

**ANNUAL
REPORT
1999-2000**

Report Junction



THE ANIL STARCH PRODUCTS LIMITED

A MEMBER OF THE LALBHAI GROUP

The Anil Starch Products Limited

Directors :

Shripal C. Sheth

Nusli N. Wadia

Amol S. Sheth

Balkrishna V. Doshi

Rahul A. Patel

Chairman & Managing Director

Managing Director

Auditors :

Messrs Dalal & Shah
Chartered Accountants

Bankers :

Bank of India

Regd. Office :

Anil Road,
Ahmedabad - 380 025.

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THE ANIL STARCH PRODUCTS LTD.**NOTICE**

NOTICE is hereby given that the Sixtyfirst Annual General Meeting of the Members of the Company will be held on Monday, the 25th day of September, 2000 at 10.00 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, 2000, with the documents required by law to be annexed thereto.
2. To declare dividend.
3. To appoint a Director in place of Shri Rahul A. Patel, who retires by rotation under Article 129 of the Articles of Association of the Company and being eligible, offers himself for reappointment.
4. To appoint auditors and to fix their remuneration.

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modifications, the following resolutions as a **Special Resolution**:-

RESOLVED THAT pursuant to the provisions of section 31 and other applicable provisions, if any, of the Companies Act, 1956, Articles of Association of the Company be and is hereby altered in the following manner:-

- (a) For the existing clause (o) of article 2, the following clause (o) be substituted:
 "(o) 'Shareholders' or 'members' means the duly registered holders from time to time of the shares of the company and includes every person whose name is entered as beneficial owner in the records of the Depository."
- (b) After clause (p) of article 2, the following new clauses be inserted :
 "(q) 'Depositories Act' means the Depositories Act, 1996 and shall include any statutory modification(s) or re-enactment thereof for the time being in force."
 "(r) 'Depository' means as defined under clause (e) of sub section (1) of section 2 of the Depositories Act, 1996."
 "(s) 'Beneficial Owner' means the beneficial owner as defined in clause (a) of sub section (1) of section 2 of the Depositories Act, 1996."
- (c) In Article 11, the following words be inserted at the end:
 "Provided that the provision relating to progressive numbering shall not apply to the shares, debentures or other securities of the Company which are dematerialised may be dematerialised in future or issued in future in dematerialised form."
- (d) After Article 11, the following new Articles 11A be inserted:
 (i) The company shall be entitled to dematerialise its existing shares, debentures and other securities; rematerialise its shares, debentures and other securities held with Depositories and/or offer its fresh shares, debentures and other securities in a dematerialised form pursuant to the Depositories Act and the rules framed thereunder.
 (ii) Notwithstanding anything to the contrary contained in the Act or these Articles the Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the Beneficial Owner.
 (iii) A depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
 (iv) Every person holding shares of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the company and such beneficial owner is entitled to all the rights and benefits of a member.
- (e) In article 20, the following words be inserted at the end:
 "Provided that no share certificate(s) shall be issued for shares held with a depository."
- (f) Existing clause (a) of article 23 be substituted by the following new clause (a):
 "(a) Except as ordered by a court of Competent jurisdiction or as by law required, the company shall not be bound to recognise any equitable, contingent, future or partial

interest in any share, or (except only as is by these articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto, in accordance with these articles of the person from time to time registered as holder thereof or whose name appears as the beneficial owner of shares in the records of the Depository, whether or not the Company has express, implied or constructive notice thereof, but the Board shall be at liberty at their sole discretion to register any share in the joint names of any two or more persons (but not exceeding 4 persons) or the survivor or survivors of them."

- (g) Existing clause (b) of article 23 be substituted by the following new clause (b):

"(b) Save as herein otherwise provided, the company shall be entitled to treat the registered holder of any shares or the person whose name appears as the beneficial owner of shares in the records of the Depository as the absolute owner thereof and accordingly shall not, except as ordered by a court of competent jurisdiction, or by the Act required, be bound to recognize any equitable or other claim or interest in such share on the part of any other person."

- (h) Existing article 56 be substituted by the following new article 56:

"56 The company shall keep a book to be called the "Register of Transfers" and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of any share held in material form."

- (i) After Article 61A, the following new article be inserted as article 61B:

"61B(a) Nothing contained in articles 57, 58, 59, 61 and 61A shall apply to the transfer of security effected by the transferor and the transferee both of whom are entered as Beneficial Owners in the records of a Depository."

- (b) In case of transfer or transmission of shares or other marketable securities where the company has not issued any certificates in respect thereof and where such shares or securities are being held in an electronic and fungible form with a Depository, the provisions of the Depositories Act shall apply."

- (j) After article 65, the following article 65A be inserted:

"65A Notwithstanding anything contained in these articles, on the death of a member where he was a sole holder, if the member has filed a nomination in the prescribed form, the nominee shall be the only person recognised by the company as having any title to his interest in the shares."

6. To consider and, if thought fit, to pass with or without modifications, the following resolutions as a **Special Resolution**:-

RESOLVED THAT subject to the approvals, consents and permissions as may be necessary, the consent of the company be and is hereby accorded in terms of section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors of the Company (the Board) to sale, lease or otherwise dispose of as a going concern or otherwise the whole or substantially the whole of the company or any one or more, individually or in combination Undertakings/Plants of Starches, Dextrose, Glucose, Anhydrous Dextrose, Calcium Gluconate, Sorbitol, Enzymes, and all or any of Utility plants together with all such properties, rights, titles, interest and other asset and any obligations and liabilities relating thereto as the Board may decided to any of the Wholly owned Subsidiary Company/ies or to such other party/ies either by way of sell, Lease, Demerger or through any other mode as the Board may in its absolute discretion deem proper and for such consideration as reasonable and fair and on such terms and conditions and in such manner as the Board in its absolute discretion consider beneficial to and in the interest of the company.

FURTHER RESOLVED THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things and to exercise all such powers and authorities and to delegate the same to such person or persons as it may in its absolute discretion deem necessary or desirable or expedient with a view to give effect to this resolution.

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.
23rd June, 2000.

By Order of the Board

Naresh Bheda
Company Secretary

THE ANIL STARCH PRODUCTS LIMITED**NOTES:**

1. Printed copy of Annual Report for 1999-2000 is enclosed herewith.
2. The Dividend when sanctioned by the Annual General Meeting will be paid to those members whose names stand on the Register of Members of the Company on 31st August, 2000.
3. The members are hereby informed that all unpaid/unclaimed dividends declared for and upto the financial year ended 31st March, 1994 have been transferred to the General Revenue Account of the Central Government. Those members who have not encashed the dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, Gujarat State, Ahmedabad.
4. Please encash your Dividend Warrants on receipt by you, as Dividends remaining unclaimed for seven years are now required to be transferred to **"The Investors Education and Protection Fund"** and you shall not be able to claim any unpaid / unclaimed Dividend from the said Fund or from the Company thereafter.
5. The Register of Members and the share transfer books of the Company will remain closed from Friday the 18th August, 2000 to Thursday, the 31st August, 2000 (both days inclusive).
6. 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.

Explanatory Statement as required under Section 173 of the Companies Act, 1956.

The following Explanatory Statement sets out all material facts relating to the special resolutions mentioned in the accompanying notice dated 23rd June, 2000.

ON ITEM NO.5

Consequent to the enactment of the Depositories Act, 1996 and the introduction of the Depository system, some of the provisions of the Companies Act, 1956 pertaining to issue, holding, transfer and dealing in shares and other securities as also the issue of certificates thereof have been amended to facilitate the Depository system. Therefore, some of the provisions of the Articles of Association of the Company become inapplicable in relation to shares and securities held under Depository System, and therefore, it is proposed to amend the relevant articles and to add some Articles in the Articles of Association of the Company to bring them in consonance with the relevant provisions of the Depositories Act, 1996.

A copy of the Articles of Association of the Company is open for inspection by the members at the Registered Office of the Company during business hours on any working day.

The Directors recommend this resolution for your consideration. None of the Directors of the Company is, in any way, concerned or interested in the resolution.

ON ITEM NO. 6

The resolution is to be passed to authorise the Board of Directors of the Company to dispose of the whole or substantially whole of the Companies undertakings or all or any of its plants of Starches, Dextrose, Glucose, Anhydrous Dextrose, Calcium Gluconate, Sorbitol, Enzymes, and all or any of Utility plants by way of sell, lease, demerger or through any other mode.

At present the activities to certain extent are carried out as a separate plants / undertaking / divisions. However, the well defined demarcation is not there and also various other factors like marketing set-up, employees remuneration etc. are not possible on the relative strength and weakness of particular division or activity. It is felt that if separate entities are created for carrying on each of the above business then for each of the activity / business strategic alliance / Joint ventures would be easy and possible.

In order to facilitate restructuring of the business of the Company this resolution is proposed. The transfer consideration shall be as acceptable to the Board as reasonable and fair. The Board commend this resolution for acceptance.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution except as shareholder of the company.

Registered Office:
Anil Road,
Ahmedabad - 380 025.
23rd June, 2000.

By Order of the Board

Naresh Bheda
Company Secretary

ANNUAL REPORT

DIRECTORS' REPORT

Gentlemen,

Your Directors have pleasure in presenting their report and audited Accounts of the Company for the year ended 31st March, 2000.

1. FINANCIAL RESULTS

	(Rs.in lacs)	
	1999-2000	1998-99
Profit before Depreciation and Taxation	249.00	251.22
Less: Depreciation	134.80	121.68
Profit Before Tax	114.20	129.54
Less: Provision for Taxation	12.75	10.00
Profit After Tax	101.45	119.54
Add: Balance of Profit of Previous years	607.45	539.87
Add: Excess Depreciation provided in earlier years	—	0.08
Add: Excess provision for taxation	0.41	—
Add: Excess Deferred Revenue Exp. written off in earlier years	—	12.23
	709.31	671.72
Less: Tax adjustment in respect of earlier years	—	51.39
Less: Adjustment in stock at commencement	73.66	—
The Balance available for appropriation	635.65	620.33
	=====	=====
Your Directors appropriate the same as under:		
(i) Transfer to General Reserve	—	—
(ii) Proposed Dividend on Equity Shares	17.50	11.60
(iii) Tax on Dividend	3.85	1.28
(iv) Balance carried to Balance Sheet	614.30	607.45
	635.65	620.33
	=====	=====

2. DIVIDEND

Your directors recommend a dividend of 5%. In terms of the Finance Bill, 1997 the amount of dividend is not taxable in the hands of shareholders and the Company is liable for tax @ 20% and surcharge thereon @ 10% on distribution of dividend. Hence the total outlay on account of dividend and tax on dividend amounts to Rs.21.35 Lacs.

3. OPERATIONS

As was the case last year, during the year under review also, the prices of the major raw material - "MAIZE" remained abnormally high resulting into substantial increase in the cost of production. Since, the indigenous maize prices reached very high levels, the company also imported some quantities of maize. During the year under review, competition remained stiff and economic conditions were recessionary, hence the entire effect of the increased cost of production could not be passed on to the consumers, resulting into pressures on the profit of the Company.

Your Directors are pleased to report that inspite of the aforesaid unfavourable situations, your company, during the year under report has achieved a turnover of Rs.9722.71 lacs as compared to Rs. 10187.49 lacs in the previous year. The management team continued to lay a lot of emphasis on bringing in cost efficiency in various areas. It was because of the sustained efforts of the team working on various areas that there has been a considerable reduction in the cost of power, fuel and engineering stores. It was because of the consistent efforts that inspite of the adverse conditions as mentioned above, the company was able to achieve a net profit of Rs.101.45 lacs during the year under report compared to Rs. 119.54 lacs during the previous year.

THE ANIL STARCH PRODUCTS LIMITED**4. SUBSIDIARY COMPANIES**

During the year under review, your company's wholly owned subsidiary - Anil Starch Specialities Limited has achieved a turnover of Rs.380.11 lacs as compared to Rs.310.80 lacs in the previous year. The specific attention given towards development of speciality starches, modified starches and blended starches through dry process in this company has resulted in this substantial increase in the turnover.

The other wholly owned subsidiary company - Anil Starch Marketing Limited had to face a lot of stiff competition in the international market. Because of severe competition in the export market, inspite of having developed new export markets, the export turnover of Anil Starch Marketing Limited fell to Rs.101.33 lacs during the year under report as compared to Rs.443.72 in the previous year.

Another wholly owned subsidiary company - Anil Consumer Products Limited started business activity during the year under report. However, this being the first year of business activity, the company is still gearing up and had to incur substantial expenditure during the year under report. The company achieved a turnover of Rs. 21.89 lacs during the year under report.

The annual accounts alongwith Directors Report and Auditor's report of the said companies are appended to the annual report as required by law.

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. Your directors place on record their appreciation of services rendered by employees at all levels.

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) Shri Navnital Sakarlal, who was associated with the Company since the year 1957 as a Director of the Company, expired on 15.01.2000. Expressing their profound sorrow at the death, the Board conveyed its deep sympathy and condolence to the members of his family in their bereavement.

(ii) Under Article 129 of the Articles of Association of the Company, Shri Rahul A. Patel retire by rotation and being eligible offers himself for re-election.

9. PARTICULARS OF EMPLOYEES

The Company has not employed any person drawing remuneration aggregating not less than Rs. 50,000/-, hence section 217(2)(b)(ii) of the Companies Act, 1956, is not applicable.

10. Y2K (YEAR-2000) COMPLIANCE

The Company is fully Y2K compliant and the switch over has been smooth.

11. 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.

Your Directors trust that you will consider the working results satisfactory.

By Order of the Board,

Ahmedabad
23rd June, 2000

Shripal C. Sheth
Chairman & Managing Director

ANNUAL REPORT

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 has been laying great emphasis on the conservation of energy and in continuation of its efforts for conservation of energy, several measures have been taken during the year such as (i) generation and utilisation of Bio gas from the factory's effluent. (ii) utilisation of solar energy to dry maize husk. (iii) Re-utilisation of condensate steam. (iv) Measures for reducing water consumption.

(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 this activity has been actively identifying areas wherever there is a scope of energy saving. Based on the specific studies undertaken by the team, investments have been made in the following areas

- (a) Bio-gas generation system.
- (b) ETP outlet Water Re-utilisation system
- (c) Steam consumption monitoring system.

(c) Impact of measures taken :

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

(d) Total energy consumption per unit of Production :

FORM A

A. POWER AND FUEL CONSUMPTION:

	1999-2000	1998-1999
1. Electricity :		
Purchased		
Unit '000 Kwh	22,295	25,951
Total amount (Rs. in lacs)	896.81	1046.09
Rate/unit	4.02	4.03
2. Coal-Grades B to E		
Quantity ('000 M.T.)	13	20
Total cost/Rs. in lacs	287.95	413.32
Average rate/Rs. per M.T.	2,235	2,092
3. Furnace Oil		
Quantity (K.L)	1,597	1,750
Total amount/Rs. in lacs	125.13	117.16
Average rate/Rs. per K.L.	7,835	6,694
4. Lignite & others		
Quantity (MT)	20	18
Total cost/Rs. in lacs	239.42	232.53
Average rate/Rs. per M.T.	1,217	1,269

THE ANIL STARCH PRODUCTS LIMITED**B. CONSUMPTION PER M.T. OF PRODUCTION**

	Electricity		Steam		Furnace Oil	
	Current Std	Year kwh.	Current Std	Year M.T.	Current Std.	Year K.L.
Chemicals	—	235 (226)	—	2.402 (2.549)	—	—
Drugs & Pharmaceuticals	—	4441 (4767)	—	16.969 (17.008)	—	—
Processed Foods	—	150 (152)	—	3.645 (3.637)	—	—

Note :- Figures in Brackets relate to 1998-99

B TECHNOLOGY ABSORPTION**FORM B****Research and Development**

The Company's R & D centre has been approved by the Department of Science and Technology since 1974 and has been actively engaged in carrying out R & D in several areas including product and process improvement. The company has been continuously laying a lot of emphasis on R & D.

Continuous R & D work has been carried out for development of new products and newer application for specific customers. The Company's R&D has also been working on continuous improvement in quality of its products and development of products for improved benefits to its customers. The company will continue to lay emphasis on various areas of R & D. The expenditure on R&D is as under:

	1999-2000 Rs. in lacs	1998-99 Rs. in lacs
- Capital	—	0.01
- Recurring	32.75	30.19
- Total	32.75	30.20
- Total R&D expenditure as percentage of total turnover	0.34	0.29%

Technology absorption, adaptation and innovation:

Efforts are made towards technology absorption, adaptation and innovation through continuous inter action with R & D centre. The Company has put thrust on quality improvement, cost effectiveness and development of new products and applications.

The company keeps on receiving valuable inputs from its technical collaborator M/s.CPC International Inc., USA for upgradation of existing technology with a view to improve product quality, reduce production cost and develop new products and newer applications.

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.

ANNUAL REPORT

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the attached Balance Sheet of The Anil Starch Products Limited, as at 31st March, 2000 and also the annexed Profit & Loss Account of the Company for the year ended on that date and report as under:-

1. 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 annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order;
2. Further to our comments in the Annexure referred to in paragraph 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 purposes 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 the Books of the Company;
 - (c) The Balance Sheet and Profit & Loss Account dealt with by the Report are in agreement with the Books of Account of the Company;
 - (d) In our opinion the Profit and Loss Account and the Balance Sheet comply with the Accounting standard referred to in section 211(3C) of the Companies Act, 1956 to the extent applicable.
 - (e) In our opinion and to the best of our information and according to the explanations given to us, the accounts, read together with notes thereon give the information required by the Companies Act 1956, in the manner so required;
 - (f) We draw reference to :
 - (i) Note - 6(a) - relating to classification of Goods and Application to Central Government for the same;
 - (ii) Note - 8 - relating to capitalisation of interest upto 31st December, 1985 on term loans (including Debentures/Deferred Credits) for the entire contracted period of Loans/Debentures/Deferred Credits raised for meeting Capital expenditure which has resulted in the higher charge of depreciation to the Profit and Loss Account for the year by Rs. 9.05 lacs and consequently Profit for the year being lower by Rs. 9.05 lacs. The aggregate increase in Gross Value of fixed assets is Rs.170.49 lacs and Reserves and Surplus is Rs. 24.20 lacs. The aforesaid Capitalisation of interest on post period of installed and commissioned cost of assets is not in accordance with the accounting practice recommended by the Institute of Chartered Accountants of India;
 - (iii) Note - 9 - relating to change in basis of Excise Duty on Closing Stocks of finished products as per revised guidance note on "Accounting Treatment of Excise Duty", issued by the Institute of Chartered Accountants of India.
 - (iv) Note - 10 - Relating to the basis of providing Depreciation in respect of certain assets of the Company as detailed in the note and higher net value of fixed assets by Rs.405.65 lacs;
 - (v) Note - 14(a) - relating to revised basis of valuation of closing stocks of materials-in-process and finished products in order to comply with revised Accounting Standard (AS-2) "Valuation of Inventories" issued by the Institute of Chartered Accountants of India and its effect on the year - end inventories and Profit for the year by Rs. 101.42 lacs.

Subject to what is stated in para (i), (ii) and (iv) above the Accounts present a true and fair view:-

- (a) in the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2000 and
- (b) in the case of the Profit & Loss Account of the Profit for the year ended on that date

For and on behalf of
Dalal & Shah,
 Chartered Accountants,
B. R. Shah
 Partner

Ahmedabad
 23rd June, 2000.