



Growth Through Innovation

**ANIL CHEMICALS
AND INDUSTRIES LTD.
ANNUAL REPORT 2003-04**

ANIL CHEMICALS AND INDUSTRIES LTD.

24th Annual Report 2003-04

BOARD OF DIRECTORS	:	ANIL MACHHAR	-	CHAIRMAN
	:	ARVIND MACHHAR	-	MANAGING DIRECTOR
	:	SANDEEP MACHHAR	-	WHOLE TIME DIRECTOR
	:	P. K. MITTAL	-	SPECIAL DIRECTOR
	:	B H TAPADIA	-	DIRECTOR
	:	GM BOTHRA	-	DIRECTOR

COMPANY SECRETARY : S K OJHA

AUDITOR : M/s RATHI AND BANGAD
Chartered Accountants, Aurangabad.

BANKERS : UNION BANK OF INDIA
PUNJAB NATIONAL BANK.

REGISTERED OFFICE : GUT NO. 72, VILLAGE-PHAROLA POST BEEDKIN
TALUKA-PAITHAN, DIST. AURANGABAD (M.S.)

WORKS : **AMMONIUM NITRATE DIVISION**

Report i) J-18 MIDC INDUSTRIAL AREA
CHIKALTHANA, AURANGABAD (M.S.)

ii) PLOT NO. 614 GIDC AREA, PANOLI, ANKLESHWAR,
DIST. BHARUCH (GUJRAT)

EMULSIFIED ANFO/MATRIX DIVISION

i) PLOT NO 48/49 UDYOG DEEP INDL. AREA,
WAIDHAN, 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, (ORRISA)

CO-EXTRUDED TUBES DIVISION

GUT NO. 72, VILLAGE - PHAROLA
TALUKA-PAITHAN, DIST- AURANGABAD (M.S.)

**SHARE REGISTRAR AND
TRANSFER AGENT** : M/S INTIME SPECTRUM REGISTRY LIMITED
C-13, PANNALAL SILK MILLS COMPOUND,
L.B.S. MARG, BHANDUP (W), MUMBAI - 400 078

24th Annual Report 2003-04**NOTICE**

Notice is hereby given that the 24th Annual General Meeting of Anil Chemicals and Industries Ltd. will be held on Thursday, the 30th September'2004 at 11:00 a.m. at the Registered Office of the Company at Gut 72, Village Pharola, Post Beedkin, Taluka Paithan, Paithan Road, Aurangabad-431 005 to transact the following business:

I. ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March'2004 and Profit and Loss Account for the year ended on that date together with report of Board of Directors and Auditors thereon.
2. To appoint a Director, in place of Mr. B H Tapadia, who retires by rotation and being eligible, offers him self for re-appointment.
3. To pass a resolution for not to appoint any director in place of retiring director, Mr. Anil Machhar, who has not offered himself for re-appointment.
4. To appoint auditors and fix their remuneration.

II. SPECIAL BUSINESS :

- 5) To consider and, if thought fit, to pass, with or without modification, the following resolution as **Special Resolution**.

"RESOLVED THAT subject to the provisions of section 198, 269, 309 and other applicable provisions of the Companies Act, 1956 and subject to the approval of the Central Government, if any, the approval of the Company be and is hereby accorded to the re-appointment of Mr. Arvind Machhar as a Managing Director of the company for a period of Three Years effective from 28/6/2004 on the terms and conditions, including remuneration, as set out in the agreement, with liberty to the Board of Directors to alter and vary such terms and conditions, including remuneration subject to the eligibility for appointment within the maximum limit prescribed under Part I and Part II paragraph C of Schedule XIII of The Companies Act, 1956 as amended from time to time"

"Resolved further that the above remuneration will be paid to Mr. Arvind Machhar as a minimum remuneration even if the Company's profits are inadequate or it has no profits in any financial year".

- 6) To consider and, if thought fit, to pass, with or without modification, the following resolution as **Special Resolution**.

"RESOLVED THAT subject to the provisions of section 198, 269, 309 and other applicable provisions of the Companies Act, 1956 and subject to the approval of the Central Government, if any, the approval of the Company be and is hereby accorded to the Re-appointment of Mr. Sandeep Machhar as a Whole Time Director of the company for a period of Three Years effective from 13/7/2004 on the terms and conditions, including remuneration, as set out in the agreement, with liberty to the Board of Directors to alter and vary such terms and conditions, including remuneration subject to the eligibility for appointment within the maximum limit prescribed under Part I and Part II paragraph C of Schedule XIII to The Companies Act, 1956 as amended from time to time"

"Resolved further that the above remuneration will be paid to Mr. Sandeep Machhar as a minimum remuneration even if the Company's profits are inadequate or it has no profits in any financial year, and his appointment will be subject to retire by rotation.

BY ORDER OF THE BOARD OF DIRECTORS

S K OJHA

**GENERAL MANAGER - FINANCE
& COMPANY SECRETARY**

Place : Aurangabad
Date : 21-08-2004

ANIL CHEMICALS AND INDUSTRIES LTD.

Notes :

- 1) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself & a proxy need not be a member of the company. Proxy forms should be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.
- 2) The Register of Members and Share Transfer Books will remain closed from 20th September '2004 to 25th September'2004 (both days inclusive).
- 3) All the documents referred to in accompanying notice are open for inspection at the Registered Office of the company on all working days except Sunday and Holidays between 11:00 a.m. to 5:00 p.m. up to the date of Annual General Meeting.

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

ITEM NO. 5

Mr. Arvind Machhar was appointed as Managing director of the company in the 22nd Annual General Meeting dated 24th September, 2002 w.e.f. 28/6/2001 for a period of Five Year, subject to the approval of the Central Government. The Central Government has reduced the tenure to Three years period therefore his tenure come to an end on 27/6/2004. Mr. Arvind Machhar is proposed to be re-appointment as a Managing Director of the company for a period of Three Year from 28/6/2004 on the terms and conditions including remuneration as set out in the agreement entered into between the company and Mr. Arvind Machhar. In recognition of his exposure and experience, the Board of Director of the Company has re-appointed him as Managing director subject to the approval of the shareholders and Central Government, if any, under Part I & Part II paragraph C of Schedule XIII of the companies Act, 1956 the Board is of the opinion that his re-appointment as a managing Director of the Company would be in the best interest of the Company

REMUNERATION

1. Salary: Rs. 50,000/- per month in the scale of 50000-5000-75000
2. Perquisites as follows:
 - a) House Rent Allowance @ 20% of the salary per month.
 - b) Reimbursement of Medical Expenses incurred for self & family subject to ceiling of One Month salary every year
 - c) Leave Travel Assistance for self & family once in a year subject to ceiling of One Months salary every year.
 - d) The Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund in accordance with the rules of the company.
 - e) Bonus as per rule of the company subject to the maximum of Rs. 10,000/- per year.
 - f) Provision of Car for use for the Company's business purpose.
 - g) Gratuity at the rate of half month's salary for each completed year of services.
 - h) Encashment of un availed leave at the end of the tenure as per rules of the Company.
 - i) Provision of telephone at residence, however personnel long distance calls shall be paid by him.

Yours Directors recommend the resolution for approval Mr. Arvind Machhar, Mr. Anil Machhar and Mr. Sandeep Machhar are interested in this resolution.

ITEM NO.6

Mr. Sandeep Machhar was appointed as Whole Time Director of the company in the 19th Annual General Meeting dated 5th June 1999 w.e.f. 13/7/1999 for a period of Five Year. His term expire on 12/7/2004 and was re-appointed in the Board of Directors meeting held on 24/7/2004 for a period of three year, subject to the approval of Central government and Special Resolution passed in the General Meeting pursuant to Section 198,269,309 and Scheduled XIII to The Companies Act, 1956. Mr. Sandeep Machhar is proposed to be re-appointment as a Whole Time Director of the company for a period of Three Year from 13/7/2004 on the terms and conditions including remuneration as set out in the agreement entered into between the company and Mr.Sandeep Machhar. In recognition of his exposure and experience, the Board of Director of the Company has re appointed him as Whole Time Director subject to the approval of the Shareholders and Central Government, if any, under Part I and Part II paragraph C of Schedule XIII of the companies Act, 1956 The Board is of the opinion that his re-appointment as a Whole Time Director of the Company would be in the best interest of the Company

REMUNERATION

1. Salary : Rs. 40,000/- per month in the scale of 40000-4000-60000
2. Perquisites as follows:
 - a. House Rent Allowance @ 20% of salary per month.
 - b. Reimbursement of Medical Expenses incurred for self & family, subject to ceiling of One Month salary every year.
 - c. Leave Travel Assistance for self & family once in a year, subject to ceiling of One Month salary every year.
 - d. The Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund in accordance with the rules of the company.
 - e. Bonus as per rules of the company subject to the maximum of Rs. 10,000/- per year.
 - f. Provision of Car for use for the Company's business purpose.
 - g. Gratuity at the rate of half month's salary for each completed year of services.
 - h. Encashment of un availed leave at the end of the tenure as per rules of the Company.
 - i. Provision of telephone at residence, however personnel long distance calls shall be paid by him.

Yours directors recommend the resolution for approval Mr. Arvind Machhar, Mr. Anil Machhar and Mr. Sandeep Machhar are interested in this resolution.

BY ORDER OF THE BOARD OF DIRECTORS

Place : Aurangabad

Date : 21-08-2004

S K OJHA
GENERAL MANAGER - FINANCE
& COMPANY SECRETARY

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DIRECTORS' REPORT

Dear Members,

We have pleasure in presenting to you the 24th Annual Report of the Company together with the Audited Financial Statements for the year ended on 31st March, 2004.

1. FINANCIAL RESULTS :

	31-03-2004 (12 Months) (Rs. in lacs)	31-03-2003 (15 Months) (Rs. in lacs)
Loss before Depreciation	(534.54)	(1330.81)
Provision for Depreciation	179.57	221.19
Net loss for the year	(714.11)	(1552.00)
ADD : Extra ordinary items		
Deferred Revenue Expenditure written back	—	—
Provision for bad and Doubtful debts written back	—	—
Net loss after extra-ordinary items	(714.11)	(1552.00)
Add: Loss B/d from previous year	(5329.84)	(3777.84)
Loss carried to Balance Sheet	(6043.95)	(5329.84)

2. OPERATIONS :

During the year under review, your company has recorded sales of Rs.1089.86 lacs as compared to the earlier period sales of Rs. 1224.93 lacs registering increase of about 11.22%[Annualised Basis]. The company has entered successfully in the export market and export sales, during the year under review are Rs 136 lacs. The division wise position of operations is as under :

a) AMMONIUM NITRATE DIVISION:

The Ammonium Nitrate Division at Panoli has under performed due to the closure of GNFC Ltd Ammonium Nitrate Plant which is the main source of raw material for this plant. The production at Panoli was 8181 M. Ton as compared to 11588 M. Ton in the previous period. The Ammonium Nitrate Plant at Chikalthana remained inoperative during the year.

b) EMULSIFIED ANFO DIVISION:

Pending decision of the petition filed by the company against Coal India Limited for price fixation the operations of the company's plant at Waidhan and Jharsuguda remained suspended.

c) CO-EX TUBES DIVISION:

During the year under review, the production of Co-ex Tube division was 265.84 lacs tubes as compared to the previous period production of 279.36 lacs tubes (15 Months). The Company has also thrust upon its exports market and response was very positive. Your Directors are confident that the Company will achieve better export sales performance in future.

3. RESTRUCTURING OF THE COMPANY DEBTS AND LIABILITIES.

The company has concluded One Time Settlement with ICICI Bank Ltd and MSFC. Further the company is in discussion with Union Bank of India, SICOM and OSFC for restructuring of its Debts. The company has also applied to the Government of Madhya Pradesh for restructuring of its sales tax liabilities. The company has already forwarded Draft Rehabilitation Scheme to Punjab National Bank, the Operating Agency appointed by Hon'ble BIFR.

4. DIVIDEND:

In view of the losses, the Directors regret their inability to recommend any dividend for the year ended 31st March 2004

5. FIXED DEPOSIT:

The Company has not accepted any fixed deposits during the year within the meaning of Section 58.A of the companies Act, 1956 and rules framed there under.

6. LISTING OF SECURITIES:

The share of the company are listed on Stock Exchange, Mumbai, but trading in shares of the company had been suspended by the Mumbai Stock Exchange for alleged short notice of book closure. The company has made suitable representation throughout the year against the said allegation and approached for revocation of suspension of trading the company foresee revocation of suspension in near future.

7. DIRECTORS:

Mr. B.H.Tapadia, who retires by rotation, on the conclusion of the forthcoming Annual General Meeting, being eligible, offer himself for re-appointment

Mr. Anil Machhar, Chairman of the company, who retires by rotation, on the conclusion of the forthcoming Annual General Meeting had expressed his unwillingness to offer himself for re-appointment. The vacancy so caused, will not be filled in this meeting.

9. REMUNERATION TO EMPLOYEES:

No employee is covered under the provision of Section 217 (2) (A) of the Companies Act 1956 read with the companies (Particulars of Employees) Rules 1975 as amended.

10. DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility statement, it is hereby confirmed that :

- In the preparation of the annual accounts the applicable accounting standards have been followed along with proper explanation relating to material departure:
- The Directors have selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2004 and of the Profit of the Company for the year ended on that date.
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in

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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.

iv) The directors have prepared the annual accounts of the company on a going concern basis.

11. AUDITORS' OBSERVATIONS:

- a. Refer point no 2 of the Auditors Report : The Company has sought relief and concessions in its Draft Rehabilitation Scheme submitted to the Operating Agency. Pending approval of the scheme from Financial Institutions/Bank, other lenders and BIFR. The Company has prepared the account on the "Going Concern Basis". Refer to note no 3 of scheduled 13.
- b. Refer Point no 3 and 4(d) para (i) of the Auditors Report : Pursuant to BIFR directions, the company is in the process of negotiating and finalising the rehabilitation package with the concerned Financial Institutions Bank. And other lenders. One Time Settlement (OTS) has already been arrived at with ICICI Bank and MSFC for their respective dues, however effect thereof will be given in the accounts only after arriving at the settlement of dues with other Financial Institutions/Bank & lenders and the approval of the scheme by the BIFR . Refer to note no 5 of scheduled 13.
- c. Refer Point No 4(d) para (ii) the Auditors Report : Management is of the opinion that the diminution in the value of investments is of temporary in nature and therefore, no provisioning is required at this stage. Refer to note no 21 of scheduled 13.
- d. Refer to point no 4(d) para (iii) of the Auditors Report : The company has provided for the liability of Gratuity as per the provisions of the Payment of Gratuity Act, 1972 as on the date of Balance Sheet., which in the opinion of the management, is adequate to take care of the dues on this account. The difference between the liability provided and the actuarial valuation, in the opinion of the management, would be immaterial. Refer to note no 24 of scheduled 13.
- e. Refer to point no 4(f) of the Auditors Report : In view of the company's writ petition NO 389/2000 admitted H'ble Calcutta High Court against Coal India Ltd for Rs 145.59 Lacs, which is still pending, the same is shown as good and recoverable and no provision as bad and doubtful debts is considered necessary by the management at this stage. Refer to note no 16 of scheduled 13.
- f. Refer to point no 4(g) & (i) of the Auditors Report: In view of the legal suit for recovery of dues from Sachit Plastics Pvt Ltd pending in the court of law, in the opinion of the management, it would be prudent not to provide for interest on such dues and accordingly no provision for interest is made in the accounts Refer to note no 6 of scheduled 13.
- g. Refer to point no 4(f) of the Auditors Report : In view of the rehabilitation scheme filed by the company, the accounts of secured creditors are expected to be reconciled and adjusted in the ensuing year. In respect of unsecured creditors/ debtors, the company is following the system of perpetual confirmation & reconciliation . Accordingly, all the accounts are reconciled and adjusted as and when a note of discrepancy is received from the concerned party. Refer to note no 15 of scheduled 13.
- h. Refer to point no 4(h) of the Auditors Report : The company is exploring the possibility of reviving the operation of the closed units. Consequently the inventory of stores and spares amounting to Rs 13.21 lacs pertaining to these units may be used in due course of time. Accordingly, no provision is required at this stage. Refer to note no 19 of scheduled 13.
- i. Refer to point no 4(k) of the Auditors Report : As the company has since made payments to all the identified small Scale/ancillary industrial suppliers, hence no provision of interest is considered necessary Refer to note no 23 of scheduled 13.
- j. As the company did not have sufficient number of independent director's on its Board it was unable to comply with the provision of section 292A of the Companies act ,1956 and requirement of clause 49 of listing agreement

12. AUDITORS :

M/s Rathi and Bangad, Chartered Accountants, the auditors of the Company, hold their office until the conclusion of the forthcoming Annual General Meeting.

13. SUBSIDIARY COMPANY:

A statement pursuant to section 212 of the Companies Act, 1956 in respect of the subsidiary company is appended to the Balance Sheet.

14. CORPORATE GOVERNANCE:

Corporate Governance and Management Discussion & Analysis Reports are set out as separate annexure to this report.

15. EMPLOYEE RELATIONS:

Relation between the employees and the management continue to be cordial during the year.

16. CONSERVATION OF ENERGY, TECHNOLOGY OBSERVATION :

There are no prescribed standard and norms for the Energy Consumption for the Industry so also the manufacturing process is not power intensive. However every effort is being made to save energy. The company has not imported any technology; accordingly there is nothing to report in the aspect of technology absorption.

17. APPRECIATION :

Mr Anil Machhar, chairman of the Board, had , due to his pre-occupation in his business, expressed his unwillingness to continue on the Board. Your Board placed on record the valuable guidance and contribution the company had received during his tenure as Chairman .

The directors place on record their deep sense of appreciation for the committed services of the Executives, staff and workers of the company. The company is also grateful to participating Banks and Government officials for their continued support.

FOR AND ON BEHALF OF THE BOARD

Place : Aurangabad

Date : 21-08-2004

SD/- SD/-
ARVIND MACHHAR SANDEEP MACHHAR
MANAGING DIRECTOR WHOLE TIME DIRECTOR

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**STATEMENTS PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956
RELATING TO THE COMPANY'S INTEREST IN ITS SUBSIDIARY COMPANY,
M/s NAVNEET MACHINES MANUFACTURING COMPANY LIMITED**

- | | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|------------------------------------------------------------------------------------------|
| 1. Name of the Subsidiary Company | : | Navneet Machines Mfg. Co. Ltd. |
| 2. Date from which it become subsidiary | : | 16th May, 1985 |
| 3. Financial year of the subsidiary company ended | : | 31st March'2004 |
| 4. (a) No of equity shares held by Anil Chemicals and Industries Ltd. and its Nominees in the subsidiary as at the end of the financial year of the subsidiary Company. | : | 9980 Equity shares of Rs. 10/- each |
| (b) Capital and reserves of the subsidiary as at the end of the financial year of the subsidiary Company. | : | |
| i) Capital | : | Rs. 1,00,000/- |
| ii) Reserves and Surplus | : | Rs. 17,116/- |
| (c) Extent of interest of Anil Chemicals and Industries Ltd. | : | 99.80% capital of subsidiary at the end of the financial year of the subsidiary company. |
| 5. Net aggregate amount of profits of the subsidiary so far as they concern the members of the Anil Chemicals & Industries Limited. | : | |
| a) Profit for the subsidiary's Financial year ended on 31-03-2004. | : | Nil |
| b) Profits for the previous Financial years of the subsidiary since it become the subsidiary of Anil Chemicals & Industries Limited. | : | Nil |
| 6. Net aggregate amount of the subsidiary's profits not dealt within the Accounts of Anil Chemicals & Industries Limited. | : | |
| a) For the subsidiary's Financial year ended on 31-03-2004 | : | Nil |
| b) For its previous Financial year | : | Nil |
| 7. Net aggregate amount of the subsidiary profits dealt within the Accounts of Anil Chemicals & Industries Limited. | : | |
| a) For the subsidiary's Financial year ended on 31-03-2004 | : | Nil |
| b) For its previous Financial year | : | Nil |

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CORPORATE GOVERNANCE REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH'2004

Report on Corporate Governance as required by clause 49 of the Listing Agreement.

1. Company's Philosophy on Code of Governance:

The Company's Philosophy on Corporate Governance is to adopt better corporate practices in a fair and transparent manner and to ensure accountability and responsibility in all operations so as to enhance corporate performance and protect the interest of all stakeholders.

2. Board of Directors:

The Board of the Company comprises of Chairman, a Managing Director, a Whole Time Director and a Special Director who was nominated by BIFR w.e.f. 18th February'2003. During the year the Board Meetings were held on 29/4/2003, 30/7/2003, 30/8/2003, 31/10/2003, 22/12/2003 & 31/1/2004.

The composition of the Board as at 31st March'2004 & other relevant details relating to Directors are given below:

Name of Director	Category (Executive / Non-Executive)	No. of other Meeting Attended	Whether attended AGM held on 22th December, 2003	No. of other Directorship in other public Companies	No. of memberships of other Board Committees
Anil Machhar	Non-Executive	NIL	No	None	None
Arvind Machhar	Executive	6	Yes	None	None
Sandeep Machhar	Executive	6	Yes	None	None
P. K. Mittal	Non-executive	3	Yes		
[Special Director appointed by BIFR Independent					
B H Tapadia	Non Executive Independent	1	Yes	None	None
G M Bothra	Non Executive Independent	1	Yes	None	None

3. Audit Committee :

The Audit Committee was reconstituted twice during the year on 31/7/2003 and 31/1/2004, to fall in line with the requirement of Stock Exchange/The Companies Act .The Audit Committee Meetings were held on 30/8/2003, 31/10/2003, and 31/01/2004. The Chairman of the reconstituted Audit Committee is Non-executive Independent Director. The composition of the existing Audit Committee is as under:

Name of the Directors	Status	No. of meeting attended
Shri G M Bothra	Chairman	1
Shri Arvind Machhar*	Member	2
Shri Sandeep Machhar *	Member	2
Shri B H Tapadia	Member	1
Shri P K Mittal **	Member	2

* Members of the earlier Audit Committee effective till 31.01.2004

** Shri P K Mittal was Chairman of the Audit Committee Meetings held on 30.08.2003& 31.10.2003

4. Remuneration of Directors:

The remuneration paid to the Managing Director is approved by the General Body and received Central Government's approval also. While signifying its Approval Central Government had reduced the tenure of Managing director from Five Year to Three Year and perquisites payable as part of remuneration were also curtailed. Remuneration paid to the Whole Time directors was approved by the General Body in 1999. The Company has no stock option scheme. Details of remuneration paid to Directors of the Company for the year ended on 31st March'2004 are given below:

Name of the Director	Salary	Benefit	Sitting Fee	TOTAL
Mr. Arvind Machhar	3,90,000/-	68,310/-	—	4,58,310/-
Mr. Sandeep Machhar*	6,19,600/-	1,75,187/-	—	7,94,787/-
Mr. Anil Machhar	—	—	—	—
Mr. P K Mittal	—	—	5,000/-	5,000/-
Mr. G M Bothra	—	—	2,000/-	2,000/-
Mr. B H Tapadia	—	—	2,000/-	2,000/-

* Salary Include arrears of salary claimed and paid Rs 1,85,700/- during the year

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5. Shareholders' / Investors' Grievance Committee:

The Company constituted a Shareholders'/Investors' Grievance Committee on 30/7/2002. Shri Anil Machhar, Non-Executive Director is the Chairman of the said Committee Meeting and Shri Arvind Machhar is the member of the committee. The said committee has following role, functions and powers:

- To look into and supervise the redress of shareholders/investor's complaints like transfer of shares, non-receipt of balance sheet, change of address etc.
- To consider and approve transfer of shares, transmission of shares, dematerialization of shares, transposition of shares, issuance of duplicate share certificates, deletion of names, splitting and consolidation of shares, etc.
- To delegate any of its responsibilities to any officer of the Company or to the Registrars and Transfer Agents and to supervise the proper exercise of delegated powers.

The Shareholders / Investors Grievance Committee Meetings were held on 6/12/2003 and 28/3/2004. And all requests for dematerialization of shares as on that date were confirmed to the CDSL. The Company received 111 complaints, queries and request. All these were duly attended up-to 31-03-2004. During the year under review total no of Seventy request had been received for transfer of Shares and all the share after transfers were delivered within the period of one month.

6. GENERAL BODY MEETING:

Location and time where last three Annual General Meeting were held are given below:

Financial Year ending on	Date	Location of the Meeting	Time
31st Dec.'2000	24th March, 2001	J-18 MIDC, Chikalthana Aurangabad (MS)	3.00 PM
31st Dec.'2001	24th Sept.'2002	—do—	3.00 PM
31st March, 2003	22nd Dec. 2003	—do—	12.00 Noon

7. DISCLOSURE:

A. Disclosure on materially significant related party transaction:

The Board has received disclosure from key managerial personnel relating to financial and commercial transaction where they and/or their relatives have personal interest. There are no materially significant related party transactions, which have potential conflict with the interest of the company.

B. Notice from SEBI under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulation 1997

The company has regularized filing of declaration under Regulation 6 and 8 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulation 1997 However company has received a notice from SEBI imposing penalty of Rs 1,75,000/- for non filing of records in time. However the company has submitted request for waiver of penalty on the ground that our company is declared as sick company by BIFR and that the trading in the shares of the Company had been suspended by Stock Exchange Mumbai since 1999.

8. MEANS OF COMMUNICATION:

Quarterly results are published in the Lokmat Time and Gawakari. The Annual Report is mailed to all the shareholders of the company. The company is also going to be registered under Electronic Data information Filing & Retrieval (EDIFR) website.

9. MANAGEMENT DISCUSSION & ANALYSIS REPORT: INDUSTRIES STRUCTURE AND DEVELOPMENT

In developing countries the Co-extruded tubes manufactured by the company are used by the Cosmetic industry for packaging of their cosmetic products but in the developed countries such as ours the cosmetics were packed in the laminated tubes. Due to the consistent efforts of the marketing team of the company the trends are now changing and the cosmetic industry is shifting from laminated tube packaging to co-extruded seamless tube packaging.

OPPORTUNITIES AND THREATS

The use of co-extruded seamless tubes in the developed countries is not new therefore export potential of the co-extruded seamless tubes to the developed countries is enormous. The marketing team of our tube division therefore have strategic plan to enter into export market and accordingly have participated in major cosmetic exhibition around the world. These efforts have started bringing results and Export Sales during was to the tune of Rs 136 lacs constituting 20% of the Turn over of the company.. With the increased demand in the domestic market along with the continued exports the capacity utilization of the plant is likely to increase continuously which would result into improved productivity and profitability.

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Further performance of the Ammonium Nitrate Division has been severally affected during the year because of GNFC plant shut down which is the main source of Raw Material for the Company

Pending outcome of the writ petition filed against Coal India for settlement of our dues the operations of Emulsified ANFO Division remains suspended, however, hopefully during the next year this division would also become operative subject to the outcome of the writ petition.

OUTLOOK :

Subject to acceptance of the rehabilitation package by all the term lending institutions and sanction of revival scheme of the company by BIFR Your company is trying its best to come out of the present situation. During the year your company has restructured its debts under, One Time Settlement, with ICICI Bank Ltd, a term lender. ICICI bank has waived accrued interest up to 31/3/2004. Negotiation with SICOM and Union Bank of India is in progress.

RISK AND CONCERN

1. Excise duty
2. Sales tax
3. Coal India

AUDITORS' CERTIFICATE ON CLAUSE 49 COMPLIANCE

The member's of

Anil Chemicals & Industries Ltd.

We have reviewed the records concerning the company's compliance of condition of corporate Governance as stipulated in clause 49 of the Listing Agreement entered in to by the company with the Stock Exchange of India for the financial year ended on 31st March 2004.

The compliance of the conditions of corporate governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the company for ensuring compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

We have conducted our review on test basis of the relevant records and documents maintained by the Company and Company Secretary's Compliance Certificate furnished to us and according to information and explanations given to us by the Company.

Based on such review in our opinion the company has complied with the conditions of Corporate Governance, as stipulated in clause 40 of the said Listing Agreement subject to remarks as mentioned below,

- a. *The formation of the Audit Committee was neither as per SEBI Guidelines nor as per provisions of Companies Act, 1956 till 31.01.2004. However the compliance was adhered to since the aforesaid date.*
- b. *The formation of the Remuneration Committee is neither as per SEBI Guidelines nor as per provisions of Companies Act, 1956*
- c. *No limited review was conducted during the year.*

We further state that such compliance is neither an assurance as to the future viability of the Company nor as to the efficiency or effectiveness with the management has conducted the affairs of the Company.

**FOR RATHI AND BANGAD
CHARTERED ACCOUNTANTS**

**DILIP D. JAIN
(PROPRIETOR)
M.NO. 44301**

Place : Aurangabad

Date : 21-08-2004