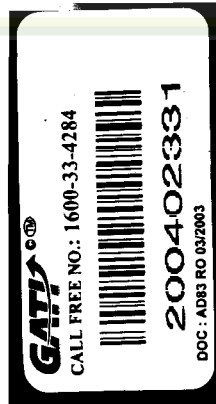


ANNUAL REPORT 2002-2003

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ANIL PRODUCTS LIMITED
A MEMBER OF THE LALBHAI GROUP

Anil Products Limited

Directors :

Shripal C. Sheth
Amol S. Sheth
Kamal R. Sheth
Anish K. Shah

Chairman & Managing Director
Managing Director

Auditors :

Messrs S. R. Godiawala & Co.
Chartered Accountants

Bankers :

Bank of India

Regd. Office :

Anil Road,
Ahmedabad - 380 025.

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ANIL PRODUCTS LIMITED

ANIL PRODUCTS LTD.

NOTICE

NOTICE is hereby given that the Annual General Meeting of the Members of the Company will be held on Wednesday, the 24th day of September, 2003 at 9.30 a.m. at Ahmedabad Textile Mills Association (ATMA) Hall, Ashram Road, Ahmedabad - 380 009 to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and audited Balance Sheet as at 31st March, 2003 with the documents required by law to be annexed thereto.
2. To appoint a Director in place of Shri Anish K. Shah, who retires by rotation under provisions of Articles of Association of the Company and, being eligible, offers himself for reappointment.
3. To appoint auditors and to fix their remuneration.

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.

Registered Office:
Anil Road,
Ahmedabad - 380 025.

By Order of the Board
Naresh Bheda
Company Secretary

30th June, 2003.

NOTES:

1. Printed copy of Annual Report for 2002-2003 is enclosed herewith.
2. The Register of Members and the share transfer books of the Company will remain closed from 26th day of September, 2003 to 30th day of September, 2003 (both days inclusive).
3. For any further information regarding the accounts, advance intimation be given and the members should ensure that it reaches the Company at least 10 days before the date of the ensuing meeting.

ANNUAL REPORT

DIRECTORS' REPORT

Gentlemen,

Your Directors have pleasure in presenting their Annual Report and audited Accounts of the Company for the year ended 31st March, 2003.

1. FINANCIAL RESULTS

(Rupees in Lacs)

	2002-03	2001-02
Profit before Depreciation and Taxation	364.64	337.87
Less: Depreciation	181.79	159.62
Profit Before Tax	182.85	178.25
Less: Provision for Taxation		
Current Tax	15.00	13.00
Deferred tax	54.76	0.00
Profit After Tax	113.09	165.25
Add: Excess Provision for earlier years	7.46	0.00
Add: Balance of Profit of previous years	190.14	24.89
Balance carried to Balance Sheet.	310.69	190.14

2. DIVIDEND

Keeping in view the requirement of company for liquid funds and some other factors, your directors have not recommended any dividend for the year under report.

3. OPERATIONS

Due to communal riots and its after effects in Ahmedabad city, the workings of the company were adversely affected in the first quarter of the year under review. The supplies of coal required for the boiler & certain critical chemicals like Hydrochloric acid etc. were very inconsistent which affected the operations of the company. Further, the prices of Maize throughout the year remained at upper level and the prices of other major inputs also remained high, this coupled with tight financial market, the receivables remained slow and this lead to increase in interest burden. In spite of these adverse situations, your company, during the year under review, has achieved a turnover of Rs.10636.32 Lacs as compared to Rs.9424.27 Lacs in the preceding year and the operations have resulted into a profit before tax of Rs.182.85 Lacs as compared to Rs.178.25 Lacs for the previous year.

4. LISTING OF EQUITY SHARES

Pursuant to the Scheme of Amalgamation of erstwhile The Anil Starch Products Ltd with the company, the company had allotted equity shares to the shareholders of the transferor company. Consequently, the company has made necessary application to SEBI through the Stock Exchange, Ahmedabad for relaxation from compliance of Rule 19(2)(b) of Securities Contracts (Regulation) Rules, 1957 and in pursuance thereto, the company has received the NOC from SEBI. Accordingly, the company has made necessary application to the Stock Exchange, Ahmedabad for listing of its equity shares, which are expected to be listed shortly.

ANIL PRODUCTS LIMITED

5. INDUSTRIAL RELATIONS

The industrial relations remained cordial throughout the year. Human resources development, employee/workmen training and safety measures continued to receive higher attention.

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

A statement giving details of conservation of energy, technology absorption and foreign exchange earnings and outgo, in accordance with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is annexed hereto and forms part of the Report.

7. INSURANCE

Company's buildings, plant and machineries, stocks and other properties, wherever necessary and to the extent required, have been adequately insured.

8. DIRECTORS

- i) During the year under report Shri Rahul A. Patel resigned as the Director of the company. The Board wishes to place on record its deep gratitude to Mr. Patel, for his contribution in the management of the company during his tenure as a Director.
- ii) Under Article 129 of the Articles of Association of the Company, Shri Anish K. Shah retires by rotation and being eligible, offer himself for re-election.

9. PUBLIC DEPOSITS

Public Deposits accepted by the company as at 31st March, 2003 aggregated to Rs.539.90 Lacs. Your company has no over due deposits but deposits aggregating to Rs.5.64 Lacs from 73 depositors though matured, had neither been claimed nor renewed until 31st March, 2003.

10. RELATED PARTY TRANSACTIONS

As a matter of policy, the company enters into transactions with related parties on an arms-length basis other than loans to employees. The details of related party transactions are given in notes forming part of accounts.

11. DIRECTOR'S RESPONSIBILITY STATEMENT

In terms of section 217(2AA) of the Companies Act, 1956, your Directors confirm:

1. that in preparation of annual accounts, the applicable accounting standards have been followed and that no material departures have been made from it;
2. that they have selected such accounting policies and applied them 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 2002-03 and for the profit of the Company for that period;
3. that they have taken proper and sufficient care for the 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;
4. that they have prepared the annual accounts on a going concern basis.

12. CORPORATE GOVERNANCE

As the company has submitted an application, for listing of its shares, with the Stock Exchange, Ahmedabad the Corporate governance compliance will be applicable to the company during the current financial year. However, as a good corporate citizen, your company has taken advance steps to ensure that recommendations relating to Corporate Governance are complied with. Your company has a comprehensive corporate governance policy in order to ensure transparency, fairness, and accountability, leading to full disclosure of facts and a framework of ethical business conduct.

13. PARTICULARS OF EMPLOYEES

The Company has not employed any person drawing remuneration aggregating not less than Rs.2,00,000/- per month, hence information as per section 217(2-A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, is not applicable.

14. AUDITORS

You are requested to appoint the Auditors and fix their remuneration. The specific notes forming part of the Accounts referred to in the Auditors' Report are self-explanatory and do not call for any further explanation under Section 217(3) of the Companies Act, 1956.

15. APPRECIATION

Your Directors take this opportunity to thank all employees for their sustained effort and high level of dedication and commitment, which enabled the Company to perform well despite of heightened competition and adverse market conditions.

Ahmedabad
30th June, 2003.

On behalf of the Board,
Shripal C. Sheth
Chairman & Managing Director

ANIL PRODUCTS LIMITED**ANNEXURE TO THE DIRECTORS' REPORT (UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956)****A CONSERVATION OF ENERGY:****(a) Energy Conservation measures taken :**

The Company lays great emphasis on the conservation of energy and as part of continuous effort for conservation of energy several measures have been taken during the year such as: (i) Generation of Bio-gas from the factory's effluent has been continued, (ii) Reutilization of condensate steam, (iii) Several measures for reduction in consumption of water.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

Conservation of energy has been given top priority and a specific team dedicated for energy conservation has been actively identifying areas wherever there is a scope for energy saving. Specific studies have been undertaken and measures suggested for optimizing utilization of energy, improving steam condensate recovery, improving power factor for ultimate reduction in cost of steam and electricity.

(c) Impact of measures taken:

The adoption of energy conservation measures have resulted in more efficient utilization of steam as well as power.

(d) Total energy consumption per unit of Production:

FORM A

I. POWER AND FUEL CONSUMPTION :

	2002-03	2001-02
1. ELECTRICITY:		
Purchased		
Unit '000 KWH	16779.94	19725.00
Total Amount (Rs.in Lacs)	780.42	936.87
Rate per unit	4.65	4.75
2. COAL-GRADES B TO E:		
Quantity (M.T.)	8846.33	7674.00
Total Cost/Rs.in Lacs	255.20	209.90
Average Rate (Rs. per M.T.)	2885.00	2735.00
3. FURNACE OIL:		
Quantity (K.L.)	865	661.225
Total Amount (Rs. in Lacs)	96.43	69.26
Average Rate (Rs. per K.L.)	11.14	10.47
4. LIGNITE & OTHERS:		
Quantity (M.T.)	23,040	25,680
Total Cost (Rs. in Lacs)	316.98	335.00
Average Rate (Rs. per M.T.)	1376.00	1305.00

II. CONSUMPTION PER M.T. OF PRODUCTION

	ELECTRICITY		STEAM	
	Current Year		Current Year	
	STD	KWH	STD	M.T.
Chemicals	-	213	-	1.54
		(330)		(1.27)
Processed Foods	-	147	-	3.332
		(147)		(3.48)

NOTE: Figures in brackets relate to previous year.

B. TECHNOLOGY ABSORPTION

FORM B

RESEARCH AND DEVELOPMENT:

(a) Specific Areas in which R&D carried out by the Company:

The Company's R&D Center has been approved by the Department of Science & Technology since 1974 and it has been actively engaged in carrying out R&D in several areas including process and Product improvement. It has also been working on development of new products and newer applications for specific customers.

(b) Benefits derived as a result of R&D

(i) The company has been able to develop and manufacture speciality starches suitable for specific end use and finding specific applications in the targeted industries.

(ii) Reduction of cost of production and improvement in the quality of the products.

(c) Future plan of action

The Company will continue to lay emphasis on the main areas of R&D set out under para (a) above.

(d) Expenditure on R&D

	2002-2003	2001-2002
	Rs.in Lacs	Rs.in Lacs
Capital	Nil	Nil
Recurring	26.43	29.90
Total	26.43	29.90
Total R&D Expenditure	0.24%	0.32%

as percentage of total turnover

(e) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATIONS:

Through continuous interaction with R&D center, efforts are made towards technology absorption, adaptation and innovation. The thrust areas have been, the improvement of quality of all the products, increase in productivity through cost effective programs and development of related products for various end uses.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The information is given in Notes forming part of the accounts. Members are requested to refer the said notes.

ANIL PRODUCTS LIMITED

AUDITOR'S REPORT

To the members of

ANIL PRODUCTS LIMITED

1. We have audited the attached Balance Sheet of ANIL PRODUCTS LIMITED, Ahmedabad as at 31st March 2003; the Profit and Loss Account for the year ended on that date annexed thereto and also the Cash Flow Statement for the period ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides reasonable basis for our opinion.
3. 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 enclose in the annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
 - a. 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;
 - b. 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 those books;
 - c. The Balance Sheet and the Profit and Loss account are in agreement with the books of account;
 - d. In our opinion, the Profit and Loss Account and the Balance Sheet comply with the Accounting Standard referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e. As per the information and explanations given to us, none of the directors are disqualified as on 31st March 2003 from being appointed as directors in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f. In our opinion, and to the best of our information and according to the explanations given to us, the said accounts 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 2003;
 - (ii) in the case of the Profit and Loss Account, of the Profit of the company for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For S.R.GODIAWALA & CO.
Chartered Accountants

Place: Ahmedabad
Date: 30th June 2003

SAVAN GODIAWALA
Proprietor