



Growth Through Innovation

**ANIL CHEMICALS**  
**AND INDUSTRIES LTD.**  
**ANNUAL REPORT 2002-03**

# ANIL CHEMICALS AND INDUSTRIES LTD.

23<sup>rd</sup> Annual Report 2002-03

**BOARD OF DIRECTORS** : ANIL MACHHAR - CHAIRMAN  
ARVIND MACHHAR - MANAGING DIRECTOR  
SANDEEP MACHHAR - WHOLE TIME DIRECTOR  
P. K. MITTAL - SPECIAL DIRECTOR

**COMPANY SECRETARY** : ASHISH GUPTA

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

**BANKERS** : UNION BANK OF INDIA.  
PUNJAB NATIONAL BANK.

**REGISTERED OFFICE** : J-18 MIDC INDUSTRIAL AREA  
CHIKHALTHANA, AURANGABAD-431 210

**WORKS** : **AMMONIUM NITRATE DIVISION**  
i) J-18 MIDC INDUSTRIAL AREA  
CHIKHALTHANA, AURANGABAD (M.S.)

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

## EMULSIFIED ANFO/EMULSION 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** : **M/S INTIME SPECTRUM REGISTRY LIMITED**

**TRANSFER AGENTS** : C-13, PANNALAL SILK MILLS COMPOUND,  
L.B.S. MARG, BHANDUP (W), MUMBAI – 400 078

**23<sup>rd</sup> Annual Report 2002-03****NOTICE**

Notice is hereby given that the 23<sup>rd</sup> Annual General Meeting of Anil Chemicals and Industries Limited will be held on Monday, the 22<sup>nd</sup> December 2003 at 12:00 noon at the Registered Office of the Company at J-18, MIDC Area, Chikalthana, Aurangabad to transact the following business :

**I. ORDINARY BUSINESS:**

- 1) To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March'2003 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 Shri. Anil Machhar, who retires by rotation and being eligible offers himself for re-appointment.
- 3) To appoint auditor and fix their remuneration.

**II. SPECIAL BUSINESS :**

- 4) To elect two directors pursuant to the provisions of the Section 257 and any other applicable provision, if any, of the Companies Act, 1956.

- 5) To consider and if thought fit to pass with or without modification the following resolution as **special resolution** :

RESOLVED THAT pursuant to the provisions of the Section 146 (2) and any other applicable provision, if any, of the Companies Act, 1956 the Registered Office of the Company be shifted from the J-18, MIDC Area, Chikalthana, Aurangabad to Gut No. 72, Pharola Village, Post Beedkin, District Aurangabad with effect from 1<sup>st</sup> January, 2004.

- 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 314 and other applicable provisions, if any, of the Companies Act, 1956, the approval of the shareholders be and is hereby given to the appointment of Shri. Arpit Machhar as a Manager Sales of the Company effective from 1<sup>st</sup> October 2002 on the terms and conditions including remuneration as are set out in the agreement entered into between the Company and Shri. Arpit Machhar, with liberty to the Board of Directors to alter and vary such terms and conditions, including remuneration within, however, the maximum limit of Rs 20,000/- per month."

- 7) To consider and if thought fit to pass with or without modification the following resolution as **special resolution** :

"RESOLVED THAT pursuant to the provisions of the Section 17 and any other applicable provision, if any, of the Companies Act, 1956 Clause III of the Memorandum of Association of the Company be altered by insertion of the below mentioned clause 46 after the clause 45.

46. To carry on business as a manufacturers of, dealers in, and exporters and importers in solvents, base chemicals, dyes, pigments, perfumes, paints, toothpaste, cosmetics, soap and soap preparation, herbal products, toilet requisite."

- 8) To consider and if thought fit to pass with or without modification the following resolution as **special resolution** :

"RESOLVED THAT pursuant to section 149 (2 A) and other applicable provisions, if any, of the Companies Act, 1956 approval is hereby accorded to the Company for commencing and undertaking the business as enumerated in the newly introduced clause 46 of the Object Clause of the Memorandum of Association of the Company.

**BY ORDER OF THE BOARD OF DIRECTORS**

**ASHISH GUPTA  
COMPANY SECRETARY**

Place : Aurangabad  
Date : 31-10-2003

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## 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. 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 15th December 2003 to 22nd December 2003 (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. 4

To fulfill the requirement of the Corporate Governance, the Company has decided to appoint two non-executive independent directors liable to retire by rotation. Pursuant to the provisions of the Section 257 of the Companies Act, 1956 members are invited to propose two names as a candidate for the office of director. Notice for the same should be left at the registered office of the Company not less than fourteen days before the meeting, in writing under hand signifying the candidature along with a deposit of five hundred rupees which shall be refunded to such member if the person succeeds in getting elected as a director.

### ITEM NO. 5

The registered office of the company is at present situated at J-18, MIDC Area, Chikalthana, Aurangabad whereas the activities of the plant situated at above has been closed and the Company has shifted its staff and other relevant activities at its another plant situated at Gut No. 72, Pharola Village, Post Beedkin, District Aurangabad and all the business activities are handled from above said factory premises and with the view of carrying out the business more economically and conveniently the Board of Directors feels that the registered office of the company be shifted from the local limits of Aurangabad to within the local limits of Pharola Village at Gut No. 72, Pharola Village, Post Beedkin, District Aurangabad. The Board recommends the resolution.

None of the Directors is, in any way, concerned or interested in the above resolution.

### ITEM NO. 6

Shri. Arpit Machhar who is relative of the Managing Director has got excellent experience in marketing and as such it would be in the best interest of the company to avail his services in both the market domestic and foreign. The company has appointed Shri. Arpit Machhar as Manager Sales with effect from 1<sup>st</sup> October 2002 on the terms and conditions and remuneration as per the agreement placed before the board. His remuneration in any case would not exceed Rs 20,000/- per month and accordingly is appointed in terms of the provisions of sections 314 of the Companies Act, 1956 subject to the approval of the Shareholders.

The Board recommends the resolution. Mr. Arvind Machhar, Managing Director is interested in this resolution.

### ITEM NO. 7

At present the company is engaged in the business of manufacturing and trading of Ammonium Nitrate, Amulsoanfo, and Co-extruded Multilayer Plastic tubes. Looking into great opportunity in manufacturing and trading of Toothpaste, Cosmetics and Herbal Products in both the market domestic and/or foreign which can easily be carried on with the existing business activities. The Board feels that the company should diversify its business activities. The existing object clause does not cover the said business activity. Hence it requires to alter the object clause by insertion the new clause no. 46 after clause no. 45.

In accordance with the provision of section 17 of the Companies Act, 1956 alteration of Object Clause requires approval of the members by way of a special resolution. Hence the Board recommends the resolution for your approval."

None of the directors is concerned or interested in the resolution.

### ITEM NO. 8

In the event of proposed amendment to the object clause of the Memorandum of Association of the Company being passed by the members at this meeting, it would be necessary for the members under section 149 (2A) of the Companies Act, 1956, to accord their approval to the Company for commencing and undertaking the business set out in the proposed new clause 46 opportunity is being taken to have such approval at this meeting and the directors commend this resolution for adoption.

None of the Directors of the Company is concerned or interested in the resolution.

**BY ORDER OF THE BOARD OF DIRECTORS**

**ASHISH GUPTA  
COMPANY SECRETARY**

Place : Aurangabad  
Date : 31-10-2003

**23<sup>rd</sup> Annual Report 2002-03****DIRECTORS' REPORT**

Dear Members,

We have pleasure in presenting to you the 23rd Annual Report of the Company together with the Audited Financial Statements for the period of fifteenth month ended on 31<sup>st</sup> March 2003.

**1. FINANCIAL RESULTS :**

	31-03-2003 (15 Months) (Rs. in lacs)	31-12-2001 (12 Months) (Rs. in lacs)
Loss before Depreciation	(1330.81)	(864.12)
Provision for Depreciation	221.19	175.70
Net loss for the year	(1552.00)	(1039.82)
Add : Extra ordinary Items		
Deferred Revenue Expenditure	---	---
Written back		
Provision for bad and Doubtful debts		
Written back	---	---
Net loss after extra-ordinary items	(1552.00)	(1039.82)
Add.: Loss B/fd from previous year	(3777.84)	(2783.03)
Loss carried to Balance Sheet	(5329.84)	(3777.84)

In order to harmonize the accounting work for preparation of Annual Accounts under the Companies Act and Income Tax Act, the Company has changed its Accounting year from the calendar year to the financial year ended on 31<sup>st</sup> March 2003.

**2. OPERATIONS:**

During the period under review, your Company has recorded sales of Rs. 1224.93 lacs as compared to the earlier year sales of Rs. 773.05 of lacs. The Company has entered successfully in the export market since January 2003 by undertaking the export of its co-extruded tubes. Put together the export along with the domestic sales the Company expects increase in sales and profitability in the coming year. The division wise position of operations is as under :

**a) AMMONIUM NITRATE DIVISION:**

The Ammonium Nitrate Division at Panoli has performed satisfactorily. The production at Panoli was 11588 M. Ton as compared to 4316 M. Ton in the previous year. The increase in the capacity is due to the better utilization of the plant and also due to installation of additional equipments for increasing the capacity. 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 production of this division were 279.36 lacs tubes as compared to 200.61 lacs tubes in the previous year. Consistent growth of domestic cosmetic industry, which uses our co-extruded tubes, has enabled us expand our customer base. Therefore the increased domestic equipment along with exports has enabled us to improve the capacity utilization of this division during the year.

**3. APPLICATION TO BIFR:**

The reference application filed by the Company based on its audited accounts for the year ended on 31<sup>st</sup> December, 2000 has been accepted by the Hon'ble BIFR in its hearing held on 17-12-2002. The Company therefore has been declared Sick Industrial Company within the meaning of Section 3(1) (c) of SICA 1985 by The Hon'ble BIFR. Punjab National Bank has been appointed as the Operating Agency for making rehabilitation proposal for the revival of the company.

**4. DIVIDEND:**

In view of the losses, the Directors regret their inability to recommend any dividend for the year ended 31<sup>st</sup> March 2003

**5. FIXED DEPOSIT:**

The Company has not accepted any fixed deposits during the year.

**6. LISTING OF SECURITIES:**

The Listing of shares of the company suspended by the Mumbai Stock Exchange for alleged short notice of book closure. The Company has made suitable representation against the said allegation and expects revocation of suspension at an early stage.

**7. DIRECTORS:**

The BIFR, wide letter dated 18th Feb., 2003 nominated Shri. P. K. Mittal residing at Delhi, as a special director on the Board of Directors of the Company.

Shri Anil Machhar, Director of the Company, who retires by rotation on the conclusion of the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

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## 8. SOLE SELLING AGENT:

Agreement for the appointment of sole selling agent M/s Universal Tube Packaging Ltd. (UTPL) was valid for one year with effect from 25<sup>th</sup> June 2001 till 24<sup>th</sup> June 2002 as approved by the shareholders in their Annual General Meeting held on 24<sup>th</sup> September, 2002. As per Clause 2.2 of the said agreement this agreement is subject to be extended on year to year basis provided UTPL has achieved minimum sales target of 4 million tubes in the first year and the sale target shall increase by 25% in each subsequent year over the sales target prevailing for the earlier year up to a period of 5 years.

As per the Clause 2.2 of the said agreement the agreement stands terminated automatically effective 25<sup>th</sup> June 2002 as the UTP has failed to comply with the sales target requirement.

## 9. REMUNERATION TO EMPLOYEES:

No employee is covered under the provision of Section 217(2A) 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 :

- i) In the preparation of the annual accounts the applicable accounting standards have been followed along with proper explanation relating to material departure;
- ii) 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 31<sup>st</sup> March 2003 and of the Profit & Loss of the Company for the year ended on that date.
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in 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 2 (h) of auditors report : As the realization value of the inventory lying at the units where the production is suspended is more than the cost hence no provision for losses is considered necessary at this page.
- b. Refer Point 2 (i) of auditors report : As the company has since made the payments to all the identify Small scale/ancillary industrial suppliers. No provision for interest is considered necessary.
- c. Refer point a & b of auditors certificate on clause 49 : As the company did not have sufficient numbers of independent director's on the board it was unable to compliance with provision of section 292A of Companies Act 1956 and requirement of clause 49 of the listing agreement.  
The Company is in the process of appointing two independent directors for which suitable resolution are being proposed in ensuing annual general meeting.
- d. Refer point 15 of annexure to auditor report : The Company has already enlarge the scope of internal audit from ensuing year to cover all the units.
- e. The other observations made by the auditors in their report have been adequately dealt with in the relevant notes forming part of the accounts, and as such do not require any further explanation.

## 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 continued to be exceptionally good during the year.

## 16. CONSERVATION OF ENERGY, TECHNOLOGY OBSERVATION :

There are no prescribed standard and norms for the Energy Consumption for the Industry and 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:

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  
ANIL MACHHAR  
CHAIRMAN

Place : Aurangabad  
Date : 31-10-2003

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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, 2003
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 31-03-2003 : 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 31-03-2003 : 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 31-03-2003 : Nil
  - (b) For its previous Financial year : Nil



# ANIL CHEMICALS AND INDUSTRIES LTD.

## CORPORATE GOVERNANCE REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH'2003

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 nominated by BIFR vide letter dated 18<sup>th</sup> February'2003. During the 15 months period the Board Meetings were held on 29-01-2002, 25-04-2002, 30-07-2002, 25-08-2002, 01-10-2002, 27-10-2002 and 31-01-2003.

The composition of the Board as at 31<sup>st</sup> March'2003 and other relevant details relating to Directors are given below :

Name of Director	Category (Executive / Non-Executive)	No. of other Directorship	No. of member ships of other Board Committees	No. of other Board Committees of which the Director is a Chairperson
Anil Machhar	Non-Executive	1	None	None
Arvind Machhar	Executive	1	None	None
Sandeep Machhar	Executive	1	None	None
P. K. Mittal	Non-Executive			
(Appointment w.e.f. 18th Feb., 2003)	Independent			

### Director's attendance at Board Meetings and last Annual General Meeting :

Name of the Director	No. of Board Meeting Attended	Attendance at last AGM
Anil Machhar	2	Yes
Arvind Machhar	7	Yes
Sandeep Machhar	7	Yes
P. K. Mittal	---	No.

### 3. Audit Committee :

The Company reconstituted Audit Committee in the Board Meeting of 30<sup>th</sup> July, 2002. The Audit Committee Meetings were held on 24-08-2002, 25-10-2002, and 13-01-2003. The Chairman of the Audit Committee is Non-executive Director. The composition of the Audit Committee Meeting is as under:

Name of Directors	Status	No. of Meeting attend
Shri Anil Machhar	Chairman	3
Shri Arvind Machhar	Member	3
Shri Sandeep Machhar	Member	---

### 4. Remuneration of Directors :

The remuneration paid to the Managing Director and Whole time Director is approved by the General Body. The Company has no stock option scheme. Details of remuneration paid to Directors of the Company for the period of 15<sup>th</sup> month ended on 31<sup>st</sup> March, 2003 are given below :

Name of the Director	Salary	Benefits	Total
Arvind Machhar	4,87,500/-	80,450	5,67,950/-
Sandeep Machhar	3,75,000/-	81,830	4,56,830/-

### 5. Shareholders'/ Investors' Grievance Committee :

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



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- a. 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.
- b. 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.
- c. 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 25-10-2002, and 13.01.2003. During the period 35 share certificates received for transfer and deliver all certificates duly endorsed within the period of one month except two cases where P & T Dept. returned undelivered and all requests for dematerialization of shares as on that date were confirmed to the CDSL. The Company received 156 complaints, queries and request. All these were duly attended to 31-03-2003.

**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 March, 1999	15th April, 2000	J-18, MIDC, Chikalthana, Aurangabad.	3.00 p.m.
31st Dec., 2000	24th March., 2001	---- do ----	3.00 p.m.
31st Dec., 2001	24th Sept., 2002	---- do ----	3.00 p.m.

**7. DISCLOSUR :**

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.

The Company has regularized filing of declaration under Regulation 6 and 8 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulation 1997 and no any penalties, strictures imposed on the Company by Stock Exchange or SEBI or any matter related to capital markets, during the last three years.

**8. MEANS OF COMMUNICATION :**

Quarterly results are published in the Lokmat Time and Ajanta. 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 strategical plan to enter into export market and accordingly have participated in major cosmetic exhibition around the world. These efforts have started bringing results and we are consistently exporting tubes since January'2003. 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.

Further after increasing the capacity of Ammonium Nitrate Division the productivity and sales of this division has also improved.

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.

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## OUTLOOK :

Subject to acceptance of the rehabilitation package by the term lending institutions the company is trying its best to come out of the present situation.

## RISK AND CONCERN

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

## AUDITORS' CERTIFICATE ON CLAUSE 49 COMPLIANCE

### The Member's of

Anil Chemical & Industries Ltd.

We have reviewed the records concerning the Company's compliance of conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement entered into, by the Company with the Stock Exchange of India for the financial year ended on 31<sup>st</sup> March. 2003.

The compliance of condition of Corporate Governance is the responsibility of the management. Our examination was limited to procedure and implementation thereof adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement 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 the information and explanation given to us by the Company.

Based on such a review in our opinion the Company has complied with the conditions of Corporate Governance, as stipulated in clause 49 of the said Listing Agreement *subject to remarks as mentioned below read along with Notes to Accounts as per schedule 12 of Balance Sheet* for the period ended on 31-03-2003:

- a. *The formation of the Audit Committee is neither as per SEBI Guidelines nor as per provisions of Companies Act, 1956.*
- b. *The formation of the Remuneration Committee is neither as per SEBI Guidelines nor as per provisions of Companies Act, 1956.*
- c. *No Internal Audit system except for its co-extruded tube Division which was also only for three months i.e. from 01/01/2003 to 31/03/2003.*
- d. *Full time Company Secretary employed only for three months period i.e. from 01/01/2003 to 31/03/2003.*
- e. *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**

Place : Aurangabad  
Date : 31-10-2003

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