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# 22<sup>nd</sup> ANNUAL REPORT 1996-97

Report  junction.com

**Chembond Chemicals Limited**



## BOARD OF DIRECTORS

Dr. Vinod D. Shah	<i>Chairman and Managing Director</i>
Mr. C.D. Shah	<i>Joint Managing Director</i>
Mr. A.R. Nagarwadia	
Mr. J.S. Vasani	
Mr. V.S. Ramachary	
Mr. M.K. Ghelani	
Dr. R.S. Shah	
Mr. K.D. Patel	

## KEY EXECUTIVES

Mr. B.D. Shah	<i>General Manager (Commercial)</i>
Mr. S.M. Mahadik	<i>General Manager (Water Treatment Chemicals)</i>
Mr. Sameer V. Shah	<i>General Manager (Pre-Treatment Chemicals)</i>
Mr. Nirmal V. Shah	<i>General Manager (Construction Chemicals)</i>
Mr. S.B. Parikh	<i>General Manager (Electronics Instruments)</i>
Mr. S.P. Kolhe	<i>Dy. General Manager (Pre-Treatment Chemicals)</i>
Mr. N.C. Padia	<i>Dy. General Manager (Water Treatment Chemicals)</i>
Mr. D.N. Pathan	<i>Business Manager (Construction Chemicals)</i>
Mr. S.K. Trivedi	<i>Marketing Manager (Anti Corrosive Coatings)</i>

## AUDITORS

M/s. V.N. Kastury & Co.  
Chartered Accountants  
Mumbai.

## BANKERS

Bank of India  
Worli Naka,  
Mumbai 400 018.

## HEAD OFFICE & SHARE DEPARTMENT

B-23, Todi Estate,  
Sunmill Compound,  
Lower Parel,  
Mumbai 400 013, India.

## REGISTERED OFFICE AND PLANT

Plot # E-6/4, MIDC Area,  
Tarapur,  
District Thane, India.

# 22<sup>nd</sup> A N N U A L R E P O R T 1 9 9 6 - 9 7

## NOTICE

Notice is hereby given that the 22nd Annual General Meeting of Chembond Chemicals Ltd. will be held on Saturday, 30th August, 1997 at the Registered Office of the Company situated at Plot No.E-6/4, M.I.D.C. Area, Tarapur, Dist. Thane at 10.30 AM to transact the following business :

### ORDINARY BUSINESS :

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1997, Profit & Loss Account for the year ended on 31st March, 1997 and the Reports of Directors and Auditors thereon.
- 2) To declare Dividend on Equity Shares.
- 3) To appoint Directors in place of Dr. R.S. Shah and Mr. V.S. Ramachary who retires by rotation and being eligible, offer themselves for re-appointment.
- 4) To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their Remuneration.

### SPECIAL BUSINESS

- 5) To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution for revision of remuneration of Dr. Vinod D. Shah, Managing Director of the Company.

"RESOLVED THAT pursuant to Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 the company hereby approves the revision of the remuneration payable to Dr. Vinod D. Shah, Managing Director of the Company, as approved by the Board of Directors at their Board Meeting held on 21st March, 1997."

RESOLVED FURTHER THAT pursuant to Sections 198 and 369 a company having profit in a financial year may pay any remuneration by way of salary, dearness allowances, perquisites, commission and

other allowances which shall not exceed 5% of its net profit for one such managerial person (Managing Director) and if in any financial year during the currency of tenure of the Managing Director, the Company has no profits or its profits are inadequate, it will pay remuneration to the Managing Director by way of salary, dearness allowances, perquisites and any other allowances not exceeding the ceiling limit of Rs. 72,000/- per month or Rs. 8,64,000/- per annum, calculated under Section 269 read with Schedule XIII of the Companies Act, 1956.

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

RESOLVED THAT pursuant to Section 309(4) of the Companies Act, 1956, the company hereby accords its consent to the payment of remuneration to the Non-executive Indian Directors of the Company by way of commission with effect from 1st April, 1997 which shall not exceed 1% of the net profits of the Company as determined in accordance with the provisions of sections 198, 349, 350 and 351 and any other provisions applicable under the Companies Act, 1956 provided that the amount payable to any individual Non-executive Indian Director shall be determined by the Chairman subject to the maximum amount payable to each of the Non-executive Indian Directors not exceeding Rs.25,000/- per financial year."

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

"RESOLVED THAT subject to the confirmation by the Registrar of Companies, Maharashtra, object clause III of the Memorandum of Association be altered by inserting the following new clause immediately after existing clause No. (c) 29

30. To manufacture, assemble, purchase, sell, export, import, alter, repair, transfer, lease, hire, licence, use, dispose of, operate, fabricate, construct, distribute, design, charter, acquire, market, recondition, work upon or otherwise deal in, whether as manufacturers, dealers, distributors, or agents of other manufacturers



or otherwise carry on business in all kinds and descriptions of electronics and microprocessor based instruments for applications in water analysis, process control, effluents treatment and other similar types and to carry on the business of technical advisers and consultants and to act as electronics and electrical engineers, consultants to any persons, firms, companies, government, municipalities co-operative societies and other institutions and to render electrical engineering services including designing, drawing, installation, development and execution and to provide promotional, technical operational, industrial know-how, project/or design engineering services and to carry on all types of scientific and other research in the field of electronics, electrical and microprocessor based instruments/equipments and any products pertaining to the computer hardware, software industries and telecommunication industries.

31. (a) To provide, consultancy, advisory and marketing services relating to the computer Software Industry such as preparation and maintenance of accounts, statistical, scientific, mathematical information and reports, data processing, programming, collecting, storing, processing and transmittal of data of every kind and description, systems analysis and machine services for solving or aiding commercial, industrial scientific research and problems relating to all fields.

(b) To develop, supply, improve, design, market, provide, sell licence, maintain and operate engineering consultancy software services and programme products of any and all descriptions.

32. To carry on the business of manufacturers of all types of machinery instruments, appliances and components in the field of electrical, electronic, mechanical or chemical engineering and computerised medical and hospital equipments.

33. To manufacture, assemble, purchase, sell, export, import, alter, repair, transfer, lease, hire, licence, use, dispose of, operate, fabricate, construct, distribute, design, charter, acquire, market, recondition, work upon or otherwise deal in, whether as manufacturers, dealers, distributors or agents of other manufacturers, or otherwise of any products pertaining to the semiconductor components industry like integrated circuits, chips transistors, resistors, capacitors, printed circuit boards, SMD Boards microwave components, semi-conductors, small signal devices, silicon and selenium rectifiers, stacks, cartridges, etc.

34. To manufacture, assemble, purchase, sell, export, import, alter, repair, transfer, lease, hire, license, dispose of, operate, fabricate, construct, distribute, design, charter, acquire, market, recondition, work upon or otherwise of any products pertaining to the electronic industry like process control instrumentation, electronic counter and in process weighing equipments, machines for facsimile transmission, photocopiers, electronic typewriters, industrial cleaning systems, oscilloscopes, analog/digital measuring instruments, uninterrupted power supply systems, colour televisions, video cassette recorders and players, stereophonic recording and reproducing equipments, vacuum cleaners, washing machines, television picture tubes, electronic tuners, private closed circuit television systems, paging/announcing systems, etc.

By order of the Board

Dr. Vinod D. Shah  
Chairman & Managing Director

Mumbai, 12th July 1997

**Registered office :**

Plot NO E 6/4, MIDC Industrial Estate,  
Tarapur - 401 506,  
Dist. Thane, Maharashtra.

**NOTES :**

- a. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL ONLY INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER

A proxy form duly completed and stamped, must reach the Registered Office of the Company not less than 48 hours before the time for holding the, aforesaid meeting.

- b. The relevant Explanatory Statement pursuant to the Section 173(2) of the Companies Act, 1956, in respect of items 5 to 7 stated above is annexed hereto.
- c. The Register of Members and share Transfer Books of the Company will remain closed from 1st August 1997, to 30th August, 1997 (both days inclusive)
- d. Members/Proxies should bring the Attendance Slip sent herewith, duly, filled in, for attending the meeting. You are also requested to bring the copy of Annual Report sent to you.
- e. Shareholders holding shares in identical order of names in more than one folio are requested to write to the Company's Share Department enclosing their share certificates, to enable the company to consolidate their holding in one folio.
- f. The dividend as recommended by the Board, if sanctioned at the meeting, shall be paid to those members whose names appear on the Register of Members of the company as on 30th August 1997.
- g. Members desiring any information on the Accounts are requested to write to the Company, which should reach the Company at least one week before the meeting so as to enable the Management to keep the information ready. Replies will be provided only at the meeting.
- h. Members are requested to notify the Company, the changes, if any, in the address in full with the postal area pin code number quoting their folio numbers.
- i. For convenience of members and to minimise the loss due to dividend warrants falling in improper hands through forgery or fraud, please intimate the name, address of the bank and your account number to enable printing of these particulars on the dividend warrants.

## EXPLANATORY STATEMENT pursuant to Section 173(2) of the Companies Act, 1956

**Item No.5**

The Board of Directors at the meeting held on 21st March, 1997 considered and approved, subject to the approval of members at the General Meeting, the revision of remuneration payable to Dr. Vinod D. Shah, Managing Director of the Company with effect from 1st April, 1997. The revision of remuneration payable to Dr. Vinod D. Shah, Managing Director is in accordance with the provisions of Schedule XIII of the Companies Act, 1956. The revised remuneration payable is as under:

**I) Remuneration:****A) Salary and Perquisites**

Salary : Rs.72,000/- per month including perquisites

**B) Payment of the following perquisites will not be included in the computation of ceiling on remuneration.**

- i) Provident/Superannuation: Company's contribution to Provident, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.
- ii) Gratuity: One-half month's salary for each completed year of service.
- iii) Leave & Leave encashment: Privilege leave of one month for every 11 months of service. Encashment of leave at the end of the tenure.

**II) The above remuneration mentioned in I(A) and (B) above, will be paid as Minimum Remuneration in case of loss or inadequacy of profits for any financial year during the term of appointment.**

Dr. Vinod D. Shah is interested in the resolution to the extent of his shareholdings in the Company. No other Director is interested or concerned in this resolution.

**Item No.6**

Recognising the need for increasing the remuneration payable to Non-executive Indian Directors for their valuable services rendered by them to the Company, the Board of Directors recommend the payment of remuneration to them by way of commission not exceeding 1 per cent of the net profit of the company which will be determined in accordance with the provisions of Section 198 read with Sections 349, 350 and 351 of the Companies Act, 1956, with effect from 1st April, 1997 and will not exceed the limit specified in the resolution.

The individual limit in this behalf has been fixed at Rs.25,000/- per financial year per Non-executive Indian Director as may be determined by the Chairman.

All Non-executive Directors viz., Mr. Jayantilal Vasani, Mr. Voley Ramachary, Mr. Ashwin Nagarwadia, Mr. Mahendra Ghelani, Dr. Rajnikant Shah and Mr. Kandubhai Patel (Non-resident Indian) are interested in this resolution to the extent of their shareholdings in the Company.

**Item No.7**

The Company at present owns and runs a chemical factory at Tarapur, District Thane and has adequate resources for undertaking further business activities. In view of the present technological and industrial

development, it is in the interest of the Company and its shareholders that the activities of the Company be diversified. The alteration in the object clause of the Memorandum of Association as set out in the Resolution is to facilitate diversification. This will enable the Company to carry on its business economically and efficiently and the proposed activities can be under the existing circumstances, conveniently and advantageously combined with the present activities of the Company. The Maharashtra State Finance Corporation (MSFC) has already approved the above project for granting of loan facility to the Company. The proposed alteration is subject to the confirmation of the Registrar of Companies, Maharashtra. The Directors commend this resolution for approval of the Shareholders.

None of the Directors are interested in the resolution except to the extent of their shareholdings.

By order of the Board

Dr. Vinod D Shah  
Chairman & Managing Director

Mumbai, 12th July 1997

**Registered office :**  
Plot NO E 6/4, MIDC Industrial Estate,  
Tarapur - 401 506,  
Dist. Thane, Maharashtra.

## DIRECTORS' REPORT

To

The Members,

The Directors present their twenty second Annual Report and Audited Statement of accounts for the year ended 31st March, 1997.

### FINANCIAL RESULTS:

	(In Thousands)	
	1996-97 (Rupees)	1995-96 (Rupees)
Profit before tax	33,341	9,433
Less : Provision for taxation	7,705	3,400
Profit after tax	25,636	6,033
Add : Balance as per last year	66	34
Profit available for Appropriation	25,702	6,067
<b>Appropriation:</b>		
General Reserve	15,150	1,800
Proposed Dividend	5,400	4,201
Tax on proposed dividend	540	—
Balance carried to balance sheet	4,612	66
<b>Total</b>	<b>25,702</b>	<b>6,067</b>

### PERFORMANCE:

During the year under review, your company has performed satisfactorily. The turnover increased to Rs.1452.47 Lacs, showing a growth of 21.28% over the previous year.

### SOURCES OF FUTURE GROWTH:

Your are aware that your Company is essentially a manufacturer of Performance Chemicals. The Company has consolidated its grip on Water Treatment and Metal Chemicals and is in the process of widening its horizons to capture new markets. Simultaneously, the new areas of activities such as Construction Chemicals, Anti-corrosive Coatings, Water Treatment Plants and Electronic Instruments are being pursued very diligently and receiving encouraging response from user industries.



Future prospects are indeed seen very bright because your Company has (i) vision for growth, (ii) a team of dedicated staff and (iii) financial resources, all necessary to make things happen.

#### **DIVIDEND:**

Your Directors recommend a dividend of 18% on equity shares for the year ended 31st March, 1997 (Previous year 15%). This includes 3% special dividend in view of amounts received from Henkel KGaA, Germany for transfer of Metal Treatment Chemical business to the new joint venture Company - Henkel Chembond Surface Technologies Ltd. The total outflow on account of Dividend and tax thereon amounts to Rs.59.40 Lacs.

#### **NEW PROJECTS:**

##### **Instruments and Corporate Office:**

The new building premises to house manufacturing facilities for electronic instrumentation and process control systems is well in process. A provision is being made to house the corporate office also in this building coming up in Rabale, New Mumbai.

##### **Joint Venture:**

During the year under review, the Company has entered into an agreement with Henkel KGaA, Germany for establishing a new joint venture Company under the style Henkel Chembond Surface Technologies Ltd. for marketing and manufacturing of Metal Pretreatment Chemicals, in which your Company holds 49% equity capital. The Company has transferred its business of Metal Treatment Chemicals to a new Company for which it has received an amount of Rs.228.90 Lacs.

Your Company has received necessary approval from the Central Government and also from the Reserve Bank of India for establishing this joint venture Company. The joint venture Company has started functioning since 1st April, 1997.

#### **DIRECTORS:**

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. V.S. Ramachary and Dr. R.S. Shah retire by rotation and being eligible, offer themselves for reappointment.

#### **DISCLOSURE OF STATUTORY INFORMATION:**

Information pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, relating to Conservation of Energy, Technology absorption, Foreign Exchange earnings and outgo are given in Annexure "A" forming part of the report.

As required by Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, the particular of employees are reflected in Annexure "B" forming part of the Report.