

# 88<sup>th</sup> Annual Report

## 2010-11



**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, Nominee Director

## **REGISTERED OFFICE**

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

## **AUDITORS**

RAY & RAY  
Chartered Accountants

## **MANUFACTURING PLANTS**

### **PHARMACEUTICALS**

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

## **BANKERS**

IDBI Bank Limited  
State Bank of India

### **FURNISHING FABRICS**

Kharchi - Bilwara  
Taluk Jhagadia  
District Bharuch  
Gujarat.

## **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.

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## REPORT OF THE DIRECTORS TO THE MEMBERS

1. Your Directors have pleasure in presenting the EIGHTY EIGHTH Annual Report together with the Audited accounts for the year ended 30<sup>th</sup> June 2011.

### 2. OPERATIONS

The turnover of the Pharmaceutical Division during the period under review is ₹ 7878 Lakhs as compared to ₹ 8006 Lakhs of previous year. Similarly turnover in Furnishing Fabrics Division for the year under review is ₹ 522 Lakhs as against ₹ 465 Lakhs of previous year.

The total turnover of the Company during the period under review is ₹ 8400 Lakhs as compared to previous year of ₹ 8471 Lakhs.

The Company achieved a profit of ₹ 217 Lakhs before taxation and extra-ordinary item, an increase of nearly 41% over previous year.

#### Pharmaceutical Division:

During the year under review the Company turnover was marginally lower than previous year by about 1.5%, in spite of which there has been an increase in net profit.

There was an impact of supplies of injectable range of products from the loan license location where the Company was manufacturing and consequent delay in formalizing the additional location thereupon required has both resulted in some loss of sale. This has been streamlined and the company is confident to recover the loss of market.

#### Furnishing Fabrics Division:

During the year under review though this sector has shown a growth of nearly 12%, but the impact of increased input cost has impacted its profitability.

### 3. FINANCIAL HIGHLIGHTS

₹ In Lakhs

PARTICULARS	Year Ended 30.06.2011	Year Ended 30.06.2010
Profit/(Loss) for the year before		
Depreciation	388.62	359.74
Less: Depreciation	191.55	206.12
Add: Extraordinary income	-	153.62
	<b>197.07</b>	<b>314.43</b>
Less: Provision for Taxation		
- Current	(22.60)	(42.51)
- Deferred	30.96	(14.79)
Add: Balance brought forward from Profit & Loss Account	673.58	442.79
Amount available for appropriation	879.01	699.92
<b>Appropriation:</b>		
Dividend	17.44	17.44
Dividend Tax	2.90	2.90
Transfer to General Reserve	12.00	6.00
Balance carried to Balance Sheet	846.67	673.58
	<b>879.01</b>	<b>699.92</b>

### 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:

- 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 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 as at 30<sup>th</sup> June 2011 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. GROUP

Pursuant to intimation from Promoters of your Company, list of persons forming part of the same "Group" for the purposes of Regulation 3(1)(e)(i) of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997 have been disclosed below: (Group coming within the definition of Group as defined in the Monopolies and Restrictive Trade Practices Act, 1969 (54 of 1969))

- Abhay Kanoria Family Trust
- Thames Liners Limited
- Sudarshan Exports Limited
- Paritosh Industrial Finance Limited
- Althaea Finance & Leasing Pvt. Ltd.
- Abhay Kanoria
- Pallavi Kanoria
- Uddhav Kanoria
- Nirbhay Kanoria

## 7. DIRECTORS

Shri M R Hosangady and Shri U G Patel, 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 themselves for re-appointment.

## 8. FIXED DEPOSITS

Your Company has not invited/accepted any fixed deposits during the year under review, as such; no amount of principal or interest on fixed deposit was outstanding on the date of balance sheet.

## 9. AUDITORS

The statutory auditors of the Company, M/s Ray & Ray, Chartered Accountants, hold the office till the conclusion of the ensuing Annual General Meeting of the Company. They have confirmed their willingness and eligibility for re-appointment at the ensuing Annual General Meeting and also confirmed that their re-appointment, if made, will be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. The Board of Directors of the Company recommends their re-appointment.

## 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 I 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, Company Secretary in Whole-time Practice, is attached as Annexure II 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  
26<sup>th</sup> August 2011

**ABHAY KANORIA**  
Chairman &  
Managing Director



## ANNEXURE I 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 30<sup>th</sup> June 2011.

### 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:

##### 1. Electricity

Previous year

a) Purchased :			
Units	17,61,183		17,45,406
Total Amount [₹ in '000]	9,727		9,324
Rate/Unit [₹]	5.52		5.34
b) Own Generation :			
i) Through Diesel Generator			
Units	68,066		65,966
Units per Ltr. of Diesel Oil	3.12		3.02
Cost/Unit [₹]	13.64		13.20

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)	30.30		36
Total Amount [₹ in '000]	1117		1178
Average Rate [₹ per Ltrs]	36.87		32.72

4. Others/internal generation  
Quantity  
Total Cost  
Rate/Unit

**Nil**

**Nil**

- 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:<br>Development of new formulations, new dosage forms, substitution of imports by indigenous materials, improvement in process and stability of products. |
|  | b) Furnishing Fabrics:<br>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 :                                  |   |
| a) Capital [ ₹ in '000]                                    | <b>450</b>  |
| b) Recurring [ ₹ in '000]                                  | <b>2286</b>   |
| c) Total [ ₹ in '000]                                      | <b>2736</b>   |
| d) Total R&D expenditure as a percentage of total turnover | <b>0.34%</b>  |

**Previous Year**

634

2051

2685

0.33%

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 eg. 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
- 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.

: Not Applicable

### 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.

- b) Total foreign exchange used [₹ in '000]
- Total foreign exchange earned [₹ in '000]

		Previous year
40493	:	64691
92235	:	63320

On behalf of the Board

Mumbai  
26<sup>th</sup> August 2011

**ABHAY KANORIA**  
Chairman & Managing Director

**ANNEXURE II TO THE DIRECTORS' REPORT**

**R JAYARAMAN**

Company Secretary (in Whole time Practice)

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

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**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, 3<sup>rd</sup> 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 30.06.2011. 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 20.08.2010, 09.11.2010, 25.1.2011 & 22.4.2011 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 02.11.2010 to 09.11.2010 in compliance of section 154 of the Act, and has released an advertisement in News papers viz. Financial Express in English and Hosa Digantha, Bangalore, in Kannada, on 28.10.2010.
6. The Annual General Meeting for the period ended on 30.06.2010 was held on 09.11.2010 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 duly complied with the requirements of section 217 of the Act.
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 amounts borrowed by the Company from directors, members, public, financial institutions, banks and others during the period ended 30.06.2011 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.
24. 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.
25. 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.
26. The Company has not altered the provisions of the memorandum with respect of the objects of the Company during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to name of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to Share Capital of the Company during the year under scrutiny.
29. The Company has not altered its Articles of Association.
30. 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.
31. 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.
32. 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 : 19/08/2011

**R JAYARAMAN**  
FCS -3212 CP 1830

**Annexure A**

Registers maintained by the Company under the Act, as on 30.06.2011

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 30.06.2011;**

<b>Date of Filing</b>	<b>Form No/ Return</b>	<b>Under Section</b>	<b>Particulars</b>
1.12.2010	Form 66	Section 383A and rule 3(2) of the Companies (Compliance Certificate) Rules, 2001	Submission of Compliance Certificate
9.12.2010	Form 23 AC & Form 23 ACA	220(1)(a)	Balance Sheet as at 30.6.2010 & Profit Loss Account for the year ended 30.6.2010
04.01.2011	Form 20B	159 & 161	Annual Return made up to Annual General Meeting held on 09.11.2010
07.01.2011	Form 23	Section 192	Registration of Resolutions Passed in Annual General Meeting held on 09.11.2010
25.02.2011	Form 23	Section 192	Registration of Resolutions Passed in Board Meeting held on 25.01.2011
26.05.2011	Form 25C	Section 269(2) and Schedule XIII	Appointment of Managing Director w.e.f. 1.4.2011