

Anil Limited



ANNUAL 2011
REPORT 2012



COMPANY INFORMATION



Shri Amol Sheth
Chairman & Managing Director



Shri Kamal Sheth
Independent Director



Shri Anish Shah
Independent Director



Smt. Indira Parikh
Independent Director

CHIEF FINANCIAL OFFICER

Shri Dipal Palkhiwala

COMPANY SECRETARY

Shri Chandresh Pandya

AUDITORS

M/s. Parikh & Majmudar
Chartered Accountants

BANKERS

Bank of India | Punjab National Bank | IDBI Bank

REGISTERED OFFICE

P. O. BOX - 10009,
Anil Road, Ahmedabad - 380 025
Tel. : 079 - 40282000
Fax : 079 - 40282001
E-mail : investor-relations@anil.co.in
Website : www.anil.co.in

PLANT LOCATION

Anil Road,
Ahmedabad - 380 025

REGISTRAR & SHARE TRANSFER AGENT

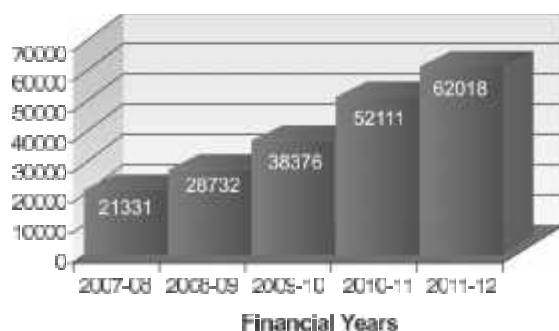
Link Intime India Pvt. Ltd.
Unit: Anil Limited
Unit No 303, 3rd floor Shoppers Plaza V,
Opp. Municipal Market,
Behind Shoppers Plaza II,
Off C G Road, Ahmedabad 380009
Phone : 91-79-2646 5179
Fax No. 91-79-2646 5179
Email: ahemdabad@linkintime.co.in

CONTENTS

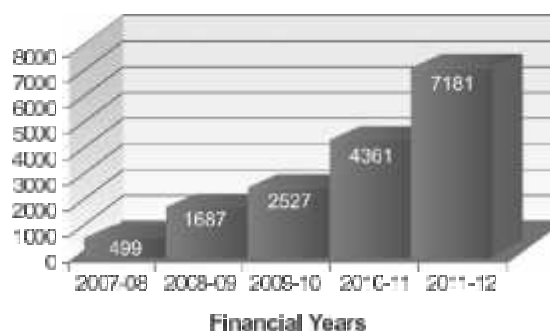
Particulars	Page No.
Financial Highlights and Key Trends	2
Management Discussion and Analysis	4
Director Report	7
Statement pursuant to Section 212 (1) (e) of the Companies Act, 1956 relating to subsidiary Companies	11
Corporate Governance Report	14
CSR At Anil	25
Stand Alone Financial Statements:	
Auditors Report	26
Balance Sheet	30
Statement of Profit and Loss Account	31
Cash Flow Statement	32
Notes Forming Part of the Financial Statements	34
Consolidated Financial Statements:	
Auditors Report	55
Balance Sheet	56
Statement of Profit and Loss Account	57
Notes Forming Part of the Financial Statements	58

FINANCIAL HIGHLIGHTS (2008-2012)

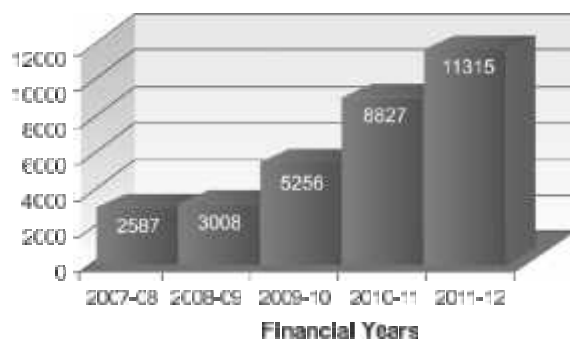
TURN OVER
(₹ in Lacs)



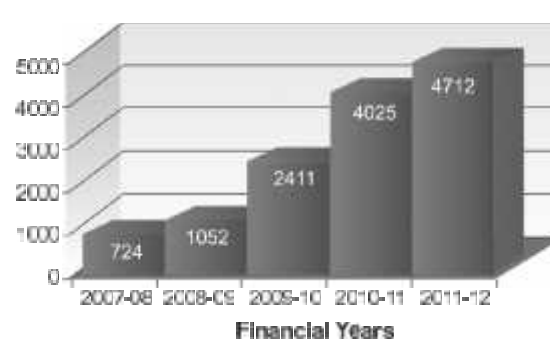
EARNINGS IN FOREIGN CURRENCY
(₹ in Lacs)



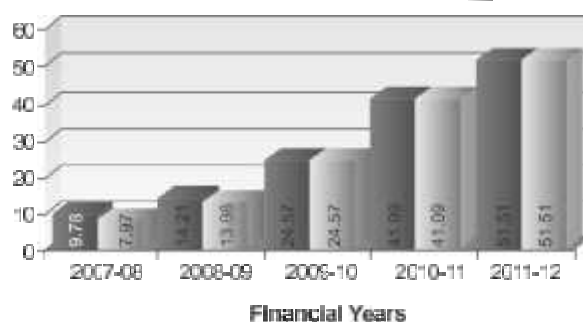
EBITDA
(₹ in Lacs)



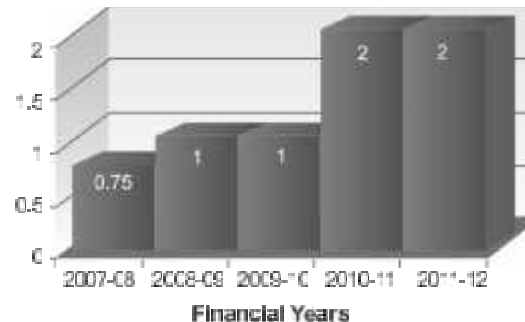
PAT
(₹ in Lacs)

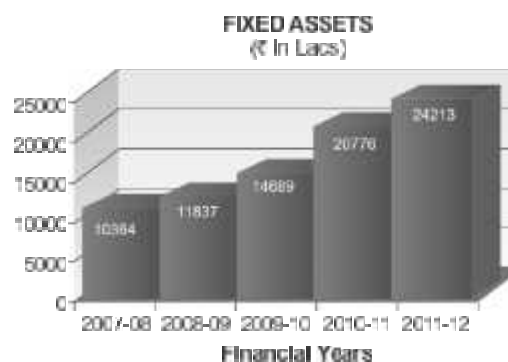


EPS
(₹)



DIVIDEND
(₹)





KEY TRENDS (2011-12)

MONETARY TREND

Net worth	Up by 38.39%
Turnover	Up by 19.00%
EPS	Up by 17.43%

OPERATING TREND

Total Sales	Up by 19.47%
Domestic Sales	Up by 14.84%
Export	Up by 64.69%

PROFIT TREND

Total Profit	Up by 16.33%
PBT	Up by 17.03%
PAT	Up by 17.06%

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

CAUTIONARY STATEMENT

Certain Statements in this Report relating to the Company's objectives, projections, outlook, estimates and Expectations may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ materially from such expectations, projections and so on whether express or implied. Several factors could make significant difference to the Company's operations. These include climatic conditions and economic conditions affecting demand and supply, government regulations and taxation, natural calamities and so on over which the Company does not have any direct control.

INDIAN ECONOMY & INDUSTRY SCENARIO

In 2011-12, the Indian growth, measured in terms of Index of Industrial Production (IIP), shows fluctuating trends. Official industry statistics present a grim picture of Indian Economy wherein during April – December 2011, overall growth reached 3.6 percent compared to 8.3 percent in the corresponding period of the previous year. Production in eight core industries grew by 0.5 percent in January 2012 as compared to 6.4 percent in January 2012. Cumulative growth in April-January 2011-12 has been 4.1 percent as compared to 5.7 percent during the corresponding period of the previous year.

The issues constraining production growth were low investment rate due to high interest rates, depreciating rupee and high inflation affecting cost and demand. However, a positive factor in the latest numbers relate to growth in consumer goods space. The consumer goods basket in the IIP, which is dominated by foods & automobiles in terms of weightage, grew 5.2% in April over the year ago period, as against 0.7% in March 2012. This shows that despite the stress of inflation and overall poor sentiment, the consumer goods sector is not feeling a major shrinkage and producers are expecting better demand going forward.

Globally, Indian economy has done well in registering a positive growth momentum as compared to developed economies. The global economy is projected to grow by 2.5 percent in 2012 and 3.1 percent in 2013, following a growth of 2.7 percent in 2011, a slight downward revision from previous forecasts. Recent market research estimates forecasted Indian economy to expand by 6.7 percent in 2012, after growing by 7.1 percent in 2011. In terms of industries, as mentioned in the official Index of Industrial Production (IIP), 12 out of 22 manufacturing sector have shown positive growth during April, compared to the corresponding month of the previous year.

Maintaining a close check of the prevailing trend in its end-user industries, Anil Limited has charted a roadmap which provides ample scope of business potential and revenue generation in the long run.

STRUCTURE OF THE COMPANY AND BUSINESS OVERVIEW

Anil Limited is engaged in the business of manufacturing starch and specialty starch products that cater across various industries, including Textile, Paper, Food & Beverages, Adhesive, Pharmaceuticals, Chemicals and Animal Feed Industry. The products that are supplied to these industries are value added products which offer higher realization, higher margins and better contribution. The range of products that Anil Limited manufactures is Native Starch, Chemical Starches, Modified Starches, Dextrins, Dextrose Monohydrate, Anhydrous Dextrose, Liquid Glucose, Corn Syrup, and Sorbitol. Anil Limited has a large range of modified starches that cater to various applications in these industries.

Research & Development (R&D) at Anil Limited focus on new products and application development, keeping abreast with latest developments worldwide, process reengineering to optimize product cost and providing customized solutions to customers. R&D is giving special attention on application based exclusive product development. To cater various applications Anil Limited has reconfigured its R&D centre with application labs. It has dedicated application experts and labs for segments Textile, Paper, Food & Pharma, Feed & Fertilizer etc. Anil Limited has a team of well qualified scientists and industry specific specialists that gives total solutions to the customers in various industries. The R&D also works closely with some of the leading scientific institutions of India.

Food processing in India is one of the biggest industries and ranks fifth in terms of production, consumption, export and growth. To tap opportunities in this industry, Anil Limited has formed SPV for setting up Gujarat's first Mega Food Park. In the first quarter of 2011-12, Ministry of Food Processing Industries, Government of India allotted the project of establishing Mega Food Park at Savli near Vadodara to this SPV.

Anil Limited has evolved a strategy to provide better services and quality products at competitive prices globally. Anil Ltd has aggressively expanded its geographical markets and stepped up its exports considerably during last one year. Your company is exporting to more than 35 countries.

Your Company's consolidated revenue from operations for the year ended March 31, 2012 was ₹ 64,465.52 Lacs as against ₹ 50,408.35 in the previous year. Profit after tax was ₹ 6,838.66 Lacs as against ₹ 5,407.65 Lacs for the previous year. Your Company's performance can be attributed to its relentless pursuit of innovation and

ANIL LIMITED

research and development capabilities coupled with a keen sense of understanding the ever changing needs of its customers. The earnings per share (EPS) for the year was ₹ 48.25/- as against ₹ 41.09 in the previous year.

ENVIRONMENT, HEALTH AND SAFETY (EHS)

Your company is aiming for sustainable development, specially focused on Environment, Health and Safety (EHS) by recognizing, understanding and addressing EHS related matters throughout its journey to excellence. Your Company is committed towards conservation of the environment and always ensures compliance with all the requirements related to EHS. It also aims to bring in considerable changes in EHS management by engaging and involving every stakeholder across the group.

Environment

Your Company undertook various initiatives in 2011-12 to adopt best environmental management practices and promote awareness on EHS management and also celebrates special events like "The World Environment Day".

"We love our Mother Nature" – by taking this pledge to conserve the environment, the employees and workers at Anil Limited participated in large numbers in the tree plantation activity held on 6th June, 2011. A slogan writing competition was also conducted wherein many employees shared their thoughts on the topics of Save Energy, Save Trees, Save Earth and Save Water. Even children of the employees were a part of this event. It was beautiful to see their creativity while making posters on various topics such as Save Energy, Save Trees, Save Earth, Save Water and Global Warning. They were adequately rewarded for presenting different ideas and messages in the form of beautiful posters.

This reinforced our environmental responsibility, leading to sustainability.

Health

Life at Anil Limited is not just about work alone! Your Company ensure that it gives high priority to work life balance and hence undertake various initiatives by employee engagement programs. Good health, happiness, joy, growth, togetherness, discovery, learning, exploration, evolution, transformation, aspirations, are all intrinsically linked with the life of any employee. Hence, at Anil Limited, we ensure dedication to all these dimensions.

During the year, your company had conducted many significant lectures, seminars, workshops, blood donation camp and other health awareness camps through which the company had tried to give its employees an awareness and guidance concerning their health.

Safety

Safety is a concept that involves creating a safe working atmosphere, securing and safeguarding the lives of the employees and workers. It is of prime importance since there are vocations which involve risks.

Your company believes that, safety is one of the primary expectations that any employee and worker may seek while they are at work. In pursuance to that, your company ensures that an employee and worker feels secured while undertaking his routine tasks with complete determination and confidence and thus safeguarding their health and life. Your company also ensures workers' safety through investments in pollution mitigating equipment and fire safety equipments, the selection of safe processes, periodic safety training and provision of latest safety equipments.

Besides the measures taken up by the Anil Limited to preserve safety at the workplace, it also carries out various trainings, programs and celebrations to generate awareness amongst the employees and the workers so as to prevent them from any fatal or mishap. During the year under review Your company has celebrated "The Safety Awareness Week" at Bapunagar Plant. This was followed by a variety of activities which included: banners – Safety badge distribution, Taking safety oath, Competition of slogan writing and essay writing – on safety, Poster making competition, Safety Quiz competition, Training programs for workers and supervisors and Prize distribution ceremony for the winners of the conducted competitions. At Anil Limited, we assure that such activities will become regular in nature so as to sensitize employees about the importance of occupational health and safety and the necessity to keep our environment clean.

QUALITY MANAGEMENT SYSTEM

Internal Control System & Their Adequacy

Your company has in place an adequate system of internal control. It has documented procedures covering all financial and operating functions. Internal audit programme of your company is designed based on the size of its operations and nature of business activities. The internal audit programme is duly approved by the Audit Committee. A well established multidisciplinary Management Audit & Assurance Services consists of professionally qualified accountants, engineers and SAP experienced executives which carries out extensive audit throughout the year, across all functional areas and submits its report to Management and Audit Committee about the compliance with internal controls and efficiency and effectiveness of operation and key process risk. Audit Committee of the Board of Directors regularly reviews the adequacy and effectiveness of Internal audit environment and monitor implementation of internal audit recommendations including those relating to

strengthening of company's risk management policies and systems.

Certifications

Your Company is an ISO 9001:2008 certified Company and along with this the Company has obtained HALAL and GOTS Certificates also.

MATERIAL DEVELOPMENT IN HUMAN RESEOURCES/ INDUSTRIAL RELATIONS

Your Company believes that the company's success "present and future" is directly connected to the adherence of its corporate policies and to pave the way for success, your Company offers a work environment that is goal focused, team-oriented and self managed.

Anil Limited encourages autonomy and gives people the freedom to develop and contribute their best to the organization. Every success has been driven by innovation, curiosity and diversity – and on seeing each other's differences as an advantage. Your Company owes its past and future breakthroughs to a performance culture based on collaboration, debate and mutual respect.

The work environment of your company enables its employees to work together in a trusting and respectful manner. This way of doing business is based on an open-minded and collaborative culture in which each individual's point of view is heard and respected. Anil Limited always encourages discussion and debate on the new ideas. By promoting independent thought and the continuous exchange of information, your company fosters the innovative ideas that drive its business.

OPPORTUNITY & THREATS

Opportunity & Strength

The Industries to which your company caters to are having good business potential. For food Industry, India has set itself a target of doubling its processed food production by 2015 and will set up 10 food technology parks during the next year. The focus of Government of India for the various industrial segments like Textile, Paper, Food & Beverages, Adhesive, Pharmaceuticals and Chemicals is encouraging enough for industrial units to perform better. Anil Limited is gearing up to capitalize on this opportunity by putting in place a specialized sales structure dedicated to cater to the emerging opportunities supported by its state of the art Research & Development (R&D) Laboratory, Key activities of R&D is to focus on new products and application development, keeping abreast with latest developments worldwide, process reengineering to optimize product cost and providing customized solutions to customers.

At Anil Limited, we believe that the competitive strengths include – Leadership in providing innovative solutions

that enable our customers to deliver improved business results in addition to optimising the efficiency of their business. On the production side, the location of our plants deriving fiscal benefits, coupled with procurement and supply chain efficiencies, we will be able to maintain good margins.

Threats & Risks

Uncertainties in business offer opportunities alongside risks. Consequently, your Company recognises the importance of a well structured system to identify and manage the different elements of risk. Anil Limited has introduced a risk-based control system and appointed risk officers across all company locations. The basis of this process driven risk management system is the risk register that not only lists a comprehensive set of risks across 15 functional domains but also states control tools under process owners that are there to minimise each risk. The inherent risks across operational, strategic and tactical issues are mapped in terms of likelihood of occurrence and materiality. Some key areas where risks have been identified and mitigation tools put in place are:

- Finance and Treasury risks – apart from regular risks like authorisation risks, reporting risks and exposure risks, Anil Limited, with an increasing international presence, is continuously exposed to risks associated with foreign exchange fluctuations. Like any other Company, Anil Limited is also exposed to risks attached to economic and political uncertainty.
- Supply chain and procurement risks – These are risks associated with the market dynamics of the Company's inputs, where your company needs to take positions. There are systems in place that enhance transparency and scientific decision making in procurement and production planning. Many of the Company's inputs' are in the nature of herbs and plant extracts, some of which are endangered. Your Company has put in place a system of backward linkages where contract farming of such inputs is promoted.
- Other set of risks deal with development and retention of human resources, compliance and regulatory activities, data security and recovery systems across the company's IT infrastructure and issues related to quality and research and development. Your company is putting in place a Business Continuity Plan and a Disaster Recovery Plan to mitigate risks in the event of unforeseen exigencies.

The enterprise-wide risk management system analyses and deals with these risks based on the overall objective with a focus on identifying, assessing and subsequently developing controls to minimise risks. The framework so designed ensures adherence to the rules, regulations and internal policies of the company.

DIRECTORS' REPORT

Dear Members,

We are delighted to present the Annual Report together with Audited Statement of Accounts of the Company for the financial year ended March 31, 2012.

FINANCIAL RESULTS

The standalone operating performance of your company for the financial year ended March 31, 2012 as compared to the previous financial year is given below:

(₹ in Lacs except per share data)

Particulars	2011-12	2010-11
Sales & Operating Income	60224.05	50408.35
Operating Profits (PBDIT)	11312.12	8895.23
Less Depreciation	970.15	643.61
Less Net Interest Expenses	3994.74	2795.61
Profit Before Exceptional Items & Tax	6347.23	5456.01
Less Extraordinary Items	4.09	36.05
Less Tax Expenses	1631.44	1372.80
Less Short/Excess Pro Of earlier year w/o	0.00	21.76
Net Profit After Tax	4711.70	4025.40
Balance brought forward	7741.06	4343.42
Distributable Profits	12452.76	8368.82
Appropriated as under:		
Transfer to General Reserve	500.00	400.00
Proposed Equity Dividend	195.32	195.32
Proposed Dividend on Redeemable Preference Share	127.07	0.00
Dividend Distribution Tax	52.30	32.44
Balance Carried Forward	11578.07	7741.06
Earning Per Share (₹ per share)		
- Basic	46.73	41.22
- Diluted	46.73	41.22

OPERATIONS AND REVIEW (COMPANY'S PERFORMANCE)

The operating results of your Company reflect a crystallized narrative of its strong and rapid pace as well as its innate and intrinsic strength for sustained future growth. During the year under review, your Company has been able to register strong working results supported by our strong product offerings to varied industries driven by strong product development system, during the year under review total income of the Company has increased

to ₹ 60,224.05 Lacs from ₹ 50,408.35 Lacs in the previous year at a growth rate of 19.47%. Our Export revenue aggregated to ₹ 7,181.44 Lacs up by 64.69% from ₹ 4,360.62 Lacs in the previous year. Our Gross profit amounted to ₹ 6,343.14 Lacs as against ₹ 5,419.96 Lacs in the previous year at a growth rate of 17.03%. The profit before Interest, Depreciation, Taxes and Amortization (PBIDTA) amounted to ₹ 11,308.03 Lacs as against ₹ 8,859.18 Lacs in the previous year.

ISSUE OF REDEEMABLE PREFERENCE SHARES AND CHANGE IN AUTHORISED AND PAID-UP SHARE CAPITAL

Pursuant to resolution passed by the Members by way of Postal Ballot, the results of which were announced on March 26, 2012, the Authorised Share Capital of the Company has increased from ₹ 60 Crores to ₹ 100 Crores divided in to 2,50,00,000 (Two Crores Fifty Lacs) Equity Shares of ₹ 10/- (Rupees Ten only) each, 70,00,000 (Seventy Lacs) Preference Shares of ₹ 100/- (Rupees One Hundred only) each and 50,00,000 (Fifty Lacs) Unclassified Shares of ₹ 10/- (Rupees Ten Only) each, Further, 33,80,000 Redeemable Preference Shares aggregating to ₹ 33.80 Crores have been allotted on November 10, 2011. This has resulted increase in paid-up share capital of the Company from ₹ 9,76,61,660/- to ₹ 43,56,61,660/- consisting of 97,66,166 Equity Shares of ₹ 10/- each and 33,80,000 Redeemable Preference Shares of ₹ 100/-each.

DIVIDEND

Based on Company's performance, your Board of Directors are pleased to recommend dividend of ₹ 2.00/- per equity share (previous year ₹ 2.00/- per equity share) of face value ₹ 10/- each for the year ended March 31, 2012. The dividend, if approved by the shareholders, will be paid to the eligible shareholders within the period stipulated under the Companies Act, 1956. The proposed dividend would be tax free in the hands of the shareholders.

The Company proposes to transfer ₹ 500 Lacs to General Reserve out of the amount available for appropriation and amount of ₹ 11,578.07 Lacs is proposed to be retained in Profit and Loss Account.

The Redeemable Preference Shares which have been allotted on November 10, 2011 are entitled to pro-rata dividend for the year 2011-12, from the date of their allotment. The Redeemable Preference Shares are entitled to a dividend of 8.00% per annum. Accordingly, the Directors have recommended, for approval of the Members, a dividend of ₹ 3.76 per Share on 33,80,000 Redeemable Preference Shares of Re.100/- each on a pro-rata basis for the Financial Year 2011-12.

MANAGEMENT DISCUSSION AND ANALYSIS (MDA):

The Management Discussion and Analysis Report as required under clause 49 of the Listing Agreement with the Stock Exchange has been attached and forms part of this Directors' Report.

SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS:

As on March 31, 2012, your company have three subsidiary companies namely Anil Bioplus (Afro-Asia) FZE, Anil Bioplus (Europe) B. V. and Anil Nutrients Ltd.

As required under the Listing Agreement with the Stock Exchanges, Consolidated Financial Statements of the Company have been prepared in accordance with Accounting Standards 21 and 23 issued by the Institute of Chartered Accountants of India and attached herewith.

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other documents of Subsidiary Companies have not been attached with the Balance Sheet of the Company. The Company will make available the Annual Accounts of the Subsidiary Companies and related detailed information to any member of the Company who may be interested in obtaining the same. The Annual Accounts of subsidiary Company will also be kept open for inspection at the Registered Office of the Company and that of the respective Subsidiaries Company. The Consolidated Financial Statements presented by the Company include the financial results of its Subsidiary Companies. The Statement pursuant to Section 212(1)(e) of the Companies Act, 1956 in respect of Subsidiaries is attached herewith as Annexure I.

DIRECTORS

Smt. Indira Parikh retires by rotation as director at the upcoming Annual General Meeting and being eligible offers herself for re-appointment.

Prof. Parikh is the Founder President of FLAME. She was a faculty at IIM-Ahmedabad for over 30 years and Dean from 2002 to 2005. She has taught at INSEAD, Fontainebleau (France) and Texas A&M University. She has specialized in organization development and design, and institution building. She has designed and offered management and leadership development programs in public sector, private sector and multinational organizations. She has been a consultant to various national and international organizations. Prof. Indira Parikh is also on the board of several companies.

She is a coach for many leading and upcoming organizations. Her current work focuses on facilitating learning and development of Management and employees across levels in the context of organizations growth.