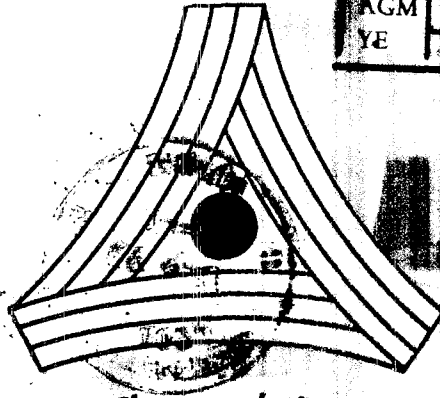


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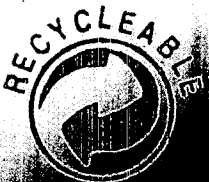
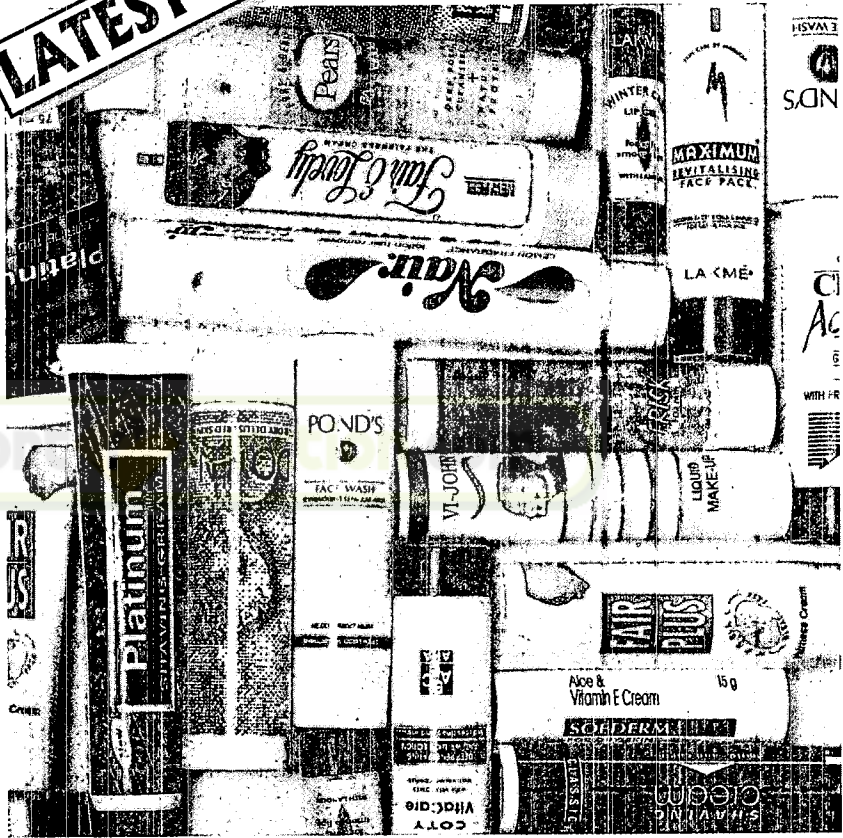
**ANIL CHEMICALS
AND INDUSTRIES LTD**

ANNUAL REPORT 1996-97

CONFIDENTIAL

LATEST TREND IN PACKAGING

Soft
Seamless
&
Colourful
Tubes



ANIL CHEMICALS AND INDUSTRIES, LTD.

17th Annual Report 1996-97

BOARD OF DIRECTORS	:	ANIL MACHHAR - CHAIRMAN NAWNIT MACHHAR RAJENDRA DARDA BADAL MITTAL S.C. BAFNA J.S. BHATNAGAR ARVIND MACHHAR - MANAGING DIRECTOR RAVI MACHHAR - EXECUTIVE DIRECTOR SANDEEP MACHHAR - WHOLE TIME DIRECTOR Y.N.MISHRA - WHOLE TIME DIRECTOR AJAY KUMAR TANNU - WHOLE TIME DIRECTOR K.P.GUPTA - NOMINEE (SICOM)
COMPANY SECRETARY	:	M.R. KULKARNI
AUDITORS	:	M/s RATHI AND BANGAD Chartered Accountants, Aurangabad.
BANKERS	:	UNION BANK OF INDIA, AURANGABAD PUNJAB NATIONAL BANK, AURANGABAD
REGISTERED OFFICE	:	J-18 MIDC INDL AREA CHIKHALTHANA, AURANGABAD-431 210
WORKS	:	AMMONIUM NITRATE DIVISION i) J-18 MIDC INDL AREA CHIKHALTHANA, AURANGABAD (M.S) ii) PLOT.NO. 614 GIDC AREA, PANOLI, DIST. BHARUCH (GUJRAT)
		EMULSIFIED ANFO/EMULSION MATRIX DIVISION i) PLOT NO 48/49 UDYOG DEEP INDL AREA, WAIHDHAN, DIST SIDHI (M.P.) ii) VILLAGE - NANDRABAD, TALUKA-KHULTABAD, DIST. - AURANGABAD (M.S.) iii) PLOT NO.2/A-1, A-2 IDCO INDL. AREA JHARSUGUDA, (ORISSA)
		CO-EXTRUDED TUBES DIVISION GUT NO. 72, VILLAGE - PHAROLA TALUKA - PAITHAN, DIST - AURANGABAD. (M.S.)

17th Annual Report 1996-97

NOTICE

Notice is hereby given that SEVENTEENTH Annual General Meeting of **ANIL CHEMICALS AND INDUSTRIES LTD.** will be held on Saturday, 27th September, 1997 at 3.00 p.m. at the Registered Office of the Company at J-18, MIDC Area, Chikalhana, Aurangabad, to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 1997 and Profit & Loss Account for the year ended on that date together with the Report of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Anil Machhar, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri S.C. Bafna, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri J.S. Bhatnagar, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modification(s), the following resolutions as an ordinary resolution.

"RESOLVED THAT Shri Ajay Kumar Tannu, who was appointed as additional Director by the Board of Directors Under Section 260 of the Companies Act and Article 100 of the Articles of Association of the Company and who holds office upto the date of this General Meeting and in respect of whom the company has received notice in writing under section 257 of the Companies Act, 1956 signifying the intention to propose him as a candidate for the office of the Board of Directors, be and is hereby appointed as director of the Company."
7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution.

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, the approval of the members of the company be and is hereby accorded to the appointment of Shri Ajay Kumar Tannu as Wholetime Director and to be designated as Director (Tubr Division) for a period of 5 years with effect from 30.11.1996 on the following terms of remuneration.

 - A. **SALARY** : Salary of Rs. 18050/- per month in the scale of Rs.8000-300-11600-400-16400-550-23000.
 - B. **PERQUISITES** : As follows but restricted to an amount of Rs. 2,00,000 per annum. (excluding items J, K & L)
 - a. House Rent Allowance (15% of salary)
 - b. Technical allowance: Rs.2500 per month.
 - c. Education Allowance: Rs. 100 per month.
 - d. Reimbursement of servant wages: Rs. 1,000 per month.
 - e. Reimbursement of Books and periodicals limited to Rs. 1000 per month.
 - f. Reimbursement of Medical Expenses incurred for self & family subject to ceiling of Rs. 12,500 per annum.
 - g. Leave Travel Assistance for self & family once in year as per rules of the company but not exceeding Rs.15000/- per annum.
 - h. Reimbursement of conveyance expenses incurred for the business of the company subject to a maximum limit of Rs. 3000/- per month.
 - i. Personal accident insurance for self as per company's rules.
 - j. The company's contribution to Provident Fund, Superannuation fund or Annuity Fund in accordance with the Rules of the company, which shall not exceed either singly or put together non taxable limit under the Income Tax Act, 1961.
 - k. Gratuity at the rate of half month's salary for each completed year of service.
 - l. Encashment of unavailed leave at the end of the tenure as per rules of the company.
 - m. Provision of telephone at residence, however personnel long distance calls shall be paid by him.

"RESOLVED FURTHER that the above remuneration will be paid to Shri Ajaykumar Tannu as minimum remuneration even if the company's profits are inadequate or it has no profits in any financial year.
 8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution.

"RESOLVED THAT Shri Y.N. Mishra, who was appointed as additional Director by the Board of Directors Under Section 260 of the Companies Act, 1956 and Article 100 of the Articles of Association of the Company and who holds office upto the date of This Annual General Meeting and in respect of whom the company has received notice in writing under section 257 of the Companies Act, 1956 from the member signifying the intention to propose him as a candidate for the office of the Board of Directors, be and is hereby appointed as director of the Company."
 9. To consider and if thought fit, to pass with or without modification(s), the following resolutions as an ordinary resolution.

"RESOLVED THAT pursuant to Sections 198, 269, 309 and 310 and other applicable provisions if any, read with schedule XIII of the Company's Act, 1956 approval of the members of the company be and is hereby accorded for the appointment of Shri Y.N.Mishra as Wholetime Director to be designated as Director (Bulk Explosive) for a period of 5 year with effect from 30.11.1996 on the following terms of remuneration.

ANIL CHEMICALS (P) LTD.

1. **SALARY** : Salary of Rs. 9,150/- per month in the pay scale of Rs. 5,500-250-8500-325-12400-425-17500
2. **PERQUISITES** : As follows but restricted to an amount of Rs. 1,10,000/- per annum (excluding item J, K & L).
 - a. House Rent Allowance (15% of salary).
 - b. Technical Allowance of Rs. 2500/- per month.
 - c. Educational Allowance of Rs. 100/- per month.
 - d. Reimbursement of Servant wages limited to Rs. 850/- per month.
 - e. Reimbursement of Books and Periodicals limited to Rs. 850/- per month.
 - f. Reimbursement of Medical Expenses incurred for self & family subject to ceiling of Rs. 9,150/- per year.
 - g. Leave Travel Assistance For self & family once in a year as per rules of the company but not exceeding Rs.9,150/-.
 - h. Reimbursement of conveyance expenses incurred for business of the company subject to maximum limit of Rs. 1750/- per month
 - i. Personal accident insurance for self as per the company's rules.
 - j. The Company's contribution to P.F., superannuation fund or annuity fund in accordance with the Rules of the company which shall not exceed either singly or put together non-taxable limit under Income Tax Act, 1961.
 - k. Gratuity at the rate of half month's salary for each completed year of service.
 - l. Encashment of unavailed leave at the end of tenure as per Rules of the company.
 - m. Provision of telephone at residence, however personnel long distance calls shall be paid by him.

RESOLVED FURTHER THAT the above remuneration will be paid to Shri Y.N. Mishra as minimum remuneration even if the company's profits are inadequate or it has no profits in any Financial Year.

RESOLVED FURTHER THAT the variation and upward revision in the remuneration of Shri Y. N. Mishra, the Wholtime Director made by the Board with effect fro 1st February, 1997 till further orders be and is hereby approved which shall be as follows.

1. **SALARY** : Salary of Rs.10,400/- per month in the pay scale of Rs.8000-300-11600-400-16400-550-23000
2. **PERQUISITES** : As follows but restricted to an amount of Rs. 1,10,000/- per annum (excluding item J, K & L)
 - a. House Rent Allowance (15% of salary).
 - b. Technical Allowance of Rs. 2500/- per month.
 - c. Educational Allowance of Rs. 100/- per month.
 - d. Reimbursement of Servant wages limited to Rs. 1000/- per month.
 - e. Reimbursement of Books and Periodicals limited to Rs. 1000/- per month.
 - f. Reimbursement of Medical Expenses incurred for self & family subject to ceiling of Rs. 12500/- per annum.
 - g. Leave Travel Assistance for self & family once in a year as per rules of the company but not exceeding Rs.15000/-.
 - h. Reimbursement of conveyance expenses incurred for business of the company subject to maximum limit of Rs. 3000/- per month
 - i. Personal accident insurance for self as per the company's rules.
 - j. The Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund in accordance with the Rules of the company which shall not exceed either singly or put together non taxable limit under Income Tax Act, 1961.
 - k. Gratuity at the rate of half month's salary for each completed year of service.
 - l. Encashment of unavailed leave at the end of tenure as per Rules of the company.
 - m. Provision of telephone at residence, however personnel long distance calls shall be paid by him.

RESOLVED FURTHER THAT the above remuneration will be paid to Shri Y.N. Mishra as minimum remuneration even if the company's profits are inadequate or it has no profits in any financial year.

10. To consider and if thought fit to pass with or without modification the following resolution as a Special Resolution.

"RESOLVED THAT the company shall delist its Equity Shares from Delhi Stock Exchange and the Ahmedabad Stock Exchange and that the Board of Directors of the company be and is hereby authorised to do all such acts, deed and things including execution of documents as may be necessary for this purpose,

PLACE : MUMBAI
DATE : 19th August, 1997

BY ORDER OF THE BOARD OF DIRECTORS

REGISTERED OFFICE
J-18, MIDC AREA,
CHIKALTHANA, AURANGABAD.
Pin - 431 210.

M. R. KULKARNI
COMPANY SECRETARY

17th Annual Report 1996-97

NOTES

1. The relative explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the business under item Nos. 6 to 10 are annexed hereto.
2. 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 OF THE COMPANY.
3. The Register of Members and Share Transfer Books will remain closed from 7.10.1997 to 10.10.1997 (both days inclusive)
4. Members desiring any information as regards Accounts are requested to write to the company at an early date so as to enable the Management to keep the information ready.
5. All documents referred to in accompanying Notice and Explanatory Statement are open for inspection at the Registered Office of the company on all working days except Sundays and Holidays between 11.00 a.m. to 5.00 p.m. upto the date of Annual General Meeting.
6. We have remitted Unpaid Dividend amount for the year 1989-90 to 1992-93 to the General Revenue account of Central Government as per provisions of Section 205A of the Companies Act, 1956. The shareholders who have not encashed dividend warrant for this period may claim the same from Registrar of Companies. Further for the unpaid Dividend account for the year 1993-94 will be remitted to the General Revenue Account on 24.10.97. If any shareholder has not encashed the Dividend Warrant till 24-10-1997, the same may be claimed from Registrar of Companies, Mumbai.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.

ITEM NO. 6 & 7

Shri A. K. Tannu has been Joint Chief Executive of the Company from 25-11-1991 and from 1-12-1995 as Chief Executive (Tubes Division). He was elevated to the Board as an Additional Director and appointed as Wholetime Director designated as Director (Tubes Division) on 30-11-1996 for a period of five years, on remuneration as mentioned in the resolution as per item No. 7. Notice under section 257 has been received for his appointment as Director at this Annual General Meeting. Also the members are requested to approve his appointment as Wholetime Director under section 269 and the remuneration sanctioned to him.

Your Directors recommend the resolution for approval. None of the Directors except Shri A.K. Tannu is interested in the matter.

ITEM NO. 8 & 9

Shri Y. N. Mishra has been Joint Chief Executive of the Company from 30-1-1991. He was elevated to the Board as an Additional Director and appointed as Wholetime Director (designated as Director (Bulk Explosives) on 30-11-1996 for a period of five years, on remuneration as mentioned in the resolution as per item No. 9. Notice under section 257 has been received for his appointment as Director at this Annual General Meeting. Also the members are requested to approve his appointment as Wholetime Director under section 269 and the remuneration sanctioned to him.

Further his remuneration has been revised with effect from 01-02-1997 which is also to be approved by the members as stated in the resolution as per item No. 9.

Your Directors recommend the resolution for approval. None of the Directors except Shri Y. N. Mishra is interested in the matter.

ITEM NO. 10.

The equity shares of the company are presently listed on Stock Exchanges at Mumbai, Delhi and Ahmedabad. It has been observed that in the Stock Exchange at Delhi and Ahmedabad the company's shares are not being traded except for stray dealings occasionally. Also the number of share holders in Delhi and Ahmedabad region is very insignificant. Hence it is proposed to delist the Company's Equity shares from Delhi and Ahmedabad Stock Exchanges. The Company's shares will however, continue to be listed on Mumbai Stock Exchange. Accordingly the resolution is recommended for approval of the members.

None of the Directors is interested in the matter.

PLACE : MUMBAI
DATE : 19TH AUGUST 1997

BY THE ORDER OF BOARD OF DIRECTORS

M. R. KULKARNI
COMPANY SECRETARY

ANIL CHEMICALS AND INDUSTRIES LTD.

DIRECTORS REPORT

To the Members,

Your Directors have pleasure in presenting 17th Annual Report on the business and operations of the Company and Financial Accounts for the year ended on 31st March, 1997.

1. FINANCIAL RESULTS

	Current year (Rs. in Lacs)	Previous year (Rs. in Lacs)
a. Operating profit	115.95	240.60
b. Add: Other income	64.45	59.44
c. Profit before Interest, depreciation and Tax	180.40	300.04
d. Less: Interest	79.29	68.09
e. Profit before depreciation and Tax	101.11	231.95
f. Less : Depreciation	49.47	43.66
g. Profit before tax	51.64	188.29
h. Less: Provision for Tax	6.66	-
i. Profit after tax	44.98	188.29
j. Less: Adjustments relating To earlier year taxes	11.94	-
	33.04	188.29
k. Add: Excess provision of earlier year written up	3.05	7.87
l. Add: Balance B/F from Previous year	73.11	13.70
m. Profit available for appropriation which Directors appropriated as under :	109.20	209.86
i) Proposed dividend	-	61.75
ii) General Reserve	-	75.00
iii) Leaving balance to be C/F	109.20	73.11
	109.20	209.86

2. In order to consolidate the financial position and to conserve the resources required to further strengthen the recently diversified tube division, your directors therefore are not recommending the payment of dividend for the year 1996-97.

3. OPERATIONS :

During the year under review your company could achieve sales of Rs. 1685.16 lacs as compared to the previous year Rs.1628.95 lacs. However, anticipated turnover could not be achieved because of tight financial position in general and delay in stabilisation of the operations of co-extruded tube division in particular.

I) AMMONIUM NITRATE DIVISION :

During the year under review the production of this division has declined from 7557 to 6862 MT. This was mainly due to the inconsistent supplies of raw material by the only source i.e., Rashtriya Chemicals and Fertilizers Ltd. (RCF). Management is putting its best efforts to bring normalcy in raw material supplies through regular interaction with RCF officials.

17th Annual Report 1996-97

II) EMULSIFIED ANFO DIVISION :

The Waidhan Plant under this division as ever before has performed well during the year under review. This plant could achieve 112% capacity utilisation which has helped in maintaining the performance of this division inspite of no price increase. The production of this division for the year increased by around 12% from 7625 MT in the previous year to 8568 MT this year.

Your directors are also pleased to inform that the new plant at Jharsuguda (Orissa) under this division has since become fully operational, the performance of this division during the year 1997-98 is expected to be better.

The tender called by CIL for the supply of Emulsified ANFO for the period 1996-98 has not yet been finalised, in our case the supplies therefore made to CIL during the year under review has been considered at the same price of 1995-96. The management is pursuing the matter with CIL for finalisation of new pricing, the matter is expected to be resolved shortly.

III) CO-EX TUBES DIVISION :

The sales of this division during the year under review were of introductory in nature and therefore were only Rs. 18.84 lacs. The customers purchased the product during the year mainly for compatibility test and market research.

Co-extruded tube is hi-tech product which is manufactured in the state-of-the-art manufacturing facilities. This recent generation packaging medium is vogue worldwide in the healthcare industry in general and cosmetic industry in particular but is new to our country. Therefore it took a little while for its acceptability in Indian industry particularly because it is required to undergo time consuming compatibility testing procedures before it is accepted for commercial use.

It was due to the consistent efforts and the strategic planning by the company that the cosmetic industry has now accepted the co-ex tube as an improved version for packaging and the order position therefore of this division is improving.

Considering the peculiarity of the situation, your directors have treated net results of this division as a capital expenditure.

4. CAPITAL :

Due to depressed market sentiment the company has not received balance payment of allotment money to the extent of Rs. 131.09 lacs (excluding premium). With improved market sentiments the company expect to receive these outstanding balance during current year.

5. DEPOSITS :

The Company has not accepted deposits during the year from the public under Section 58A of the Companies Act, 1956.

6. INSURANCE :

All the properties of the company including Plant and Machinery and stocks have been adequately insured.

7. DIRECTORS :

Shri K. P. Gupte has been appointed in place of Shri J.S. Pal as Nominee Director, SICOM LTD. The Board records their appreciation for the valuable services rendered by Shri J.S.Pal when he was associated with the Board.

Shri Ajaykumar Tannu (Chief Executive) and Shri. Y. N. Mishra (Jt. Chief Executive) were appointed as Additional Director and Wholetime Director for the Tube Division and Bulk Explosive Division respectively with effect from 30-11-1996.

ANIL CHEMICALS AND INDUSTRIES LTD.

Pursuant to the provisions of the Companies Act, 1956 and Articles of Association, Shri Anil Machhar, Shri S.C. Bafna and Shri J.S. Bhatnagar will retire by rotation in ensuing Annual General Meeting and being eligible have offered themselves for re-appointment.

8. AUDITORS OBSERVATIONS :

Observations made by the auditors in their report have been dealt with in the relevant notes forming part of the accounts.

9. AUDITORS :

M/s Rathi & Bangad, Auditors of the company hold office till conclusion of the ensuing Annual General Meeting and are recommended for re-appointment. Certificate from the auditors have been received to the effect that their re-appointment if made, would be within the prescribed limit under section 224 (1) of the Companies Act, 1956.

10. PARTICULARS OF THE EMPLOYEES :

As required by the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, is annexed hereto which forms part of the directors report.

11. CONSERVATION OF ENERGY :

In accordance with the Provision of Section 217(1) (e) of the Companies Act, 1956 the required information relating to conservation of energy, Technology Absorption and Foreign Exchange earning and outgo is annexed.

12. SUBSIDIARY COMPANY :

A statement of Balance Sheet and Director's Report pursuant to Section 212 of the Companies Act, 1956 in respect of M/s Navneet Machine Manufacturing Ltd., subsidiary of the company is annexed hereto which forms part of the Directors Report.

13. PERSONNEL :

Relations continued to be cordial at all levels throughout the year and your Directors wish to express their appreciation for the continuous support and contribution from employees.

14. APPRECIATION :

Directors acknowledge with sincere gratitude the co-operation and assistance given by all the financial institutions and the bankers, the Union Bank of India, Punjab National Bank, Government of India, Government of Maharashtra. Directors also acknowledge the patronage given by all customers of the company specially Coal India Limited.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

PLACE : MUMBAI

DATE : 19TH AUGUST, 1997

**ANIL MACHHAR
CHAIRMAN**

17th Annual Report 1996-97**ANNEXURE TO THE DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH 97**

(Additional information given in terms of Notification 1029 of 31/12/1988 issued by the Department of Company Affairs)

A) Conservation of Energy :

Energy Conservation is the need of the day and your company has started a special drive in the direction of Energy Conservation. An energy conservation wing has been established who will conduct meeting on monthly basis, to find out new ways of saving Environment. Auto switching is arranged. The various pressure reducing valves are installed which shall improve Thermal efficiency substantially. The company has already a Screen to get sized coal for feeding Boiler, which shall improve combustion efficiency considerably.

B) Technology Absorption :

To make the product at par with International standards the company has involved M/s Kaltenbach Thuring, France, a world renowned company for improvisation of Ammonium Nitrate Plant. The modification as suggested has already been carried out. Due to this quality of product is improved.

Technology Imported**Year of Import****Status**

i) Kaltenbach Thuring S.A.Inc.
France.

1994-95

Fully
absorbed.**C) Foreign Exchange Earnings and Outgo :**

The information is contained in Schedule 11: Note No.13 (D) of the Annual Report.

D) Statement Pursuant to Section 217 (A) read with companies (Particulars of employees)

Sr. No.	Name of the Employee	designation	qualifica- tion	Total Remu-	Age Yrs.	Experience Yrs.	Date of Joining	Previous Employment
1.	ARVIND MACHHAR	Managing Director	B.Sc.	458577.00	46	23	10.07.80	-
2.	AJAYKUMAR TANNU	Whole Time Director	M.E. (MECH)	356000.00	39	16	25.11.91	Rajendra Penta Ele.

NOTES :

1. Remuneration includes Salary, Allowances, Medical benefits, Leave Travel Assistance, PF and Actual Expenditure incurred by the Company, including commission on net profit.
2. In Addition to above the Employee is entitled to benefit of personal accident insurance.
3. The nature of Employment is Contractual.