

79th Annual Report 2001 - 2002

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Anglo-French Drugs & Industries Limited

BOARD OF DIRECTORS

SHRI ABHAY KANORIA, *Chairman & Managing Director*
 SHRI S.B. KHANOLKAR, *Executive Director*
 SHRI U.G. PATEL
 SHRI D.D. DAMODAR
 SHRI M.R. HOSANGADY
 SHRI V.B. HARIBHAKTI
 SHRI R.M. SOLANKI

COMPANY SECRETARY

SHRI G. SRINIVASIAH

AUDITORS

RAY & RAY
 Chartered Accountants

BANKERS

State Bank of Mysore
 Vijaya Bank
 State Bank of India

SOLICITORS

Kanga & Co.

REGISTERED OFFICE

41, 3rd Cross, SSI Area, V Block
 Rajajinagar, Bangalore-560 010
 Karnataka

MANUFACTURING PLANTS

PHARMACEUTICAL

55, SSI Area, V Block
 Rajajinagar, Bangalore-560 010
 Karnataka

Plot No. 4, Peenya Industrial Area
 Phase II, Yeshwanthpur
 Bangalore-560 058
 Karnataka

Plot Nos. 1101 & 1101-A
 Pithampur Industrial Area III
 District Dhar
 Madhya Pradesh

FURNISHING FABRICS

Kharchi - Bilwara
 Taluk Jhagadia
 District Bharuch
 Gujarat

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Anglo-French Drugs & Industries Limited

DIRECTORS' REPORT

1. Your Directors have pleasure in presenting the SEVENTY NINTH Annual Report together with the Audited accounts for the year ended 31st March 2002.

2. FINANCIAL RESULTS

PARTICULARS	Year Ended 31-03-2002 Rs. in lakhs	Year Ended 31-03-2001 Rs. in lakhs
Profit for the year before Depreciation	305.21	286.95
Less: Depreciation	168.14	154.59
Net Profit before taxation & extraordinary item	137.07	132.36
Less: Provision for Taxation		
- Current	50.00	16.00
- Deferred	(35.05)	—
Add: Extraordinary item	3.50	—
Add: Balance brought forward from Profit & Loss Account	38.48	19.34
Amount available for appropriation	164.10	135.70
APPROPRIATIONS		
Proposed Dividend	17.44	17.44
Tax on Proposed Dividend	—	1.78
Debenture Redemption Reserve	59.00	58.00
General Reserve	20.00	20.00
Balance carried to Balance Sheet	67.66	38.48
	164.10	135.70

3. OPERATIONS

Sales including other income for the year under review, amounted to Rs. 6,639.24 lakhs as compared to Rs. 5,839.34 lakhs in the previous year, an increase of 13.7%

The sales of the Pharmaceutical Division, at Rs. 5,498.94 lakhs, were higher than the previous year by 11.7% and the Furnishing Fabrics Division recorded sales of Rs.927.60 lakhs - a growth of 29.6% over 2000-2001.

The profit of the Company for the year under review, however, was considerably impacted by the sudden

and abnormally high increase in the prices of certain raw materials. Currently, the prices of these raw materials have come down and are expected to remain stable.

During the year under review, we launched our Herbal Division with six products in selected states in the first phase of operations. The response from the Medical Profession is very encouraging. Since then, we have introduced 4 more products and have plans to extend operations to other parts of the domestic market as well as exports.

4. DIVIDEND

Your Directors recommend a dividend of Rs. 1.50 per share. If approved by the members at the forthcoming Annual General Meeting, the aggregate of Rs. 17.44 lakhs will be paid to the members registered in the books of the Company as on the date of the said Annual General Meeting.

5. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, your Directors state that:

- applicable Accounting Standards have been followed in the preparation of the annual accounts.
- appropriate accounting policies have been selected and applied consistently and the judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the financial year and to the profit of the Company for that period.
- proper and sufficient care have been taken for the maintenance of adequate records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- the accompanying Annual Accounts have been prepared for the year ended 31st March, 2002 on a going concern basis.

6. DIRECTORS

Shri. Y.P. Chopra has resigned as a Director of



the Company. The Board takes on record the valuable service rendered by Shri. Y. P. Chopra during his tenure.

Your Directors have appointed Shri. R.M. Solanki as Director, whose term of office will be liable to retirement by rotation. Shri. R.M. Solanki holds office up to 79th Annual General Meeting. The Board recommends his appointment by the Members, for his continuance as a Director.

Shri D.D. Damodar and Shri V.B. Haribhakti retire by rotation under Section 256 of the Companies Act, 1956 read with Article 131 of the Articles of Association of the Company at the forthcoming Annual General Meeting and are eligible for re-election.

7. CONSTITUTION OF REMUNERATION COMMITTEE

A remuneration committee has been constituted with Shri. U.G. Patel, Shri. D.D. Damodar and Shri. M.R. Hosangadi, as its Members to deal with matters relating to managerial remuneration.

8. ESTABLISHMENT OF ELECTRONIC CONNECTIVITY

The Company has established electronic connectivity with Depositories viz National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) to enable the shareholders to hold and trade in the Company's equity in the Electronic Form. The International Securities Identification Number (ISIN) allotted to Company's Equity is **INE570E01016**

9. FIXED DEPOSITS

As at the close of the accounting year under review, the total amount of Fixed Deposits accepted by the Company from the public and outstanding as on 31st March, 2002 aggregated Rs 27.48 Lakhs. Out of this, deposits matured but not claimed by the depositors as at the close of the year amounted

to Rs. 0.48 lakhs and the same has since been transferred to the Investor Education and Protection Fund, pursuant to Section 205C of the Companies Act, 1956.

10. AUDITORS

Members are requested to appoint Auditors for the current financial year. M/s Ray & Ray, Chartered Accountants, Kolkata, the retiring Auditors, have furnished a certificate of their eligibility for the appointment under Section 224(1) of the Companies Act, 1956

11. EMPLOYEES

Industrial relations in all the offices and plants were cordial.

Information pursuant to Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is given in Annexure I to the Report and forms a part of this Report.

12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

Information 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 Annexure II to the Report and forms a part of this Report

13. ACKNOWLEDGEMENTS

Your Directors acknowledge the continued support and co-operation received from the Medical Profession, Trade, Company's Bankers, Financial Institutions, the State and Central Governments and the Shareholders.

Your Directors also place on record their appreciation of the dedicated services of the employees at all levels.

On behalf of the Board

Mumbai
27th June, 2002

ABHAY KANORIA
Chairman & Managing Director

Anglo-French Drugs & Industries Limited**ANNEXURE - I TO THE DIRECTORS' REPORT**

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2002.

Sl. No.	Name of the Employee	Age	Qualification	Experience [Years]	Date of Commencement of employment	Designation/ Nature of Duties	Gross Remuneration [Rs.]	Last employment & Position held.
1.	Shri Abhay Kanoria*	46	B.Sc.	19	01-03-97	Chairman & Managing Director	15,22,150	Broach Textile Mills Ltd., Managing Director

* Employed throughout the year.

Notes : 1) 'Gross Remuneration' includes, salary, commission, medical benefits, leave travel allowance, Company's contributions, to Provident & Pension Funds and Superannuation Scheme.

2) The nature of appointment is contractual.

3) Not related to any Director of the Company.

On behalf of the Board

Mumbai,
27th June, 2002

ABHAY KANORIA
Chairman & Managing Director



ANNEXURE II TO THE DIRECTORS' REPORT

Information as per 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 and forming part of the Directors' Report for the year ended March 31, 2002.

A. CONSERVATION OF ENERGY :

- a) Energy conservation measures taken.
- b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy.
- c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.
- d) Total energy consumption and energy consumption per unit of production.

The Company is constantly concerned about energy conservation, but having regard to the present level of consumption and the nature of activities, which are not energy intensive, the need for taking special energy conservation measures has not been immediately felt.

Please refer Form A hereunder

FORM A

[See Rule 2]

Form for Disclosure of particulars with respect to conservation of energy

A. Power and Fuel consumption:

Previous Year

1. Electricity		
a) Purchased :		
Units	14,41,746	12,52,362
Total Amount [Rs.]	71,19,632	65,70,734
Rate/Unit [Rs.]	4.94	5.25
b) Own Generation :		
i) Through Diesel Generator		
Units	6,37,128	8,70,122
Units per Ltr. of Diesel Oil	3.04	3.29
Cost/Unit [Rs.]	5.73	5.05
ii) Through Steam Turbine/Generator		
Units		
Units per Ltr. of Fuel Oil/Gas	Nil	Nil
Cost/Unit [Rs.]		
2. Coal		
Quantity (tonnes)		
Total Cost [Rs.]	Nil	Nil
Average Rate		
3. Furnace Oil		
Quantity (K.Ltrs)	36	35
Total Amount [Rs.]	4,29,326	3,90,905
Average Rate	11,925.72	11,168.71
4. Others/internal generation		
Quantity		
Total Cost	Nil	Nil
Rate/Unit		

B. Consumption per unit of Production:

- Particulars
- Products (with details)
- Units
- Electricity
- Furnace Oil
- Coal
- Others

Standard (if any)

Taking into account the number of formulations and furnishing fabrics manufactured by the Company and having regard to the records and other books maintained, it is not possible to apportion the consumption of utilities unitwise at this stage.

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B. TECHNOLOGY ABSORPTION :

- e) Efforts made in technology absorption : Please refer Form B hereunder.

FORM B

[See Rule 2]

Form for disclosure of particulars with respect to Technology Absorption :

Research and Development (R&D)

1. Specific areas in which R&D carried out by the Company :
 - a) Formulations : Development of new formulations, new dosage forms, substitution of imports by indigenous materials, improvement in stability of products.
 - b) Furnishing Fabrics : Nil
2. Benefits derived as a result of the above R & D : Launching of new products, increase in shelf life and reduction in costs.
3. Future plan of action : Continuous development of new formulations.
4. Expenditure on R & D :

Previous Year

- a) Capital [Rs.]
- b) Recurring [Rs.]
- c) Total [Rs.]
- d) Total R&D expenditure as a percentage of total turnover

Nil	Nil
20,98,933	10,29,741
20,98,933	10,29,741
0.33%	0.18%

Technology absorption, adaptation and innovation

1. Efforts in brief made towards technology absorption, adaptation and innovation : Regular absorption of updated technical information.
2. Benefits derived as a result of the above efforts e. g., product improvement, cost reduction, product development, import substitution, etc. : Improved processes and operating efficiencies, cost reduction.
3. In case of imported technology (imports during the last 5 years reckoned from the beginning of the financial year) following information may be furnished.
 - a) Technology imported : Not Applicable
 - b) Year of import : Not Applicable
 - c) Has technology been fully absorbed : Not Applicable
 - d) If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action : Not Applicable

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

- f) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services & export plans : Continuous efforts are being made to increase exports and develop new export markets.
- g) Total foreign exchange used : Rs. 3,85,29,712
- Total foreign exchange earned : Rs. 9,21,04,961

On behalf of the Board

Mumbai,
27th June, 2002

ABHAY KANORIA
Chairman & Managing Director



AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of Anglo-French Drugs & Industries Limited as at 31st March, 2002 and the annexed Profit & Loss Account for the year ended on that date. These financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.

1. 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 presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
2. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
3. 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 the books.
4. The Balance Sheet and the Profit & Loss Account dealt with by this report are in agreement with the books of account.
5. In our opinion the Balance Sheet and Profit & Loss Account comply with the Accounting Standards referred to in sub-section (c) of Section 211 of the Companies Act 1956.
6. On the basis of the written representations received from the Directors as on 31st March, 2002, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2002 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
7. In our opinion and to the best of our information and according to the explanations given to us, the accounts read with the financial notes, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :

- i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2002.

and

- ii) in the case of the Profit & Loss Account, of the profit for the year ended on that date.

As required by the Manufacturing and other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956 we further report that:

1. The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets except certain old furniture of Pharmaceutical Division acquired prior to 1980. In our opinion, physical verification of the fixed assets has been conducted by the Management at reasonable intervals. As per explanations given to us, the discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
2. None of the fixed assets of the Company have been revalued during the year.
3. The stocks of raw materials, packing materials and finished goods have been physically verified by the Management at reasonable intervals during the year.
4. In our opinion and according to the information and explanations given to us, the procedures followed for physical verification of stocks by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. No material discrepancies have been noticed on physical verification of stocks to the extent conducted as compared to the book records.
6. On the basis of our examination of the stock records, we are satisfied that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding period.
7. As far as we can ascertain from the relevant records so produced and information and explanations given, the Company has not taken any loans from Companies, Firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. With

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effect from 31st October, 1998 nothing contained in Section 370 of the Companies Act, 1956, shall apply to the Company after the commencement of the Companies Amendment Act 1999.

8. As far as we can ascertain from the relevant records so produced and information and explanations given, the Company has not granted any loans to Companies, Firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. With effect from 31st October, 1998 nothing contained in Section 370 of the Companies Act, 1956, shall apply to the Company after the commencement of the Companies Amendment Act 1999.
9. The parties to whom the loans or advances in the nature of loans have been given by the Company are repaying the principal amounts stipulated and are regular in payment of the instalment where applicable.
10. 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 purchase of stores, raw materials, packing materials including components, plant and machinery, equipments and other assets and for the sale of goods.
11. According to the information and explanations given to us, in our opinion, no transactions of purchase of goods and materials and sale of goods, materials and services, in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs.50,000/- or more in respect of each party, have been made.
12. As explained to us, the Company has a regular procedure for the determination of unserviceable or damaged raw materials, stores and finished goods and adequate provision for the loss has been made in the accounts.
13. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A of the Companies Act, 1956 and the rules framed thereunder with regard to deposits accepted from the public.
14. In our opinion, reasonable records have been maintained for the sale and disposal of scrap. As explained to us, the manufacturing process of the company does not give rise to any by-products.
15. In our opinion, the Company has a system of internal audit during the year commensurate with its size and nature of business.
16. We have broadly reviewed the books of accounts maintained by the Company in respect of cost records as prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956. We are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.
17. According to the information and explanations given to us and according to the records of the Company, Provident Fund dues and Employees' State Insurance dues have been deposited regularly with the appropriate authorities.
18. According to the information and explanations given to us, there is no amount outstanding as at 31st March, 2002 in respect of undisputed Income-tax, Wealth tax, Sales tax, Customs Duty and Excise Duty which were due for more than six months from the date they became payable.
19. According to the information and explanations given to us and the records of the Company examined by us, in our opinion, no personal expenses of employees or Directors have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practices.
20. The Company is not a sick industrial company within the meaning of clause(o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. As explained to us, in relation to the limited trading activities of the Company, the damaged goods were determined which were not significant and adequate provision for the loss has been made in the Accounts.

For RAY & RAY
Chartered Accountants

R.N.ROY
Partner

Kolkata
27th June, 2002