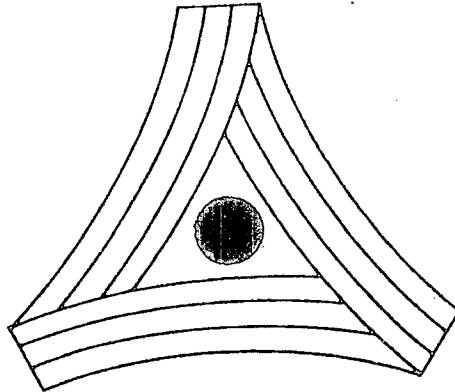


MD	✓		BKC	✓
CS	✓		DPY	ND
RO	✓		DIV	ND
TRA	ND		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓



Growth Through Innovation

ANIL CHEMICALS AND INDUSTRIES LTD. ANNUAL REPORT 1997-98

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ANIL CHEMICALS AND INDUSTRIES LTD.

18th Annual Report 1997-98

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
		K.P.GUPTA	- NOMINEE (SICOM)
COMPANY SECRETARY	:	M.R. KULKARNI	
AUDITORS	:	M/s RATHI AND BANGAD	
		Chartered Accountants, Aurangabad.	
BANKERS	:	UNION BANK OF INDIA.	
		PUNJAB NATIONAL BANK.	
REGISTERED OFFICE	:	J-18 MIDC INDL. AREA	
		CHIKALTHANA, AURANGABAD - 431 210	
WORKS	:	AMMONIUM NITRATE DIVISION	
		i) J-18 MIDC INDL. AREA	
		CHIKALTHANA, 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,	
		WADHAN, DIST SIDHI (M.P.)	
		ii) VILLAGE - NANDRABAD. TALUKA-KHULTABAD,	
		DIST.- AURANGABAD - (M.S.)	
		iii) Plot No.2/A-1, A -2, IDC0 - INDL. AREA	
		JHARSUGUDA (ORISSA)	
		CO-EXTRUDED TUBES DIVISION	
		GUT NO. 72, VILLAGE - PHAROLA	
		TALUKA - PAITHAN, DIST - AURANGABAD . (M.S.)	

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NOTICE

Notice is hereby given that EIGHTEENTH Annual General Meeting of Anil Chemicals and Industries Ltd. will be held on Wednesday, 30th sept. 1998 at 3.00 p.m. at the Registered Office of the Company at J-18 MIDC Area, Chikalthana, Aurangabad to transact following business :

ORDINARY BUSINESS :

- 1) To receive, consider and adopt the Balance Sheet as at 31st March'1998 and Profit & 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 Shri Badal Mittal, who retires by rotation and being eligible offers himself for re-appointment.
- 3) To appoint a Director in place of Shri Rajendra Darda, who retires by rotation and being eligible offers himself for re-appointment.
- 4) To appoint a Director in place of Shri. Nawnit Machhar, who retires by rotation.
- 5) To appoint auditors and fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT the company shall delist its equity shares from Ahmedabad and Delhi Stock Exchanges as there are no trading at both of these Stock Exchanges for the last two years."

"RESOLVED FURTHER THAT Board of Directors be and are hereby authorised to do all such acts, deeds and things and execute the documents for necessary delisting the securities from Ahmedabad and Delhi Stock Exchanges."

" RESOLVED FURTHER THAT the Promoters of the company have offered opportunity to the share holders of Ahmedabad & Delhi region to exit and are ready to buy the shares of the shareholders after fixing the record date specifically for this purpose and the price of the shares shall be weighted average of the trading price of the security in the preceding six months at Bombay Stock Exchange in which securities are listed, traded at the highest volume."

BY THE ORDER OF BOARD OF DIRECTORS

Place : Aurangabad
Date : 30th June, 1998

M.R.KULKARNI
COMPANY SECRETARY

REGISTERED OFFICE

J-18, MIDC AREA,
CHIKALTHANA, AURANGABAD.
PIN - 431 210. (M.S.)

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 and a proxy need not be a member of the company.
- 2) The Register of Members and Share Transfer Books will remain closed on **6th and 7th Oct., 1998.**
- 3) For the purpose of giving exit opportunity, the record date be and is hereby fixed as 6-10-98. The shareholders residing in the area of Ahmedabad and Delhi Stock Exchanges can send their shares to the company and promoters will purchase/arrange for purchase the shares at the price of weighted average of the traded security at Bombay Stock Exchange from 1st April'98 to 30th September'98.
- 4) All documents referred to in accompanying Notice 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.

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

ITEM NO.6.

The equity shares of the Company are presently listed on Exchanges at Bombay, Delhi and Ahmedabad. It has been observed that in the Stock Exchanges at Ahmedabad and Delhi Company's shares are not traded. Hence, it is proposed to delist Company's shares from Ahmedabad and Delhi Stock Exchanges. Further, promoters have offered exit opportunity to the shareholders of that region and they can send their shares at Company's Registered Office address before the record date i.e. 6th October'98 and the promoters will arrange for the purchase of these shares at the weighted average of the traded price of the securities in the preceding six months at Bombay Stock Exchange i.e. from 1st April'98 to 30th September'98.

None of the Directors is interested in the matter.

BY THE ORDER OF BOARD OF DIRECTORS

Place : Aurangabad
Date : 30th June, 1998

M.R.KULKARNI
COMPANY SECRETARY

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DIRECTORS REPORT

To The Members,

Your Directors have pleasure in presenting 18th Annual Report on the business and operations of the Company and Financial Accounts for the year ended on 31st March, 1998.

1. FINANCIAL RESULTS

	Current year (Rs.in lacs)	Previous year (Rs.in lacs)
a. Operating profit	175.11	115.95
b. Add: Other income	6.11	64.45
c. Profit before interest, depreciation and Tax	181.22	180.40
d. Less: Interest	232.72	79.29
e. Profit/(Loss) before depreciation and tax	(51.50)	101.11
f. Less: Depreciation	105.59	49.47
g. Profit/(Loss) before tax	(157.09)	51.64
h. Less: Provision for Tax	-	6.66
i. Profit/(Loss) after tax	(157.09)	44.98
j. Less: Adjustments relating To earlier year taxes	-	11.94
k. Add: Excess provision of earlier year written up	6.66	3.05
l. Add: Balance B/F from Previous Year	109.20 (41.23)	73.11 109.20
m. Profit / (Loss) C/F to Balance Sheet	(41.23)	109.20

2. Keeping in view the above financial results your directors have not recommended dividend for the year under review.

3. OPERATIONS :

During the year under review your company has recorded sales of Rs.20.18 crores as compared to the earlier year sales of Rs.16.98 crores. However projected turnover could not be achieved due to overall industrial recession and delay in stabilisation of the operation of Co-ex tube division.

I) AMMONIUM NITRATE DIVISION :

During the year under review the production of this division has declined to 4,650 M.T. from previous year of 9,675 M.T. This decline is due to competition particularly with regard to price and quality. The plant is about 15 years old, it requires total revamping to withstand the competition. The management is considering various options and would be taking suitable decision.

II) EMULSIFIED ANFO DIVISION :

Waidhan plant of this division has performed satisfactorily. Second plant at Jharsuguda, Orissa which was till recently going through the phase of teething problems has started showing encouraging performance.

Bulk explosives supply tender for two years from Coal India Ltd (CIL) from 1.4.96 to 31st.3.98 is complete. In view of the completion of this tender pending approval of the CIL's final prices your directors have decided for accounting the price arrears from 1.4.96 to 31.3.98 based upon the price approved by CIL in the comparable slab of supply of ours for other suppliers, accordingly the sales includes Rs.145.51 lacs (including Rs. 63.37 lacs pertaining to the previous year). To this extent the standard accounting policies followed by the company have been deviated to have the correct financial position of the company to the shareholders.

ANIL CHEMICALS AND INDUSTRIES LTD.

III) CO-EX TUBES DIVISION :

The Directors have put in their best of efforts to bring this unit to reasonable level of capacity utilisation, but expected level of capacity utilisation is yet to be achieved.

In view of these facts your directors have thought it appropriate to defer the expenses incurred in this division for further period from 1st April '97 to 30th September '97 after adjusting the sales during this period amounting to Rs.141.28 lacs and decided to write off the same for a period of 5 years starting from financial year 98-99.

The Sales for the period 1-10-97 to 31-3-98 were Rs. 2.05 crores. Your Directors are confident that the performance of this division would improve in coming years.

4. BORROWINGS :

In view of gestation period taken for marketability of company's new product i.e. Co-extruded plastic tubes, company had requested to SICOM Ltd and ICICI Ltd for reschedulement of principal term loan and funding of interest. SICOM has considered the request and funded the interest upto February '98 along with reschedulement of principal loan. Similar request is pending with ICICI Ltd.

5. CAPITAL :

Company has received balance payment of allotment money to the extent of Rs. 1.08 lacs (excluding premium).

6. DELISTING OF SECURITIES AT AHMEDABAD AND DELHI STOCK EXCHANGES

At present the securities of the company are listed at Bombay, Ahmedabad and Delhi Stock Exchanges. There were no tradings of the securities at Ahmedabad and Delhi Stock Exchanges for last three years, Hence it is proposed to delist our securities from Ahmedabad and Delhi Stock Exchanges. Exit opportunity has been offered to the share holders of those areas as per Guidelines issued by SEBI dt. 29.04.98.

7. DEPOSITS :

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

8. INSURANCE :

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

9. DIRECTORS :

Shri.Ajaykumar Tannu, Whole Time Director resigned from the Directorship from 15th April '98. The Board of Directors recorded and appreciated the valuable contributions of Shri.Ajaykumar Tannu, during his association with the Company. Pursuant to the provisions of Section 255 of the Companies Act 1956 and Article 98 of the Articles of Association of the company, Shri.Nawnit Machhar, Shri.Badal Mittal & Shri.Rajendra Darda will retire by rotation in ensuing Annual General Meeting and being eligible barring Shri. Nawnit Machhar other Directors have offered themselves for re-appointment.

10. AUDITORS OBSERVATIONS :

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

11. AUDITORS :

M/s.Rathi & Bangad, Chartered Accountants, Auditors of the company retiring are eligible 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.

12. 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 are annexed hereto which forms part of the Directors Report.

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13. 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.

14. 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.

15. 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.

16. APPRECIATION :

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

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

PLACE : Aurangabad

DATE : 14th July, 1998

ANIL MACHHAR
CHAIRMAN

ANNEXURE TO THE DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH 98

(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.

Technolgy 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. 15 (D) of the Annual Report.

ANIL CHEMICALS AND INDUSTRIES LTD.

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

Sr. No.	Name of the Employee	Designation	Qualification	Total Remuneration	Age Yrs.	Experience Yrs.	Date of Joining	Previous Employment
1.	ARVIND MACHHAR	Managing Director	B.Sc.	458577	47	24	10.07.80	-
2.	RAVI MACHHAR	Executive Director	B.Com.	378023	46	22	16.08.84	-
3.*	SANDEEP MACHHAR	Whole Time Director	B.Com.	323212	36	14	14.12.90	-
4.	AJAYKUMAR TANNU	Whole Time Director	M.E.(MECH)	356000	40	17	25.11.91	Rajendra Penta Ele.
5.*	PRAMOD DESAI	Vice President -Mkt.	B.Sc.	194700	47	27	27.08.97	Essel Pkg. Ind. Ltd.
6.*	MANOJ KUMAR JAIN	General Manager	B.Sc. B.Tech.	67047	38	16	19.01.98	Supreme Ind. Ltd

NOTES : 1. Remuneration includes salary, Allowances, Medical benefits, Leave Travel Assistance, PF and Actual Expenditure incurred by the Company. 2. In Addition to above the Employee is entitled to benefit of personal accident insurance. 3. The nature of Employment is contractual. 4.* Indicates increase in salary and / or part of the employment during the year.

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO THE COMPANY'S INTEREST IN ITS SUBSIDIARY COMPANY, M/S. NAVNEET MACHINES MFG. CO.LTD.

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, 1998.
4. (a) No of equity shares held by Anil Chemicals & 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 & Industries Ltd. 99.8% capital of subsidiary at the end of the financial year of the subsidiary
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 31.3.98 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 Ltd.
 - a) For the subsidiary's financial year ended on 31st March, 1998. Nil
 - b) For its previous financial year Nil
7. Net aggregate amount of the subsidiary's profits dealt within the the Accounts of Anil Chemicals & Industries Ltd
 - a) For the subsidiary's financial year ended on 31st March, 1998. Nil
 - b) For its previous financial years Nil