

**Chembond Chemicals Limited**  
[www.chembondindia.com](http://www.chembondindia.com)



**Board of Directors**

Dr. Vinod D. Shah	Chairman & Managing Director
Ashwin R. Nagarwadia	
Perviz H. Dastur	
Mahendra K. Ghelani	
Jayant S. Vasani	
O.P. Malhotra	Resident Director, East India
Sameer V. Shah	
Nirmal V. Shah	
S.M. Mahadik	Alternate Director to Mr. A.R. Nagarwadia

**Key Executives**

Bhadresh D. Shah	General Manager (Commercial)
Rajesh K Arora	General Manager (Operations)
Sandeep Karmarkar	Manager (WTP Department)
Tirtha Banerjee	Business Manager (Construction Chemicals)
Ramdas Narkar	Dy. General Manager (Anti Corrosive Coatings)

**Auditors**

M/s. Kastury & Talati  
Chartered Accountants, Mumbai

**Whole Time practising  
Company Secretary**

Mr. Virendra Bhatt

**Bankers**

Bank of India  
Worli Naka Branch, Mumbai.  
HDFC Bank Ltd.  
Nariman Point, Mumbai

**Registered and Corporate Office**

Chembond Centre  
EL-71, Mahape MIDC  
Navi Mumbai 400 705.  
Tel. : (++91 22) 2761 8799  
Fax : (++91 22) 2768 1294

**City Office**

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

**Plant**

Plot E-6/3 & 6/4, MIDC Tarapur  
Dist. Thane, Maharashtra

**Registrar and Transfer Agent**

Tata Share Registry Ltd.  
Army & Navy Building  
148, Mahatma Gandhi Road  
Fort, Mumbai 400 001  
Tel. : (++91 22) 5656 8484  
Fax : (++91 22) 5656 8494  
E-mail : csg-unit@tatashare.com



# CHEMBOND CHEMICALS LIMITED

Registered office: Chembond Centre, EL-71, Mahape MIDC, Navi Mumbai-400 710.

## POSTAL BALLOT FORM

1. Name(s) of Shareholder(s) : \_\_\_\_\_  
(in block letters) \_\_\_\_\_  
including Joint-holders, if any \_\_\_\_\_
2. Registered Address of the Sole/First : \_\_\_\_\_  
named Shareholder \_\_\_\_\_  
\_\_\_\_\_
3. Registered Folio No./DP ID No./Client ID No.\* : \_\_\_\_\_  
(\*Applicable to investors holding shares in  
dematerialized form)
4. No. of Shares held : \_\_\_\_\_
5. I/We hereby exercise my/our vote in respect of the Special Resolution to be passed through Postal Ballot for the business stated in the Notice of the Company by conveying my/our assent or dissent to the said resolution by placing the tick (✓) mark in the appropriate box below :

Item No.	Description	No. of shares	I/We assent to the Resolution	I/We dissent to the Resolution
Item No. 6	Special Resolution under Section 61 of the Companies Act and Clause 6.1 of the SEBI (Delisting of Securities) Guideline, 2003 for delisting of 30,00,000 Equity Shares of Rs. 10/- each from Ahmedabad Stock Exchange.			

Place :

Signature of the Shareholder

Date :

(Please turnover for Instructions)

## INSTRUCTIONS

1. A member desiring to exercise vote by Postal Ballot should complete this Postal Ballot Form (No other Form or photocopy thereof is permitted) and send it to the scrutinizer in the attached self-addressed prepaid envelope.
2. The self-addressed envelope bears the address of the Scrutinizer appointed by the Board of Directors of the Company.
3. This form should be completed and signed by the shareholder. In case of joint holding, this form should be completed and signed (as per the specimen signature registered with the Company) by the first named shareholder and in his/her absence, by the next named shareholder. **Unsigned Postal Ballot Form will be rejected.**
4. Shareholders holding shares in dematerialised form are advised, in their own interest, to get their signatures verified by their Banker/Depository Participant (DP). Signatures should be verified by the Manager of the concerned Bank/DP by affixing a rubber stamp/seal mentioning name and address of the Bank/DP and name and signature of the Manager.
5. In case of shares held by companies, trusts, societies etc. the duly completed Postal Ballot Form should be accompanied by a certified true copy of the Board Resolution/Authority together with attested specimen signature(s) of the duly authorised signatory/ies. Postal Ballot Form signed by Power of Attorney holder should accompany the attested copy of the Power of Attorney.
6. A Shareholder need not use all his votes nor he needs to cast all his votes in the same way.
7. Duly completed Postal Ballot Form should reach the Company not later than 5.00 P.M. on Monday, 4th August, 2003. Any Postal Ballot Form received after this date will be strictly treated as if the reply from the members has not been received.
8. A shareholder may request for a duplicate Postal Ballot Form, if so required. However, the duly filled in duplicate Postal Ballot Form should reach the Scrutinizer not later than the date specified at item 7 above.
9. Voting rights shall be reckoned on the paid up value of shares registered in the name of the shareholder on the cut-off date, which is 30<sup>th</sup> June, 2003.
10. The Postal Ballot in which the members have not voted either in favour or against the resolution, such vote will be considered invalid.
11. Shareholders are requested not to send any other paper alongwith the Postal Ballot Form in the enclosed self-addressed postage prepaid envelope in as much as all such envelopes should be sent to the Scrutinizer and any extraneous paper found in such envelope would be destroyed by the Scrutinizer.
12. Proxy is not entitled to exercise vote through Postal Ballot.

## NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWENTY-EIGHTH ANNUAL GENERAL MEETING OF THE MEMBERS OF CHEMBOND CHEMICALS LIMITED WILL BE HELD ON THURSDAY, 7<sup>th</sup> AUGUST, 2003, AT 3.30 P. M. AT NAVI MUMBAI SPORTS ASSOCIATION, SECTOR 1-A, VASHI, NAVI MUMBAI 400 703 TO TRANSACT THE FOLLOWING BUSINESS :

### ORDINARY BUSINESS:

- 1) To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31<sup>st</sup> March, 2003 and the Balance Sheet as on that date and the Reports of the Directors and Auditors thereon.
- 2) To declare dividend on equity shares.
- 3) To appoint a Director in place of Mr. O.P. Malhotra, who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To appoint a Director in place of Mr. Sameer V. Shah, who retires by rotation and being eligible, offers himself for re-appointment.
- 5) To appoint auditors M/s. Kastury & Talati, Chartered Accountants to hold office from the conclusion of this annual general meeting until the conclusion of the next annual general meeting and authorise the Board of Directors to fix their remuneration.

### SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to the provisions of Section 61 and other applicable provisions, if any, of the Companies Act, 1956 and Clause 6.1 and other applicable provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 (hereinafter referred to as 'delisting guidelines') and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company ('the Board' which term shall be deemed to include any committee thereof), consent of the Company be and is hereby accorded to the Board to delist the 30,00,000 Equity Shares of Rs. 10/- each of the Company from the Stock Exchange at Ahmedabad with effect from 1<sup>st</sup> April, 2003;

RESOLVED FURTHER THAT the Board be and is hereby authorised to settle all questions, difficulties or doubts that may arise in regard to the aforesaid voluntary delisting of shares as it may in its absolute discretion deem fit without being required to seek any further approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval expressly by the authority of this resolution;

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all necessary steps in this regard in order to comply with all the legal and procedural formalities and further to authorise any of its Directors or any of the Officers of the Company to do all such act, deeds and things that may be necessary to implement this resolution."

By order of the Board of Directors  
For **Chembond Chemicals Limited**

**DR. VINOD D. SHAH**  
Chairman & Managing Director

Mumbai, 23<sup>rd</sup> June, 2003

**REGISTERED OFFICE :**  
Chembond Centre,  
EL-71, Mahape MIDC,  
Navi Mumbai - 400 705.

**NOTES :**

- 1) 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 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.
- 2) The relevant Explanatory Statement pursuant to the Section 173(2) of the Companies Act, 1956, is annexed hereto.
- 3) The register of members and the share transfer books of the company will remain closed from 25<sup>th</sup> July, 2003 to 7<sup>th</sup> August, 2003 (both days inclusive) in connection with the Annual General Meeting.
- 4) The Directors have recommended dividend @ Rs. 2.10/- per Equity Share, which will be paid to members whose names appear in the Company's Register of Members on 7<sup>th</sup> August, 2003 with Dividend Warrants posted to them on or before 6<sup>th</sup> September, 2003.  
In respect of shares held in the electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by the National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.
- 5) Members are aware that as per the Finance Act, 2003 no tax will be deducted at source on the dividend payable to the shareholders.
- 6) Pursuant to the provisions of Section 205C of the Companies Act, 1956 all unclaimed application money upto the financial year 1995-96 have been transferred to the Investor Education and Protection Fund.
- 7) Members are requested to inform the Company's Registrar & Transfer Agent-M/s. Tata Share Registry Limited., Army & Navy Building, 148, M.G. Road, Fort, Mumbai 400 001, of any change in their

address immediately so as to enable them to despatch dividend warrants and any further communication at their correct address.

- 8) As per the Listing Agreement, particulars of Directors who are proposed to be re-appointed are furnished below:
  - i) Name : Mr. O.P. Malhotra  
Age : 71 years  
Qualification : B. Chem. Engg.  
Expertise : Manufacturing, Project Management and General Management.  
Mr. O.P. Malhotra is Director in thirteen other companies and he is not a Chairman or a Member in any committees.
  - ii) Name : Mr. Sameer V. Shah  
Age : 43 years  
Qualification : BBA Finance, Chemical Engineering  
Expertise : Management and Technical  
Mr. Sameer V. Shah is Director in four other Companies and he is member of Share Transfer Committee of Chembond Chemicals Limited.
- 9) Members holding shares in electronic form may please note that their bank details as furnished by the respective Depositories to the Company will be printed on their dividend warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such members for change/deletion in such bank details. Further instructions if any already given by them in respect of shares held in physical form will not be automatically applicable to the dividend paid on shares held in electronic form. Members may therefore give instructions regarding bank accounts in which they wish to receive dividend to their Depository Participants.
- 10) Pursuant to Section 192A of the Companies Act, 1956, Item No.6 for delisting of shares require to be passed through Postal Ballot as required by Ahmedabad Stock Exchange.

**EXPLANATORY STATEMENT**

Pursuant to Section 173(2) of the Companies Act, 1956

**Item No.6**

In order to provide liquidity to the shareholders and investors, the Company's Equity Shares were listed on the Stock Exchanges of Mumbai and Ahmedabad. The bulk of the trading in the Company's Equity Shares takes place on Mumbai Stock Exchange.

It has been observed that since last few years trading in Equity Shares of the Company on Ahmedabad Stock Exchange is rare and negligible and is disproportionate to the listing fees payable by the Company to the said Stock Exchange.

As our securities are listed in Mumbai Stock Exchange having nationwide trading terminals, the Company had complied with the provisions of Clause 5, delisting of securities (Voluntary) from Stock Exchange as per SEBI (Delisting of Securities) Guidelines, 2003.

In this backdrop, it is considered desirable to delist the Equity Shares of the Company from Ahmedabad Stock Exchange as per the SEBI (Delisting of Securities) Guidelines, 2003 ('the Delisting Guidelines').

The Directors recommend the Special Resolution for the approval of the members.

None of the Directors of the Company are concerned or interested in the said resolution.

**By Order of the Board of Directors**  
For Chembond Chemicals Limited

**DR. VINOD D. SHAH**  
Chairman & Managing Director

Mumbai, 23<sup>rd</sup> June, 2003

**REGISTERED OFFICE :**  
Chembond Centre,  
EL-71, Mahape MIDC,  
Navi Mumbai - 400 705



## Notice pursuant to Section 192A(2) of the Companies Act, 1956

Dear Shareholder(s),

Pursuant to the provisions of Section 61 of the Companies Act, 1956, and Clause 6.1 of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 delisting of securities from the Ahmedabad Stock Exchange requires the approval of the members by way of a special resolution through Postal ballot.

As per Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, consent of the Members is required to be obtained by means of voting by Postal Ballots to delist the securities from Ahmedabad, because as per Clause 6.1(d) of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, any promoter or acquirer desirous of delisting securities of the company under the provisions of these guidelines shall comply with such other additional condition as may be specified by the concerned stock exchanges from where securities are to be delisted and Ahmedabad Stock Exchange have imposed the condition relating to special resolution to be passed with absolute majority by process of postal ballot for delisting of shares. The proposed Special Resolution and Explanatory Statement stating all material facts and the reasons for the proposal is appended below and a postal ballot form is enclosed for your consideration. The Company has appointed Mr. Virendra G. Bhatt, Practising Company Secretary as Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner.

Please read carefully the instructions printed in the postal ballot form and return the form duly completed in all respect in the enclosed self-addressed pre-paid postage envelope so as to reach the Scrutinizer on or before the close of working hours on Monday, 4<sup>th</sup> August, 2003 upto 5.00 P. M.

The Scrutinizer will submit his report to the Chairman after completion of the Scrutiny and the result of the voting by Postal Ballot will be announced at the Annual General Meeting to be held on Thursday, 7<sup>th</sup> August, 2003 at 3.30 P. M. at Navi Mumbai Sports Association, Sector 1A, Vashi, Navi Mumbai 400 703.

### SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to the provisions of Section 61 and other applicable provisions, if any, of the Companies Act, 1956 and Clause 6.1 and other applicable provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 (hereinafter referred to as 'delisting guidelines') and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company ('the Board' which term shall be deemed to include any committee thereof), consent of the Company be and is hereby accorded to the Board to delist the 30,00,000 Equity Shares of Rs. 10/- each of the Company from the Stock Exchange at Ahmedabad with effect from 1<sup>st</sup> April, 2003;

RESOLVED FURTHER THAT the Board be and is hereby authorised to settle all questions, difficulties or doubts that may arise in regard to the aforesaid voluntary delisting of shares as it may in its absolute discretion deem fit without being required to seek any further approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval expressly by the authority of this resolution;

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all necessary steps in this regard in order to comply with all the legal and procedural formalities and further to authorise any of its Directors or any of the Officers of the Company to do all such act, deeds and things that may be necessary to implement this resolution."

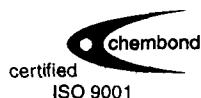
By Order of the Board of Directors  
For **Chembond Chemicals Limited**

**DR. VINOD D. SHAH**  
Chairman & Managing Director

Mumbai, 23<sup>rd</sup> June, 2003

#### Registered Office:

Chembond Centre,  
EL-71, Mahape MIDC,  
Navi Mumbai- 400 705.



## Annexure to Notice

### EXPLANATORY STATEMENT

Pursuant to Section 173(2) of the Companies Act, 1956

#### Item No. 6

In order to provide liquidity to the shareholders and investors, the Company's Equity Shares were listed on the Stock Exchanges of Mumbai and Ahmedabad. The bulk of the trading in the Company's Equity Shares takes place on Mumbai Stock Exchange.

It has been observed that since last few years trading in Equity Shares of the Company on Ahmedabad Stock Exchange is rare and negligible and is disproportionate to the listing fees payable by the Company to the said Stock Exchanges.

As our securities are listed in Mumbai Stock Exchange having nationwide trading terminals, the Company had complied with the provisions of Clause 5, delisting of securities (Voluntary) from Stock Exchange as per SEBI (Delisting Securities) Guidelines, 2003.

In this backdrop, it is considered desirable to delist the Equity Shares of the Company from Ahmedabad Stock Exchange as per the SEBI (Delisting of Securities) Guidelines, 2003 ('the Delisting Guidelines').

The Directors recommend the Special Resolution for the approval of the members.

None of the Directors of the Company are concerned or interested in the said resolution.

By Order of the Board of Directors  
For **Chembond Chemicals Limited**

**DR. VINOD D. SHAH**  
Chairman & Managing Director

Mumbai, 23<sup>rd</sup> June, 2003

#### Registered Office:

Chembond Centre,  
EL-71, Mahape MIDC,  
Navi Mumbai-400 705.

#### Notes:

- 1) Results will be declared at the 28<sup>th</sup> Annual General Meeting to be held on Thursday, 7<sup>th</sup> August, 2003 at 3.30 P. M. at Navi Mumbai Sports Association, Sector-1A, Vashi, Navi Mumbai – 400 703.
- 2) Only a shareholder entitled to vote is entitled to exercise his vote through Postal Ballot.



# 28<sup>th</sup> ANNUAL REPORT 2002 - 2003

## DIRECTORS' REPORT

To

**The Members,**

Your Directors have pleasure in presenting the 28<sup>th</sup> Annual Report on the business and operations of your Company and the Audited Financial Statements for the year ended 31<sup>st</sup> March, 2003.

### FINANCIAL RESULTS:

The highlights of the Financial Results are:

Turnover of Sales

Less: Excise duty

Net Sales

Profit before Tax and Taxation Arrears

Less: Taxation Arrears

Profit before Tax

Less: Deferred Tax Liability

Less: Provision for Taxation

Profit after Tax

Add: Balance as per last year

### Appropriation

General Reserve

Proposed dividend

Tax on Proposed Dividend

Balance carried to Balance Sheet

**Total**

2002-2003 Rs. in Lacs	2001-2002 Rs. in Lacs
3,556.97	3,005.77
627.52	484.27
2,929.45	2,521.50
134.79	282.94
8.62	(30.18)
127.97	313.12
14.35	5.16
31.00	65.00
82.62	242.96
323.02	166.06
405.64	409.02
15.00	32.00
63.00	54.00
6.46	0.00
321.18	323.02
405.64	409.02

### PERFORMANCE REVIEW

The year under review has been good for your Company with the sales turnover during the year increasing by 18.34% to Rs. 3,556.97 lacs, which can be attributed to an overall better sales performance. The profit before tax is Rs. 127.97 lacs as compared to Rs. 313.12 lacs for the previous year.

There has been a change in method of valuation of closing stock as detailed in note no. 21F of the Notes on Accounts so as to bring the same in line with the Accounting Standards. Due to this the Profit before Tax for the year under consideration is lower by Rs. 40.05 lacs. Further, Deferred Tax Liability of Rs. 14.35 lacs provided in the year under consideration includes a liability of Rs. 8.29 lacs arising on account of prior period.

The previous year figures also included a one-time receipt of Rs. 159.40 lacs from joint venture partner in lieu of transfer of the water treatment chemicals business to a new subsidiary company – ChembondDrewtreat Limited.

We are pleased to announce that on February 6, 2003 your company signed an MOU with AV Syntec Pty. Ltd., Australia (AVS) in the presence of the Hon. Peter Beattie, Premier and Minister of Trade of Queensland and Mr. Paul Bull, Technical Director, AVS. This agreement is for the technology of acrylic, epoxy, and polyurethane based industrial interior floor and wall coatings and exterior wall and driveway coatings. AVS is one of the leading companies in Australia and the region in this field.

Your company continues to grow in the existing anti-corrosive coatings field and has started supplying its products to several OEM customers as well. We expect this division to grow rapidly in each of the next years based on our products' acceptance and the new technology from AVS.

As expected, the boom in infrastructure development has led to a substantially better business growth for your company's construction chemicals. The products have been well established with contractors of National Highways passing through several states of the country and also the Delhi Metro. The growth trend is expected to continue over the next few years.

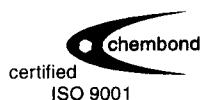
### JOINT VENTURE COMPANY - HENKEL CHEMBOND SURFACE TECHNOLOGIES LIMITED

Your company's joint venture with Henkel KGaA, recorded sales of Rs. 2085.81 lacs for the year ended December 31, 2002 as against Rs. 1506.89 lacs for the year ending December 31, 2001, which represents a growth of 38% over the previous year. Efforts made in prior years towards introduction of new products and adding new customers were a big influence on this strong growth as was the improved industrial scenario. The profit after tax for the same period was Rs. 145.26 lacs compared to Rs. 84.48 lacs in the previous year. An abridged balance sheet and profit and loss statement of Henkel Chembond Surface Technologies Ltd. is appended to this report for the information of all shareholders.

### SUBSIDIARY COMPANY - CHEMBONDDREWTTREAT LIMITED

Your company's subsidiary (a joint venture with Ashland Specialty Chemicals Co., USA) recorded a profit after tax of Rs. 113.53 lacs during the year under review as against Rs. 54.24 lacs in the previous year. Sales for the year were Rs. 2087.00 lacs as against Rs. 969.00 lacs during the prior year. The full effect of transfer of water treatment chemicals business from your company to the subsidiary is reflected during this accounting year. The prospects for the subsidiary are bright and it continues to build on its reputation of being a supplier of solutions to the customer.

The Financial Statement of subsidiary company ChembondDrewtreat Limited are attached pursuant to Section 212(1)(e) of the Companies Act, 1956.



## DIVIDEND

Your Directors are pleased to recommend a higher dividend of 21% on the Equity Shares for the financial year ended 31<sup>st</sup> March, 2003. The total outflow on account of dividend and the tax thereon amounts to Rs. 69.46 lacs (previous year Rs.54.00 lacs).

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

The prescribed particulars Under Section 217(1)(e) of the Companies Act, 1956 relating to Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo are furnished in **Annexure** to this Report

## PARTICULARS OF EMPLOYEES

Pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, the Company has no person in its employment drawing salary in excess of Rs. 24 lacs per annum or Rs. 2 lacs per month.

## DIRECTORS' RESPONSIBILITY STATEMENT

As required under the provisions of Section 217(2AA) of the Companies Act, 1956 the Directors hereby confirm that:

- in preparation of the Annual Accounts for the year ended 31<sup>st</sup> March, 2003, the applicable accounting standards have been followed alongwith proper explanation relating to material departures, if any;
- that the directors have selected such accounting policies and applied consistently and made judgements and estimates that were reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year ended 31<sup>st</sup> March, 2003 and the profit of the Company for the year under review;
- that proper and sufficient care has been taken 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;
- that the annual accounts for the year ended 31<sup>st</sup> March, 2003 have been prepared on a 'going concern basis'.

## CORPORATE GOVERNANCE

As per listing Agreement the Company has complied with the requirement of Corporate Governance effective from month of January, 2002 and as per the Listing Agreement the Company has constituted the following Committees:

- Audit Committee** - The Audit Committee was constituted on 29<sup>th</sup> January, 2002. The Audit Committee reviews financial reporting systems, Internal control systems and procedures and ensures compliance with the regulatory guidelines. The Committee also monitors the Annual audit plan and recommends appointment and fixes remuneration of external auditors. In 2002-2003, the Audit Committee met six times.
- Remuneration Committee** - The Remuneration Committee was constituted on 29<sup>th</sup> January, 2002 and it reviews and approves the annual salaries, performance commission, service agreements and other employment conditions for executive directors.
- Share Transfer and Shareholders / Investor Grievance Committee** - This Committee was also constituted on 29<sup>th</sup> January, 2002 to specifically look into the transfer / transmission of shares, issue of duplicate share certificate, review of shares dematerialised, all other matters related to shares and to redress shareholders' and investors' complaints like transfer of shares, non-receipt of dividends, non-receipt of Annual Report, etc.

The Company has also appointed an Internal Auditor to check the activities of the Company from 1<sup>st</sup> April, 2003.

## DEPOSITS

The Company has accepted fixed deposit of Rs. 1 lac from the public during the year.

## DEPOSITORY SYSTEM

The Company has entered into agreements with the National Securities Depository Limited (NSDL) as well as the Central Depository Services (India) Limited (CDSL) to enable shareholders to hold shares in a dematerialised form. The Company also offers simultaneous dematerialisation of the physical shares lodged for transfer.

## CONSOLIDATED FINANCIAL STATEMENTS

As stipulated by Clause 32 of the Listing Agreement, the Company in accordance with the requirements of Accounting Standard 21 has prepared Consolidated Financial Statements. The audited Consolidated Financial Statements form part of the Annual Report, which include the financial statement of Subsidiary Company, ChembondDrewtreat Ltd. and Joint Venture Company, Henkel Chembond Surface Technologies Limited.

## DIRECTORS

Mr. O.P. Malhotra and Mr. Sameer V. Shah, Directors of the Company are liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

## DISCLOSURE UNDER SECTION 274(1)(g)

None of the Directors of the Company have been disqualified under Section 274(1)(g) of the Companies Act, 1956.

## AUDITORS

The Statutory Auditors of your Company, M/s. Kastury & Talati, Chartered Accountants, retire at the conclusion of the forth coming Annual General Meeting and are eligible for re-appointment. The company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224 (1-B) of the Companies Act, 1956.

## ACKNOWLEDGEMENTS

Your Board takes this opportunity to thank the customers, vendors, shareholders and bankers for the faith reposed in the Company. Your directors also place on record their sincere appreciation of the contribution of its employees, who through their competence, hard work and cooperation have enabled the company to achieve consistent growth.

For and on behalf of the Board of Directors

Mumbai, 23<sup>rd</sup> June, 2003

**DR. VINOD D. SHAH**  
Chairman and Managing Director