principles generally accepted in India.

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2007; and
- b) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date.
- c) In the case of the Cash Flow Statement, of the cash flows of the company for the year ended on that date.

**For and on behalf of
VIPIN AGGARWAL & ASSOCIATES.
Chartered Accountants**

Place : New Delhi
Date : 31-08-2007

**(VIPIN AGGARWAL)
Partner
Membership No. 16544**

Annexure referred to in paragraph [3] of our report of even date

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As informed to us, most of the fixed assets have been physically verified by the management during the year in accordance with a phased programme of verification which, in our opinion, is reasonable having regard to the size of the Company and nature of its fixed assets. No material discrepancies were noticed on such verification as per explanation and information given to us.
- (c) In our opinion, there was no substantial disposal of fixed assets during the year, which affects the going concern status of the company.
- (ii) (a) As explained to us, the management has conducted physical verification of inventory at reasonable intervals.
- (b) The procedures of physical verification of inventory followed by management are, in our opinion reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion, the Company is maintaining proper records of inventory and as explained to us there were no material discrepancies noticed on such physical verification.
- (iii) (a) As informed to us, the Company has granted interest free advances to companies covered in the register maintained under Section 301 of the Companies Act, 1956, and total amount outstanding is Rs. 405.48 lacs from seven companies.

Subject to above comments of not charging interest on the said advance, the terms and conditions as

- regard thereto are not prima-facie prejudicial to the interest of the company
- (b) As informed to us, the company has taken interest free unsecured loan amounting to Rs. 150 lacs from its holding company, in addition to Rs. 210.32 lacs due to holding company. In our opinion, the terms & conditions as regard thereto are not prima-facie prejudicial to the interest of the company.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls in these areas.
- (v) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions required to be entered in the register maintained under Section 301 of the Act have been duly recorded.
- (vi) The Company has not accepted any deposits from the public within the meaning of Section 58A of the Companies Act, 1956.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub section (1) of Section 209 of the Companies Act, 1956 for the products of the Company.
- (ix) (a) According to the information and explanations given to us, no undisputed statutory dues in respect of Provident Fund, Employee State Insurance, Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty were outstanding, at the year end for a period of more than six months from the date they became payable except Cess under section 441A of the Companies Act 1956, which is not being deposited / provided as the notification required under the provision of the Act has not yet been issued by the Central Government.
- (b) According to the information and explanations given to us, no disputed statutory dues were outstanding.
- (x) The Company does not have accumulated losses at the end of the financial year March 31, 2007. The company has not incurred any cash losses during the financial year ended March 31, 2007 and in previous year.
- (xi) Based on our audit procedures and according to the information and explanations given by the management, we are of the opinion that the company has not repaid Rs. 327.50 lacs including interest to IDBI which was due for the period 01.10.2006 to 31.03.2007 out of the earlier negotiated settlements with the said institution. Further the compny has request the said institutions for re-phasement of installments and we are informed that it is under their consideration.
- (xii) According to the information and explanations given to us, and based on the documents and records produced to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and Nidhi / mutual benefit fund/ societies.
- (xiv) The Company does not deal or trade in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others.
- (xvi) Based on the information and explanations given to us by management, term loans were applied for the purposes for which the loans were obtained.
- (xvii) According to the information and explanations given to us, and on overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long-term investment by the Company and vice-versa.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) During the year, since the company has not issued any debentures, paragraph 4 (xix) of the order is not applicable.
- (xx) The Company has not raised any money through a public issue during the year. Hence paragraph 4 (xx) of the order is not applicable.
- (xxi) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

**For and on behalf of
VIPIN AGGARWAL & ASSOCIATES.
Chartered Accountants**

Place : New Delhi
Date : 31-08-2007

**(VIPIN AGGARWAL)
Partner
Membership No. 16544**

**BALANCE SHEET AS AT MARCH 31, 2007**

	SCHEDULE	AS AT 31.03.2007 (Rs.)	AS AT 31.03.2006 (Rs.)
I. SOURCES OF FUNDS			
1 Shareholders' Funds			
a) Share Capital	1	331,500,700	331,500,700
b) Reserve & Surplus	2	325,952,047	218,320,122
2 Loan Funds			
a) Secured	3	1,279,449,064	1,217,189,247
b) Unsecured	4	15,000,000	50,000,000
3 Deferred Tax Liabilities			
		11,165,000	11,165,000
TOTAL		1,963,066,811	1,828,175,069
II. APPLICATION OF FUNDS			
1 Fixed Assets			
a) Gross Block	5	1,355,921,975	1,330,182,931
b) Less : Depreciation		456,530,637	404,995,983
c) Net Block		899,391,338	925,186,949
d) Capital Work In Progress		35,568,804	79,088,315
		934,960,142	1,004,275,264
2 Current Assets, Loans & Advances			
a) Inventories	6	497,299,085	421,330,637
b) Sundry Debtors	7	491,365,550	410,711,872
c) Cash and Bank Balances	8	54,640,785	16,422,087
d) Loans and Advances	9	308,261,058	197,542,776
		1,351,566,478	1,046,007,372
Less : Current Liabilities & Provisions			
Current Liabilities	10	309,555,169	214,307,737
Provisions	11	13,904,640	8,876,146
		323,459,809	223,183,883
Net Current Assets		1,028,106,669	822,823,489
3 Miscellaneous Expenditure			
(To the extent not written off or adjusted)	12	0	1,076,316
TOTAL		1,963,066,811	1,828,175,069
Significant Accounting Policies & Notes to Account forming part of the Accounts	21		

For and on behalf of the Board

SIRAJUDDIN QURESHI
Managing Director

SAMAR QURESHI
Director

S.K. GUPTA
Chief Financial Officer

D. Guha
Sr. Manager (I.A.)
(Finance & Accounts)

MOHD. ALI SHAUKAT
Sr. Manager
(Finance & Accounts)

As per our report of even date attached
for VIPIN AGGARWAL & ASSOCIATES
Chartered Accountants

Place : New Delhi
Date : 31-08-2007

(VIPIN AGGARWAL)
Partner
Membership No. 16544

**HIND AGRO INDUSTRIES LTD.****PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2007**

PARTICULARS	SCHEDULE	Year Ended 31.03.2007	Year Ended 31.03.2006
		(Rs.)	(Rs.)
INCOME			
Sales	13	4,732,006,371	3,878,637,881
Other Income	14	72,117,623	44,832,708
Increase/(Decrease) in Stocks	15	6,9283441	74,259,260
		<u>4,873,407,435</u>	<u>3,997,729,849</u>
EXPENDITURE			
Materials Consumed & Manufacturing Expenses	16	3,869,109,373	3,142,930,841
Employees Remuneration & Benefits	17	41,913,751	29,912,167
Administrative & Other Expenses	18	66,706,328	55,183,362
Marketing Expenses	19	598,166,660	542,208,057
Financial Expenses	20	118,814,898	81704,384
Provision for Doubtful Debts		0	4,141,079
Bad Debts written off		4,141,079	0
Depreciation	5	60,641,150	60,745,583
		<u>4,759,493,239</u>	<u>3,916,825,473</u>
PROFIT /(-) LOSS BEFORE TAXATION		113,914,196	80,904,376
Prior Period Income		421,120	480,799
Prior Period Expenses		106,214	753,401
Fringe Benefit Tax		2,229,148	563,712
Fringe Benefit Tax 2005-2006		1,582,968	0
Income Tax Demand (AY 2003-2004)		0	37,738
Income Tax Demand (AY 2004-2005)		0	2,056,888
Income Tax Demand (AY 2005-2006)		2,691,155	0
Provision for Taxation		0	0
Provision for Wealth Tax		93,906	0
PROFIT /(-) LOSS AFTER TAX		<u>107,631,925</u>	<u>77,973,436</u>
Balance brought forward		<u>218,320,122</u>	<u>140,346,686</u>
PROFIT AVAILABLE FOR APPROPRIATION		<u>325,952,047</u>	<u>218,320,122</u>
Surplus Carried to Balance Sheet		<u>325,952,047</u>	<u>218,320,122</u>
Earning per Share		3.25	2.35
Significant Accounting Policies & Notes to Account forming part of the Accounts	21		

For and on behalf of the Board

SIRAJUDDIN QURESHI
Managing Director

SAMAR QURESHI
Director

S.K. GUPTA
Chief Financial Officer

D. GUHA
Sr. Manager (I.A.)
(Finance & Accounts)

MOHD. ALI SHAUKAT
Sr. Manager
(Finance & Accounts)

As per our report of even date attached
for **VIPIN AGGARWAL & ASSOCIATES**
Chartered Accountants

Place : New Delhi
Date : 31st August, 2007

(VIPIN AGGARWAL)
Partner
Membership No. 16544

**SCHEDULES 1 TO 21 - FORMING INTEGRAL PART OF FINAL ACCOUNTS**

	AS AT 31.03.2007 (Rs.)	AS AT 31.03.2006 (Rs.)
SCHEDULE - '1'		
SHARE CAPITAL :		
Authorised		
4,60,00,000 (Previous year 4,60,00,000) Equity Shares of Rs.10 each	<u>460,000,000</u>	<u>460,000,000</u>
Issued, Subscribed & Paid - Up		
33150070(Previous year 33150070) Equity Shares of Rs. 10 each fully paid up	331,500,700	331,500,700
Out of the above:		
1. 2,000,000 (Previous year 2,000,000) Equity Shares allotted as fully paid up pursuant to a contract without payment being received in cash.		
2. 18,750,000(Previous year 18,750,000) Equity Shares are held by the Holding Company - Hind Industries Limited.		
TOTAL	<u><u>331,500,700</u></u>	<u><u>331,500,700</u></u>
SCHEDULE - '2'		
RESERVES & SURPLUS		
Surplus, being balance in Profit & Loss Account	325,952,047	218,320,122
TOTAL	<u><u>325,952,047</u></u>	<u><u>218,320,122</u></u>
SCHEDULE - '3'		
SECURED LOANS :		
A-1 Non- Convertible Debentures		
2105000 (Previous Year - 2105000) Secured Non Convertible Debentures of Rs. 100/- each fully paid up	210,500,000	210,500,000
1. 1175,000 Secured, Non Convertible Debentures (NCD's) of the face value of Rs.100/- each fully paid for cash at par, aggregating to Rs.11.75 crores (Previous Year - Rs.11.75 crores) carrying an interest at the rate of PLR + 3.5% per annum, redeemable at par in twelve equal quarterly instalments equal quarterly instalments commencing from April 15, 2005 and ending on April 15, 2008 as sanctioned, have been allotted to IFCI Ltd.		
2. The NCD's as mentioned above have been secured by mortgage of entire land (i.e. at Aligarh (UP) and at Mehsana (Gujarat) of the company together with building constructed or to be constructed thereon and first charge on all the assets of the company both present and future in favour of FI's ranking pari passu subject to prior charges on specific movables created in favour of the company's bankers for securing working capital facilities. The said NCD's are also secured by way of irrevocable and unconditional guarantee of the holding company i.e. Hind Industries Ltd. (HIL) for Rs.21.05 Crores which includes pledging its 51% share- holdings in the company (HAIL) for Rs.11.75 Crores and also to the extent of Personal Guarantees of Mr. Sirajuddin Qureshi for Rs.21.05 Crores and Mrs. Kiran Qureshi for Rs.9.30 Crores.		

**SCHEDULES 1 TO 21 - FORMING INTEGRAL PART OF FINAL ACCOUNTS**

		AS AT 31.03.2007 (Rs.)	AS AT 31.03.2006 (Rs.)
Interest accrued & due		88,716,778	88,716,778
A-2 TERM LOANS FROM FINANCIAL INSTITUTIONS		344,521,319	344,521,319
Interest accrued and due		87,294,703	87,294,703
(Secured by mortgage of land together with building constructed or to be constructed thereon and first charge on all the assets of the company both present and future in favour of FI's ranking pari passu subject to prior charges on specific movables created in favour of the Company's created in favour of the Company's Bankers for securing working capital facilities. The loan is also secured by way of irrevocable and unconditional corporate guarantee of the holding company i.e. Hind Industries Limited).		<u>731,032,800</u>	<u>731,032,800</u>
LESS:-			
Amount waived under IFCI Restructuring Account	158,507,931		158,507,931
Amount waived under IDBI Restructuring Account	<u>108,824,869</u>	267,332,800	<u>108,824,869</u>
		463,700,000	463,700,000
LESS:-			
Paid to IFCI upto 31.3.07	75,100,000		21,400,668
Paid to IDBI upto 31.3.07	<u>69,550,000</u>	144,650,000	<u>57,512,500</u>
IFCI Negotiated Term Loan	174,600,000		228,299,332
IDBI Negotiated Term Loan	<u>144,450,000</u>	319,050,000	<u>156,487,500</u>
Interest accrued & Due IDBI		<u>8,674,915</u>	
Liability under IFCI Restructuring Account	118,880,946		150,582,534
Liability under IDBI Restructuring Account	<u>36,274,957</u>	155,155,903	<u>72,549,913</u>
(The negotiated settlement have been made by the FI's, the classification and quantification resettled amount into NCD and Term Loan is yet to be informed by FI's, hence NCD & Term Loan are stated at their original amount and adjustment has been made therein for waived amount and payment made to them. However as far as securities against the above amounts are concerned they will continue to remain the same as mentioned above).			
B. Working Capital Loans from Banks		789,683,530	606,209,438
(Secured against hypothecation of stocks & book debts and second charge on fixed assets alongwith personal gurantees of two directors and partly by the corporate gurantee of Hind Industries Limited)			
C. Deferred payments credit against purchase of vehicles		6,884,716	3,060,530
(Secured against hypothecation of vehicles - repayable within one year Rs.3239400) (Previous Year Rs. 2764464)			
TOTAL		<u>1,279,449,064</u>	<u>1,217,189,247</u>
SCHEDULE - '4'	UNSECURED LOANS :		
From Holding Company		15,000,000	15,000,000
M.K. Overseas Pvt. Ltd.		0	35,000,000
TOTAL		<u>15,000,000</u>	<u>50,000,000</u>

HIND AGRO INDUSTRIES LIMITED

SCHEDULE '5' FIXED ASSETS

(in Rupees)

PARTICULARS	GROSS BLOCK					DEPRECIATION				NET BLOCK	
	AS AT 01.04.2006	ADDITION DURING THE PERIOD	SALES/ DURING THE YEAR	ADJUST- MENTS	TOTAL AS AT 31.03.2007	UP TO 31.3.2006	FOR THE YEAR	ADJUST- MENTS	UP TO 31.3.2007	AS AT 31.03.2007	AS AT 31.03.2006
LAND (Freehold)	23,393,455	0	0	0	23,393,455	0	0	0	0	23,393,455	23,393,455
BUILDINGS	194,567,890	14,137,191	0	0	208,705,081	45,630,128	6,515,913	0	52,146,041	156,559,040	148,937,762
PLANT & MACHINERY	1,069,867,662	42,703,775	36,153,848	0	1,076,417,589	343,076,483	50,053,973	-9,106,495	384,023,961	692,393,628	726,791,179
VEHICLES	24,791,475	2,812,468		0	27,603,943	8,956,500	2,457,114		11,413,614	16,190,329	15,834,975
FURNITURE & FIXTURES	4,677,940	516,229	0		5,194,169	2,040,664	394,145		2,434,809	2,759,360	2,637,276
COMPUTERS	6,054,718	1,472,097	0	0	7,526,815	3,630,234	853,012	0	4,483,246	3,043,569	2,424,484
OFFICE EQUIPMENTS	6,829,793	251,130	0		7,080,923	1,661,973	366,993		2,028,966	5,051,957	5,167,820
TOTAL	1,330,182,933	61,892,890	36,153,848	0	1,355,921,975	404,995,982	60,641,150	-9,106,495	456,530,637	899,391,338	925,186,951
PREVIOUS YEAR	1,314,610,711	16,987,388	1,415,166	0	1,330,182,933	345,065,871	60,745,583	-815,472	404,995,982	925,186,951	969,544,840

**SCHEDULES 1 TO 21 - FORMING INTEGRAL PART OF FINAL ACCOUNTS**

	AS AT 31.03.2007 (Rs.)	AS AT 31.03.2006 (Rs.)
SCHEDULE - '6'		
INVENTORIES		
(As valued and certified by the Management)		
Semi Finished Goods	2,216,500	1,086,050
Finished Goods	470,610,453	402,457,462
Stores & Spares	24,472,132	17,787,125
TOTAL	497,299,085	421,330,637
SCHEDULE - '7'		
SUNDRY DEBTORS		
Over six months - Considered good	10,927,204	5,824,395
Debts over six months considered doubtful	0	4,141,079
Other Debts	480,438,346	404,887,477
Less: Provision for Doubtful Debts	0	-4,141,079
TOTAL	491,365,550	410,711,872
SCHEDULE - '8'		
CASH AND BANK BALANCES :		
Cash in hand	1,765,539	611,361
Balance with Scheduled Banks:		
I) in Current Account	3,456,954	6,919,414
ii) in F.D.R.	49,418,292	8,891,312
(Including interest accrued on FDR)		
TOTAL	54,640,785	16,422,087
SCHEDULE - '9'		
LOANS & ADVANCES		
(Unsecured - Considered Good)		
Advances recoverable in cash or in kind or for value to be received (includes advance to Holding Company Rs. Nil maximum amount during the year Rs.155303765/-), Previous Year advance Rs. 58624212/- maximum amount Rs. 70378369/-	284,369,883	191,446,776
Balance with Excise Authorities	20,979,388	3,811,592
Advance Tax (AY 2006-2007)	500,000	500,000
Tax Deducted at Source	2,411,787	1,784,408
TOTAL	308,261,058	197,542,776
SCHEDULE - '10'		
CURRENT LIABILITIES :		
Sundry Creditors	195,987,205	169,942,712
Other Liabilities	112,955,668	43,589,450
Interest accrued but not due	612,296	775,575
TOTAL	309,555,169	214,307,737
SCHEDULE - '11'		
PROVISIONS:		
Provision for Taxation	1,160,617	1,097,015
Provision for Staff Benefits Scheme	12,744,023	7,779,131
TOTAL	13,904,640	8,876,146

**SCHEDULES 1 TO 21 - FORMING INTEGRAL PART OF FINAL ACCOUNTS**

	AS AT 31.03.2007 (Rs.)	AS AT 31.03.2006 (Rs.)
SCHEDULE - '12'	MISCELLANEOUS EXPENDITURE : (To the extent not written off or adjusted)	
Preliminary & Issue Expenses	1,076,316	2,152,632
Written off during the year	-1,076,316	-1,076,316
TOTAL	0	1,076,316
SCHEDULE - "13"	SALES	
Export Sales	4,271,616,846	3,452,224,980
Sale of Waste & By-Products	460,389,525	426,412,901
TOTAL	4,732,006,371	3,878,637,881
SCHEDULE - "14"	OTHER INCOME	
Miscellaneous Receipts	0	632,355
Provision for Doubtful Debts written back	4,141,079	0
IDBI Liability written back	36,274,956	36,274,956
IFCI Liability written back	31,701,588	7,925,397
TOTAL	72,117,623	44,832,708
SCHEDULE - "15"	INCREASE/(DECREASE) IN STOCKS	
Closing Stock	472,826,953	403,543,512
Opening Stock	-403,543,512	-329,284,252
TOTAL	69,283,441	74,259,260
SCHEDULE - "16"	MATERIALS CONSUMED & MANUFACTURING EXPENSES	
Raw Material Consumed	3,564,041,062	2,849,950,563
Consumable Stores Consumed	28,831,375	12,783,598
Labour Welfare Expenses	2,119,105	1,816,966
Power and Fuel	136,475,997	159,620,765
Repairs & Maintenance:-		
-Plant & Machinery	21,791,340	9,916,007
-Building	2,011,717	2,059,154
Packing Material Consumed	103,256,314	95,068,900
Inward Freights/Cartage	1,154,529	1,001,710
Inspection Charges	7,738,520	9,046,806
Others	1,689,414	1,666,372
TOTAL	3,869,109,373	3,142,930,841

**SCHEDULES 1 TO 21 - FORMING INTEGRAL PART OF FINAL ACCOUNTS**

	Year Ended 31.03.2007 (Rs.)	Year Ended 31.03.2006 (Rs.)
SCHEDULE - "17"	EMPLOYEES REMUNERATION & BENEFITS	
Salaries /Wages & Other Benefits	40,094,655	28,411,584
Contribution to Provident Fund	1,819,096	1,500,583
TOTAL	41,913,751	29,912,167
SCHEDULE - "18"	ADMINISTRATIVE & OTHER EXPENSES	
Rent	3,580,586	3,555,559
Vehicle Expenses	3,670,487	3,195,371
Tour & Travelling (Including Directors' Travelling of Rs.6750365) (Previous Year Rs.4596857)	11,417,998	8,298,674
Rates, Taxes Subscription and Fees	10,008,538	10,064,308
Security Service Charges	2,373,156	2,427,037
Printing & Stationery	2,314,333	2,373,894
Audit Fee	584,272	583,648
Legal & Professional Charges (Including paid to Directors' Rs.261750) (Previous Year Rs. 237000)	3,545,547	6,053,805
Loss on Sale of Fixed Assets	12,844,081	0
Insurance	5,617,771	5,485,944
Horticulture Expenses	859,131	696,027
Telephone , Postage & Telegram	3,544,277	3,298,469
Preliminary/Issue Exp. w/off	1,076,316	1,076,316
Research & Development Exps.	2,237,626	1,583,854
Misc. Expenses	3,032,209	6,490,456
TOTAL	66,706,328	55,183,362
SCHEDULE - "19"	MARKETING EXPENSES	
Freight, Clearing & Forwarding Charges	558,514,210	514,054,005
Business Promotion Expenses	13,938,976	12,728,463
Commission	25,713,474	15,425,589
TOTAL	598,166,660	542,208,057
SCHEDULE - "20"	FINANCIAL EXPENSES	
Interest on Term Loans	28,900,268	16,420,474
Interest on Working Capital, other Bank Interest & Charges	89,914,630	65,283,910
TOTAL	118,814,898	81,704,384

**SCHEDULE – ‘21’****SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS:****COMPANY OVERVIEW**

Hind Agro Industries Ltd. is a 100% Export Oriented Unit and engaged in processing of frozen and fresh meat.

(A) SIGNIFICANT ACCOUNTING POLICIES**1. Basis of preparation of Financial Statements :**

The accompanying financial statements are prepared in accordance with generally accepted accounting policies ("GAAP") under the historical cost convention on the accrual basis. GAAP comprises mandatory Accounting Standards issued by The Institute of The Chartered Accountants of India ("ICAI") and the provision of the Companies Act 1956. These accounting policies have been consistently applied by the company.

2. Fixed Assets and Capital Work in Progress :

Fixed assets are stated at cost less accumulated depreciation. Cost includes excise duties, freight & other incidental expenses incurred in relation to acquisition and installation of the same. Direct costs are capitalized until fixed assets are ready for use.

Capital work in progress comprises of fixed assets acquired and other incidental cost that are not ready for intended use before the balance sheet date.

3. Impairment of Assets :

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the company's fixed assets. If any indication exists, an assets's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

4. Depreciation :

Depreciation is provided on Straight Line Method at the rate and in the manner specified in Schedule XIV of the Companies Act, 1956. Depreciation on addition/deletion is calculated on pro rata basis.

5. Foreign Exchange Transaction :

- Transactions in Foreign Currency are recorded in equivalent Rupee value at rates prevailing at the time of transaction.
- Monetary current assets and monetary current liabilities that are denominated in foreign currency are translated at the exchange rate prevalent at the date of the balance sheet. The resulting difference is also recorded in the profit and loss a/c.

6. Retirement benefit to employees :**a) Gratuity and Leave Encashment :**

The liability for Gratuity and Leave Encashment as at the year end is ascertained on the basis of actuarial valuation and provided for.

b) Provident Fund :

Eligible employees receive benefit from provident fund, which is defined contribution plan for which both employees and the company make monthly contribution to the provident fund plan equal to a specified percentage. The company has no further obligations under the provident fund plan beyond its monthly contribution.

7. Valuation of Inventories :

- Raw Material, Consumables and Packing Materials are valued at cost on FIFO basis.
- Finished and Semi finished goods are valued at lower of cost or net realisable value.
- By-Products are valued at net realisable value.

8. Miscellaneous Expenditure:

Preliminary expenses are amortised over the period of ten years.

9. Sales Accounting:

In case of exports sale of goods is recognised at the time of shipped on board and in case of by- product sales of goods is recognised at the point of dispatch.

Sale of waste/by-products is net of excise duty.

10. Research and Development :

Research and development expenditure is not material, hence charged as revenue expenditure.

11. Taxation :

The company during the current year has not provided for Deferred Tax being a 100% EOU, its profits are totally exempt u/s 10 B of the Income Tax Act, 1961.



Fringe Benefit Tax is accounted for in accordance with the provisions of the Income Tax Act, 1961.

(B) NOTES FORMING PART OF THE ACCOUNTS**1. Contingent Liabilities not provided for (Rs. in Lacs)**

	As on 31.03.07	As on 31.03.06
a) Bills discounted.	4843.59	3557.89
b) Outstanding guarantee & counter guarantee to various banks.	99.55	94.25

2. Related Parties Disclosures**A. Particulars of Holding / Associate Companies / Firms**

S.N.	NAME OF THE RELATED PARTY	NATURE OF RELATIONSHIP	NATURE OF TRANSACTION	DEBIT Rs. in lacs	CREDIT Rs. in lacs	BALANCE AMOUNT AS ON 31.03.2007 (Rs. in lacs)
1.	Hind Industries Ltd.	Holding Company.	Loan Taken	—	—	Cr. 150.00
2.	Hind Industries Ltd	Company in which Directors are interested.	Business Transactions	4102.59	4312.91	Cr. 210.32
3.	Al-Mashriq Exports Pvt. Ltd.	Company in which Directors are interested.	Business Transactions	0.40	0.40	NIL
4.	Eatcco Foods Pvt. Ltd.	Company in which Directors are interested	Business Transactions	14.20	0.13	Dr. 14.07
5.	Islamuddin & company	Firm in which M.D. is Partner	Rent	18.00	18.00	NIL
6.	Hind Air Link Pvt Ltd	Company in which Directors are interested.	Business Transactions	2.40	2.40	NIL
7.	Hind Air Services Pvt Ltd	Company in which Directors are interested.	Business Transactions	17.54	1.25	Dr. 16.29
8.	Fast Trax Food Pvt Ltd	Company in which Directors are interested.	Business Transactions	493.70	177.73	Dr. 315.97
9.	Hind Biopharma-ceuticals Ltd.	Company in which Directors are interested	Business Transactions	12.19	—	Dr. 12.19
10.	Samar Travels & Cargo Pvt. Ltd.	Company in which Directors are interested	Business Transactions	19.68	2.50	Dr. 17.18
11.	Integrated LiveStock Village Farm Pvt. Ltd.	Company in which Directors are interested	Business Transactions	55.88	37.90	Dr. 17.98
12.	Prime Packaging	Firm in which Directors are interested	Supply of Packing Material.	160.19	171.99	Cr. 11.80

B. Key Management Personnel

S.N.	Name of the persons	Nature of Relationship
1.	Shri Sirajuddin Qureshi	Managing Director
2.	Smt. Kiran Qureshi	Director
3.	Dr. S. K. Ranjhan	Director
4.	Dr. Naseem Qureshi	President
5.	Mr. Samar Qureshi	Whole Time Director
6.	Mr. S. K. Gupta	Chief Financial Officer

**A. Detail of transactions relating to persons referred to in item (B) above**

	<u>Unit of Measurement</u>	<u>Value of Transaction</u>
a) Remuneration/ Consultancy	Rs. lacs	31.24
b) Rent	Rs. lacs	13.80

2. In the opinion of the management, the "Current Assets, Loans and Advances" have a value on realisation in the ordinary course of business, atleast equal to the amount at which they are stated in the Balance Sheet.

3. Due to realignment of the value of Debtors, to make it commensurate with the closing exchange rate, Sales & Debtors have accordingly been decreased by Rs. 6.13 lacs. (Previous year increase - Rs. 50.64 lacs)

4. Balances appearing under the head Loans & Advances, Sundry Debtors and Sundry Creditors are subject to reconciliation and confirmation.

5. The Company had approached the Financial Institutions i.e. IDBI & IFCI for Negotiated Settlement of dues :

a) Against which, IDBI had agreed vide their letter dated 05-07-2005 to Company's proposal for negotiated one time settlement through Stressed Assets Stabilisation Fund, to accept a sum of Rs. 2140 lacs for their dues (against the book outstanding of Rs. 3228 lacs as on 31-03-2005), which includes Term Loan, NCD and interest thereon. Further, said amount carries interest of 8 % per annum from the date of settlement with other obligations and is to be paid in Twelve Quarterly Installments, beginning from July, 2005 with 10 % upfront payment. Thereby, IDBI has agreed to total waive-off Rs. 1088 lacs, on account of interest etc, and has been recognized as income by the company on quarterly equated basis over the period of repayment of the settlement amount. During the year the company has paid the principal and interest thereon only for the quarter upto June, 2006. As per the Negotiated Settlement of Dues, clause 1 of Appendix of letter dated 05-07-2005, in case the company defaults in payment of the amount on due dates, it shall pay interest @ 14 % p.a. and liquidated damages @ 2 % p.a. on the defaulted amount for the period of default. Since the company has provided the interest @ 8 % p.a., instead of as rate as stipulated above, therefore the company has short provided the interest on IDBI Negotiated Term Loan by Rs. 68.10 lacs. However, the company has made request to the IDBI (SASF) for the reschedulement of unpaid dues, which are being examined. However, in the absence of availability of classification between NCD and Term Loan, the same has been reflected as Liability Restructuring account separately to the extend of benefit received under the OTS. Out of the said amount, Rs. 362.75 lacs has been recognized as income during year under the head "IDBI Liability Written Back".

b) Against which, IFCI had agreed vide their letter dated 18-12-2005 to Company's proposal for negotiated one time settlement, to accept a sum of Rs. 2390 lacs, with a further sum of Rs. 107 lacs, for their dues (against the book outstanding of Rs. 4082.08 lacs as on 31-03-2005), which includes Term Loan, NCD and interest thereon. Of the above settled amount, Rs. 2328 lacs carries interest of 8 % per annum from 15-12-2005, with other obligations and is to be paid in Twenty Quarterly Installments, beginning from 15-12-2005. Thereby, IFCI has agreed to total waive-off Rs. 1585.08 lacs, on account of interest etc, and has been recognized as income by the company on quarterly equated basis over the period of repayment of the settlement amount. During the year the company is regular in payment of principal and interest to IFCI in terms of the negotiated settlement. However, in the absence of availability of classification between NCD and Term Loan, the same has been reflected as Liability Restructuring account separately to the extend of benefit received under the OTS. Out of the said amount, on the basis of payment made by the company for Rs. 465.60 lacs towards four quarterly installments, Rs.317.02 lacs has been recognized as income during year under the head "IFCI Liability Written Back".

7. Payment to auditors :

	For the year ended 31.03.2007	For the year ended 31.03.2006
Statutory Audit Fee	4,76,615	4,76,615
Tax Audit Fee	96,425	96,425
Total (Rupees)	5,73,040	5,73,040



8. Information about Segment Reporting :

I) Primary Segment – Geographical

(Rs. in Lacs)

Particulars	Revenue Segment		Segment Expense		Segment Result	
	Current Year 2006-2007	Previous Year 2005-2006	Current Year 2006-2007	Previous Year 2005-2006	Current Year 2006-2007	Previous Year 2005-2006
PHILIPPINES	8296.96	9437.52	8261.71	9304.25	35.25	133.26
MALAYSIA	7582.56	5362.51	7550.34	5286.78	32.22	75.72
JORDAN	2869.54	1025.91	2857.35	1011.42	12.19	14.49
SAUDI ARABIA	6936.61	4111.25	6907.14	4053.20	29.47	58.06
HONG KONG	577.72	262.24	575.27	258.54	2.45	3.70
DENMARK	26.93	431.78	26.81	425.68	0.11	6.10
FRANCE	0.00	167.79	0.00	165.42	0.00	2.37
MAURITIUS	248.10	327.15	247.05	322.53	1.05	4.62
BAHRAIN	475.51	335.53	473.49	330.79	2.02	4.74
NETHERLANDS	34.09	188.29	33.95	185.64	0.14	2.66
UAE	7122.59	4038.12	7092.32	3981.09	30.27	57.02
LEBANON	5445.23	7290.86	5422.10	7187.91	23.14	102.95
QATAR	109.25	37.40	108.79	36.87	0.46	0.53
KUWAIT	31.85	0.00	31.71	0.00	0.14	0.00
AZERBAIJAN	145.74	235.72	145.12	232.40	0.62	3.33
EGYPT	2270.53	0.00	2260.89	0.00	9.65	0.00
AUSTRALIA	0.00	277.45	0.00	273.54	0.00	3.92
REP OF YEMEN	190.69	0.00	189.87	0.00	0.82	0.00
SINGAPORE	30.68	0.00	30.55	0.00	0.13	0.00
VIETNAM	321.58	992.73	320.21	978.70	1.37	14.02
TOTAL	42716.16	34522.25	42534.67	34034.76	181.50	487.49
UNALLOCABLE	6022.12	5459.86	5061.32	5141.03	960.80	318.82
TOTAL	48738.29	39982.11	47595.99	39175.79	1142.30	806.32

II) Secondary Segments

The company is dealing only one product and hence no secondary segment reporting is considered necessary.

9. Cess under section 441A of the Companies Act, 1956, has not been provided / deposited in view of the fact that notification as required under the Act has not yet been issued by the Central Government.
10. Reserve for Redemption of NCD :
No Reserve on this account has been created considering that one time settlement has already been made with IDBI and IFCI and the NCD liability has been converted into Term Loan.
11. The Company has filed an appeal on June 25, 2003 under section 128 of Customs Act, 1962 with the Commissioner of Customs (Appeal), New Delhi, for claiming the refund of Cess amounting to Rs. 1,42,28,645/- paid under protest by the company. Against the same, the company has received a sum of Rs. 39,34,904/= as refund on part relief given by the Commissioner. The company has preferred an Appeal for the balance amount of Rs. 1,02,93,741/= before the Hon'ble High Court..
12. **Bio-Methenation Plant :**
The total cost of this Plant is Rs 325.00 lacs plus USD 600,000, out of which 50 % is being paid as Grant by the Government directly to the Supplier. The Company has already paid Rs. 289.34 lacs and same is included in Capital Work In Progress. The Government share of grant will be adjusted in the year of completion.
13. The Company is entitled for adjustment of Sales Tax due for the period from 26.09.1997 to 25.06.2012 amounting to Rs.7594.39 lacs. The Sales tax assessments have been completed up to the financial year 2004-2005. The balance amount to be adjusted from 1.4.2005 to 25.06.2012 is Rs.6414.82 lacs.
14. There exists no indication for the management to conclude that any of its cash generating units are impaired and accordingly no provision for impairment is required to be made in the financial statement.

**15. Additional information pursuant to part II of schedule VI to the Companies Act, 1956.****I) Value of Imports calculated on C.I.F. basis :**

- A) In respect of Capital Goods – Rs. NIL (Previous Year – Rs. 65,15,562/=).
 B) In respect of spares – Rs. 34,63,895/= (Previous Year – Rs. 10,33,216/=)
 C) In respect of HSD purchase – Rs.2,12,63,700/= (Previous Year – Rs. NIL)

II) Expenditure in foreign currency:

Travelling Expenses-Rs.63,37,834/=(Previous Year-Rs.44,92,145/=)
 Commission - Rs. 2,54,66,384/= (Previous Year – Rs. 1,51,70,430/=)

III) Earning in Foreign Currency :

IV) FOB value of goods exported Rs. 39,574.93 lacs (Previous Year- Rs. 31,184.65 lacs)

V) Licensed and installed capacity *:

CLASS OF GOODS	LICENSED CAPACITY (M.T.,P.A.)	INSTALLED CAPACITY (M.T.,P.A.)
BONELESS VEAL (Buffalo)- FROZEN	9000	9000
BONELESS BUFFALO- FROZEN	102000	102000
SHEEP- FRESH	9000	9000

*As certified by the management and relied upon by the Auditors being a technical matter.

V) DETAILS OF RAW MATERIAL CONSUMED

Particulars	Opening Stock		Purchase		Processed	Closing Stock	
	Qty in MT	Qty in MT	Qty in MT	Value (Rs.)	Qty in MT	Qty in MT	Value (Rs.)
BUFFALO	0.000	80426.295	80426.295	3339850047	80426.295	0.000	0.00
(Previous Year)	0.000	(72707.549)	(72707.549)	(2819669986)	(72707.549)	0.000	0.00
FRESH	0.000	1128.300	1128.300	88345054	1128.300	0.000	0.00
(Previous Year)	0.000	(346.172)	(346.172)	(30280577)	(346.172)	0.000	0.00

VI) DETAILS OF FINISHED / SEMI FINISHED STOCK

Particulars	Opening Stock		Production	SALES		CLOSING STOCK	
	Qty in MT	Qty in MT	Qty in MT	Qty in MT	Value (Rs.)	Qty in MT	Value (Rs.)
BUFFALO	6778.096	59439.917	59154.326	59154.326	4193715783	7063.687	467757353
(Previous Year)	(7404.840)	(54194.087)	(54820.831)	(54820.831)	(3420833607)	(6778.096)	(391028358)
FRESH	0.000	748.001	748.001	748.001	77901063	0.000	0.00
(Previous Year)	0.000	(229.563)	(229.563)	(229.563)	(31391373)	0.000	0.00

16. There is no liability to Small Scale Units.

17. Previous year figures have been re-grouped, re-casted to make them comparable with those of the current year.

For and on behalf of the Board

SIRAJUDDIN QURESHI
Managing Director

SAMAR QURESHI
Director

As per our report of even date attached
For and on behalf of
VIPIN AGGARWAL & ASSOCIATES
Chartered Accountants

S. K GUPTA
Chief Financial Officer

D. GUHA
Sr. Manager (I.A.)
(Finance & Accounts)

MOHD ALI SHAUKAT
Sr. Manager
(Finance & Accounts)

VIPIN AGGARWAL
Partner
(Membership No. 16544)

Place: New Delhi

Date : 31st August, 2007

**INFORMATION PURSUANT TO PART IV OF THE COMPANIES ACT,1956****BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I. Registration Details**

Registration No.

1	6	5	0	2
---	---	---	---	---

 State Code

2	0
---	---

Date

3	1	0	3	0	7
---	---	---	---	---	---

II. Capital Raised during the year (Amount in Thousands)

Public issue

N	I	L
---	---	---

 Right Issue

N	I	L
---	---	---

Bonus Issue

N	I	L
---	---	---

 Private Placement

N	I	L
---	---	---

III. Position of Mobilisation and deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

1	9	6	3	0	6	6
---	---	---	---	---	---	---

 Total Assets

1	9	6	3	0	6	6
---	---	---	---	---	---	---

Sources of funds

Paid up Capital

3	3	1	5	0	0
---	---	---	---	---	---

 Reserves & Surplus

3	2	5	9	5	2
---	---	---	---	---	---

Secured Loans

1	2	7	9	4	4	9
---	---	---	---	---	---	---

 Unsecured Loan

1	5	0	0	0
---	---	---	---	---

Deferred Tax Liability

1	1	1	6	5
---	---	---	---	---

Application of funds

Net Fixed Assets

	9	3	4	9	6	0
--	---	---	---	---	---	---

 Investment

N	I	L
---	---	---

Net Current Assets

1	0	2	8	1	0	9
---	---	---	---	---	---	---

 Misc. Expenditure

0	0	0	0
---	---	---	---

IV. Performance of the Company (Amount in Rs. Thousands)

Turnover

4	7	3	2	0	0	6
---	---	---	---	---	---	---

 Total Expenditure

4	7	6	6	1	9	6
---	---	---	---	---	---	---

Profit/(Loss) Before Tax

1	1	3	9	1	4
---	---	---	---	---	---

 Profit/(Loss) After Tax

1	0	7	6	3	2
---	---	---	---	---	---

Earning Per Share in Rs.

3	.	2	5
---	---	---	---

 Dividend Rate %

N	I	L
---	---	---

V. Generic Names of three Principal Products/ Services of Company

Item Code No. (I.T.C.Code)

0	2	0	6	1	0
---	---	---	---	---	---

Product Description

F	R	E	S	H		C	H	I	L	L	E	D		F	R	O	Z	E	N	
M	E	A	T	&	M	E	A	T		P	R	O	D	U	C	T	S			

The ITC code of the products are as per publication "Indian Trade Classification" based on Harmonised commodity description and coding system by Ministry of Commerce, Directorate General of Commercial Intelligence and statistics.

For and on behalf of the Board

SIRAJUDDIN QURESHI
Managing Director

SAMAR QURESHI
Director

As per our report of even date attached
For **VIPIN AGGARWAL & ASSOCIATES**
Chartered Accountants

S. K GUPTA
Chief Financial Officer

D. GUHA
Sr. Manager (I.A.)
(Finance & Accounts)

MOHDALI SHAUKAT
Sr. Manager
(Finance & Accounts)

VIPIN AGGARWAL
Partner
(Membership No. 16544)

Place: New Delhi
Date : 31st August, 2007

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH - 2007**

[Amount Rs. In lacs]

Particulars	As at March 31, 2007	As at March 31, 2006
A) CASH FLOW FROM OPERATING ACTIVITIES		
Profit after Taxation as per Profit & Loss Account	1,076.32	779.73
ADJUSTMENTS FOR		
Depreciation	606.41	607.46
Adjustment in Depreciation for Fixed Assets sale	(91.06)	(8.15)
Deferred Tax Expenses / Revenue	-	-
Preliminary Expenses	10.76	10.76
Interest Paid	1,188.15	817.04
Operating Profit Before Working Capital Changes	2,790.58	2,206.84
ADJUSTMENTS FOR		
Sundry Debtors	(806.54)	(495.17)
Inventory	(759.68)	(748.23)
Trade Receivable	(1,107.18)	(320.03)
Trade Payable	1,002.76	(472.48)
NET CASH FROM OPERATING ACTIVITIES.....A	1,119.94	170.93
B) CASH FLOW FROM FINANCE ACTIVITIES		
Purchase of Fixed Assets	(618.93)	(169.87)
Proceeds from Sale of Fixed Assets	361.54	14.15
Capital work in progress	435.19	(213.88)
NET CASH USED IN INVESTING ACTIVITIES.....B	177.80	(369.60)
C) CASH FLOW FROM FINANCE ACTIVITIES		
Proceeds from issue of Share Capital	-	-
Secured Loan	(1,212.14)	(1,181.14)
Unsecured Loan	(350.00)	(30.32)
Proceeds from Borrowings	1,834.74	1,416.68
Interest paid	(1,188.15)	(817.04)
NET CASH USED IN FINANCE ACTIVITIES.....C	(915.55)	(611.82)
CASH FLOW DURING THE YEAR.....(A+B-C)	382.19	(810.49)
Cash & Cash Equivalents (Opening Balance)	164.22	974.71
Cash & Cash Equivalents (Closing Balance)	546.41	164.22

For and on behalf of the Board**SIRAJUDDIN QURESHI**
Managing Director**SAMAR QURESHI**
Director**As per our report of even date attached**
For VIPIN AGGARWAL & ASSOCIATES
Chartered Accountants**S. K GUPTA**
Chief Financial Officer**D. GUHA**
Sr. Manager (I.A.)
(Finance & Accounts)**MOHDALI SHAUKAT**
Sr. Manager
(Finance & Accounts)**VIPIN AGGARWAL**
Partner
(Membership No. 16544)Place: New Delhi
Date : 31st August, 2007

**AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS**

We have examined the attached consolidated Balance Sheet, Profit & Loss account and cash flow statement of 'M/s Hind Industries Limited' along with its subsidiary 'M/s Hind Agro Industries Limited' as at March 31, 2007.

These Consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit also includes, examining on test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of its subsidiary, whose financial statements reflect total assets of Rs. 196.31 crores as at March 31, 2007 and total revenues of Rs. 487.34 crores for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of the subsidiary is based solely on the reports of the other auditors.

Consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard (AS- 21), issued by the Institute of Chartered Accountants of India, and on the basis of the

separate audited financial statements of the Hind Agro Industries Ltd included in the consolidated financial statements.

On the basis of the information and explanations given to us and on the consolidation of the separate audit reports on the individual audited financial statements of the Holding Company and subsidiary company, we report that, :

(a) Provision for Sundry Debtors in case of Holding Company is pending for adjustment.**Subject to the above,**

We are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India;

- a) In so far it relates to consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2007;
- b) In so far as it relates to the consolidated Profit & Loss Account, of the Profit of the Company for the year ended on that date;
- c) In so far it relates to the consolidated Cash Flow Statement, of the cash flows of the company for the year ended on that date.

**for and on behalf of
M.K.AGGARWAL & CO.
Chartered Accountants**

Date : 31/08/2007
Place : New Delhi

**(ATUL AGGARWAL)
Partner
M.No-99374**

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH - 2007**

PARTICULARS	SCHEDULE No	AS AT 31.03.2007 (RS.)	AS AT 31.03.2006 (RS.)
I SOURCES OF FUNDS			
1. Shareholders' Funds			
a) Share Capital	1	89,591,200	89,591,200
b) Reserves & Surplus	2	681,651,403	582,196,365
c) Minority interest	3	285,591,119	238,836,851
		<u>1,056,833,722</u>	<u>910,624,416</u>
2. Loan Funds			
a) Secured Loans	4	1,677,121,857	1,613,622,258
b) Unsecured Loan		49,508,399	87,861,550
		<u>2,783,463,978</u>	<u>2,612,108,224</u>
3. Deferred Tax Liability			
		53,256,000	23,641,000
TOTAL		<u><u>2,836,719,978</u></u>	<u><u>2,635,749,224</u></u>
II APPLICATION OF FUNDS			
1. Fixed Assets			
a) Gross Block	5	1,919,955,522	1,875,690,859
b) Less: Depreciation		660,010,234	582,317,909
c) Net Block		1,259,945,288	1,293,372,950
d) Capital work in-Progress		65,245,460	103,516,103
		<u>13,25,190,748</u>	<u>1,396,889,053</u>
2. Investments			
	5a	-	-
	5b	0	562,446
3. Current Assets, Loans & Advances			
Less: Current Liabilities & Provisions	6	1,897,301,135	1,545,892,291
Net Current Assets	7	<u>385,771,905</u>	<u>308,670,882</u>
		<u>1,511,529,230</u>	<u>1,237,221,409</u>
Miscellaneous Expenditure		0	1,076,316
TOTAL		<u><u>2,836,719,978</u></u>	<u><u>2,635,749,224</u></u>
Significant Accounting Policies and Notes to the accounts	16	-	-

For and on behalf of the Board

As per our Report of even date attached

SIRAJUDDIN QURESHI
Chairman & Managing DirectorDR. NASEEM QURESHI
DirectorFor M.K.AGGARWAL & CO.
Chartered AccountantsS.K. GUPTA
Chief Financial OfficerD.GUHA
Sr. Manager (I.A.)
(Finance & Accounts)(ATULAGGARWAL)
Partner
Membership No.99374MOHD. ALI SHAUKAT
Sr. Manager
(Finance & Accounts)VIKAS SABHARWAL
Company SecretaryPLACE : NEW DELHI
DATE : 31.08.2007

**CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH - 2007**

PARTICULARS	SCHEDULE NO.	Year ended 31.03.2007 (RS.)	Year ended 31.03.2006 (RS.)
INCOME			
Sales	8	5,641,627,262	4,711,651,920
Other Income	9	85,620,124	60,132,794
Increase/(Decrease) in Stocks	10	58,523,988	147,785,010
		<u>5,785,771,374</u>	<u>4,919,569,724</u>
EXPENDITURE			
Materials Consumed & Manufacturing Expenses	11	4,434,226,557	3,725,247,160
Employees Remuneration & Benefits	12	72,409,922	50,904,281
Administrative & Other Expenses	13	85,588,321	70,680,266
Marketing Expenses	14	767,395,668	711,757,273
Financial Expenses	15	162,700,404	124,275,060
Provision for Doubtful Debts		0	4,141,079
Bad Debts written off		4,141,079	0
Depreciation	5	86,770,016	86,637,010
		<u>5,613,231,967</u>	<u>4,773,642,129</u>
PROFIT /(-) LOSS BEFORE TAX		172,539,407	145,927,594
Prior Period Income		421,120	480,799
Prior Period Expenses		106,214	753,401
Less: Current Taxes			
i) Income Tax for Current Year		6,386,411	5,471,704
ii) Income Tax for Earlier Years		3,266,234	2,211,818
iii) Provision for Wealth Tax		93,906	-
iv) Fringe Benefit Tax		2,784,320	783,567
v) Fringe Benefit Tax 2005-2006		1,582,968	-
vi) Deferred Tax Liabilities		12,502,362	(42,203,638)
PROFIT /(-) LOSS AFTER TAX		146,238,112	179,391,541
Add: Surplus brought from previous year		266,609,685	1,71,625,420
PROFIT AVAILABLE FOR APPROPRIATION		412,847,797	351,016,961
Surplus/(Deficits) Carried to Balance Sheet		<u>412,847,797</u>	<u>351,016,961</u>
Significant Accounting Policies & Notes to Account forming part of the Accounts	16		

For and on behalf of the Board**As per our Report of even date attached**

SIRAJUDDIN QURESHI
Chairman & Managing Director

DR. NASEEM QURESHI
Director

For M.K.AGGARWAL & CO.
Chartered Accountants

S.K. GUPTA
Chief Financial Officer

D.GUHA
Sr. Manager (I.A)
(Finance & Accounts)

(ATUL AGGARWAL)
Partner
Membership No.99374

MOHD. ALI SHAUKAT
Sr. Manager
(Finance & Accounts)

VIKAS SABHARWAL
Company Secretary

PLACE : NEW DELHI
DATE : 31.08.2007

**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31 ST MARCH-2007**

SCHEDULE '1'-SHARE CAPITAL	AS AT 31.3.2007	AS AT 31.3.2006
AUTHORISED :		
16000000(Previous year16000000) Equity Shares of Rs. 10/- each	<u>160,000,000</u>	<u>160,000,000</u>
Issued, Subscribed & Paid up:		
8636240 (Previous year-8636240) Equity Shares of Rs. 10/- each fully paid up	<u>86,362,400</u>	<u>86,362,400</u>
Out of above:		
i) 990 (Previous Year 990)Equity Shares are allotted as fully paid pursuant to a contract without payment received in cash.		
ii) 1070000 (Previous Year 1070000) Equity Shares of Rs. 10/- each fully paid have been allotted as Bonus Shares by capitalisation of General Reserve.		
Add: Share Forfieted	3,228,800	3,228,800
1286820 Shares(Previous Year1286820) on which Rs.3228800/-Paid up		
TOTAL	<u><u>89,591,200</u></u>	<u><u>89,591,200</u></u>
SCHEDULE '2'-RESERVES AND SURPLUS		
1. REVALUATION RESERVES		
Balance as per last Balance Sheet	1,699,571	1,728,377
Less: Amortisation of land	<u>(28,806)</u>	<u>(28,806)</u>
	<u>1,670,765</u>	<u>1,699,571</u>
2. Security Premium Account	74,272,496	74,272,496
3. Capital Reserve	3,228,800	3,228,800
4. GENERAL RESERVES		
Balance as per last Balance Sheet	379,511,527	362,500,698
5. Profit & Loss Account		
Amount of Subsidiary Profit & Loss Account	325,952,047	218,320,122
Less : Minority interest	<u>141,590,419</u>	<u>94,836,151</u>
	184,361,628	123,483,971
Profit & (Loss) Account	<u>38,606,187</u>	<u>17,010,829</u>
	<u>222,967,815</u>	<u>140,494,800</u>
TOTAL	<u><u>681,651,403</u></u>	<u><u>582,196,365</u></u>
SCHEDULE '3'- MINORITY INTEREST		
Share in the Capital of subsidiary company	144,000,700	144,000,700
Share in Reserves & Surplus of Subsidiary Company	<u>141,590,419</u>	<u>94,836,151</u>
TOTAL	<u><u>285,591,119</u></u>	<u><u>238,836,851</u></u>

**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31 ST MARCH-2007**

SCHEDULE '4'-SECURED LOANS	AS AT 31.3.2007	AS AT 31.3.2006
Term Loans From Financial Institutions (Secured by first charge by way of hypothecation of all the movable properties (save and except book debts) including movable machinery, machinery spares, tools and accessories present and future subject to prior charges created and /or to be created in favour of the borrower's bankers on stock of raw - materials, semifinished and finished goods, consumable stores, book debts and such other movables used in the ordinary course of business). and partly secured by mortgage of land together with building constructed or to be constructed	507,254,915	605,746,832
Liability Under IFCI Restructuring account *	160,356,331	201,629,161
Liability Under IDBI Restructuring account * (The negotiated settlement have been made by the FI's, the classification and quantification resettled amount into NCD and Term Loan is yet to be informed by FI's, hence NCD & Term Loan are stated at their original amount and adjustment has been made therein for waived amount and payment made to them. However as far as securities against the above amounts are concerned they will continue to remain the same as mentioned above).	36,274,957	72,549,913
Working Capital Loans from Banks Secured by Stock, Book Debts, FDRs, Personal Guarantee of the Promoter Directors and second charge on the entire fixed assets (present & future) of the company.	958,610,474	730,178,899
DEFERRED PAYMENT CREDIT Secured by Hypothecation of vehicles	14,625,179	3,517,453
	<u>1,677,121,857</u>	<u>1,613,622,258</u>
UNSECURED LOAN	<u>49,508,399</u>	<u>87,861,550</u>

***Notes**

1. 1175000 Secured, Non Convertible Debentures (NCD's) of the face value of Rs.100/- each fully paid up for cash at par, aggregating to Rs.11.75 crores (Previous Year - Rs.11.75 crores) carrying an interest at the rate of PLR + 3.5% per annum, redeemable at par in twelve equal quarterly instalments commencing from April 15, 2005 and ending on April 15, 2008 as sanctioned, have been allotted to IFCI Ltd.
2. Against the sanction of 930,000 Secured, Non Convertible Debentures (NCD's) of the face value of Rs.100/- each aggregating to Rs.9.30 crores, 9,30,000 NCD's of the face value of Rs.100/- each fully paid for cash at par aggregating to Rs.9.30 crores (Previous Year - Rs.9.30 crores), carrying an interest at the rate of 17% per annum, redeemable at par in three equal annual installments at the end of 4th, 5th and 6th years from the date of allotment (i.e. from March 2005 to March 2007), have been subscribed and allotted to the Industrial Development Bank of India (IDBI).



3. The NCD's as mentioned in point No. 1 & 2 above have been secured by mortgage of entire land (i.e at Aligarh (UP) and at Mehsana (Gujarat) of the Company together with building constructed or to be constructed thereon and first charge on all the assets of the company both present and future in favour of FI's ranking pari passu subject to prior charges on specific movables created in favour of the company's bankers for securing working capital facilities. The said NCD's are also secured by way of irrevocable and unconditional guarantee of the holding company i.e. Hind Industries Ltd. (HIL) for Rs.21.05 Crores which includes pledging its 51% shareholdings in the company (HAIL) for Rs.11.75 Crores and also to the extent of Personal Guarantees of Mr. Sirajuddin Qureshi for Rs.21.05 Crores and Mrs. Kiran Qureshi for Rs.9.30 Crores.
4. Interest accrued & Due on NCD & Term Loan are secured by mortgage of land together with building constructed or to be constructed thereon and first charge on all the assets of the company both present & future in favour of FI's ranking pari passu subject to prior charges on specific movables created in favour of the company's Bankers for securing working capital facility. The loan is also secured by way of irrevocable and unconditional corporate guarantee of the holding company i.e. Hind Industries Ltd..

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31ST, 2007
SCHEDULE '5' - FIXED ASSETS

(in Rupees)

PARTICULARS	GROSS BLOCK					DEPRECIATION				NET BLOCK	
	ASAT 01.04.2006	ADDITION DURING THE PERIOD	SALES/ DURING THE YEAR	ADJUST- -MENTS	TOTAL ASAT 31.03.2007	UP TO 31.3.2006	FOR THE YEAR	ADJUST- -MENTS	UP TO 31.3.2007	ASAT 31.03.2007	ASAT 31.03.2006
LEASEHOLD LAND	3,105,460	-	-	-	3,105,460	662,498	41,406	-	703,904	2,401,556	2,442,962
FREEHOLD LAND	23,393,455	-	-	-	23,393,455	-	-	-	-	23,393,455	23,393,455
FACTORY BUILDING	255,789,677	16,115,443	-	-	271,905,120	67,800,643	8,575,568	-	76,376,211	195,528,909	187,989,034
PLANT & MACHINERY	1,506,560,144	58,151,133	36,153,848	-	1,528,557,429	478,437,104	71,099,107	-9,106,495	540,429,716	88,127,713	028,123,038
VEHICLES	41,018,033	3,719,675	-	-	44,737,708	17,459,198	3,748,096	-	21,207,294	23,530,414	23,558,836
FURNITURE & FIXTURES	29,036,805	673,431	-	-	29,710,236	10,984,867	1,938,374	-	12,923,241	16,786,995	18,051,938
COMPUTERS	6,658,122	1,472,097	-	-	8,130,219	4,102,394	886,661	-	4,989,055	3,141,164	2,555,728
OFFICE EQUIPMENTS	10,111,170	286,730	-	-	10,397,900	2,853,209	509,610	-	3,362,819	7,035,081	7,257,960
ELECTRICAL EQUIPMENTS	17,995	-	-	-	17,995	17,995	-	-	17,995	-	-
TOTAL	1,875,690,861	80,418,509	36,153,848	-	1,919,955,522	582,317,908	86,798,822	-9,106,495	660,010,235	1,259,945,287	1,293,372,951
PREVIOUS YEAR	1,858,311,021	19,735,787	2,355,946	0	1,875,690,862	497,139,688	86,686,681	-1,466,731	582,317,908	1,293,372,954	1,361,171,331

Depreciation for the year includes amortization of land of Rs.41406/- of which Rs.28806/- transferred from Revaluation Reserve and Rs.12600/- debited to Profit & Loss Account.

**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED
BALANCE SHEET AS AT 31 ST MARCH-2007**

SCHEDULE '5a'-COST OF CONTROL	AS AT 31.3.2007	AS AT 31.3.2006
Book Value of investments in subsidiary company	187,500,000	187,500,000
Less: Cost of shares held in subsidiary company	187,500,000	187,500,000
	<u>-</u>	<u>-</u>
SCHEDULE '5b'-INVESTMENT(ATCOST)		
EQUITY SHARES QUOTED		
i) 14028 Equity Shres of Dena Bank	-	378,756
ii) 471 Equity Shres of Punjab National Bank	-	183,690
	<u>-</u>	<u>562,446</u>
SCHEDULE '6'-CURRENT ASSETS, LOANS AND ADVANCES		
A. CURRENT ASSETS		
1.INVENTORIES		
(As valued, taken & certified by the Management)		
Finished goods	647,758,315	589,234,327
Packing Materials	24,472,132	19,451,147
	<u>672,230,447</u>	<u>608,685,474</u>
	*	
2.SUNDRY DEBTORS		
(Unsecured Considered Good)		
Over Six Months - Considered Good	71,412,173	22,525,227
Over Six Months - Considered Doubtful	4,000,000	8,141,079
Others	635,978,590	598,424,218
	<u>711,390,763</u>	<u>629,090,524</u>
Less: Provision For Doubtful Debts	4,000,000	8,141,079
	<u>707,390,763</u>	<u>620,949,445</u>
3.CASH & BANK BALANCES		
Cash in hand	2,349,037	1,115,955
Balance with the Banks	54,844,426	27,375,075
	<u>57,193,463</u>	<u>28,491,030</u>
(A)	1,436,814,673	1,258,125,949
B . LOANS AND ADVANCES (UNSECURED- CONSIDERED GOOD)		
Advances recoverable in cash or in kind or for value to be received.	366,079,705	208,076,543
Other Advances - considered good	4,837,883	0
Advances to Suppliers	60,452,643	42,979,874
Security Deposits	29,116,231	36,709,925
(B)	<u>460,486,462</u>	<u>287,766,342</u>
Total (A+B)	1,897,301,135	1,545,892,291
SCHEDULE '7' CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors	203,109,385	172,494,305
Other Liabilities	145,693,962	112,848,027
Interest accrued but not due	612,296	775,575
	<u>349,415,643</u>	<u>286,117,907</u>
PROVISIONS		
Provision for Staff- Welfare Schemes	22,549,355	14,604,282
Provision for Income Tax / Wealth Tax	13,806,907	7,948,693
	<u>385,771,905</u>	<u>308,670,882</u>

**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 ST MARCH 2007**

SCHEDULE '8'-SALES	YEARENDED 31.03.2007	YEARENDED 31.03.2006
Export Sales	5,175,339,253	4,285,239,019
Sales of Waste & By product	466,288,009	426,412,901
TOTAL	5,641,627,262	4,711,651,920
SCHEDULE '9' OTHER INCOME		
Gain in Foreign Exchange Fluctuation	1,397,055	2,535,604
Miscellaneous Income	84,223,069	57,597,190
TOTAL	85,620,124	60,132,794
SCHEDULE '10' INCREASE/(DECREASE) IN STOCK		
Closing Stock of Finished Goods	647,758,315	589,234,327
Less: Opening Stock of Finished Goods	589,234,327	441,449,317
TOTAL	58,523,988	147,785,010
SCHEDULE '11' MANUFACTURING EXPENSES :		
Raw Material Consumed	4,055,899,822	3,363,951,078
Consumable Stores	31,586,093	14,648,634
Packing Material Consumed	114,582,264	106,006,238
Power & Fuel	185,180,645	205,595,907
Repair & Maintenance:		
-Plant & Machinery	29,303,165	17,304,366
-Building	4,375,785	3,231,923
-Others	13,298,783	14,509,014
TOTAL	4,434,226,557	3,725,247,160
SCHEDULE '12' -PAYMENTS TO & PROVISION FOR EMPLOYEES		
Salaries , Wages and Other Benefits	68,805,917	47,812,221
Contribution to Provident Fund & Other Funds	3,604,005	3,092,060
TOTAL	72,409,922	50,904,281
SCHEDULE '13' ADMINISTRATIVE & OTHER EXPENSES		
Rent	5,805,986	5,920,759
Vehicle Running & Maintenance	8,327,863	5,930,730
Travelling & Conveyance	12,538,613	9,095,759
Rates, Taxes & Subscription	10,367,071	10,454,532
Security Service Charges	3,015,164	3,176,592
Printing & Stationery	2,826,535	2,751,315
Reasearch & Development Exp	2,237,626	1,583,854
Audit Fee	958,272	957,648
Tax Audit Fee	101,000	101,000
Certification Charges	60,000	129,255
Service Tax	0	58,140
Horticulture Expenses	859,131	696,027
Legal & Professional Expenses	6,607,975	8,519,593
Loss on Sale of Fixed Assets	12,844,081	0
Insurance	8,301,902	7,994,400
Telephone & Postage Expenses	5,383,239	4,433,189
Preliminary Expenses	1,076,316	1,076,316
Misc. Expences	4,277,547	7,801,157
TOTAL	85,588,321	70,680,266
SCHEDULE '14'- SELLING DISTRIBUTION & OTHER EXPENSES		
Freight & Forwarding Expenses	726,601,002	682,913,278
Business Promotion Expenses	15,081,192	13,418,406
Sales Commission	25,713,474	15,425,589
TOTAL	767,395,668	711,757,273
SCHEDULE '15'- FINANCIAL EXPENSES		
Interest on Term Loans,Working Capital loans & NCD.	120,310,505	88,936,955
Bank Interest and Charges	42,389,899	35,338,105
TOTAL	162,700,404	124,275,060

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31 ST MARCH-2007**SCHEDULE – 16****A. SIGNIFICANT ACCOUNTING POLICIES****A.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The Financial Statements are prepared on Historical Cost convention and Accrual Basis, in accordance with applicable Accounting Standards and the relevant disclosure requirements of the Companies Act 1956.

A-2 USE OF ESTIMATES

The preparation of financial statements is in conformity with GAAP which requires that the management of the company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balance of the assets and the disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates includes the useful life of fixed assets, provision for doubtful debt / advances, future obligation in respect of retirement benefit plans etc. Actual results could differ from these estimates.

A.3 FIXED ASSETS

- a) Fixed Assets are stated at original cost, less depreciation, except in case of leasehold land which is stated at revalued cost.
- b) Cost of fixed assets comprises purchase price, duties, levies and any directly attributable cost of bringing the assets to its working condition for the intended use. Borrowing cost related to the acquisition or construction of the qualifying fixed assets for the period up to the completion of their acquisition or construction are included on the book value of the assets.
- c) All costs relating to up gradations / enhancements are generally charged off as revenue expenditure unless they bring significant additional benefits of lasting nature.
- d) Capital work in progress comprises of fixed assets acquired and other incidental cost that are not ready for intended use before the balance sheet date.
- e) Impairments
 - i) The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal / external factors. An impairments loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

- ii) After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

A.4 INVENTORIES

Inventories are stated at lower of cost or net realisable value. The cost of various categories of inventories is arrived at as under: -

- I) Raw material and packing material is valued at cost on FIFO method.
- II) Stores & spares parts purchased are taken as consumption during the year.
- III) The realisable costs of inventories of finished goods are arrived at Direct Costing Method, based on FIFO formula.
- IV) By Products are valued at net realizable value.

A.5 REVENUE RECOGNITION**i) Sales**

Sales of goods are accounted for on C&F basis and are net of discount and sales return.

ii) Purchases

Purchases are accounted exclusive of animal's waste and other materials returned to the suppliers as per practice prevailing in the trade.

iii) Income

Revenue is recognised only when there is reasonable certainty that the ultimate collection will be made.

A.6 DEPRECIATION

- i) Depreciation is provided under the Straight Line Method at the rates and in the manner prescribed in schedule XIV of the Companies Act, 1956.
- ii) Leasehold land is being amortised over the period of lease.

A.7 RETIREMENT BENEFITS**a) Gratuity and Leave Encashment**

The provision for Gratuity and Leave Encashment are determined on an actual calculation basis certified by the personal department at the end of the year and charged to the revenue every year.

b) Provident Fund

Eligible employees receive benefit from provident fund, which is defined contribution plan for which both employees and the company make monthly contribution to the provident fund equal to a specified percentage. Retirement benefits in the form of provident fund are charged to profit and loss account of the year when contribution to the fund is due. The company has no further obligations under the provident fund plan beyond its monthly contribution.

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31 ST MARCH-2007**A.8 FOREIGN EXCHANGE TRANSACTIONS**

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction.

Exchange differences arising on foreign currency transactions settled during the year are recognised in the profit and loss account for the year.

All foreign currency denominated monetary assets and liabilities are translated at the exchange rates prevailing on the Balance Sheet date. The resultant exchange differences are recognised in the profit and loss account for the year, other than exchange differences related to the liabilities for acquisition of fixed assets that are adjusted to the cost of fixed assets.

A.9 TAXATION

Provision for Income Tax is made on the basis of the result of the year. In accordance with Accounting standard 22- Accounting for taxes on income, issued by the Institute of Chartered Accountants of India, the deferred tax for timing differences between the book and tax profits for the year is accounted for using the tax rates and laws that have been enacted or substantively enacted as of the Balance Sheet date.

Deferred tax liabilities and assets arising from temporary timing differences are recognised to the extent there is reasonable certainty that the assets can be realised in future.

Current year tax & Fringe Benefit tax is accounted for in accordance with the provisions of the Income Tax Act, 1961.

Current year Deferred Tax has not been provided by the Subsidiary being 100% EOU, the profit of which are exempt u/s 10B of the Income Tax Act, 1961.

A.10 CONTINGENT LIABILITIES & PROVISIONS

In terms of the requirement of accounting standard 29 (AS-29) on "Provisions, Contingent Liabilities and Contingent Assets".

- a) Where, as a result of past events, there is a present obligation that probably requires an outflow of resources and reliable estimates can be made of the amount of obligation – an appropriate provision is created and disclosed;
- b) Where, as a result of past events, there is a possible obligation that may, but probably will not require an outflow of resources– no provision is recognized but appropriate disclosure made as contingent liability unless the possibility of outflow is remote.

A.11 CONSOLIDATION OF FINANCIAL STATEMENTS

- a) The consolidation of accounts of the company with its subsidiary company, "Hind Agro Industries

Limited" has been done on the basis of AS-21 issued by The Institute of Chartered Accountants of India.

- b) The consolidated financial statements have been prepared using uniform accounting policies in accordance with Generally Accepted Accounting Principles (GAAP).
- c) The effect of intra group transactions are eliminated in consolidation.

B. NOTES TO CONSOLIDATED ACCOUNTS :

B.1 Hind Industries Limited (hereinafter referred to as 'the Holding Company') holds 56.56% shares of equity share Capital of Hind Agro Industries Limited (hereinafter referred to as 'the subsidiary Company'). The Subsidiary Company has been incorporated under Companies Act, 1956 and follows the same financial year and reporting date as holding Company.

B.2 In case of Subsidiary company, consequent to the sanction of One Time Settlement by both the Financial Institutions i.e. IFCI & IDBI, the settlement of term loan has been made in Indian Currency. Hence, during the year there is no realignment of the value of foreign currency loans resulting in the impact on the rupee liability of the Company.

B.3 Holding company has received the final approval in respect of negotiated settlement of dues from IFCI dated 21-06-2005 whereas the company has complied with the terms & conditions specified as per renegotiated settlement of dues during the year and accordingly the company has reversed the excess liabilities of Rs. 6.38 crores in proportion to time period of repayment as the company is reasonably sure to comply with the terms of renegotiated settlement.

B.4 The Subsidiary company had approached the Financial Institutions i.e. IDBI & IFCI for Negotiated Settlement of dues :

- a) Against which, IDBI had agreed vide their letter dated 05-07-2005 to Company's proposal for negotiated one time settlement through Stressed Assets Stabilisation Fund, to accept a sum of Rs. 2140 lacs for their dues (against the book outstanding of Rs. 3228 lacs as on 31-03-2005), which includes Term Loan, NCD and interest thereon. Further, said amount will carry interest of 8 % per annum from the date of settlement with other obligations and is to be paid in Twelve Quarterly Installments, beginning from July, 2005 with 10 % upfront payment. Thereby, IDBI has agreed to total waive-off Rs. 1088 lacs, which includes interest and principal, and has been recognized as income by the company on quarterly equated basis over the period of repayment of the settlement amount. During the year the company

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31 ST MARCH-2007

- has paid the principal and interest thereon only for the quarter upto June, 2006. As per Negotiated Settlement of Dues, clause 1 of Appendix of letter dated 5.7.2005, in case the company defaults in payment of amount on due dates, it shall pay interest @ 14% p.a. and liquidated damages @ 2% p.a. on the defaulted amount for the period of default. Since the company has provided the interest @ 8% p.a., instead of rate as stipulated above, therefore the company has short provided the interest on IDBI Negotiated Term Loan by Rs.68.10 lacs. However, the company has made request to the IDBI (SASF) for rescheduling of unpaid dues, which are being examined. However, in the absence of availability of classification between NCD and Term Loan, the same has been reflected as Liability Restructuring account separately to the extent of benefit received under the OTS. Out of the said amount, Rs. 362.75 lacs has been recognized as income during the year under the head "IDBI Liability Written Back". But during the year the Subsidiary Company has defaulted in repayment of installments of negotiated settlements as accepted with financial institutions.
- b) Against which, IFCI had agreed vide their letter dated 18-12-2005 to Company's proposal for negotiated one time settlement, to accept a sum of Rs. 2390 lacs, with a further sum of Rs. 107 lacs, for their dues (against the book outstanding of Rs. 4082.08 lacs as on 31-03-2005), which includes Term Loan, NCD and interest thereon. Of the above settled amount, Rs. 2328 lacs carries interest of 8 % per annum from 15-12-2005, with other obligations and is to be paid in Twenty Quarterly Installments, beginning from 15-12-2005. Thereby, IFCI has agreed to total waive-off Rs. 1585.08 lacs, which includes interest and principal, and has been recognized as income by the company on quarterly equated basis over the period of repayment of the settlement amount. During the year the company is regular in payment of principal and interest to IFCI in terms of the negotiated settlement. However, in the absence of availability of classification between NCD and Term Loan, the same has been reflected as Liability Restructuring account separately to the extent of benefit received under the OTS. Out of the said amount, on the basis of payment made by the company for Rs. 465.60 lacs towards four quarterly installment, Rs. 317.02 lacs has been recognized as income during year under the head "IFCI Liability Written Back".
- B.5** Directors of the Holding Company have given personal guarantee to Industrial Finance Corporation of India Limited for Rs. 1795.30 lacs.
- B.6** The current assets, loans and advances are realisable at the value stated in the balance sheet, in the ordinary course of business.
- B.7** Balance under sundry creditors, sundry debtors, Loan and advances are subject to confirmation and reconciliation and consequent adjustments thereof.
- B.8** Detailed accounting policies and Notes on Accounts of the Holding and Subsidiary Company are set out in their respective financial statements.
- B.9** In case of Subsidiary company, Cess under section 441A of the Companies Act, 1956, has not been provided/ deposited in view of the fact that notification as required under the Act has not yet been issued by the Central Government.
- B.10** There exists no indication for the management to conclude that any of its cash generating units impaired and accordingly no provision for impairment is required to be made in the financial statement.
- B.11** A sum of Rs.287.24 lacs has been capitalized as pre-operative expenditure under the head "High Security Registration Number Plate (HSRNP)". The expenditure is separately shown under WIP as the unit has not yet commenced production.
- B.12** Reserve for Redemption of NCD :
In case of Subsidiary company, no Reserve on this account has been created considering that one time settlement has already been made with IDBI and IFCI and the NCD liability has been converted into Term Loan.
- B.13** The Subsidiary company has filed an appeal on June 25, 2003 under section 128 of Customs Act, 1962 with the Commissioner of Customs (Appeal), New Delhi, for claiming the refund of Cess amounting to Rs. 1,42,28,645/- paid under protest by the company. Against the same, the company has received a sum of Rs. 39,34,904/= as refund on part relief given by the Commissioner. The company has preferred an Appeal for the balance amount of Rs. 1,02,93,741/= before the Hon'ble High Court..
- B.14** In case of Subsidiary company, the total cost of Bio-Methenation Plant is Rs 325.00 lacs plus USD 600,000, out of which 50 % is being paid as Grant by the Government directly to the Supplier. The Company has already paid Rs. 289.34 lacs and same is included in Capital Work In Progress. The Government share of grant will be adjusted in the year of completion.
- B.15** The Subsidiary company is entitled for adjustment of Sales Tax due for the period from 26.09.1997 to 25.06.2012 amounting to Rs.7594.39 lacs. The Sales tax assessments have been completed up to the financial year 2003-2004. The balance amount to be adjusted from 1.4.2004 to 25.06.2012 is Rs.6414.82 lacs.



SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31 ST MARCH-2007

B.16 The Holding Company has paid a sum of Rs.50 lacs towards purchase of shares from Uttar Pradesh Pashudhan Udyog Nigam Ltd. (UPPUNL) and balance liability, if any, of Rs. 150 lacs is payable in accordance

with agreement entered into with the said corporation. However the company has not provided the liability, which is recoverable in the opinion of the management.

C.1 Accounting for Deferred Tax on Income (Accounting Standard – 22) :

(Rs. In lacs)

Particulars	Year Ended 31.03.2007	Year Ended 31.03.2006
a) Deferred Tax Assets on account of timing difference :		
i) Provision for Doubtful Debts	32.31	32.31
ii) Provision for Gratuity	28.52	20.78
iii) Provision for Leave Encashment	2.43	1.63
iv) Carry forward losses	286.11	514.32
Total	349.37	569.04
b) Deferred Tax Liability on account of timing difference :		
i) Depreciation on fixed assets	770.28	693.80
Total	770.28	693.80
Net Deferred Tax Liability (b-a)	420.91	124.76

C.2 RELATED PARTY DISCLOSURES

SN	Name of the Related Party	Nature of Relationship	Nature of Transaction	Debit Rs. in lacs	CREDIT Rs. in lacs	BALANCE AMOUNT ON 31.03.2007 AS (Rs. In Lacs)
1.	Al-Mashriq Exports Pvt. Ltd.	i) Company in which KMP* are interested. II) Company in which Directors are interested.	i) Business Transactions II) Business Transaction	— 0.40	(92.26) 0.40	(92.26) NIL
2.	Eatcco Foods Pvt. Ltd.	i) Company in which KMP* are interested. II) Company in which Directors are interested.	i) Business Transactions II) Business Transaction	0.25 14.20	0.25 0.13	NIL Dr. 14.07
3.	Islamuddin & company	i) Firm in which KMP* are interested. i) Firm in which KMP* are interested. ii) Firm in which MD is Partner.	i) Rent ii) Business Transaction ii) Rent	10.45 17.00 18.00	10.45 17.00 18.00	NIL NIL NIL
4.	Hind Air Link Pvt Ltd	i) Company in which KMP* are interested. II) Company in which Directors are interested.	Business Transactions	170.10 2.40	170.10 2.40	NIL NIL
5.	Hind Air Services Pvt Ltd	Company in which Directors are interested.	Business Transactions	17.54	1.25	Dr. 16.29
6.	Fast Trax Food Pvt Ltd	i) Company in which KMP* are interested. iii) Company in which Directors are interested.	i) Business Transactions ii) Business Transactions	467.13 493.70	467.13 177.73	NIL Dr. 315.97

**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31 ST MARCH-2007**

SN	Name of the Related Party	Nature of Relationship	Nature of Transaction	Debit Rs. in lac	CREDIT Rs. in lac	BALANCE AMOUNT ON 31.03.2007 AS (Rs. In Lacs)
7.	Prime Packaging	Firm in which Directors are interested.	Supply of Packing Material.	160.19	171.99	Cr. 11.80
8.	Samar Travels & Cargo Pvt Ltd	i) Company in which KMP* are interested. iii) Company in which Directors are interested.	i) Business Transactions ii) Business Transactions	13.11 19.68	— 2.50	Dr. 13.11 Dr. 17.18
9.	Hind Biopharmaceuticals Ltd.	Company in which Directors are interested	Business Transactions	12.19	—	Dr. 12.19
10.	Integrated Livestock Village Farm Pvt. Ltd.	Company in which Directors are interested	Business Transactions	55.88	37.90	Dr. 17.98
11.	Shri Sirajuddin Qureshi	i) KMP* ii) KMP*	i) Remuneration ii) Rent	28.36 5.40	28.36 5.40	NIL NIL
12.	Mrs. Kiran Qureshi	i) Relative of KMP* ii) Relative of KMP*	i) Rent ii) Rent	2,408.40 8.40	2.40 8.40	NIL NIL
13.	Dr. S.K. Ranjhan	Director	Consultancy	2.62	2.62	NIL
14.	Dr. Naseem Qureshi	KMP*	Remuneration	6.30	6.30	NIL
15.	Mr. Samar Qureshi	KMP*	Remuneration	22.32	22.32	NIL
16.	Mr. S.K. Gupta	KMP*	Remuneration	8.75	8.75	NIL

*KMP = Key Management Personnel

C.3 EARNING PER SHARE

(Rs. In Lacs)

	2006-2007	2005-2006
Consolidated Profit after Tax	1462.38 lacs	949.84 lacs
Less : Minority Interest	467.54 lacs	338.71 lacs
Balance Profit	994.84 lacs	611.13 lacs
Weighted No. of Shares	8636240	8636240
Consolidated Basic and Diluted Earning per share	11.52	7.08

C.4 CONTINGENT LIABILITIES**1. Claims against the Company not acknowledged as Debt :**

Rs.Nil. (Previous Year : NIL)

2. Guarantees and other contingencies

	2006-2007 (Rs. in lacs)	2005-2006 (Rs. in lacs)
a) Given to others	Rs. 43.18	Rs. 42.75
b) Counter Guarantees executed by Bank	Rs. 99.55	Rs. 94.25
3. Bills Discounted from Banks	Rs. 5795.07	Rs. 4055.50
4. Income Tax Demand under appeal Not provided for	Rs. 295.16*	Rs. 44.14

(*) In view of carry forward losses, the demand may not arise.



SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31 ST MARCH-2007

C.5 CONSOLIDATED SEGMENT REPORTING

A – Primary Segment - Geographical

The company is in export business of meat products only, and hence, risk and returns are perceived on the basis of Geographical wise sales based on location of the customers.

Country's Name	Segment Revenue	Segment Expense	Segment Result	Inter Segment Sales	Segment Assets	Segment Liabilities	Capital Expenditure	Depreciation	Non Cash Expenditure other than Depreciation
External Sales									
AFRICAN COUNTRIES	2518.64	2507.93	10.71	—	101.97	—	—	—	—
	327.15	322.53	4.62	—	18.02	—	—	—	—
GULF COUNTRIES / MIDDLE EAST	30096.81	28228.28	1868.53	—	5147.34	—	—	—	—
	22879.11	21636.88	1242.23	—	4532.24	—	—	—	—
EUROPEAN COUNTRIES	61.02	60.76	0.26	—	13.39	—	—	—	—
	787.86	776.74	11.12	—	0.50	—	—	—	—
SOUTH EAST ASIA	18931.19	18316.72	614.47	—	1518.75	—	—	—	—
	18345.08	17737.54	607.54	—	1354.07	—	—	—	—
CIS COUNTRIES	145.74	145.12	0.62	—	0.00	—	—	—	—
	235.72	232.40	3.33	—	2.38	—	—	—	—
AUSTRALIA	0.00	0.00	0.00	—	0.00	—	—	—	—
	277.45	273.54	3.92	—	0.00	—	—	—	—
TOTAL	51753.40	49258.81	2494.59	—	6781.45	—	—	868.71	—
	42852.37	40979.63	1872.74	—	5907.21	—	—	866.37	—
UNALLOCABLE	6108.53	6874.57	-766.04	—	24910.91	21656.58	—	—	—
	6348.12	7244.45	-896.33	—	23526.23	20337.96	—	—	—
TOTAL	57861.93	56133.38	1728.55	—	31692.36	—	—	—	—
	49200.49	48224.08	976.41	—	29433.44	—	—	—	—

D. Additional information pursuant to the provision of paragraphs 3 & 4 of part IInd of schedule VI to the Companies Act, 1956 :

D.1 PARTICULARS OF CAPACITY USED *

	ITEMS	QUANTITY (MT) AS AT 31-03-2007	QUANTITY (MT) AS AT 31-03-2006
Licensed Capacity	Fresh & Frozen Meat	145000.00	145000.00
Installed Capacity	Fresh & Frozen Meat	145000.00	145000.00
Actual Production	Sheep	3410.896	2824.308
	Buffalo	64940.959	60944.352

* As certified by the management and relied upon by the Auditors being a technical matter.

**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31 ST MARCH-2007****D.2 DETAILS OF PURCHASES, SALES AND CLOSING STOCK FOR THE YEAR ENDED 31ST MARCH, 2007**

Part.	Opening Stock (MT)	Production (MT)	Sales (MT)	Value (Rs)	Closing Stock (MT)	Value (Rs)
Fresh	Nil	3410.896	3410.896	552629944	Nil	Nil
	(Nil)	(2824.308)	(2824.308)	(450845065)	(Nil)	(Nil)
Frozen (Buffalo)	9887.974	64940.959	65159.206	4622709309	9669.727	642688715
	(10070.993)	(60944.352)	(61127.371)	(3834393954)	(9887.974)	(576719173)

(Previous year figures are shown in brackets)

D.3 DETAILS OF RAW MATERIAL CONSUMED

(ii)	2006-2007		2005-2006	
	Qty. (M.T.)	Value (Rs.)	Qty. (MT)	Value (Rs.)
Fresh	3809.448	359534119	2980.099	271778822
Frozen (Buffalo)	85958.095	3559368810	79491.735	3091973314

D.4. EXPENDITURE IN FOREIGN CURRENCY

	2006-2007	2005-2006
Travelling Commission	Rs. 6337834 Rs. 25466384	Rs. 4492145 Rs. 15170430

D.5 VALUE OF IMPORTS

	AS AT 31.03.2007	AS AT 31.03.2006
Value of Imports(CIF Value)	Rs. 24727595	Rs. 7548778

D.6. EARNINGS IN FOREIGN CURRENCY

	AS AT 31.03.2007 (Rs in lacs)	AS AT 31.03.2006 (Rs in lacs)
FOB Value of Export Goods	47260.93	38118.79

E. Previous year's figures have been regrouped / restated wherever considered necessary to make them comparable with current year's figures.

For and on behalf of the Board**As per our Report of even date attached**

SIRAJUDDIN QURESHI
Chairman & Managing Director

Dr. NASEEM QURESHI
Director

S.K. GUPTA
Chief Financial Officer

D. GUHA
Sr. Manager (I.A.)
(Finance & Accounts)

ATUL AGGARWAL
Partner
M.No-99374

MOHD. ALI SHAUKAT
Senior Manager
(Finance & Accounts)

VIKAS SABARWAL
Company Secretary

Date : 31.08.2007
Place : New Delhi

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH - 2007**

Rs. in Lacs

Particulars	Year ended March 31, 2007	Year ended March 31, 2006
A) CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Taxation as per Profit & Loss Account	1,727.60	1,429.96
ADJUSTMENTS FOR		
Depreciation	776.64	851.50
Deferred Tax Expenses / Revenue	171.13	13.88
Income tax for Current Year	(63.86)	(54.72)
Income tax for Earlier Years	(32.66)	(1.17)
Fringe Benefit Tax	(43.67)	(2.20)
Preliminary Expenses	10.76	10.76
Interest Paid	1,627.01	1,242.75
Operating Profit Before Working Capital Changes	4,172.95	3,490.76
ADJUSTMENTS FOR		
Sundry Debtors	(864.41)	(313.40)
Inventory	(635.45)	(1,458.98)
Trade Receivables	(1,727.20)	(581.52)
Trade Payables	771.01	86.09
NET CASH FROM OPERATING ACTIVITIES.....A	1,716.90	1,222.95
B) CASH FLOW FROM FINANCE ACTIVITIES		
Purchase of Fixed Assets	(421.49)	(646.10)
Proceeds from Sale of Fixed Assets	361.54	14.15
Investments	5.62	(1.84)
NET CASH USED IN INVESTING ACTIVITIES.....B	(54.33)	(633.79)
C) CASH FLOW FROM FINANCE ACTIVITIES		
Secured Loan	(1,212.14)	(1,181.14)
Unsecured Loan	(383.53)	(108.60)
Proceeds from Borrowings	1,847.14	986.42
Interest paid	(1,627.01)	(1,242.75)
NET CASH USED IN FINANCE ACTIVITIES.....C	(1,375.54)	(1,546.07)
CASH FLOW DURING THE YEAR.....(A+B-C)	287.03	(956.91)
Cash & Cash Equivalents (Opening Balance)	284.91	1,241.82
Cash & Cash Equivalents (Closing Balance)	571.94	284.91

For and on behalf of the Board

As per our report of even date attached
for **M.K. AGGARWAL & CO.**
Chartered Accountants**SIRAJUDDIN QURESHI**
Chairman & Managing Director**DR. NASEEM QURESHI**
Director**(ATUL AGGARWAL)**
Partner
(Membership No. 99374)**S.K. GUPTA**
Chief Financial Officer**D. Guha**
Sr. Manager (I.A.)
(Finance & Accounts)**MOHD. ALI SHAUKAT**
Sr. Manager
(Finance & Accounts)**VIKAS SABHARWAL**
Company SecretaryDATE : 31.08.2007
PLACE : NEW DELHI



Hind Industries Limited

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

ATTENDANCE SLIP

L.F. No. _____ No. of Shares Held _____

DP/CLIENT ID _____

Name (s) in full	Father/Husband's Name	Address as Regd. with the Company/DP
1. _____	_____	_____
2. _____	_____	_____
3. _____	_____	_____

I/We hereby record my presence at the 34th ANNUAL GENERAL MEETING of the Company held on Saturday, 29th September, 2007 at 9.30 a.m. at Seble Hall, Main Mathura Road, Badarpur, New Delhi - 110 044.

SIGNATURE OF THE ATTENDING MEMBER/PROXY.

THIS ATTENDANCE SLIP, DULY FILLED IN IS TO BE HANDED OVER AT THE REGISTRATION COUNTER
(The entrance for the shareholders shall be open one hour before the time of meeting.)

----- **TEAR HERE** -----



Hind Industries Limited

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

PROXY FORM

I/We, being a member/members of Hind Industries Limited hereby appoint _____ or failing him/her _____ of _____ as my/our proxy to vote for me/us and on my/our behalf at the 34th Annual General Meeting of the Company held on Saturday, 29th September, 2007 at 9.30 a.m. at Seble Hall, Main Mathura Road, Badarpur, New Delhi - 110 044. and any adjournment thereof.

L.F. No. _____ No. of Shares Held _____

DP/CLIENT ID _____

Name (s) in full	Father/Husband's Name	Address as Regd. with the Company/DP
1. _____	_____	_____
2. _____	_____	_____
3. _____	_____	_____
Signature of Shareholder (s)		
1. _____	2. _____	3. _____
Signature of Proxy (s)		
1. _____	2. _____	3. _____

**Affix
one Rupee
Revenue
Stamp**

NOTE :

- The Proxies in order to be effective should be duly stamped, completed and signed and must be reached at the Registered Office of the Company at least 48 hours before the time fixed for holding the aforesaid meeting.
- Proxy need not be a member of the Company.
- Proxy can not speak at the meeting or vote on show of hands.