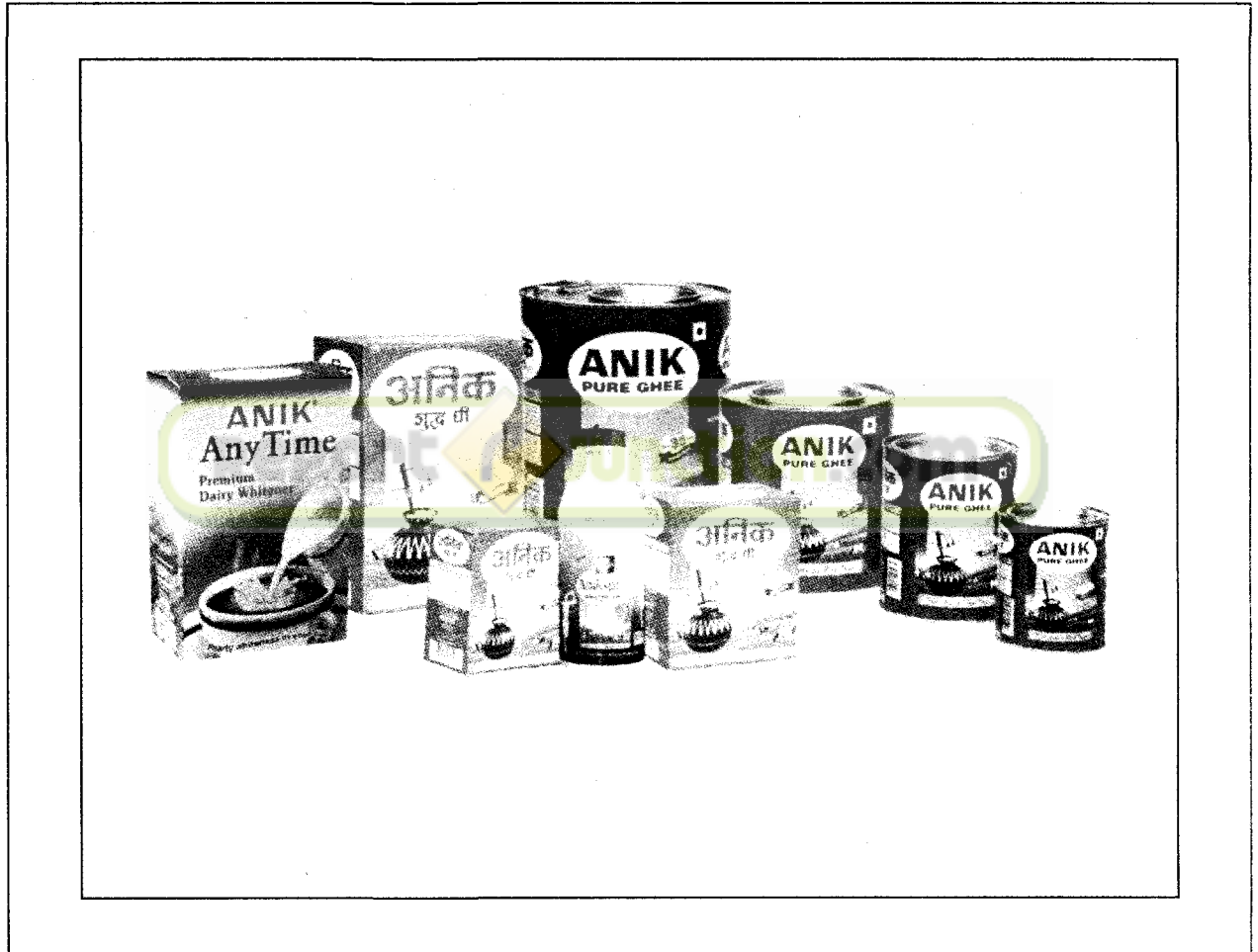


# 30<sup>TH</sup> ANNUAL REPORT 2005-06



**ANIK INDUSTRIES LIMITED**  
(Formerly Madhya Pradesh Glychem Industries Ltd.)



**Board of Directors**

Mr. Kailash Chandra Shahra	-	Chairman
Mr. Suresh Chandra Shahra	-	Managing Director
Mr. Manish Shahra	-	Executive Director
Mr. Ashok Trivedi	-	Whole Time Director
Mr. P. D. Nagar		
Mr. P. S. Santhanakrishnan		
Mr. Hemant Thakkar		
Mr. Rakesh Khandelwal		
Mr. Ashok Mehta		

**Company Secretary**

Mr. Manish Parikh

**Registered Office**

610, Tulsiani Chambers,  
Nariman Point, Mumbai - 400 021

**Works:****Dairy Units**

1. Vill. Bilawali, Dewas Maksi Road,  
Dewas (M.P.)
2. Dairy Complex, Kasganj Road,  
Etah (U.P)

**Wind Power Units**

1. Village Gorera, Dist. Jaisalmer (Raj.)
2. Village Nagda, Dist. Dewas (M.P)

**Administrative & Corporate Office**

201, Mahakosh House,  
7/5, South Tukoganj, Indore - 452 001

**Registrar & Share Transfer Agent**

Sarthak Global Limited

170/10, Film Colony,

R.N.T. Marg,  
Indore (M.P.) 452 001

**Bankers**

Dena Bank  
Punjab National Bank  
Central Bank of India  
Oriental Bank of Commerce  
State Bank of Indore  
State Bank of Travancore  
State Bank of Bikaner & Jaipur  
Bank of India  
The Jammu & Kashmir Bank Ltd.  
Syndicate Bank

**Auditors**

Ashok Khasgiwala & Co.,  
Chartered Accountants,  
317, Chetak Centre Annex,  
R.N.T. Marg, Indore (M.P.) 452 001

**30<sup>th</sup> Annual General Meeting will be held at Sunville  
Deluxe Pavilion, Sunville Building, 9, Dr. Annie Besant  
Road, Worli, Mumbai-400 018 on 28<sup>th</sup> December, 2006  
at 1.00 p.m.**

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## ANNUAL REPORT 2005-06

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting Thirtieth Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31<sup>st</sup> March, 2006.

As you all are well aware that during the year under review, a restructuring and consolidation process within the Ruchi Group has taken place vide a Composite Scheme of Arrangement and Amalgamation. By way of the Composite Scheme your Company has transferred its Soya Processing, Vegetable Oils & Fats and Food Businesses (other than Dairy Business) (in short 'SVF Business') to Ruchi Soya Industries Limited on slump sale basis. In an other measure of consolidating itself in Dairy Business, a dairy company M/s. Anik Industries Pvt. Ltd. has been merged with your company under the same Composite Scheme. Anik Industries Pvt. Ltd. is an eminent name in the business of Dairy. The Hon'ble High Court of Mumbai vide its order dated 30.06.2006 has approved the aforesaid Composite Scheme of Arrangement and Amalgamation and the said Composite Scheme has been made effective w.e.f. 4<sup>th</sup> September, 2006.

In a further step of establishing your Company at National level in the business of Dairy, the name of your Company has also been changed w.e.f. 8<sup>th</sup> September, 2006 as 'ANIK INDUSTRIES LIMITED' with new business logo printed on the cover page of this Annual Report.

*It is a matter of specific attention that though the Composite Scheme has become effective w.e.f. 4<sup>th</sup> September, 2006 but the appointed date fixed for giving effect to Composite Scheme is 1<sup>st</sup> April, 2005. Therefore, the previous year figures are not comparable with the current year figures.*

## FINANCIAL RESULTS

	2005-2006	(Rs.in Lacs) 2004-05
Sales and other Income	21827.79	1,09,302.78
Gross Profit	1348.57	2223.77
Depreciation	212.95	565.04
Profit before tax	1135.62	1658.73
Provision for Taxation for the year	725.00	145.00
Provision for Fringe Benefit Tax	9.75	---
Provision for Deferred Taxation for the year	28.63	345.46
Income tax adjustments for earlier years	0.33	2.66
Deferred Tax related to units transferred-reversed	1091.02	---
Profit after Taxation	1462.93	1170.93
Balance brought forward from previous year	4728.06	3851.18
Amount Available for Appropriation	6190.99	5022.11
Transfer to General Reserve	36.57	29.27
Proposed Dividend on Equity Shares	305.29	232.21
Tax on Dividend	42.82	32.57
Surplus carried to Balance Sheet	5806.31	4728.06
	6190.99	5022.11

## DIVIDEND

Your Directors are pleased to recommend a dividend of 11% (Rs 1.10/- per equity share) for the year ended 31<sup>st</sup> March, 2006 on Equity Share Capital of Rs. 27.75 Crores (out of which equity shares of Rs 6.64 Crores are yet to be allotted but are eligible to get dividend as per Composite Scheme of Arrangement and Amalgamation) involving an outgo of Rs. 305.29 Lacs. Additionally, dividend distribution tax at 14.025 % (including surcharge & education cess) will involve an outlay of Rs. 42.82 Lacs which will be borne by the Company.

**OPERATIONS**

As aforesaid discussed during the year 2005-06, the consolidation within the Ruchi Group has taken place. By result of which SVF business of the Company is transferred to Ruchi Soya Industries Ltd. while a renowned dairy Company M/s. Anik Industries Pvt. Ltd. is merged with your Company. Therefore, Dairy has become core business of Company alongwith wind power and real estate business to some extent. Company is having two very famous dairy brands in its beg 'ANIK' and 'SOURABH' and the core concentration of the Company is to increase its consumer base by selling its products in consumer pack. Though tough competition exists in dairy business, prudent management policies, better economies of scales and stringent cost control measures enabled us to maintain competitive position in the industry.

During the year under review, Gross Turnover of the Company is Rs. 21827.79 lacs, the Profit Before Tax is Rs. 1135.62 lacs and Net Profit stood at Rs.1462.93 lacs. These figures are not comparable with the previous years as Composite Scheme has come into force w.e.f. 1<sup>st</sup> April, 2005.

**FOREIGN EXCHANGE EARNINGS**

During the year under review, your company's earnings from export of goods on FOB basis was Rs. 448.84 lacs earned through export of SMP and WMP. Company is eyeing other countries with additional products to increase its foreign earnings.

**PUBLIC DEPOSITS**

The Company has not accepted any deposits from the public during the year under review.

**INSURANCE**

All properties and insurable interests of the Company including Building and Plant & Machinery have been adequately insured.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

Information as per section 217(1)(e) read with Companies (Disclosures of Particulars in the report of Board of Directors) Rules, 1988 are given in the Annexure forming part of this Report.

**PARTICULARS OF EMPLOYEES**

Statement of particulars of employees as required by the provisions of section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended, and forming part of the Director's Report is annexed herewith as Annexure 'A'.

**HUMAN RESOURCE & INDUSTRIAL RELATIONS**

Industrial relations were harmonious throughout the year. The Board wishes to place on record their sincere appreciation for the co-operation extended by all employees in maintaining cordial relations.

**SEBI REGULATION AND LISTING FEES**

Since SEBI has stipulated electronic filing of Annual Report, Corporate Governance Report, Share holding pattern, etc on website [www.sebidifar.nic.in](http://www.sebidifar.nic.in) statements of your company can also be accessed at this website.

The Annual Listing Fees for the year under review has been paid to Bombay Stock Exchange Ltd. where your company's shares are listed.

**MANAGEMENT DISCUSSION AND ANALYSIS & CORPORATE GOVERNANCE**

Pursuant to clause 49 of the Listing Agreements with the Stock Exchange, a Management Discussion and Analysis, Corporate Governance Report and Auditors' certificate regarding compliance of conditions of Corporate Governance are made a part of the Annual Report.

**DIRECTORS' RESPONSIBILITY STATEMENT**

The Company is in compliance with various accounting and financial reporting requirements in respect of the financial statement for the period under review. Pursuant to section 217(2AA) of the Companies Act, 1956, and in respect of the annual accounts for the period under review, the Directors hereby confirm that:

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures.
- (ii) Appropriate accounting policies have been selected and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the Company for that period;
- (iii) Proper and sufficient care for 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 have been taken to the best of their knowledge and ability.
- (iv) The annual accounts have been prepared on a "going concern basis".

**ANNUAL REPORT 2005-06****DIRECTORS**

Mr. Kailash Chandra Shahra and Mr. Hemant Thakkar, Directors of the Company retire by rotation in accordance with the provisions of the Articles of Association of the Company and being eligible offer themselves for reappointment.

**AUDITORS & AUDITORS REPORT**

The Auditors M/s. Ashok Khasgiwala & Co., Chartered Accountants, retire at the forthcoming Annual General Meeting and are eligible for re-appointment. The notes referred to by the Auditors in their Report are self explanatory and hence do not require any explanation.

**ACKNOWLEDGEMENTS**

The Directors wish to convey their appreciation to all of the Company's employees for their enormous personal efforts as well as their collective contribution during the year. The Directors would also like to thank the Shareholders, customers, suppliers, bankers, financial institutions and all other business associates for their continuous support given by them to the Company and their confidence in the management.

For and on behalf of the Board of Directors

Place : Indore

**(KAILASH CHANDRA SHAHRA)**

Date : 2<sup>nd</sup> December, 2006

Chairman

**ANNEXURE 'A' TO THE DIRECTORS' REPORT**

Statement of particulars of employees as required by the provisions of section 217 (2A) of the Companies Act, 1956, read with Companies, (Particulars of Employee) Rules, 1975 as amended, and forming part of the Director's Report of the year 2005-06.

Name	Designation	Qualification	Experience	Date of Joining	Remuneration (in Rs.)	Age (yrs.)	Last employment
Mr. Suresh Chandra Shahra	Managing Director	B.E.	41 years	26-07-93	24,09,360	62	N.A.

Notes :

1. Nature of employment is contractual. Other terms & conditions are as per the Company's rules.
2. Mr. Suresh Chandra Shahra is related to Mr. Kailash Chandra Shahra, Chairman and Mr. Manish Shahra, Executive Director of the Company.
3. Remuneration received includes salary, contribution to provident fund, gratuity fund and other perquisites evaluated in accordance with the Income Tax rules as applicable.

**ANNEXURE 'B' TO DIRECTORS' REPORT**

Information as per section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Director's) Rules, 1988 and forming part of the Directors Report for the year ended 31<sup>st</sup> March, 2006

	<b>Current Year</b> <b>2005-06</b>	Previous Year 2004-05
<b>1 CONSERVATION OF ENERGY</b>		
<b>A Power &amp; Fuel Consumption</b>		
<b>1 Electricity</b>		
(a) Units Purchased	<b>4659948</b>	15172579
Total Amount (Rs.)	<b>19505139</b>	66470268
Rate/ Unit (Rs.)	<b>4.19</b>	4.38
(b) Own Generation		
Units Produced	<b>1726682</b>	475490
Total Amount (Rs.)	<b>15356786</b>	3824909
Rate/ Unit (Rs.)	<b>8.89</b>	8.04
<b>2 Coal</b>		
Quantity(in MT)	<b>3048.45</b>	28893
Total Cost(Rs.)	<b>9047573</b>	56735126
Average Rate per MT (Rs.)	<b>2967.93</b>	1963.63
<b>3 Furnace Oil/ SKO/ Diesel</b>		
Quantity in Ltrs	<b>380136</b>	1143991
Total Cost (Rs.)	<b>6807498</b>	24279093
Rate Per Ltrs (Rs.)	<b>17.91</b>	21.22
<b>4 Other ( Husk, Saw Dust, etc.)</b>		
Quantity (Tons)	<b>4595.77</b>	---
Total Amount(Rs.)	<b>7390297</b>	---
Average Cost(Rs.)	<b>1608.07</b>	---
<b>B Consumption per unit of production</b>		
Electricity (Unit)	<b>199.22</b>	47.20
Coal (MT)	<b>0.10</b>	0.09
Furnace Oil (Ltrs.)	<b>11.86</b>	7.78
Other ( Husk, Saw Dust, etc.)	<b>0.14</b>	---

**2 TECHNOLOGY ABSORPTION**

The Company is keeping pace with the developments in the milk processing and other dairy products and adopting its plant in lines with these developments

**3 FOREIGN EXCHANGE EARNING AND OUTGO**

During the year under review, the foreign exchange outgo was Rs. 8069.41 Lacs (Previous year Rs. 35646 Lacs ) and the foreign exchange earning on exports was Rs. 448.84 (Previous year Rs. 9491 Lacs).

For and on behalf of the Board of Directors

**(KAILASH CHANDRA SHAHRA)**

Chairman

Place : Indore

Date : 2<sup>nd</sup> December, 2006

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### A. Industry Structure and Developments

During the year under review buoyant agriculture has pushed up the Gross Domestic Product (GDP) growth rate to 8.4%, up from 8.1% projected by the Government. Although the GDP rate of 8.4% is not the highest in the post-reform period, it is significant as it comes after the high growth rate of 7.5% recorded during the previous fiscal. The highest post-reform growth rate at 8.5% was witnessed in 2003-04.

India's milk and milk products output is set to outpace the growth in the global market. While world milk and milk products output is expected to grow by 2.6%, India is expected to register upto 4% increase. The country will account for nearly half of the expected 5% growth in Asia. As the largest single dairy producing country in the world, India's output continues to grow strongly in the 3-4% range, largely in response to internal demand growth and sustained by increasing productivity. India will account for nearly half the 226 million ton total milk output of Asia.

In wind power installed capacity, India now has the 5<sup>th</sup> largest capacity in the world which has reached 1870 MW. Out of which 1805 MW of the total installed capacity has come through commercial projects. About 11.80 billion units of electricity have been fed to various State grids from Wind power projects.

### B. Opportunities & Threats

#### a. Dairy Business :

In India potential is there for expansion in smaller towns. Technological upgradation with aim to provide nutrition, health and high quality are key factors for success in dairy business. With increasing understanding of quality milk and dairy products, consciousness about nutrition and unadulterated pasteurized liquid milk and increasing demand of modern dairy products like cheese, butter and ice-cream, companies are increasingly coming up with new milk base beverages and the products are well accepted in the market place. In years to come greater demand for unadulterated pasteurized liquid milk in poly pouches, high quality nutrition products will be the thrust area for growth.

Company is at present exporting SMP to different countries while the prospects of exporting WMP, Soya Protein Isolate and Concentrate and Casein is very bright. In European countries demand for these products at better rate is available. Export prospects of these products will help company to get noted in other countries.

#### b. Wind Power

Successful commissioning of Wind Power projects at Nagda Hills, Dewas (MP) and Jaisalmer (Raj) has shown the ability of the Company to diversify in non-conventional energy sector. In financial year 2005-06 Nagda Hills, Dewas Unit generated 23,46,897 electricity units while Jaisalmer Unit generated 8,92,218 electricity units. In India there is an estimated Gross Potential of 45,000 MW & Technical Potential of 13,000 MW. New initiatives have been taken in re-assessment and expansion of the wind resource base and large private sector corporations, public sector units and power utilities are being motivated to set up wind power projects.

#### c. Others

With the favourable monsoon, the current year has seen reasonable growth in agri-sector. The company tried hard to keep pace with past performance of previous years and got success in same to some extent. Our core competence remained in import-export operations and vast experience in agri-industry. The company proposes to continue to recognize the full potential agro commodities offer.

The future performance of your company would depend to a large extent on its ability to successfully introduce and market dairy products. We are hopeful that through the combination of market developments and expansion activity, there will be healthy growth over the next few years.

Your Company has also taken initiatives to enter in Real Estate business and become a major partner of M/s. Mahakosh Property Developers.



**C. Segment wise or product-wise performance**

Your company has identified three business segments in line with the accounting standard on segment reporting. These are:

Dairy Products	-	Milk, Ghee, Milk Powder and other Dairy products.
Wind Power	-	Wind Power Generation
Others	-	Trading of Steel, Pulses etc.

The segment wise performance in detail is given in Schedule 21, note 16 to the audited accounts of the company as available in this annual report.

**D. Outlook**

With increasing demand of dairy products of the Company, it is also proposed to raise the installed capacity of the Company in near future. During the year under review your company has successfully entered in states of Central India and products of the Company are welcomed in these market. Endeavors are continue to enter into Western and Southern parts of India also. We have started concentrating more on consumer packaged products instead of bulk and hopeful that this will further strengthen our position in the market.

Further, the Wind Power Projects of the Company are generating electricity satisfactorily. Electricity produced in Rajasthan Plant is being sold to Rajasthan State Electricity Board (RSEB) while in Madhya Pradesh we have captive consumption in our plant and remaining electricity is sold to Madhya Pradesh State Electricity Board. We see ecological power generation as the sunrise industry of tomorrow and have positioned ourselves to save the nature and to reap the reward for our stakeholders.

With our strong focus on core business activities and our competitive position, better performance is expected in the years to come.

**E. Risk and concerns**

The major risk and concerns attributed to the performance of the company are :

- The company is exposed to risks from market fluctuation of foreign exchange. Hence the erratic movement in foreign exchange rates and international prices of dairy products may influence the performance of the company. Change in duty structure may also affect adversely.
- Increase in input costs, change in tax structure, change in interest rates, changes in govt. policies / laws of land, development and stability of Indian economy against the negative external and internal forces may also impact the overall performance of the company.
- Profitability may be affected on account of competition from existing and prospective manufacturers of the company's products.
- Dairy business is basically based on monsoon. Unfavourable monsoon may affect the milk availability and Company may not get milk upto installed capacity and demand.

**F. Internal control system and their adequacy**

Your company has good and effective internal control system for its various units in respect of efficiency of operations, financial reporting, proper recording and safeguarding of assets, compliance with applicable laws and regulations, etc.

The adequacy of the same has been reported by the statutory auditors of your company in their report as required under the Manufacturing & Other Companies ( Auditors Report) Order, 2003.

**G. Financials**

(Rs. in Lacs)

<b>Balance Sheet</b>	<b>As at 31.03.06</b>	<b>As at 31.03.05</b>
1. Share Capital	2,775.35	2,111.05
2. Reserves and Surplus	13,304.19	6,826.14
3. Loans ( Secured & Unsecured )	15,463.95	15,234.35
4. Deferred Taxation ( Net)	536.83	1,599.22
5. Net Fixed Asset	6,153.67	9,828.20
6. Investments	1,489.63	1,074.81
7. Net Current Asset	24,437.02	14,867.75

(Rs.in Lacs)		
Profit & Loss Account	As at 31.03.06	As at 31.03.05
1. Sales	20,297.57	1,07,586.22
2. Other Income	1,530.22	1,716.57
3. Profit before Interest, Depreciation and Tax	2,247.08	3,548.04
4. Net Profit After Tax	1,462.93	1,170.93
5. Earning Per Share	5.27	5.55

#### H. Material development in Human Resources / Industrial Relations front

Your company considers the quality of its human resources to be most important asset and constantly endeavors to attract and recruit best possible talent. The number of people employed during the year was 206.

The industrial relations of the company continue to remain harmonious and cordial with focus on improving productivity and quality.

#### I. Cautionary Statement

Statements in this Management Discussion and Analysis describing the company's objectives, projections, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.

