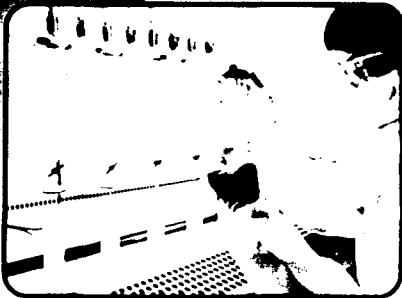


87th Annual Report

2009-10



 Anglo-French Drugs & Industries Ltd.

BOARD OF DIRECTORS

SHRI ABHAY KANORIA, *Chairman & Managing Director*
SHRI U.G. PATEL
SHRI M.R. HOSANGADY
SHRI V. B. HARIBHAKTI
SHRI UDDHAV KANORIA
SHRI ASHOK KUMAR ROY, *Additional Director*

AUDITORS

RAY & RAY
Chartered Accountants

BANKERS

IDBI Bank Limited
State Bank of India

SOLICITORS

Kanga & Co.

REGISTRARS & SHARE TRANSFER AGENTS

Canbank Computer Services Ltd.,
218, J.P. Royale, 1st Floor
2nd Main, Sampige Road
(Near 14th Cross), Malleswaram
Bangalore-560 003
Phone : 080-23469661/62 & 23469664/65
Fax : 080-23469667/68
E-mail : canbankrta@ccsl.co.in

The Company's equity shares are listed with Over The Counter Exchange of India and the requisite Listing fee has been paid by the Company.

REGISTERED OFFICE

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

MANUFACTURING PLANTS**PHARMACEUTICALS**

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

FURNISHING FABRICS

Kharchi - Bilwara
Taluk Jhagadia
District Bharuch
Gujarat.

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REPORT OF THE DIRECTORS TO THE MEMBERS

1. Your Directors have pleasure in presenting the EIGHTY SEVENTH Annual Report together with the Audited accounts for the year ended 30th June 2010.

2. OPERATIONS

The turnover of the Pharmaceutical Division during the period under review is ₹ 8006 Lakhs as compared to ₹ 7652 Lakhs of previous year. Similarly turnover in Furnishing Fabrics Division for the year under review is ₹ 465 Lakhs as against ₹ 457 Lakhs of previous year.

The total turnover of the Company during the period under review is ₹ 8471 Lakhs as compared to previous year of ₹ 8109 Lakhs, and shows a growth of around 5%.

The Company achieved a modest profit of ₹ 154 Lakhs before taxation and extra-ordinary item, an increase of nearly 100% over previous year.

Pharmaceutical Division:

During the year under review the Company has taken various strategic measures for cost rationalization and have improved its operational efficiency which will be a continuous effort. This has resulted in the Company achieving better working results

Various employee competency enhancement measures have been adopted in order to ensure that the potential of employees are enhanced for better effectiveness.

Furnishing Fabrics Division:

The operations in this sector has started showing positive movement only in the later part of the year under review. However, due to recession in global market, this Division could not achieve positive working result for the year under review.

3. FINANCIAL HIGHLIGHTS

₹ In Lakhs

PARTICULARS	Year	Year
	Ended	Ended
	30.06.2010	30.06.2009
Profit/(Loss) for the year before		
Depreciation	359.74	260.22
Less: Depreciation	206.12	183.54
Net Profit/(Loss) before taxation	153.62	76.68
Add: Extraordinary income	160.81	-
	314.43	76.68
Less: Provision for Taxation		
- Current	(42.51)	(9.50)
- Deferred	(14.79)	(32.30)
- Fringe Benefit	-	(19.01)
Add: Balance brought forward		
from Profit & Loss Account	442.79	426.92
Balance carried to Balance Sheet	699.92	442.79
Appropriation:		
Dividend	17.44	—
Dividend Tax	2.90	—
Transfer to General reserves	6.00	—
Balance carried to Balance Sheet	673.58	442.79
	699.92	442.79

4. DIVIDEND

Your Directors recommend a dividend of ₹ 1.50 per share. If approved by the members at the forthcoming Annual General Meeting, the aggregate of ₹ 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, on the basis of information furnished by the Management and Auditors of the Company, that:

- i. applicable accounting standards have been followed in the preparation of the annual accounts.



ii. appropriate accounting policies have been selected and applied consistently and the judgments 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 as at 30th June 2010 and to the profit of the Company for the year ended on that date.

iii. proper and sufficient care have been taken for the maintenance of adequate records in accordance with the provisions of the 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 on a going concern basis.

6. DIRECTORS

Shri V.B. Haribhakti retires 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 being eligible, offers himself for re-appointment.

7. FIXED DEPOSITS

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

8. 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.

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. SECRETARIAL COMPLIANCE CERTIFICATE

Pursuant to the proviso to Section 383A(1) of the Companies Act, 1956 read with Rule 3(1) of the Companies (Compliance Certificate) Rules 2001, a Compliance Certificate obtained from Shri R. Jayaraman, Secretary in Whole-time Practice, is attached as Annexure III and forms part of this Report.

12. ACKNOWLEDGEMENTS

Your Directors acknowledge the continued support and co-operation received from the Medical Profession, Trade, Banks, other Business Associates, the Central and State 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
20th August, 2010

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 30th June 2010.

Sl. No	Name of Employee	Age	Qualification	Experience (Years)	Date of commencement of employment	Designation/ Nature of Duties	Gross Remuneration ₹ (000)	Last employment & Position held.
1	Shri Abhay Kanoria *	54	B Sc.	27	01/03/1997	Chairman & Managing Director	3502	Broach Textile Mills Limited, Managing Director

* Employed throughout the year

NOTES:

- 1) 'Gross Remuneration' includes salary, house rent, electricity, Company's contributions to Provident & Pension Funds, Superannuation Scheme, commission, medical benefits and leave travel concession
- 2) The nature of appointment is contractual
- 3) Not related to any Director of the Company, except Shri Uddhav Kanoria

On behalf of the Board

Mumbai
20th August, 2010

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 30th June 2010.

A. CONSERVATION OF ENERGY :

- | | | |
|--|---|---|
| <p>a) Energy conservation measures taken</p> <p>b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy.</p> <p>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.</p> | } | <p>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.</p> |
| <p>d) Total energy consumption and energy consumption per unit of production.</p> | } | <p>Please refer Form A hereunder.</p> |



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	17,45,406	14,73,342
Total Amount ₹ in ('000)	9,324	7,953
Rate/Unit (₹)	5.34	5.40
b) Own Generation :		
i) Through Diesel Generator		
Units	65,966	83,514
Units per Ltr. of Diesel Oil	3.02	3.37
Cost/Unit (₹)	13.20	11.45
ii) Through Steam Turbine/Generator		
Units		
Units per Ltr. of Fuel Oil/Gas		
Cost/Unit (₹)	Nil	Nil
2. Coal		
Quantity (tonnes)		
Total Cost (₹)	Nil	Nil
Average Rate		
3. Furnace Oil		
Quantity (K.Ltrs)	36	53
Total Amount ₹ in ('000)	1178	1581
Average Rate ₹ per Ltrs	32.72	29.83
4. Others/internal generation		
Quantity		
Total Cost	Nil	Nil
Rate/Unit		

B. Consumption per unit of Production :
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.

B. TECHNOLOGY ABSORPTION:

a) 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 process and 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 (₹ in '000) | | 634 1587 |
| b) Recurring (₹ in '000) | | 2051 2565 |
| c) Total (₹ in '000) | | <u>2685</u> <u>4152</u> |
| d) Total R&D expenditure as a percentage of total turnover | | 0.34% 0.55% |

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 | | |
| c) Has technology been fully absorbed | | |
| d) If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action. | | |

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- | | | |
|---|---|---|
| a) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans. | : | Continuous efforts are made to increase exports and develop new export markets. |
|---|---|---|

		Previous year
b) Total foreign exchange used [₹ in '000]	:	64691 55253
Total foreign exchange earned [₹ in '000]	:	63320 53659

On behalf of the Board

Mumbai
20th August 2010

ABHAY KANORIA
Chairman & Managing Director



ANNEXURE III TO THE DIRECTORS' REPORT

R JAYARAMAN

Company Secretary (in Whole time Practice)

Adi Shakti, No.14/16 1st Cross,
Muni Reddy Layout,
Chikka Kallasandra, BANGALORE – 560 061
Phone No: 2639 2148

COMPLIANCE CERTIFICATE ISSUED UNDER RULE NO. 3(1) OF THE COMPANIES (COMPLIANCE CERTIFICATE) RULES, 2001

To
The Members of
Anglo-French Drugs & Industries Limited
41, 3rd Cross, V Block, Rajajinagar
BANGALORE- 560 010

I have examined the registers, records, books and papers of M/s Anglo-French Drugs & Industries Limited as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 30.06.2010. In my opinion and to the best of my information and according to the examinations carried out by me/us and explanations furnished to me/us by the company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure "A" to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure "B" to this certificate, with the Registrar of Companies, Regional Director Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
3. The Company is not a Private Limited Company.
4. The Board of Directors duly met 4 times, on 06.08.2009, 23.10.2009, 23.01.2010 and 26.04.2010 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company closed Register of Members from 16.10.2009 to 23.10.2009 in compliance of section 154 of the Act, and has released an advertisement in News papers viz. Financial Express in English and Times of India, Bangalore, in Kannada, on 12.10.2009.
6. The Annual General Meeting for the period ended 30.06.2009 was held on 23.10.2009 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra-ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loan to its directors and /or persons or firms or companies referred in the Section 295 of the Act.
9. The Company has duly complied with the provisions of section 297 of the Act in respect of contracts specified in that section.
10. The Company has made necessary entries in the register maintained under section 301 of the Act.
11. The Company has obtained necessary approvals from the Board of Directors, members and previous approval of the Central Government pursuant to section 314 of the Act wherever applicable
12. The Board of Directors or duly constituted Committee of Directors has approved the issue of duplicate share certificates.
13. The Company has:
 - i. Transferred the amount in unpaid dividend account, which remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund.
 - ii. Duly complied with the requirements of section 217 of the Act.

Anglo-French Drugs & Industries Limited

14. The Board of Directors of the Company is duly constituted.
15. The appointment of Managing/ Whole-time Director/ Manager has been made in compliance with the provisions of Section 269 read with Schedule XIII to the Act.
16. The Company has not appointed any sole-selling agents.
17. The Company has obtained all necessary approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued any shares /debentures /others securities during the Financial Year.
20. The Company has not bought back shares during the Financial Year.
21. The Company has not issued any Preference Shares during the year.
22. There were no rights dividend, issue of rights shares and bonus shares during the year.
23. The Company has complied with the provisions of sections 58A and 58AA read with Companies (Acceptance of Deposit) Rules, 1975 the applicable directions issued by the Reserve Bank of India/any other authority in respect of deposits accepted including unsecured loans taken, amounting to ₹ 14.50 lakhs raised by the Company during the year and the Company has filed the copy of statement in lieu of advertisement/ necessary particulars as required with the Registrar of Companies on 21.08.2009. The Company has also filed return of deposit with the Registrar of Companies/Reserve Bank of India/ other authorities.
24. The amounts borrowed by the Company from directors, members, public, financial institutions, banks and others during the period ended 30.06.2010 are within the borrowing limits of the Company and that necessary resolutions as per section 293 (1) (d) of the Act have been passed in duly convened Annual General Meeting.
25. The Company has made loans and investments, or given guarantees or provided securities to other bodies corporate in compliance with the provisions of the Act and has made necessary entries in the register kept for the purpose.
26. The Company has not altered the provisions of the memorandum with the respect to situation of the company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect of the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the memorandum with respect to share capital of the company during the year under scrutiny.
30. The Company has not altered its Articles of Association.
31. There is no prosecution initiated against the Company nor any show cause notices received by the Company for alleged offences under the Act and no fines and penalties or any other punishment imposed on the Company in such cases.
32. The Company has not received any amount as security from its employees during the year under certification and hence depositing the same under section 417(1) of the Act, does not arise.
33. The Company has deposited both employees and employer's contributions to provident fund with prescribed authorities pursuant to section 418 of the Act.

Place : Bangalore
Date : 9th August, 2010

R JAYARAMAN
FCS -3212 CP 1830



Annexure A

Registers maintained by the Company under the Act, as on 30.06.2010

1. Register of charges u/s 143(1)
2. Register of Directors Shareholding U/s 307
3. Directors interested u/s 297 and 303 Rule 303(3)
4. Board Meeting u/s 193
5. General Meeting Minutes
6. Register of Deposits – The Companies (Acceptance of Deposits) Rules 1975
7. Register of Investments u/s 49(7)
8. Register of Contracts u/s 297, 299 & 301
9. The Register of Members and Register of Share Transfers are maintained by Company's Share Transfer Agents M/s Canbank Computer Services Ltd.

Annexure B

Forms/Returns/Reports filed with Registrar of Companies during the year ended 30.06.2010;

Date of Filing	Form No/ Return.	Under Section	Particulars
03.07.2009	Form 8	Section 125, 127, 130, 132 and 135	Modification of Charge in favour of State Bank of India
08.07.2009	Form 8	Section 125, 127, 130, 132 and 135	Modification of Charge in favour of ING Vysya Bank Ltd.
20.08.2009	Form 8	Section 125, 127, 130, 132 and 135	Creation of Charge in favour of IDBI Bank Ltd. Loan/Facility-cum-Hypothecation Agreement
21.08.2009	Form 62 Statement in lieu of Advertisement	Sub Rule 1 of Rule 4A of the Companies (Acceptance of Deposit) Rules, 1975	In respect of Deposits accepted
21.08.2009	Form 32	Section 303(2), 264(2)	Appointment of Shri A.K. Roy as Director in place of Shri N.S.R.C. Prasad
02.09.2009	Form 23C	233B(2)	Submission of Application to the Central Government for Appointment of Cost Auditor for the year ending 30.06.2010
03.09.2009	Form 23C	233B(2)	Submission of Application to the Central Government for Appointment of Cost Auditor for three months period ending 30.06.2009
07.09.2009	Form 17	Section 138	Satisfaction of Charges-Credit facilities of ING Vysya Bank Ltd.