

# **ANNUAL REPORT**

## **2004 - 2005**

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# **ANIL PRODUCTS LIMITED**

A MEMBER OF THE LALBHAI GROUP

## **Anil Products Limited**

**Directors :**

Shripal C. Sheth

Chairman & Managing Director

Amol S. Sheth

Managing Director

Kamal R. Sheth

Anish K. Shah

Indira J. Parikh

**Auditors :**

Messrs S. R. Godiawala & Co.

Chartered Accountants

Ahmedabad

**Bankers :**

Bank of India

The Lord Krishna Bank Ltd.

Allahabad Bank

**Regd. Office :**

Anil Road,

Ahmedabad - 380 025.

**ANIL PRODUCTS LIMITED**

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**ANIL PRODUCTS LTD.**

**NOTICE**

NOTICE is hereby given that the Annual General Meeting of the Members of the Company will be held on Thursday, the 22nd day of September, 2005 at 9.30 a.m. at Ahmedabad Textile Mills Association (ATMA) Hall, Ashram Road, Ahmedabad-380009 to transact the following business:

1. To receive and adopt the Directors' Report and audited Balance Sheet as at 31st March, 2005 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 M/s. Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad as Auditors of the Company in place of the retiring Auditors M/s. S. R. Godiawala & Co., 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.**

**By Order of the Board**

**Registered Office:**  
Anil Road,  
Ahmedabad - 380 025.  
4th May, 2005.

**Naresh Bheda**  
**Company Secretary**

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**NOTES:**

1. A special notice has been received under section 225(1) of the Companies Act, 1956, from a member of the Company proposing the appointment of M/s. Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad, as Auditors of the Company in place of S. R. Godiawala & Co., the retiring auditors of the Company. The retiring auditors have informed the Company that they have no representation to make for notification to the members relating to special notice.
2. Printed copy of Annual Report for 2004-2005 is enclosed herewith.
3. The Register of Members and the share transfer books of the Company will remain closed from Thursday, 11th day of August, 2005, to Thursday, 18th day of August, 2005 (both days inclusive).
4. 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.

## DIRECTORS' REPORT

Gentlemen,

Your Directors have pleasure in presenting their Annual Report and audited Accounts of the Company for the year ended 31st March, 2005.

### 1. FINANCIAL RESULTS

	(Rupees in Lacs)	
	2004-05	2003-04
Profit before Depreciation and tax	525.70	341.18
Less: Depreciation	199.97	188.98
Profit Before Tax	325.73	152.20
Less: Provision for Taxation		
Current Tax	26.05	14.30
Deferred tax	122.56	63.37
Excess/(Short) Provision for earlier years	—	(8.68)
Profit After Tax	177.12	65.85
Add: Balance of Profit of previous years	376.54	310.69
Proposed Dividend	37.00	—
Tax on proposed dividend	4.83	—
Balance carried to Balance Sheet.	511.83	376.54

### 2. DIVIDEND

Considering various factors such as requirement of funds, present market conditions etc., for the year under review, your directors have recommended a dividend of 5% on equity shares of the Company. The Company is liable for tax @ 13.07% on distribution of dividend. The dividend and tax thereon will absorb Rs. 41.83 lacs for which necessary provision has been made in the accounts.

### 3. OPERATIONS

Your directors are pleased to report that your Company has been continuously following the strategy of upgrading its products and as a result thereof, for the year under review, in spite of competitive market conditions, your company through strategic planning, sustained efforts coupled with continued focus on increasing productivity and minimizing the costs has been able to achieve better results. During the year under report, the Company has achieved a gross turnover of Rs. 18134.61 lacs as compared to Rs. 14032.95 lacs during the previous year and the operations for the year under review has resulted into a net profit of Rs. 177.12 lacs as against Rs. 65.85 Lacs for the preceding year.

Your directors expect even better results for the current year.

### 4. INDUSTRIAL RELATIONS

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

### 5. 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.

### 6. INSURANCE

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

### 7. DIRECTORS

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.

### 8. PUBLIC DEPOSITS

Public Deposits accepted by the company as at 31<sup>st</sup> March, 2005 aggregated to Rs. 626.85 Lacs. Your company has no over due deposits but deposits aggregating to Rs. 5.41Lacs from 72 depositors though matured, had neither been claimed nor renewed until 31<sup>st</sup> March, 2005.

### 9. 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.

**ANIL PRODUCTS LIMITED****10. CORPORATE GOVERNANCE**

Your company is committed to the tenets of good corporate governance and has taken adequate steps to ensure that the requirements of Corporate Governance as laid down in Clause 49 of the Listing Agreement are complied with.

A separate report on Corporate Governance and a Management Discussion and Analysis report are being published as a part of the Annual Report of the company.

**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 we 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 ended on 31<sup>st</sup> March, 2005 and of the profit of the Company for that period;
3. that we 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 we have prepared the annual accounts on a going concern basis.

**12. 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.

**13. AUDITORS**

A special notice has been received under section 225(1) of the Companies Act, 1956, from a member of the Company proposing the appointment of M/s. Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad, as Auditors of the Company in place of M/s. S. R. Godiawala & Co., the retiring auditors of the Company. You are requested to make appointment of auditors of the Company.

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.

**14. 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 severe competition and adverse market conditions.

On behalf of the Board,

Ahmedabad  
04<sup>th</sup> May, 2005.

**Shripal C. Sheth**  
Chairman & Managing Director

**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) Regular audit of steam, furnaces and compressed air to minimize losses. (ii) Change in insulation techniques to reduce heat losses. (iii) Installation of variable frequency drives to reduce power consumption. (iv) Installation of limit switches, timers and PLC etc. to minimize idle running hours of the equipment (v) Regular monitoring and benchmarking of energy intensive equipments. (vi) Change of lubes in gear boxes to save power. (vii) Installation of capacitor banks to improve power factor.

**(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:**

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## FORM A

## I. POWER AND FUEL CONSUMPTION:

	2004-05	2003-04
1. <b>ELECTRICITY:</b> Purchased		
Unit '000 KWH	26354.23	24255.11
Total Amount (Rs.in Lacs)	1039.92	1088.09
Rate per unit	3.95	4.49
2. <b>COAL-GRADES B TO E:</b>		
Quantity (M.T.)	15153.92	13236.075
Total Cost/Rs.in Lacs	414.02	390.37
Average Rate (Rs. per M.T.)	2732.12	2949.27
3. <b>FURNACE OIL:</b>		
Quantity (K.L.)	1185.00	1789.00
Total Amount (Rs. in Lacs)	158.91	222.15
Average Rate (Rs. per K.L.)	13.41	12.42
4. <b>LIGNITE &amp; OTHERS:</b>		
Quantity (M.T.)	31366.935	25427.025
Total Cost (Rs. in Lacs)	493.75	360.27
Average Rate (Rs. per M.T.)	1574.13	1416.86

## II. CONSUMPTION PER M.T. OF PRODUCTION

	ELECTRICITY		STEAM	
	Current Year		Current Year	
	STD	KWH	STD	M.T.
Chemicals	—	203	—	1.36
		(199)		(1.24)
Processed Foods	—	128	—	2.94
		(132)		(2.67)

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 user industries.
- (ii) Products for specific tailor-made applications for certain Industries have also been developed.
- (iii) Reduction in cost of production of certain products.
- (iv) 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*

	2004-2005	2003-2004
	Rs.in Lacs	Rs.in Lacs
Capital	4.82	0.62
Recurring	8.81	9.34
Total	13.63	9.96
Total R&D Expenditure as percentage of total turnover	0.09%	0.07%

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATIONS:**

Through continuous interaction with R&D center, efforts are made towards technology absorption, adoption 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****REPORT ON CORPORATE GOVERNANCE****A brief statement on company's philosophy on code of Governance:**

The company always strives to achieve optimum performance at all levels by adhering to corporate governance practices, such as:

- Fair and transparent business practices.
- Effective Management Controls at all levels.
- Adequate representation of promoter, executive and independent directors on the board.
- Accountability for performance at all levels.
- Monitoring of executive performance by the Board.

**Board of Directors:**

There are five members on the Board of the company comprising of two Executive Directors and three independent directors. There is no institutional nominee on the board.

The list of composition and categories of directors are:

Sr	Name of director	Executive / Independent	No. of other directorships in Public Limited Companies	No. of other Board Committees of which Member/ Chairman
1	Mr.Shripal C. Sheth	C.M.D.	2	Nil
2.	Mr.Amol S. Sheth	M.D.	2	Nil
3.	Mr.Kamal R. Sheth	NED(I)	6	Nil
4.	Mr.Anish K. Shah	NED (I)	Nil	Nil
5.	Dr.Indiraben J. Parikh	NED(I)	4	1

CMD – Chairman cum Managing Director – Executive & Non Independent.

MD – Managing Director – Executive & Non Independent.

NED(I) – Non-Executive Director (Independent )

**Board procedure :**

Board meetings are governed by a structured agenda and any director may bring up any matter for consideration of board at the meeting, in consultation with the chairman. Agenda papers are generally circulated to the members of the board well in advance.

**Board Meetings:**

During the year, the Board of Directors met 5 times on 24.05.2004, 29.06.2004, 28.07.2004, 09.11.2004 & 31/01/2005. The details of attendance of meetings of the Board of Directors are given below:

Name of director	No. of Meetings held when the director was on board	No. of meetings attended	Whether present at previous AGM
Shri Shripal C. Sheth	5	4	No
Shri Amol S. Sheth	5	5	Yes
Smt.Indira J. Parikh	5	3	No
Shri Kamal R. Sheth	5	5	Yes
Shri Anish K. Shah	5	5	No

The board of directors of the company has constituted various committees of the members of the board. The terms of reference of these committees have been determined by the board from time to time.

**Audit Committee:**

The Audit Committee consists of 3 Non-Executive & Independent Directors. Smt.Indiraben J. Parikh is the Chairperson of the Committee. Other members of the Committee are Shri Kamal R. Sheth and Shri Anish K. Shah. All the members have financial and accounting knowledge. The Company Secretary of the company acts as a Secretary to the Committee.

The Audit Committee has adequate powers and detailed terms of reference to play effective role as

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required under the provisions of the Companies Act, 1956 and clause 49 of the Listing Agreement. The details of meetings of the audit committee is given below:

Name of member	No. of Meetings held when the member was on committee	No. of meetings attended
Smt.Indira J. Parikh	4	2
Shri Kamal R. Sheth	4	4
Shri Anish K. Shah	4	4

To reply to the query of members, Shri Kamal R. Sheth had represented as Chairman of the Audit Committee at previous Annual General Meeting.

**Share Transfer-cum-investors Grievances Committee:**

The Board has constituted Share Transfer cum Investors Grievances Committee consisting of Shri Shripal C. Sheth, who is the Chairman of the Committee. Shri Amol S. Sheth and Shri Kamal R. Sheth are another members of the committee. The terms of reference of the Committee are:

- 1) To look into the redressal of investors grievances relating to
  - a) Transfer and Dematerialization / Rematerialization of shares
  - b) Issue of duplicate share certificates.
  - c) Non-receipt of shares, dividends etc.
- 2) To look into other related issues towards strengthening investor's relation.

The members of Share transfer cum investors Grievances Committee normally meet twice every month. During the year, the company has received 21 miscellaneous complaints, which were redressed. No complaint was pending as on 31<sup>st</sup> March, 2005. Mr.Naresh G. Bheda, Company Secretary is the compliance officer.

The company has not constituted the Remuneration Committee. The details of remuneration of Managing Directors of the company for the financial year 2004-2005 are given below:-

Particulars	Mr.Shripal C. Sheth, Chairman-cum- Managing Director	Mr.Amol S. Sheth, Managing Director
Salary	Rs.3.00 Lacs	Rs.2.70 Lacs
Contribution to PF & Other Funds	Rs.0.36 Lacs	Rs.0.33 Lacs
Perquisites	Rs.2.27 Lacs	Rs.2.30 Lacs
Total	Rs.5.63 Lacs	Rs.5.33 Lacs

The company is not paying any remuneration to its Non-Executive Directors. The details of sitting fees paid to the Non-Executive Directors during the financial year 2004-2005 are given below:

Sr.	Name of the Non-Executive Director	Sitting Fees (Rs.)
1.	Mr.Kamal R. Sheth	2500/-
2.	Mr.Anish K. Shah	2500/-
3.	Dr.Indiraben J. Parikh	1500/-

**General Body Meetings:**

The last three Annual General Meetings of the company were held as under:

Day & Date of AGM	Time	Venue
Friday, the 27 <sup>th</sup> September, 2002	9.30 a.m.	Ahmedabad Textile Mills Association Hall, Ashram road, Ahmedabad.
Wednesday, the 24 <sup>th</sup> September, 2003	9:30 a.m.	Ahmedabad Textile Mills Association Hall, Ashram road, Ahmedabad.
Tuesday, the 26 <sup>th</sup> September, 2004	9:30 a.m.	Ahmedabad Textile Mills Association Hall, Ashram road, Ahmedabad.

Resolutions at above annual general meetings were passed by show of hands. None of the resolutions were placed before the above-referred Annual General Meetings, which required to be passed by postal ballot. During last three financial years, no any extra ordinary general meeting was held.



## ANIL PRODUCTS LIMITED

### Details of Directors seeking Appointment/Reappointment at the Annual General Meeting:

Shri Anish K. Shah, retires by rotation and being eligible offers himself for reappointment. Shri Anish K. Shah is a directors of the Company since 1998. He is B. E and possess an experience of more than 12 years, in the field of business administration. He is not holding directorship in any other public Limited Company.

### Disclosures:

#### Disclosure regarding materially significant related party transactions:

Transactions with related parties, if any, are disclosed in Notes on accounts annexed to the financial results of the company for the year. There was no related party transaction during the year, having potential conflicts with the interest of the company.

#### Disclosure on non-compliance by the company:

There were no instances of non-compliance or penalty imposed on the company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets, during the last three financial years.

### Means of Communication:

The quarterly financial results of the company were submitted to the Stock Exchange and were also published in the national and regional newspapers.

Management Discussion and Analysis Report forms a part of this Annual Report.

### General Shareholder Information:

#### Annual General Meeting:

The ensuing Annual General Meeting ("the AGM") of the company will be held on Thursday, the 22nd September, 2005 at 9.30 a.m. at Ahmedabad Textile Mills Association Hall, Ashram Road, Ahmedabad - 380 009.

#### Financial Calendar:

The Financial year of the company is for a period of 12 months from 1<sup>st</sup> April to 31<sup>st</sup> March. The financial results of the company during the financial year 2004-05 are scheduled to be published as under:

a. Results for the first quarter ending on 30 <sup>th</sup> June, 2005	By end of July, 2005
b. Results for the second quarter ending 30 <sup>th</sup> September, 2005	By end of October, 2005
c. Results for the third quarter ending 31 <sup>st</sup> December, 2005	By end of January, 2006
d. Results (Audited) for the financial year ending 31 <sup>st</sup> March, 2006	By end of June, 2006
e. Annual General Meeting for the year ending March, 2006	By end of September, 2006

**Dates of Book Closure:** The Register of Members and Share Transfer Books of the company will remain closed from Thursday, the 11<sup>th</sup> August, 2005 to Thursday, 18th August, 2005 (both days inclusive).

#### Dividend Payment:

The board of directors of the company has recommended dividend @ 5% on equity shares for the financial year ended 31<sup>st</sup> March, 2005 and will be paid after approval of the same at the ensuing Annual General Meeting of the Company.

#### Stock Exchange Listing:

The equity shares of the company are listed on The Stock Exchange, Ahmedabad, Kamdhenu Complex, Ambawadi, Ahmedabad and the company has paid annual listing fees to The Stock Exchange.

#### Stock Code

The Stock Exchange, Ahmedabad - Company Code: 04292 (ANILPRODUCT)

#### Market Price Data

During the financial year 2004-2005, no transaction has been reported with the Stock Exchange, Ahmedabad. Hence, the monthly high & low market prices of shares are not available.

#### Registrar and Transfer Agents:

M/s.Pinnacle Share Registry P. Ltd, AAA Hospital Premises, Naroda Road, Ahmedabad -380 025 (Phone: 079-22200582) is our registrar and transfer agent, who provides all shareholder related services.

#### Share Transfer system:

The Share Transfer-cum-Investors Grievance Committee attends to share transfer formalities Normally the committee meets twice in a month. Demat requests are normally confirmed within 21 days from the date of receipt of request.

**ANNUAL REPORT****Shareholding pattern and Distribution of Shareholdings as on 31<sup>st</sup> March, 2005.****Shareholding pattern.**

Category	No. of Shares held	% of Shareholding
1. Promoters	4346120	58.73
3. Banks, FIs, Insurance companies	335960	4.54
4. Private Bodies Corporate	514680	6.95
5. Non-Resident Indians	2100	0.03
6. Indian Public	2201140	29.75
<b>TOTAL</b>	<b>7400000</b>	<b>100%</b>

**Distribution of Shareholdings**

No. of equity shares held	No. of shareholders	% of share holders	No. of shares	% of shareholding
1-500	15133	95.12	1091900	14.76
501-1000	456	2.87	321560	4.35
1001-2000	195	1.23	279240	3.77
2001-5000	66	0.42	199180	2.69
5001-10000	23	0.14	152200	2.05
10001 and Above	36	0.22	5355920	72.38
<b>TOTAL</b>	<b>15909</b>	<b>100</b>	<b>7400000</b>	<b>100</b>

**Dematerialization of shares**

The company's shares are available for dematerialization on both the depositories viz. National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd (CDSL). As on 31<sup>st</sup> March, 2005, 3012880 shares amounting 40.71% of the equity share capital of the company has been dematerialized.

**DEMAT ISIN No. INE 125E01019**

**Plant Locations:**

Main Factory at : Anil Road, Ahmedabad – 380 025.

Karan Nagar Plant : Plot No.195/E,Nr.Petrol Pump, Kadi Road, Karan nagar, Mehsana (Dist.), Gujarat.

**Address for Correspondence:**

Shareholders may correspondence with the company at the Register office of the company at:

Anil Products Ltd,

Secretarial Department,

Anil Road, Ahmedabad – 380 025.

The above report has been placed before the board at its meeting held on 04<sup>th</sup> May, 2005.

For & On behalf of Board

Place: Ahmedabad

Date : 04.05.2005

**Shripal C. Sheth**  
Chairman cum Managing Director