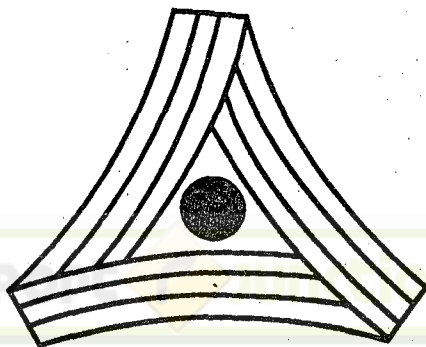


27th ANNUAL REPORT 2007



Growth Through Innovation

**ANIL CHEMICALS
AND INDUSTRIES LIMITED**

BOARD OF DIRECTORS

ARVIND MACHHAR
CHAIRMAN CUM
MANAGING DIRECTOR

SANDEEP MACHHAR
WHOLE-TIME DIRECTOR

GHEVERCHAND M. BOTHARA
DIRECTOR

BALAPRASAD TAPDIYA
DIRECTOR

AUDITORS

M/S RATHI & BANGAD

Chartered Accountant, Aurangabad

BANKERS

PUNJAB NATIONAL BANK
UNION BANK OF INDIA

REGISTERED OFFICE

GUT NO. 72, VILLAGE PHAROLA,
POST – BEEDKIN, TQ. – PAITHAN,
DIST. – AURANGABAD – 431105 (MS)

LOCATION OF PLANTS**AMMONIUM NITRATE DIVISION**

- i) J-18, MIDC Area, Chikalthana,
Aurangabad – 431 210 (MS)
- ii) Plot No. 614, GIDC Area, Panoli,
Ankleshwar, Dist. Bharuch (GJ) - 394116

EMULSIFIED ANFO/MATRIX DIVISION

- i) Plot No. 48/49, Udyog Deep Industrial Area,
Waidhan Dist. Sidhi (MP) – 486886
- ii) Village – Nandrabad, Taluka Khultabad,
Dist.- Aurangabad (MS)
- iii) Plot No. 2/A-1, A-2 IDCO Industrial Area,
Jharsuguda (Orissa) - 768203

CO-EXTRUDED TUBES DIVISION

- i) Gut No. 72, Village Pharola, Post Beedkin,
Tq.-Paithan, Dist.-Aurangabad – 431 105 (MS)

**SHARE REGISTRAR AND : -
TRANSFER AGENT**

M/S INTIME SPECTRUM REGISTRY LIMITED
C-13, PANNALAL SILK MILLS COMPOUND
L.B.S. MARG BHANDUP (W), MUMBAI – 400078

NOTICE

NOTICE is hereby given that the Twenty seventh Annual General Meeting of the members of the M/s Anil Chemicals and Industries Limited will be held on Monday the 10th day of September, 2007 at 11.00 AM at Registered office of the Company, situated at G. No. 92, Village Pharola, Post- Beedkin, Tq. Paithan, Dist.-Aurangabad- 431105 (MS) to transact the following business:

I) ORDINARY BUSINESS

1. To consider, approve and adopt the Balance Sheet of the Company as on 31st March, 2007 and the Profit and Loss Account for the year ended on that date and the report of the Statutory Auditors and Directors thereon.
2. To appoint a director in place of Shri G M Bothara who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint M/s Rathi & Bangad, Chartered Accountant, Aurangabad, the retiring Statutory Auditors of the Company, who shall hold office from the conclusion of this Annual General Meeting of the Company to fix their remuneration.

II) SPECIAL BUSINESS

4. To consider and, if thought fit, to pass with or without modification, the following resolution as special resolution.

"RESOLVED THAT subject to approval of the appropriate Authority, pursuant to the revised scheme of demerger as laid before the meeting and applicable provisions of the Companies Act, 1956, the Anil Chemicals and Industries Limited be demerged into a new resultant company by separating the divisions situated outside territory of Aurangabad i.e. Ammonium Nitrate Division situated at Panoli (Gujarat), Emulsified Anfo/Matrix Division situated at Waidhani (MP) & Jharsuguda (Orissa) and keeping remaining divisions such as Ammonium Nitrate Division situated at Chikalthana (MH) & Emulsified Anfo/Matrix Division situated at Nandrabad (MH) and Co-extruded Tube Division situated at Pharola (MS).

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 approval of the Central Government, if any, the approval of the Company be and is hereby accorded to the obtaining the unit linked endowment plus insurance policy on the life of Mr. Arvind Machhar Chairman cum Managing Director of the Company for a period of 10 years from March 2007 as per the employer – employee welfare scheme for key employees of the Company on the terms and conditions of the HDFC Standard Life Insurance with liberty to the Board of Directors to alter and vary such terms and conditions, including period of policy, endowment payment nomination and lock in period of the insurance policy.

RESOLVED FURTHER THAT the above insurance may be obtained and annual premium will be paid by the Company the HDFC Standard Life Insurance even if the Company's profits are inadequate or it has no profits in any financial year."

BY ORDER OF THE BOARD

PLACE: AURANGABAD
DATE: 31ST JULY 2007

ARVIND MACHHAR
CHAIRMAN CUM MANAGING DIRECTOR

NOTES:

- 1) A member entitled to attend and votes is entitled to appoint a proxy to vote instead of himself and the proxy need not be a member of the company and the proxy in order to be valid must be deposited with the company at least 48 hours before the time for the meeting.
- 2) The Register of Members and the Share Transfer Books of the company will remain closed from 6th September, 2007 to 10th September, 2007 (both days inclusive).
- 3) The members are requested to intimate to Share Transfer Agent of the Company changes, if any, in their Registered Address at an early date and bring the copy of the Annual Report and attendance slip at the Annual General Meeting.
- 4) In all correspondence with the Company/Registrars, members are requested to quote their registered folio numbers.
- 5) 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.
- 6) Section 109A of the Companies Act, 1956, has introduced provisions for nominations by the holders of shares. The prescribed nomination forms can be obtained from the Company's Registrar and Share Transfer Agent, in case of shares. The Members may take advantage of this facility, if need.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**ITEM NO 4**

The company had submitted the Draft Rehabilitation Scheme (DRS) with the Hon'ble Board for Industrial & Financial Reconstruction (BIFR), New Delhi in which one of the proposals was de merger of company. The resolution for approval of de merger as per the scheme was approved in the previous Annual General Meeting held on 30.09.2006. Subsequently the de merger scheme was revised in view of change in appointed date due to delay in approval of the scheme; resulting in change in financials. The said changes are incorporated in the revised de merger scheme. The members are requested to pass the resolution as special resolution.

The scheme of the de merger is kept at the registered office of the company for inspection.

Your directors recommend the resolution to pass as special resolution. None of the directors are interested in this resolution.

ITEM NO 5

Mr. Arvind Machhar was re appointed as Managing Director of the company in the 26th Annual General Meeting dated 30th September 2006 w. e. f. 28th June 2007 for the period of three years. Mr. Arvind Machhar is the key employee of the Company. In recognition of his exposure and experience; his past association and performance with the Company, the Board of Director of the Company has approved for taking one unit linked endowment plus insurance policy on his life for a period of 20 years from March 2007 as per the employer – employee welfare scheme for key employees of the Company. The policy is for Rs.50 Lacs and annual premium is Rs.2 Lacs subject to the approval of the members and Central Government, if any, under Part II of Scheduled XIII to the Companies Act, 1956. The Board of Directors is of the opinion that taking this policy would be in the best interest of the company.

Your directors recommend the resolution to pass as special resolution. Mr. Arvind Machhar & Mr. Sandeep Machhar are interested in this resolution.

BY ORDER OF THE BOARD

**PLACE: AURANGABAD
DATE: 31ST JULY 2007**

**ARVIND MACHHAR
CHAIRMAN CUM MANAGING DIRECTOR**

DIRECTORS' REPORT

To,
The Members of
M/s Anil Chemicals and Industries Limited

Dear Shareholders

The Directors are pleased to present their Twenty Seventh Annual Report on the performance of the company for the financial year ended on 31st March'2007.

1. FINANCIAL PERFORMANCE

Rs. in Lacs

PARTICULARS	YEAR ENDED ON 31/03/2007	YEAR ENDED ON 31/03/2006
Sales and other Income	1,880.73	1,617.35
Less: Operating Expenses	1,589.73	1,212.42
Profit before Interest and Depreciation	291.00	404.93
DEDUCTIONS		
Interest	34.93	583.89
Depreciation	191.98	189.00
Operational Profit after Tax	64.09	(367.96)
Previous Year Income & Expenses	1.45	(8.17)
NET PROFIT/(LOSS)	65.53	(376.13)
EXTRA ORDINARY ITEMS		5,508.97
Income Tax (FBT & Earlier Year's)	(4.91)	(16.16)
NET PROFIT/(LOSS)	60.62	5,116.68
Balance brought forward from previous year	(3,746.90)	(8,863.58)
APPROPRIATION		
Surplus Available for Appropriation	Nil	Nil
Balance carried to balance sheet	(3,686.28)	(3,746.90)

2. OPERATIONS

During the year under review, your company has recorded sales and other Income of Rs.1,880.73 lacs compared to the earlier year of Rs.1,617.35 lacs thereby registering a growth of 16.28%. The PBDIT for the year was at Rs.291.00 lacs as compared to earlier year of Rs.404.93 lacs, the decline in PBDIT during the year is mainly due substantial increased in the raw material price and also due to the lower sales of tube division on account of bottleneck in the plant. The Company is making appropriate investments in the plant & machineries, balancing equipments etc. to tackle the problem.

a) AMMONIUM NITRATE DIVISION:

During the year under review the turnover of Ammonium Nitrate Division at Panoli has increased to Rs.342.71 lacs as compared to Rs.61.51 lacs and production was 13,226.47 M. Ton as compared to 765.79 M. Ton in the previous year. During the year Company concentrated more on Job work business.

b) EMULSIFIED ANFO DIVISION:

Pending decision of the petition filed by the company against Coal India Limited the sole buyer of the Company's product, for price fixation the operation of the company's plant at Waidhan and Jharsuguda remained suspended. The Company hopes that the matter will be resolved and production in these plants will commence in near future.

c) CO-EX TUBES DIVISION:

During the year under review, the production of Co-ex Tube division was 324.30 lacs tubes as compared to the previous year production of 344.26 lacs tubes. During the year the in the division Company has invested Rs.185.12 Lacs in Plant & Machinery for keeping the plant up dated and for removing bottlenecks in production and more investment will be done in future. The Company is putting more emphasis on production of tubes of higher diameter tubes of different new varieties as per the need of the customer and increase in the volume by eliminating bottlenecks in production capacities as per medium term planning for creating the optimum product mix in the best interest. Your Directors are confident that the turn over and the profits of the division will increase in the coming years.

3. RESTRUCTURING OF THE COMPANY DEBTS AND LIABILITIES

In accordance with the one time settlement derived upon with various financial institutions and banks, the company is regularly paying their dues as per the schedule of arrangement. Accordingly the total dues of Standard chartered Bank (SCB) has been paid during the year and their "No Dues Certificate" has been obtained, the dues of OSFC and MSFC has since already been fully paid and their respective "No Dues Certificate" has also been obtained. Further during the year the company negotiated and arrived at One Time Settlement (OTS) with SICOM for restructuring of these dues. With this company has concluded its OTS with all its secured creditors. With regard to the sales tax liabilities of Government of Madhya Pradesh the company has already submitted them a proposal for restructuring these dues. The approval for the same is still awaited.

The company's Draft Rehabilitation Scheme submitted to operating agency has been circulated, considered and approved by all secured creditors in a meeting held on 04.10.2006 and the same have forwarded to the Hon'ble BIFR by operating agency for its appropriate disposal.

4. EXPANSION PLANT AT UTTARANCHAL

As part of the overall strategy of the Company and due to various other considerations the company is planning to expand its capacity by putting up a new manufacturing base in Uttaranchal.

5. DIVIDEND:

In view of the accumulated losses, the Board expressly conveys its inability to recommend any dividend for the year ended 31st March, 2007.

6. FIXED DEPOSIT:

Your Company has not accepted any deposits under section 58A of the Companies Act, 1956, from the public during the year.

7. INSURANCE:

All the properties of the Company including Plant & Machinery, Stores and Stocks, wherever necessary and to the extent required have been adequately insured.

8. DIRECTORS:

Shri G M Bothara, Director of the Company is retiring by rotation and being eligible offers himself for re-appointment. The Board recommends his re-appointment.

9. AUDITORS:

M/s. Rathi & Bangad, Chartered Accountants, Aurangabad, the Statutory Auditors of the Company are retiring at the forthcoming annual general meeting and they are eligible for re-appointment. The Board recommends their re-appointment.

10. PARTICULARS OF EMPLOYEES:

The provisions of Section 217(2A) of the Companies Act, 1956, read with the provisions of the Companies (Particulars of Employees) Rules, 1975, are not attracted in case of any employee of the Company.

11. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the provisions of section 217(2AA) of the Companies Act, 1956, the Board confirms that:

- a) The financial statement is in full conformity with the requirements of the Companies Act, 1956, and applicable accounting standards have been followed along with proper explanation relating to material departure.
- b) The directors have selected such accounting policies and applied them consistently and made judgment and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review.
- c) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for preventing and detecting fraud and other irregularities.
- d) The directors have prepared the Annual Accounts on a going concern basis.

12. 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 different involved agencies and BIFR. The Company has prepared the account on the "Going Concern Basis". Refer to note no. 5 of Schedule 12.
- b. **Refer Note No. 3 of the Auditors Report:** The reduction of capital is approved by the Annual General Meeting of the Company held on 30.09.2006 and is the part of the DRS for the Company. This will be affected after the approval of the scheme by the BIFR. Refer to note no. 7 of Schedule 12.
- c. **Refer Point No. 4 of the Auditors Report:** The accounting policy for the accounting of benefits under OTS have been changed as less than 15% amount have been paid till 31.03.2007 against the SICOM settlement amount of Rs. 570.85 Lacs. Refer to note no.6 of schedule12. The accounting policy for investments have been changed to comply with the accounting standard 13 issued by the ICAI. Refer to note no. 19 of schedule12.
- d. **Refer to point no 4(f) of the Auditors Report (Refer note No.13 of schedule 12):**
In view of the company's writ petition NO 389/2000 admitted Hon'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.
Further in view of the company's writ petition No. 4055/1999 admitted by Hon'ble Jabalpur High Court against Northern Coalfields Limited for Rs.41.63 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.
- e. **Refer to point no 4 (g) 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, the same is recoverable and 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. 9 of scheduled 12.
- f. **Refer Point No. 4(h) of the Auditors Report:** In respect of unsecured creditors/debtors, the company is following the system of perpetual confirmation and 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. 13 of schedule12.

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. REPORT ON CORPORATE GOVERNANCE

A report on Corporate governance as required in term of clause 49 of the Listing Agreement with the Bombay Stock Exchange, containing required details is analysed with corporate governance report and forming part of this report.

15. COMPLIANCE CERTIFICATE

Mr. P. K. Mittal, a nominee director appointed by BIFR, has ceased to be the director due to the direction received from the Hon'ble Board for industrial and financial Reconstruction. The board or directors placed on records his sincere thanks in advising and rendering the valuable services to the company.

Shri Ghevachand Bothara, Director of the Company is retiring by rotation and being eligible offers himself for re-appointment. The Board recommends his re-appoint.

16. CORPORATE SOCIAL RESPONSIBILITY

The Company is paying education allowance/expenses to its eligible workers and employees for one child. In spite of the heavy accumulated losses and lack of liquidity, the Company is striving hard to continue the manufacturing activities and come out of BIFR and thereby continue to keep the employment of the employees, contribute towards the exchequer by way of direct and indirect taxes, generate foreign exchange for the country through exports and contribute to the productivity of the Country.

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17. RELATION WITH EMPLOYEES

The relation with the employees continued to be cordial during the year. The directors wish to place on record their sincere appreciation for the excellent team spirit with which they have worked for the progress of the Company.

18. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO ETC

- a) **Conservation of Energy:** The Company consistently pursues reduction in energy consumption in its manufacturing process on an ongoing basis.
- b) **Technology Absorption:** The Company has installed new Plant & Machinery with new technology during the year.
- c) **Foreign Exchange Earning and Outgo:** Foreign Exchange earning of the Company is Rs.351.84 lacs for the year under review, whereas the outgo is Rs.372.32 lacs.

19. ACKNOWLEDGEMENT

The Director place on record their sincere gratitude to the employees of the Company for their hard work and to the Banks, Government Authorities, Financial Institutions and other Statutory Authorities for their continued support and the investors for their trust and confidence on the management of the Company.

BY ORDER OF THE BOARD**PLACE: AURANGABAD****DATE : 31ST JULY 2007****ARVIND MACHHAR****CHAIRMAN CUM MANAGING DIRECTOR**

**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 PRIVATE LIMITED**

1. Name of the Subsidiary Company : Navneet Machines Mfg. Co. Pvt. Ltd.
2. Date from which it become subsidiary : 16th May, 1985
3. Financial year of the subsidiary company ended : 31st March, 2007
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 and Industries Limited. :
 - a) Profit for the subsidiary's Financial year ended on 31/03/2007 : Nil
 - b) Profits for the previous Financial years of the subsidiary since it become the subsidiary of Anil Chemicals and Industries Ltd. : Nil
6. Net aggregate amount of the subsidiary's profits not dealt within the Accounts of Anil Chemicals and Industries Limited. :
 - a) For the subsidiary's Financial year ended on 31/03/2007 : Nil
 - b) For its previous Financial year : Nil
7. Net aggregate amount of the subsidiary profits dealt within the Accounts of Anil Chemicals and Industries Limited. :
 - a) For the subsidiary's Financial year ended on 31/03/2007 : Nil
 - b) For its previous Financial year : Nil

CORPORATE GOVERNANCE REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2007

(As required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges)

1. COMPANY'S PHILOSOPHY

The Company believes that the code prescribes a minimum framework for governance of a business in corporate framework. The company has set, as its mission, the implementation of a Corporate Governance system to ensure transparency, control, accountability and responsibility in all areas of operation. Corporate Governance is considered as, to protect and achieve enhanced value for all its stakeholders i.e. shareholders, employees, customers and society in general.

2. BOARD OF DIRECTORS

The Board of Anil Chemicals and Industries Limited (ACIL) consist of two executive directors and two non-executive/independent directors, who are acknowledged as leading professionals in their respective fields.

The constitution of Board is as under:

ANIL CHEMICALS AND INDUSTRIES LTD.

Director	Executive/Non-Executive/ Independent*	No. of other Directorship#	Membership Committees/ Chairmanship
Shri Arvind Machhar Chairman/Cum Managing Director	Executive	NIL	1/0
Shri Sandeep Machhar Whole-Time Director	Executive	Three	NIL
Shri Gheverchand Bothara Director	Non-executive Independent	One	2/1
Shri Balaprasad Tapdiya Director	Non-executive Independent	NIL	3/1

None of the Director holds Directorship in more than 15 companies; Membership in Committees of Board in more than 10 Companies and Chairmanship of Committees of Board in more than 5 Committees.

An Independent Directors are directors who apart from receiving director's remuneration i.e. sitting fees does not have any material pecuniary relationship or transaction with the Company, its promoters or its management or its subsidiaries, which in the judgment of the Board may affect their independence of judgment.

This includes directorship held in private limited Companies.

Attendance of Directors at Board Meeting and Annual General Meeting

The Board of Company met five times during the last financial year, on the following dates:

(1) 17th April, 2006 (2) 30th July 2006 (3) 18th August, 2006 (4) 31st October, 2006 (5) 28th January, 2007.

The Attendance at the Board Meetings and previous Annual General Meeting as under:

Name of Director	Attendance	
	Board Meeting	Annual General Meeting
Shri Arvind Machhar	5	1
Shri Sandeep Machhar	4	1
Shri P.K. Mittal (Retired subsequently)	5	1
Shri G.M. Bothara	5	1
Shri B.H. Tapdiya	5	1

There is no new appointment of any director during the year.

3. AUDIT COMMITTEE

During the financial year 2006-07, five meetings were held on the following dates:

(1) 17th April, 2006 (2) 30th July 2006 (3) 18th August, 2006 (4) 31st October, 2006 (5) 28th January, 2007.

The Constitution of the committee and the attendance of each member of the Committee are given below:

Name	Designation	Non-executive/ Independent	Professional	Committee Meetings Attended
Shri G. M. Bothara*	Chairman	Independent	Consultant	Five
Shri P.K. Mittal (Retired Subsequently)	Member	Independent	Consultant	Five
Shri B.H. Tapdiya*	Member	Independent	Consultant	Five

Consulting Company Secretary of company is the secretary of the committee.

* Possesses expert knowledge in finance, accounts and taxation.

The Chairman of the Audit Committee attended the last Annual General Meeting of the Company held on 30th September 2006.

The minutes of the Audit Committee were circulated to the Board, discussed and took note.

The terms of reference of the Audit Committee inter-alia include the following:

- To hold periodic discussion with the Statutory Auditors and Internal Auditors of the Company concerning the accounts of the company, internal control system, scope of audit and observations of the Auditors/Internal Auditors;
- To review compliances with internal control system;
- To review quarterly, half yearly and annual financial results of the Company before submission to the Board;
- To investigate into any matter in relation to item specified in section 292A of the Companies Act, 1956, or as may be referred to it by the Board and for this purpose to seek any relevant information contained in the records of the company; and also seek external profession advice if necessary;
- To make recommendations to the Board in relation to appointment and terms of Statutory Auditors and Internal Auditors
- To make recommendations to the Board on any matter relating to the financial management of the Company including the Audit Report.

4. REMUNERATION COMMITTEE

The Board of Directors formed the Remuneration Committee, which consists of the following directors:

Name	Designation	Executive/Non-Executive/Independent
Shri G. M. Bothara	Chairman	Non-executive Independent
Shri P.K. Mittal (Retired subsequently)	Member	Non-executive Independent
Shri B. H. Tapdiya	Member	Non-executive Independent

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Consulting Company Secretary of company is the secretary of the committee.

During the financial year 2006-07, one meeting was held on 18th August 2006 which was attended by all the members of the committee.

Details of remuneration paid/payable to directors for the year ended March 31, 2007 are as follows:

Director	Relation-ship with other directors	Business relation-	Loans and advances ship v. h ACIL	Sitting fees* Rs. from ACIL	Salary and Perquisites Rs.	Commis-sion Rs.	Total
Shri Arvind Machhar	Related to Shri Sandeep Machhar	Promoter	NIL	Nil	500170	Nil	500170
Shri Sandeep Machhar	Related to Shri Arvind Machhar	Promoter	Nil	Nil	658447	Nil	658447
Shri P.K.Mittal	None	BIFR Nominee	Nil	10000	Nil	Nil	10000
Shri G.M. Bothra	None	Professional	Nil	10000	Nil	Nil	10000
Shri B.H. Tapdiya	None	Professional	Nil	10000	Nil	Nil	10000

5. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

The Board has constituted an Investors Grievances Committee which looks into shareholders' and investors grievances. The following are the members of the committee:

Name	Designation	Executive/Non-Executive/Independent
Shri B. H. Tapdiya	Chairman	Non-Executive Independent
Shri Arvind Machhar	Member	Executive

Consulting Company Secretary of company is the secretary of the committee.

The minutes of the Shareholders'/Investors' Grievance Committee Meeting were circulated to the Board, discussed and taken note of. Secretary to the Committee is also the looking after day to day working related to transfer of shares, correspondence with the shareholders, SEBI, etc.

The said committee administered the following activities:

- To look into and supervise the redress of shareholders/investors complaints like Transfer of shares; Transmission of shares; Issue of Duplicate Share Certificates, Change of Address, Change of Status, Change of Name Transposition of shares, etc.
- To consider and approve transfer of shares, dematerialization of shares deletion of name, 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.

During the financial year 2006-07, one meeting was held on 18th August 2006 which was attended by all the members of the committee.

All request for dematerialization of shares as on that date were confirmed to the CDSL.

7. GENERAL BODY MEETING

The locations and time of the Annual General Meeting held during the last 3 years are as follows:

Annual General Meeting	Date	Time	Venue	No. of Special Resolutions passed
Twenty Fourth	30/09/2004	11.00 AM	Gut No.72, Village Pharola, Post Beedkin, Aurangabad - 431105 (MS)	Two
Twenty Fifth	21/09/2005	11.00 AM	Gut No.72, Village Pharola, Post Beedkin, Aurangabad - 431105 (MS)	None
Twenty Sixth	30/09/2006	11.00 AM	Gut No.72, Village Pharola, Post Beedkin, Aurangabad - 431105 (MS)	Five

No Resolution passed through postal ballot till date.

Presently, the company does not have any transaction/proposal for postal ballot.

7. DISCLOSURES

No Transaction of material nature has been entered into by the Company with Directors or Management and their relatives, etc. that may have a potential conflict with the interest of the Company. The Register of Contracts containing transaction, in which directors are interested, is placed before the Board regularly.

There are the related parties transactions i.e. transactions of the Company with its Promoters, Directors and Management not conflicting with Company's interest, the details of which have been shown in **Note No 2 of Schedule 12** forming part of the Accounts for the year ended 31st March, 2007.

There has been no instance of non-compliance by the Company on any matter related to capital markets. Hence, the question of penalties or strictures being imposed by SEBI or the Stock Exchange does not arise.

8. NOTE ON DIRECTORS APPOINTMENT/RE-APPOINTMENT

Shri G M Bothra is liable to retire by rotation and being eligible offered himself for re-appointment. He is Commerce Graduate having vast knowledge about Income Tax, Excise, Sales Tax and allied matters.

9. MEANS OF COMMUNICATION

The Company had submitted its quarterly, half yearly and financial results to the stock exchange soon after its approval by the Board and published the same in leading national newspapers (i.e. Lokmat in English and Gavkari in Marathi). The Company did not display the financial results on its website.

10. GENERAL SHAREHOLDER INFORMATION**a) Annual General Meeting**

- * **Date, Day and Time** : 10th September 2007, Monday at 11.00 AM
- * **Venue** : Gut No. 72, Village Pharola,
Post Beedkin, Tq. Paithan,
Paithan Rd., Aurangabad – 431105

b) FINANCIAL CALENDER

The financial year of the company is April, 2006 to March, 2007.

Financial reporting for

- Quarter ending June 30, 2006 : Last week of July, 2006
- Half year ending September 30, 2006 : Last week of October, 2006
- Quarter ending December 31, 2006 : Last week of January, 2007
- Year ending March 31, 2007 : Last week of April, 2007

ANNUAL GENERAL MEETING

For the year ending March 31, 2006

: 30th September, 2006

c) Date of book closure

: 6th September, 2007 to 10th September 2007 (both days inclusive)

d) Dividend Payment Date

: No dividend is declared for the year

e) Listing of Equity Shares on Stock Exchange:

- The Stock Exchange, Mumbai,
1st Floor, Rotunda Building, B.S. Marg, Fort Mumbai – 400001
- Annual Listing fees have been paid to the Stock Exchange for the financial year 2006-2007

f) Scrip Code: The scrip code of the Company is 506979 and ISIN No. of the Company is INE 046E01017**g) Market Price Data:**

The trading of the securities on Stock Exchange, Mumbai was suspended from 4th May, 1999 till 22nd February 2007. The company has given suitable representations and therefore the revocation on suspension of trading was effected by the Exchange on 22nd February 2007.

Market price data: Monthly High / Low

Months	Bombay Stock Exchange	
	High Rs.	Low Rs.
February 2007	No Trading	No Trading
March 2007	1.57	1.57

h) Registrar and Transfer Agents:

Ms/Intime Spectrum Registry Limited C-13, Pannanlal Silk Mills Compound,
L.B.S. Marg, Bhandup (W), MUMBAI – 400078 (MS)

i) Share Transfer System:

The Company has retained M/s Intime Spectrum Registry Limited, Mumbai to carry out the transfer related activities. All valid transfer are affected within stipulated days and taken on record by the Board of Director of the Company. Share Certificates and Transfer deeds are received at Registered Office and Share Transfer Agent for doing the needful. Trading in Securities of the Company can be done only in Dematerialized form and Company has signed agreement with Central Depository Services Limited.

j) Distribution of Shareholding as on 31st March, 2007 is as given below:

Slab of Shareholding	Shareholders	% to total	No. of Shares	% to total
Up to 5000	9769	93.3940	14586790	21.1140
5001 to 10000	399	3.8150	3075050	4.4510
10001 to 20000	126	1.2050	1868650	2.7050
20001 to 30000	39	0.3730	1025150	1.4840
30001 to 40000	14	0.1340	512800	0.7420
40001 to 50000	20	0.1910	94150	1.3630
50001 to 100000	24	0.2290	1769600	2.5610
100001 and above	69	0.6600	45307150	65.5800
TOTAL	10474	100.000	6908669	100.000

k) Dematerialization of shares and liquidity :

The Securities and Exchange Board of India (SEBI), through a notification have made it compulsory that any delivery in the Company's shares against stock exchange trades became compulsory in demat format. As on 31.03.2007, 165491 equity shares (2.30% of the total number of shares) have been dematerialized.