



**31<sup>ST</sup> ANNUAL REPORT**  
**2006-07**



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



**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors have pleasure in presenting Thirty First Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31<sup>st</sup> March, 2007.

**FINANCIAL RESULTS**

The Performance of the Company for the financial year ended on 31<sup>st</sup> March, 2007 is summarized below:

	2006-07	(Rs.in Lacs) 2005-06
Sales and other Income	<b>47890.94</b>	21827.79
Gross Profit	<b>2053.50</b>	1348.57
Depreciation	<b>231.96</b>	212.95
Profit for the year	<b>1821.54</b>	1135.62
Prior period adjustment	<b>.07</b>	—
Profit before tax	<b>1821.61</b>	1135.62
Provision for Taxation for the year	<b>645.00</b>	725.00
Provision for Fringe Benefit Tax	<b>16.00</b>	9.75
Provision for Deferred Taxation for the year	<b>6.97</b>	28.63
Income tax adjustments for earlier years	---	0.33
Deferred Tax for earlier years	---	1091.02
Profit after Taxation	<b>1153.64</b>	1462.93
Balance brought forward from previous year	<b>5806.31</b>	4728.06
Amount Available for Appropriation	<b>6959.95</b>	6190.99
Transfer to General Reserve	<b>28.84</b>	36.57
Proposed Dividend on Equity Shares	<b>333.04</b>	305.29
Tax on Dividend	<b>56.60</b>	42.82
Surplus carried to Balance Sheet	<b>6541.47</b>	5806.31
	<b>6959.95</b>	6190.99

**DIVIDEND**

Your Directors are pleased to recommend a dividend of 12% (Rs 1.20/- per equity share) for the year ended 31<sup>st</sup> March, 2007 on Equity Share Capital of Rs. 27.75 Crores for involving an outgo of Rs. 333.04 Lacs. Additionally, dividend distribution tax at 16.995 % (including surcharge & cess) will involve an outlay of Rs. 56.60 Lacs which will be borne by the Company.

**OPERATIONS**

The overall performance of the Company showed considerable improvement as compared to the previous year with revenue growing by 119%. This improvement is appreciable since it came in the succeeding year of amalgamation and arrangement within group. Your company has shown its potential to grow and recorded a gross turnover of Rs. 47890.94 lacs as compared to Rs. 21,827.79 lacs in the previous year. Net Profit stood at Rs. 1153.64 lacs.

Management of the Company under the direction of your Board of Directors is continued in achieving the targets of cutting down in the cost of operations and getting efficiency in this area by using better alternate resources / means.

**FOREIGN EXCHANGE EARNINGS**

Your company remain committed to enlarge foreign exchange earnings. During the year under review, your company's earnings from export of goods on FOB basis was Rs. 1391.60 lacs earned through export of SMP, Soyabean Meal & Cotton. Company is eying other countries with additional products on opportunity basis 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 as Annexure 'B' forming part of this Report.

**PARTICULARS OF EMPLOYEES**

Statment of particulars of employees as required by the provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended and forming part of directors 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 to 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.sebiedifair.nic.in](http://www.sebiedifair.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., Mumbai where your company's shares are listed.

**CORPORATE GOVERNANCE**

Pursuant to clause 49 of the Listing Agreements with the Stock Exchanges, 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.

**DIRECTOR'S 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:

- a. In the preparation of the annual accounts, the applicable accounting standards had been followed.
- b. 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;
- c. 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.
- d. The annual accounts have been prepared on a "going concern basis";

**DIRECTORS**

Shri Ashok Mehta and Shri Rakesh Khandelwal, 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 continues support given by them to the Company and their confidence in the management.

For and on behalf of the Board of Directors

**(KAILASH CHANDRA SHAHRA)**

Chairman

Place : Indore

Date : 3<sup>rd</sup> September, 2007

## 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 Employees) Rules, 1975 as amended, and forming part of the Director's Report for the year 2006-07.

Name	Designation	Qualification	Experience	Date of Joining	Remuneration (in Rs.)	Age (yrs.)	Last Employment
Mr. Suresh Chandra Shahra	Managing Director	B.E.	42 years	26.07.93	24,09,360	63	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, 2007

	<u>Current Year</u> 2006-07	<u>Previous Year</u> 2005-07
<b>1 CONSERVATION OF ENERGY</b>		
<b>A Power &amp; Fuel Consumption</b>		
<b>1 Electricity</b>		
(a) Units Purchased	5195663	4659948
Total Amount (Rs)	20762768	19505139
Rate/ Unit (Rs.)	4.00	4.19
(b) Own Generation		
Units Produced	1235366	1726682
Total Amount (Rs)	12816132	15356786
Rate/ Unit (Rs.)	10.37	8.89
<b>2 Coal</b>		
Quantity(in MT)	2521.57	3048.45
Total Cost(Rs.)	8298402	9047573
Average Rate per MT (Rs.)	3290.97	2967.93
<b>3 Furnace Oil/ SKO/ Diesel</b>		
Quantity in Ltrs	348425	380136
Total Cost (Rs.)	6616239	6807498
Rate Per Ltrs (Rs.)	18.99	17.91
<b>4 Other ( Husk, Saw Dust, etc.)</b>		
Quantity (Tons)	5828	4595.77
Total Amount(Rs.)	11241283	7390297
Average Cost(Rs.)	1928.84	1608.07
<b>B Consumption per unit of production</b>		
Electricity (Unit)	134.81	199.22
Furnace Oil (Ltrs.)	7.30	11.86
Coal (MT)	0.05	0.10
Other ( Husk, Saw Dust, etc.)	0.12	0.14

**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.24203.66 Lacs (Previous year Rs.8069.41 Lacs) and the foreign exchange earning on exports was Rs.1391.60 lacs (Previous year Rs.448.84 Lacs).

For and on behalf of the Board of Directors

**(KAILASH CHANDRA SHAHRA)**

Chairman

Place : Indore

Date : 3<sup>rd</sup> September, 2007

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT****A. Industry Structure and Developments**

India's economy, which has expanded by an average annual 8.6 per cent in the past three years, is the fastest growing after neighboring China. China's economy expanded by a roaring 11.9 per cent in the second quarter. Vigorous growth with strong macroeconomic fundamentals has characterized developments in the Indian economy in 2006-07 so far. After a great rate of 9% in the previous year, the economy has grown at 9.2% in the year 2006-07. Industrial growth was around 10% during the period under review. Steady progress at infrastructure front and sharp rise in investment in the country helped economy to move up. However agricultural growth remained at 2.7% and its share in GDP dips to 18.5%.

India ranks first in the world in milk production, which rose from 17 Million Tonnes in 1950-51 to around 100 Million Tonnes by 2006-07. The per capita availability of milk has also increased from 112 grams in 1968-69 to 245 grams per day in 2006-07. According to estimates released by Dairy India 2007, total production of milk in the country will touch 120 million tonnes in 2011, with the organised sector accounting for as much as 30%. Further, by 2011 the share of private players will escalate to 24 million tonnes against 8.5 million tonnes in 2005.

The world wide installed capacity of wind power is 78728 MW. In wind power installed capacity India now has the 4<sup>th</sup> largest capacity in the world which has reached 7093 MW. Out of which most of the total installed capacity has come through commercial projects.

**B. Opportunities & Threats****a. Dairy Business**

In India potential is there for expansion in smaller towns. Presently, about 1.13 lakh village level co-operative societies spread over 265 districts in the country form part of the National Milk Grid. The Grid links the milk producers throughout India with consumers in over 700 towns and cities smoothing the seasonal and regional variations in the availability of milk, and ensuring a remunerative price to the producers and a reasonable price for quality milk and milk products to the consumers. Almost an equal quantity of milk is handled by the cooperative and private sectors. 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**

Wind Power projects of the company at Nagda Hills, Dewas (MP) and Jesalmer (Raj) are running successfully. In financial year 2006-07 Nagda Hills, Dewas Unit generated 2458508 electricity units while Jesalmer Unit generated 856946 electricity units. In India there is an estimated Gross Potential of 45200 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 and other commodities on opportunity basis. 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 already taken initiatives to enter in Real Estate business and become a major partner of M/s. Mahakosh Property Developers. A integrated township project is being carried under this partnership concern at Kolkata on total land of 17 acres with total construction area of approx. 20 lacs sq.ft. Success in the said project will lead the Company to enter in real estate business directly. Your company is also having keen interest in entering into venture with the other real estate company as a major initiative in the said sector.

#### 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 20, note 13 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 position in the market.

Further, the Wind Power Projects of the Company are generating electricity satisfactorily. Electricity produced in Rajsthan Plant is being sold to Rajsthan Electricity Board (RSEB) while in Madhya Pradesh we have captive consumption in our plant and remaining electricity is sold to Madhya Pradesh 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:

- Giant corporates are taking interest in dairy sector with huge investment, however the availability of milk is limited.
- 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 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 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, 1988.



**G. Financials**

(Rs.in Lacs)

<b>Balance Sheet</b>	<b>As at 31.03.07</b>	<b>As at 31.03.06</b>
1. Share Capital	2775.35	2775.35
2. Reserves and Surplus	14068.19	13304.19
3. Loans (Secured & Unsecured)	14230.65	15463.95
4. Deferred Taxation(Net)	543.80	536.83
5. Net Fixed Assets	7557.58	6153.67
6. Investments	1068.55	1489.63
7. Net Current Assets	22991.86	24437.02

(Rs.in Lacs)

<b>Profit &amp; Loss Account</b>	<b>As at 31.03.07</b>	<b>As at 31.03.06</b>
1. Sales	46098.85	20297.57
2. Other Income	1792.09	1530.22
3. Profit Before Interest, Depreciation & Tax	2966.13	2247.08
4. Net Profit After Tax	1153.64	1462.93
5. Earning Per Share	4.16	5.27

**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 251.

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.



## REPORT ON CORPORATE GOVERNANCE

### COMPANY'S PHILOSOPHY

The Company strongly believes that sound principles of Corporate Governance are important key to success, as these enhance the ability to secure the confidence of its stakeholders. At the highest level, the Company continuously endeavours to improve on an ongoing basis and adopts innovative approaches for open, transparent and merit based management, ensuring fairness in all transactions within and outside the Company with investors, customers, employees, partners, competitors and the society at large.

Your Company believes that as a good corporate citizen, the Company is committed to sound corporate practices, based on transparency, fairness, professionalism and accountability in building trust and confidence of its various stakeholders for paving the way for its long term success.

In order to ensure these objectives, your Company complies with the stipulations laid down in the guidelines on the Corporate Governance as specified in clause 49 of the Listing Agreement executed with the Stock Exchange.

### 1. BOARD COMPOSITION

The Company's policy is to maintain optimum combination of Executive and Non-Executive Directors. The Non-Executive Directors with their diverse knowledge, experience and expertise bring in their independent judgment in the deliberations and decisions of the Board.

The company has a non-executive Chairman and the number of Independent Directors is more than one-third of the total number of Directors, the number of Non-Executive Directors is more than 50% of the total number of Directors.

None of the Directors on the Board is a member on more than 10 Committees and Chairman of more than 5 Committees (as specified in clause 49 of the Listing Agreement), across all the Companies in which he is a Director.

#### A) ATTENDANCE AND COMPOSITION OF THE BOARD

Name of the Director	Category*	Attendance		No. of directorship/committee positions held in other public limited companies			No. of Shares held by NED in Anik Ind. Ltd. as on 31.03.06
		Board	Last AGM	Directorship	Committee Chairmanship	Committee Membership	
Mr. Kailash Chandra Shahra	PD & NED	4	Yes	6	2	1	20,100
Mr. Suresh Chandra Shahra	PD & ED	4	Yes	1	---	---	N.A
Mr. Manish Shahra	PD & ED	8	Yes	2	---	---	N.A
Mr. Ashok Trivedi	ED	7	No	---	---	---	N.A
Mr. P.D. Nagar	ID & NED	3	No	4	1	2	200
Mr. P.S. Santhanakrishnan	ID & NED	3	No	5	1	4	Nil
Mr. Hemant Thakkar	ID & NED	5	Yes	---	---	---	Nil
Mr. Rakesh Khandelwal	ID & NED	3	No	---	---	---	Nil
Mr. Ashok Mehta	ID & NED	3	Yes	4	3	---	Nil

\*PD - Promoter Director      NED - Non- Executive Director  
 ED - Executive Director      ID - Independent Director

#### B) BOARD PROCEDURE

During the financial year 2006-07, the Board of Directors met on the following dates: 29<sup>th</sup> April, 2006, 3<sup>rd</sup> July, 2006, 1<sup>st</sup> August, 2006, 21<sup>st</sup> August, 2006, 29<sup>th</sup> August, 2006, 9<sup>th</sup> September, 2006, 31<sup>st</sup> October, 2006, 29<sup>th</sup> November, 2006, 2<sup>nd</sup> December, 2006, 23<sup>rd</sup> December, 2006, and 3<sup>rd</sup> February, 2007, 20<sup>th</sup> February, 2007 and 29<sup>th</sup> March, 2007. The gap between any two meetings did not exceed three months, as mentioned in clause 49 of the listing agreement. The dates of the meeting were generally decided in advance. Key information is placed before Board of Directors to appraise corporate governance.

#### C) DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT

Shri Ashok Mehta and Shri Rakesh Khandelwal retire by rotation and being eligible, offer themselves for re-appointment.