

## MANAGEMENT DISCUSSION & ANALYSIS

### OVERVIEW:

There was a marked improvement in Indian economy which grew at 7.3 % in F.Y. 14-15 in comparison to 6.9% in 2013-14. Economic growth was bolstered due to improvement in the performance of both services as well as manufacturing sectors. But the growth in 2014-15 was lower than the advance estimates of 7.4% as released by the Government. CAD, which indicates that imports of goods, services and transfers are more than their exports, shrank to USD 27.5 billion or 1.35% of GDP, from USD 32.4 billion or 1.7% of GDP, a year ago due to contraction in trade deficit and marginal improvement in net invisible earnings along with a sizeable increase in net financial inflows.

Rising demand from food, feed and industrial sectors, evolving new production technologies, improving pre and post-harvest processes, are making maize an exciting opportunity today. However production of maize in India decreased in 2014-15 to 21 Mn MT from 23 Mn MT in 2013-14 due to shortfall in rain and other irrigation difficulties. However the demand for starch is strong and is growing at 10-12% every year due to rising consumption in the food and pharmaceutical industry. The domestic starch makers together consume about 2.6 million MT of maize every year. Starch, an excellent source of carbohydrate, is a highly versatile industrial raw material and finds extensive applications in the textile, food, pharmaceutical and paper industries. While textile and paper industries are expected to witness 6-7% growth (volume), pharmaceutical and food segments are expected to grow at ~12-15% (volume) in the next five years driving the demand for maize.

The GDP forecast for the next fiscal is expected to reach at 7.5%, as per the forecast of International Monetary fund (IMF). Revival in investment, structural reforms to improve the ease of doing business and the Make in India initiative along with increased infrastructure investment should boost corporate investments. Export growth will be held back by the currency appreciation. The decline in oil prices will reduce pressures on the current account deficit, inflation and subsidies.

### BUSINESS OVERVIEW:

ANIL is a major player in the business of manufacturing starch and specialty starch products. Your Company enjoys strong brand equity in the market. Right from its inception ANIL has worked towards enhancing technological acumen. ANIL has large range of modified starches and starch derivatives having number of applications, which caters to various industries including Textile, Paper, Food & Beverages, Adhesive, Pharmaceuticals, Chemicals and

### Animal Feed Industry.

Right from its inception, ANIL has worked towards enhancing technological acumen and evolved a strategy to provide better services and quality products at competitive prices globally and domestically, supported by its unique in house Research & Development (R&D) facility. Our R & D team focus on new products and application development, keeping abreast with latest developments and providing customized solutions to customers. ANIL has a team of well qualified scientists and industry specific specialists that gives total solutions to the customers in various industries.

ANIL has achieved a significant growth rate of 13.06% in revenue by attaining turnover of ₹. 93270.86 Lacs in Financial Year 2014-15 in comparison to ₹.82491.46 Lacs in financial year 2013-14 and earned ₹. 6743.38 lacs from exports. Profit After Tax (PAT) of the Company increased to ₹.5493.35 lacs in 2014-15 from ₹. 4833.50 lacs in 2013-14. The Earning per share (EPS) reached to ₹. 52.42 for the year 2014-15 from ₹. 45.80 in 2013-14. The total Shareholders' funds increased to ₹. 34142.08 Lacs as at March 31, 2015 from ₹. 29557.73 Lacs as at March 31, 2014.

### ENVIRONMENT, HEALTH AND SAFETY (EHS):

ANIL believes in exemplary performance in the areas of environment, health and safety (EHS) is essential to fulfill our business goals and meet the expectations of our many stakeholders. ANIL conducts its business and operates its facilities in a safe and secure manner designed to protect the environment and the health and safety of its employees. Your Company believes in sustainable development, with emphasize on Environment, Health and Safety (EHS). ANIL is equipped with dedicated staff for EHS activities, which is always committed to comply with all the applicable environmental, health and safety laws and regulations.

#### Environment

The protection of key elements of our environment is important for human health. Your Company has adopted best environmental management practices and promote awareness on environment protection. Every year at ANIL we celebrate "The World Environment Day" on 5th of June, with a pledge –'We love our Mother Nature'–, the employee and workers at ANIL participated in large numbers in the tree plantation activity held on that day.

#### Health

ANIL believes that a healthier workforce means better productivity, less absenteeism and more camaraderie among staff who exercise together. ANIL wants its workforce to be healthy and happy and to know, it is concerned about



well-being of employees and workers. Your Company creates healthy environment for its people and values its employees in pursuit of both personal and professional excellence for its employees.

Besides gaining the physical and mental benefits that come from staying or becoming healthy, employees of the Company have participated in lectures, workshops, camps and other health awareness programmes organised by ANIL during the year under review.

### **Safety**

ANIL is committed to the protection of employees, property and public from accidental injury while running operations of the company. ANIL has many resources to ensure safety and emergency preparedness. We encourage employees and Workers to become familiar with what's available before an emergency arises. To create awareness in employees and workers towards safety, ANIL conducted various training programmes during the year under review.

Continuing with the trend at ANIL, all the employees at Anil Limited celebrated the safety awareness program from 4th March 2015 to 10th March 2015. Banners received from the National Safety Council were displayed at several places in the Plant. It was ensured that safety badges were distributed as well to create awareness for safety. The event began with the pledge; all the employees and Workers participated with high enthusiasm and commitment to create awareness for safety in operations.

### **INTERNAL CONTROL SYSTEM & THEIR ADEQUACY:**

The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. The Company's internal control system is designed specifically to help ensure effectiveness and efficiency of operations, reliability of financial reporting and compliance of laws and regulations.

ANIL has separate Audit Team comprising of experts in the field of Audit and System, the Company has also appointed "M/s. Shah & Patel", Chartered Accountants as an independent internal auditor, who monitors systems and processes for ensuring the prudent financial control, accountability and integrity in every part of our organization. The scope and authority of the Internal Audit function is very well defined, to maintain its objectivity, our internal auditor keeps an eye on all the compliances and submit reports and updates to the Audit Committee of the Board, which reviews and provides direction on how Company can further enhance controls within the Company.

### **Certifications**

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

During the year under review ANIL has obtained KOSHER Certificate from STAR K, this certificate is useful for exporting to Europe and other countries mainly for customers whose end user is Jewish community.

### **HUMAN RESOURCES / INDUSTRIAL RELATIONS:**

Human Resource brings energy and synergy in the organization and acts as a catalyst in bringing about a wholesome development in our work-life. It has been our constant endeavor to come up with initiatives that would support and enable our people to perform better. One of the most admired values of our organization is transparency - be it our business activities, systems or policies governing our day-to-day activities. ANIL has separate portal facility for its employees to give them easy access to organizational information. Our HR policy is aimed to create a self motivated and self constraints system which aids in company's rapid growth and efficient operation and to provide human resources security and ultimately achieve the overall goal of the organization.

With a view to foster a culture of intellectual cross pollination and to equip every employee with modern techniques, during the year under review ANIL has organized seminars, programs on developments of skills and has also organized various tournaments and competitions round the year, which fosters healthy competition amongst the employees and develops the spirit of sportsmanship. To create a self motivated system, ANIL has also organized cultural activities, festivals, seminars and talks periodically for the all round development of its employees.

### **OPPORTUNITY & THREATS:**

#### **Opportunity & Strength**

The Indian economy grew at 7.3 per cent in 2014-15 due to improvement in the performance of both services as well as manufacturing sectors. Your Company is catering to various manufacturing industries including Textile, Paper, Food & Beverages, Adhesive, Pharmaceuticals, Chemicals and Animal Feed Industry having good development prospects in future. We believe our strength gives us the competitive advantage to position ourselves as the leading player in the industry. By leveraging our strength, we believe that we have the unique competitive capability which includes:



## Anil Limited

1. Strong Quality Management System, which provides framework for consistency in supply of premium quality products.
2. The ability to keep pace with ever changing technology and customer requirement supported by our state of the art R & D facility.
3. The ability to articulate and demonstrate long term value to existing and potential customers.
4. The ability to attract and retain high quality management personnel.
5. A strong and well recognized brand equity
6. Proven track record of performance, excellence and customer satisfaction.

### Threats & Risks

Business risk exists for any enterprise having national and international exposure. ANIL recognizes the importance of a well structured system to identify and manage the different elements of risk. Your Company has efficient risk-based control system in place across all the locations of the Company. Your Company recognizes risks from delay in economic revival, exchange rate fluctuations, emergence of inflationary conditions, rise in counterfeits and any unexpected changes in regulatory framework. To ensure our long-term corporate success, it is therefore essential that risks be effectively identified, analysed and then mitigated by means of appropriate control measures. Your Company believes that the success of any Company is

dependent on the continuous development in the areas of its operation. ANIL manages the risk through careful research for development of new product and markets through detailed project planning and continuous monitoring.

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 has put in place a Business Continuity Plan and a Disaster Recovery Plan to mitigate risks in the event of unforeseen exigencies.

### FORWARD LOOKING STATEMENT:

Certain statements in the Management Discussion and Analysis which address the Company's objective, projections, estimates, expectations may be "forward-looking statements" within the meaning of applicable laws and regulations in force. These are based on certain assumptions and expectations of future events, the Company cannot guarantee that these are accurate or will be realized exactly. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include, among others, economic conditions affecting demand / supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and incidental factor. The Company assumes no responsibility to change/modify any forward-looking statement on the basis of any subsequent developments or events.