

ANGLO-FRENCH DRUGS & INDUSTRIES LIMITED  
ANNUAL REPORT 2003-2004

**BOARD OF DIRECTORS**

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

**REGISTERED OFFICE**

No. 41, 3rd Cross, V Block  
Rajajinagar  
Bangalore-560 010  
Karnataka.

**COMPANY SECRETARY**

SHRI G. SRINIVASIAH

**AUDITORS**

RAY & RAY  
Chartered Accountants

**BANKERS**

State Bank of Mysore  
State Bank of India

**SOLICITORS**

Kanga & Co.

**MANUFACTURING PLANTS**

**PHARMACEUTICALS**

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**

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**NOTICE**

NOTICE is hereby given that the 81<sup>st</sup> Annual General Meeting of ANGLO-FRENCH DRUGS & INDUSTRIES LIMITED will be held at Hotel 'The Grand Ashok', High Grounds, Bangalore – 560 001, on Saturday 31st July, 2004 at 4.30PM, to transact the following business:

**ORDINARY BUSINESS**

1. To receive and adopt the audited statements of Account of the Company for the year ended 31<sup>st</sup> March, 2004 together with the reports of the Directors and the Auditors.
2. To appoint a Director in place of Shri. V.B. Haribhakti, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri. D.D. Damodar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and, if thought fit, to pass with or without modification, the following resolution as Special Resolution.

**RESOLVED THAT** pursuant to the provisions of Section 224A and other applicable provisions, if any, of the Companies Act, 1956, Messrs. Ray & Ray, the retiring Auditors of the Company be and are hereby re-appointed Auditors of the Company to hold office from the conclusion of this Meeting up to the conclusion of the next Annual General Meeting of the Company on such remuneration and out-of-pocket expenses, as the Board of Directors may fix”.

By order of the Board

Mumbai  
7th June, 2004

**G. SRINIVASIAH**  
Company Secretary

**Registered Office:**

No. 41, 3<sup>rd</sup> cross, V Block  
Rajajinager  
BANGALORE - 560 010

**Notes :**

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member.
2. The Relative Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of items 4 is annexed hereto.
3. The Register of Members and the Share transfer Books of the Company will remain closed from 23rd July 2004 to 31st July 2004 (both days inclusive).
4. The Company has established an Electronic Connectivity with NSDL and CDSL. The International Securities Identification Number (ISIN) allotted to the Company's equity is INE570E01016. The shareholders are requested to make use of this facility for converting their holding into dematerialised form.



5. Members are requested to notify immediately any change in their address.
6. Pursuant to section 205 (5) of the Companies Act, 1956, the unclaimed dividend in respect of the financial year ended 31st December 1996 (paid in August 1997) will be transferred to the Investor Education and Protection Fund in the month of August 2004. Those who have not received the dividend may lodge their claim with the Company at its registered office immediately.

**ANNEXURE TO NOTICE**

**Explanatory Statement as required by Section 173 (2) Companies Act, 1956.**

**ITEM 4:**

Section 224A of the Companies Act, 1956 (the Act) provides for the appointment or re-appointment of an auditor of a Company at each Annual General Meeting by a Special Resolution, if not less than 25 percent of its subscribed share capital is held singly or in combination by public financial or other institutions in which the State Government holds not less than 51 percent of the share capital, Nationalised Banks or Insurance Companies carrying on general Insurance Business.

The holdings of the aforesaid public financial institutions in this Company exceed 25 percent of the subscribed share capital of the Company and hence the re-appointment of Messrs. Ray & Ray, Chartered Accountants, as Auditors of the Company, is required to be made by a Special Resolution. Under 224(1) of the Act, a certificate has been received from them to the effect that their appointment, if made, will be in accordance with the limits specified in Section 224 (1B) of the Act.



By order of the Board

Mumbai  
7th June, 2004

**G. SRINIVASIAH**  
Company Secretary

**ANGLO-FRENCH DRUGS & INDUSTRIES LIMITED**

Regd. Office : 41, 3rd Cross, SSI Area, V Block, Rajajinagar, Bangalore-560 010

**ATTENDANCE SLIP**

To be handed over at the entrance of the Meeting venue.

Name of the member attending the Meeting (in block letters) \_\_\_\_\_

Member's Folio No./DPAD-Client ID No. \_\_\_\_\_

In case of Proxy, Name of Proxy \_\_\_\_\_

No. of Shares held \_\_\_\_\_

I hereby record my presence at the 81st Annual General Meeting on Saturday the 31st July, 2004 at 4.30 p.m. at Hotel 'The Grand Ashok', High Grounds, Bangalore-560 001.

\_\_\_\_\_  
Member's/Proxy's Signature  
(To be signed at the time of handing over this slip)

- Notes :**
1. Interested joint Shareholders may obtain attendance slips from the Company's Registered Office.
  2. Shareholders/Joint Shareholders are requested to bring the attendance slips with them.



**ANGLO-FRENCH DRUGS & INDUSTRIES LIMITED**

Regd. Office : 41, 3rd Cross, SSI Area, V Block, Rajajinagar, Bangalore-560 010



I/We \_\_\_\_\_

of \_\_\_\_\_

being a member/members of Anglo-French Drugs & Industries Ltd., hereby appoint

\_\_\_\_\_

of \_\_\_\_\_

or failing him \_\_\_\_\_

of \_\_\_\_\_

or failing him \_\_\_\_\_

of \_\_\_\_\_

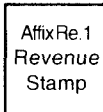
as my/our Proxy to attend and vote for me/us and on my/our behalf at the Eighty first Annual General Meeting of the

Company to be held at Bangalore on Saturday the 31st July, 2004.

Signed this \_\_\_\_\_ day of \_\_\_\_\_

Signature of the said \_\_\_\_\_

of \_\_\_\_\_



**Note :** If a member is unable to attend the Meeting, he may sign this form and send it to the Registered Office of the Company so as to reach atleast 48 hours before the time for holding the Meeting.

## Anglo-French Drugs &amp; Industries Limited

## REPORT OF THE DIRECTORS TO THE MEMBERS

1. Your Directors have pleasure in presenting the EIGHTY-FIRST Annual Report together with the audited accounts for the year ended 31<sup>st</sup> March 2004.

## 2. FINANCIAL HIGHLIGHTS

PARTICULARS	Rs. In Lakhs	
	Year Ended 31.03.2004	Year Ended 31.03.2003
Profit/(Loss) for the year	455.97	(165.38)
Less: Depreciation	168.17	155.02
Net Profit/(Loss)	287.80	(320.40)
Less: Exceptional Item - Voluntary Retirement Scheme	203.19	Nil
Net Profit/(Loss) before Taxation	84.61	(320.40)
Less: Provision for Taxation - Current	6.50	Nil
- Deferred	25.92	(107.04)
Profit/(Loss) after tax	52.19	(213.36)
Add: Balance brought forward from Profit & Loss Account	(145.70)	67.66
Balance carried to Balance Sheet	(93.51)	(145.70)

## 3. OPERATIONS

Sales including other income for the year under review, amounted to Rs.6,286.70 lakhs as compared to Rs.4,791.21 lakhs – an increase of 31.21%

Pharmaceuticals : Sales at Rs. 5,230 Lakhs, were higher than the previous year by 33%.

In the preceding year - April 2002 to March 2003, as an organisation, we were stagnating and the operating results were far below the expectations. During the year under review, a clear road map was drawn with specific emphasis on training and development of people, brand management and team work. All these led to resurgence of confidence and enthusiasm in the entire team. Coupled with favourable market conditions, we made a substantial improvement, as is seen above. And this will be a continuous process.

The conditions at your company's Rajajinagar manufacturing unit in Bangalore were not conducive to current goods manufacturing processes. We discontinued the activity at this plant and shifted operations to your existing plant at peenya. This one will also benefit substantially by way of reduced duplication, transportation, etc. All workmen at Rajajinagar plant opted to retire under a Voluntary Retirement Scheme, at a cost of Rs. 203 lakhs to your company. The entire process was concluded with complete harmony.

Furnishing Fabrics : Sales at Rs. 717 lakhs recorded an increase of 21.17%.

The activities in the Company's Fabric Division were moderate. The Company is confident that continuous efforts will lead to a reasonable growth in the current year.

## 4. DIVIDEND

Having regard to the carried forward loss from the previous year, your Directors do not propose any dividend for the year.

## 5. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, and on the basis of representation received from the operating Management, 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.

- iv. the accompanying Annual Accounts have been prepared for the year ended 31<sup>st</sup> March, 2004 on a going concern basis.

#### **6. DIRECTORS**

Shri V. B. Haribhakti and Shri D. D. Damodar, Directors, 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.

Shri S. Guha Ray has resigned as Director of the Company. The Board takes on record the valuable service rendered by Shri S. Guha Ray during his tenure.

#### **7. 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 31<sup>st</sup> March, 2004 aggregated Rs. 44.25 Lakhs. As of date there is no deposit, due for repayment and remaining unclaimed.

#### **8. AUDITORS**

Members are requested to appoint Auditors for the current financial year. M/s Ray & Ray, Chartered Accountants, Kolkatta, the retiring Auditors, have furnished a certificate of their eligibility for the

appointment under Section 224(1) of the Companies Act, 1956.

#### **9. 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.

#### **10. 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.

#### **11. 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  
7<sup>th</sup> June, 2004

**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 March, 31<sup>st</sup> 2004.

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*	48	B.Sc.	21	01/03/97	Chairman & Managing Director	32,58,379	Broach Textile Mills Limited Managing Director

\* Employed throughout the year

Notes : 1) 'Gross Remuneration' includes, salary, commission, medical benefits, leave travel concession, 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  
7<sup>th</sup> June, 2004

**ABHAY KANORIA**  
Chairman & Managing Director

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## 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, 2004.

### 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 is 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

		Previous Year
<b>A. Power and Fuel consumption:</b>		
1. Electricity		
a) Purchased :		
Units	<b>14,92,003</b>	13,17,709
Total Amount (Rs.)	<b>81,41,651</b>	69,39,442
Rate/Unit (Rs.)	<b>5.46</b>	5.27
b) Own Generation :		
i) Through Diesel Generator		
Units	<b>7,32,918</b>	7,33,843
Units per Ltr. of Diesel Oil	<b>2.64</b>	2.44
Cost/Unit (Rs.)	<b>7.04</b>	6.81
ii) Through Steam Turbine/Generator		
Units		
Units per Ltr. of Fuel Oil/Gas	<b>Nil</b>	Nil
Cost/Unit (Rs.)		
2. Coal		
Quantity (tonnes)		
Total Cost (Rs.)	<b>Nil</b>	Nil
Average Rate		
3. Furnace Oil		
Quantity (K.Ltrs)	<b>36</b>	24
Total Amount (Rs.)	<b>4,67,157</b>	2,97,112
Average Rate	<b>12,967.58</b>	12,379.67
4. Others/internal generation		
Quantity		
Total Cost	<b>Nil</b>	Nil
Rate/Unit		
<b>B. Consumption per unit of Production:</b>		
Particulars		Standard (if any)
Products (with details)		
Units		
Electricity		
Furnace Oil		
Coal		
Others		

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.

## Anglo-French Drugs & Industries Limited

### 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 : (Rupees)

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

	<b>Previous Year</b>	
<b>Nil</b>	Nil	
<b>13,12,912</b>	<u>12,61,258</u>	
<b>13,12,912</b>	<u>12,61,258</u>	
<b>0.21%</b>	0.26%	

##### 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.
 

<ol style="list-style-type: none"> <li>a) Technology imported</li> <li>b) Year of Import</li> <li>c) Has technology been fully absorbed</li> <li>d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.</li> </ol>	: Not Applicable
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### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- f) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products & services & export plans. : Continuous efforts are made to increase exports and develop new export markets.
- g) Total foreign exchange used : Rs. 2,28,44,411
- Total foreign exchange earned : Rs. 5,38,19,445

On behalf of the Board

Mumbai,  
7<sup>th</sup> June, 2004

**ABHAY KANORIA**  
Chairman & Managing Director