

POLYCHEM LIMITED



**46TH ANNUAL REPORT
2002-2003**

(INCORPORATED UNDER THE INDIAN COMPANIES ACT, VII OF 1913)

BOARD OF DIRECTORS	SHRI TANIL KILACHAND SHRI H.C.SHAH SHRI M.R.B. PUNJA SHRI R. A.SHAH SHRI P.T.KILACHAND SHRI J.K.BODHA SHRI M.K. KAW SHRI A.H.MEHTA	<i>Chairman & Managing Director</i> <i>(upto 31-7-2003)</i> <i>(upto 31-7-2003)(Alternate Director to Shri M.R.B. Punja)</i> <i>(Whole-time Director)</i> <i>(UTI Nominee)</i> <i>(Director - BIFR)</i>
COMPANY SECRETARY		
BANKERS	STATE BANK OF INDIA BANK OF BARODA DENA BANK	
AUDITORS	M/s. C.C.CHOKSHI & CO.	<i>Chartered Accountants</i>
LEGAL ADVISERS	M/s. DAPHTARY, FERREIRA & DIVAN	
REGISTERED OFFICE	7, Jamshedji Tata Road, Churchgate Reclamation, Mumbai 400 020.	

WORK	CORPORATE MANAGEMENT TEAM
FLAVOURING ESSENCE Plot No.71/1B/13, General T-Block, MIDC Bhosari, Pune, Maharashtra	SHRI TANIL KILACHAND Managing Director
POLYVINYL ALCOHOL Chemical Complex, Nira Taluka Baramati, Pune.	SHRI P.T.KILACHAND Whole-time Director SHRI A.H.MEHTA VP-Corporate Affairs & Company Secretary
SPECIALTY CHEMICALS A-393, TTC Industrial Area, Mahape, Navi Mumbai 400 705	

Note : As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies to the Meeting.

Contents

Notice	1
Directors' Report	4
Compliance Certificate	7
Management Discussion	10
Corporate Governance Report	10
Auditors' Report	14
Annexure to the Auditors' Report	15
Balance Sheet	16
Profit and Loss Account	17
Schedules Forming part of the Accounts	18
Notes on Accounts	24
Cash Flow Statement	30
Statement Pursuant to Section 212 of the Companies Act, 1956	31
Subsidiary Company:	
Elphinstone Holding & Trading Co. Pvt. Ltd.	32

POLYCHEM LIMITED

NOTICE

Notice is hereby given that the Forty-sixth Annual General Meeting of the Members of POLYCHEM LIMITED will be held at Maharashtra Chamber of Commerce & Industry, Oricon House, 6th Floor, 12, K.Dubash Marg, Fort, Mumbai - 400 001. on Tuesday, 30th September, 2003 at 10:30 a.m. to transact the following business:

1. To receive, consider and adopt the Director's Report and Audited Balance Sheet as at 31st March, 2003 and Profit and Loss Account for the year ended on 31st March, 2003.
2. To appoint a Director in place of Shri T.R.Kilachand who retires by rotation, but being eligible, offers himself for re-appointment.
3. To consider and, if thought fit, to pass with or without modification/s the following resolution as a Special Resolution :-
"RESOLVED THAT pursuant to the provisions of Section 224A and other applicable provisions, if any, of the Companies Act, 1956, Messrs. C. C. Chokshi & Company, Chartered Accountants, Mumbai, be and are hereby appointed as Auditors of the Company from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration of Rs.1,00,000/- (Rupees one lac only) in addition to service tax, reimbursement of travelling and all other out of pocket expenses incurred in connection with the audit."

SPECIAL BUSINESS:

4. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:
"RESOLVED that pursuant to Section 31 and other applicable provisions, if any, of the Act, the Articles of Association of the Company be and are hereby altered in the following manner:

Insert the following Article as Article 104A after Article 104:

'104A The Company may pass resolution by postal ballot in the manner prescribed by Section 192A of the Companies Act, 1956 ("the Act") and such other applicable provisions of the Act and any future amendments or re-enactments. Notwithstanding anything contained in the provisions of the Act, the Company, being a listed company, shall in the case of resolution relating to such business, as the Central Government may, by notification, declare to be conducted only by postal ballot, get such resolution passed by means of a postal ballot instead of transacting the business in a general meeting of the Company'."

5. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:
"RESOLVED that pursuant to Section 163 of the Companies Act, 1956 (hereinafter called "the Act"), the Company hereby approves that the Registers of Members, Index of Members, copies of all Annual Returns prepared by the Company under Section 159 of the Act together with copies of Certificates and Documents required to be annexed thereto under Section 161 of the Act or any one or more of them shall, with effect from 1st October, 2003, be kept at the offices of Messrs. Sharepro Services, the Registrars and Share Transfer Agents, at Satam Industrial Estate, Cardinal Gracious Road, Above Bank of Baroda, Chakala, Andheri (East), Mumbai - 400 099 and/or at Samhita Warehousing Complex, Gala Nos.52 to 56, Plot No.13AB, Sakinaka, Mumbai 400 072, instead of at the Registered Office of the Company.

RESOLVED FURTHER that the Registers, Index, Returns, Books, Certificates and Documents of the Company required to be maintained and kept open for inspection by the Members and/or any persons entitled thereto under the Act, be kept open for such inspection, at the place where they are kept, to the extent, in the manner and on payment of the fees, if any, specified in the Act, between the hours of 11:00 a.m. and 1:00 p.m. on any working day (excluding Saturday) and except when the registers and books are closed under the provisions of the Act or the Articles of Association of the Company.

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to do all such acts, deeds and things and execute the necessary documents as may be required to give effect to the aforesaid Resolution."

By Order of the Board of Directors

A.H.MEHTA

Vice President-Corporate Affairs & Company Secretary

Registered Office :

7, Jamshedji Tata Road
Churchgate Reclamation
Mumbai 400 020.

Dated : 31st July, 2003.

**NOTES:**

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY, OR WHERE THAT IS ALLOWED, ONE OR MORE PROXIES, TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER.
- (b) An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of items 3, 4 and 5 set out above is annexed herewith.
- (c) The register of Members and the Share Transfer Books of the Company will remain closed from Monday, 8th September, 2003 to Monday, 15th September, 2003 (both days inclusive).
- (d) Members are requested to notify any change of their addresses at the Registered Office of the Company.
- (e) All unclaimed Dividends pertaining to the earlier years have been transferred to the General Revenue Account of the Central Government in terms of Section 205-A of the Companies Act, 1956.

The Company's securities are listed on the following Stock Exchange:

Sr. No.	Name & Address of the Stock Exchange	Nature of Security As on 31-03-2003
1.	The Stock Exchange Mumbai Jeejeebhoy Towers, Dalal Street, Mumbai 400 023.	4,04,045 Equity Shares of Rs.10/- each

The Company has paid Annual Listing fees to the above Stock Exchange.

Members are requested to exchange old share certificates with new share certificates.

Fractional coupon warrants to holders of fractional entitlement have been posted.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173(2) OF THE COMPANIES ACT, 1956.

The following Explanatory Statement, as required by Section 173(2) of the Companies Act, 1956 sets out the material facts relating to business under item Nos. 3, 4 and 5 mentioned in the accompanying Notice dated 31st July, 2003.

Item 3

This item relates to the appointment of Messrs. C.C.Chokshi & Company, Chartered Accountants, Mumbai as the Auditors of the Company and fixation of their remuneration.

According to Section 224A of the Companies Act, 1956 the Company in which not less than 25% of the subscribed Share Capital is held either singly or in combination amongst others, by Public Financial Institutions, Nationalised Banks and Insurance Companies, the appointment or re-appointment of the Auditors has to be made by a Special Resolution at the Annual General Meeting.

The holdings of the aforesaid categories of shareholders exceed 25% of the subscribed share capital of the Company and hence a Special Resolution is required to be passed to appoint Messrs. C.C.Chokshi & company on the terms and conditions contained in the Resolution.

Item 4

As per provisions of Section 192A of the Companies Act, 1956, a company is required to pass certain resolutions only by postal ballot as prescribed under Companies (Passing of Resolutions by Postal Ballot) Rules, 2001. However, the present Articles of Association of the Company do not have any provisions authorizing postal ballot.

In view of this it is proposed to insert new Article 104A in the Articles of Association of the Company to give effect to the said provisions.

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

The Board recommends the members to adopt the proposed resolution as a Special Resolution.

Item 5

M/s. Sharepro Services, Mumbai are to be appointed as Registrars and Share Transfer Agents of the Company. M/s. Sharepro Services have considered experience as Share Transfer Agents.

POLYCHEM LIMITED

It is, therefore, proposed that the registers of members, index of members, copies of Annual returns, together with the copies of the certificates and documents requiring to be annexed thereto be kept at the office of M/s.Sharepro Services, the Registrars and Share Transfer Agents, at Satam Estate, Cardinal Gracious Road, Above Bank of Baroda, Chakala, Andheri (East), Mumbai – 400 099 and/or at Samhita Warehousing Complex, Gala Nos.52 to 56, Plot No.13AB, Sakinaka, Mumbai 400 072. The approval of shareholders by special resolution is sought to the proposed arrangement under Section 163 of the Companies Act, 1956.

The special resolution also specifies the time of inspection of the books and documents of the Company by its members and others, namely, between the hours 11:00 a.m. and 1:00 p.m. on any working day excluding Saturday and except when the registers and the books are closed under the provisions of the Act or Articles of Association of the Company.

The Directors of the Company may be considered to be concerned or interested in the resolution to the extent of the shares, if any, held by them respectively.

The Board of Directors recommend the Special Resolution for acceptance by the members.

As required in terms of paragraph VI(A) of Clause 49 of the Listing Agreement, the details of the director retiring by rotation and eligible for reappointment are furnished below:

Name of Director	Mr. T.R.Kilachand
Age	66 years
Qualification	B.A. from Cambridge University in History & Law. M.B.A. in Business Administration from Harvard Business School
Expertise	Shri T. R. Kilachand is aged 66 year. He is a Managing Director of the Company from 19th August, 1986 and is now the Chairman & Managing Director from 1st February, 1995. He has over 40 years of experience in industry, management, implementation of projects etc. He has been associated with various Chambers of Commerce and was the President of Indian Marchants' Chamber. He has been associated with various charitable trusts and is Director/Chairman of several Companies.
Other Directorship as on 31st March, 2003	Bombay Cycle & Motor Agency Ltd., Gujarat Poly-AVX Electronics Ltd., The Baroda Commercial Corp'n. Ltd., Rasayani Traders Pvt.Ltd., Highclass Trading Pvt.Ltd., Ginners & Pressers Ltd. and New Star Industries Ltd.

By Order of the Board of Directors

A. H. MEHTA

Vice President-Corporate Affairs & Company Secretary

Registered Office :

7, Jamshedji Tata Road
Churchgate Reclamation
Mumbai 400 020.

Dated: 31st July, 2003.



DIRECTORS' REPORT

To
The Members of
POLYCHEM LIMITED

Your Directors present the Forty-sixth Annual Report and Statement of Accounts for the year ended 31st March, 2003.

	01.04.02 to 31.03.03 Rs. in lacs	01.04.01 to 31.03.02 Rs. in lacs
FINANCIAL RESULTS		
Sales	3.00	16.63
Sale of flats	41.18	2342.41
Consideration on transfer of Development Rights	572.53	—
Profit/(Loss) before Interest, Depreciation & Tax	30.63	179.98
Interest	148.09	245.56
Depreciation	121.66	219.46
Loss before tax & Extraordinary items	(239.12)	(285.04)
Extraordinary Items (Net)	—	(233.02)
Provision for taxes	(30.00)	(94.47)
Excess/(Short) provision of tax In respect of earlier years	—	82.64
(Loss)/Profit after Taxes and Extraordinary items	(269.12)	(529.89)
Balance brought forward	(7,303.46)	(6773.57)
Less: Transferred on Reduction of Equity Share Capital	1,575.78	—
General Reserve deducted per contra	(5,996.80)	(7303.46)
Amount available for Appropriation	1,675.09	1316.67
Balance carried forward	(4,321.71)	(5986.79)
	(4,321.71)	(5986.79)

During the year ended 31st March, 2003 your Company incurred loss of Rs.269.12 lacs against loss Rs.612.53 lacs after considering extraordinary items. In view of the carried forward loss, Directors regret their inability to pay any dividend on Equity and Redeemable Cumulative Preference Shares.

1. Sales of flavouring essence for brandy concentrate as also sale of flats during the year ended 31st March, 2003 were Rs.44.18 lacs compared to Rs.2359.04 lacs during the previous year. Company has also received consideration of transfer of Development Rights amounting to Rs.572.53 lacs.

2. DEVELOPMENT OF LAND AT GOREGAON:

As informed in the last Annual Report, the construction of all the 7 buildings have been completed as per the Supplemental Project Service Agreement. As also 194 flats have been sold till date and only 2 flats are yet to be sold.

Company has received the IOD and CC in respect of 52,543 sq. ft. of land at Goregaon, as per the Development Agreement with Mahindra Realty & Infrastructure Developers Ltd. (now known as Mahindra Gesco Developers Ltd.). Company expects to receive IOD and CC in respect of 45,114 sq.ft. of land at Goregaon shortly.

3. GUJARAT POLY-AVX ELECTRONICS LIMITED (GPAEL)

As directed by AAIFR vide its Order dated 27th March, 2002, GPAEL has reduced its share capital from Rs.1150 lacs to Rs. 700 lacs. Consequently Company has received 20,66,154 shares for its holding of 33,94,400 shares. Also as per AAIFR Order, GPAEL has allotted 8 lacs equity shares of Rs. 10/- each against the unsecured loan of Rs.80 lacs advanced by the Company to GPAEL. The sale of GPAEL during the year ended 31st March, 2003 was Rs.472.62 lacs as against sale of Rs.591.28 lacs during the previous year.

4. FINANCE:

As per OTS of Rs. 2450 lacs arrived at with Banks, Company has repaid Rs.2267 lacs to banks till date.

5. REFERENCE TO BIFR:

BIFR vide its Order dated 4th February, 2002 sanctioned the Scheme for rehabilitation of the Company, inter alia, permitting reduction in the equity share capital of the Company. Further BIFR vide its Order dated 29th November, 2002, formally

POLYCHEM LIMITED

approved the application of the Company for implementing the said decision envisaging de-rating of / reduction in Equity Share Capital.

Pursuant to the said formal order dated 29-11-2002, the subscribed and paid-up Equity Share Capital of the Company was reduced from Rs.16,16,18,080 comprising 16161808 Equity Shares of the face value of Rs.10/- each fully paid up to Rs.40,40,450 comprising 4,04,045 Equity Shares of the face value of Rs.10/- each. As a sequel, the Equity Shareholder has now received one new Equity Share of Rs.10/- each credited as fully paid-up, in cancellation of every 40 existing Equity Shares held by him in the Company, in the manner indicated in the said Order of 29-11-2002.

The fractional entitlements have been consolidated and the fractional entitlement warrants towards the net sale proceeds have been mailed to the shareholders entitled for the fractional entitlements.

Company is implementing the Scheme sanctioned by BIFR for rehabilitation of the Company as provided in the various orders of the BIFR.

Company has recommenced production of Flavouring Essence for Brandy Concentrate and also proposes to recommence production of specialty chemicals at Navi Mumbai, subject to necessary approvals, if any.

6. AUDIT COMMITTEE:

Your Company has set up an Audit Committee of Directors as required by Section 292A of the Companies Act, 1956 as amended. Shri H.C.Shah, Shri J.K.Bodha and Shri M.Ct.Muthiah were members of the Audit Committee. Shri M.Ct.Muthiah has since resigned as a Director of the Company and Shri M.K.Kaw (Director – BIFR) has been appointed in place of Shri M.Ct.Muthiah.

7. DIRECTORS' RESPONSIBILITY

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Directors confirm that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed.
- Appropriate accounting principles have been selected and applied consistently and have made judgements 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 31st March, 2003 and of the loss of the Company for the year ended 31st March, 2003.
- 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.
- The annual accounts have been prepared on a going concern basis.

8. TAXATION:

The Company's Income Tax assessments have been completed upto year ended 31st March, 2000.

9. DEPOSITS:

Company has repaid all deposits and there are no outstanding deposits

10. SUBSIDIARY COMPANY:

Information u/s.212 of the Companies Act, in respect of Subsidiary Company is attached.

11. INDUSTRIAL RELATIONS:

Industrial Relations with the employees of the Company were cordial during the year under report.

12. PARTICULARS OF EMPLOYEES:

Provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 are not applicable to the Company.

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

As required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the Report on Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo etc. is given in Annexure I forming part of this report.

14. DIRECTORS:

1. Shri T.R.Kilachand retires from Office by rotation, but being eligible, offers himself for reappointment.
2. During the year Shri M.Ct.Muthiah resigned as a Director of the Company. He was associated with the Company for



nearly 4 decades. The Board of Directors place on record the valuable services rendered by him during the tenure of his service. Consequently, Shri R.A.Shah, who was an Alternate Director to Shri M.Ct.Muthiah has also resigned. He was appointed as an Alternate Director to Shri M.R.B.Punja.

3. Shri M.K.Kaw has been appointed as a Special Director by BIFR.
4. Shri M.R.B.Punja has resigned as a Director of the Company with effect from 31st July, 2003. Consequently Shri R.A.Shah who was an Alternate Director to Shri M.R.B.Punja has also resigned. The Board of Directors placed on record the valuable services rendered by Shri M.R.B.Punja as a Director of the Company during the tenure of his service.
5. Shri R.A.Shah was a Director/Alternate Director of the Company for nearly 4 decades. The Board of Directors place on record the valuable services rendered by Shri R.A.Shah.

15. CORPORATE GOVERNANCE:

Pursuant to Clause 49 of the Listing Agreement a separate report on Corporate Governance and a certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance are annexed to the Director's Report.

16. AUDITORS' REMARKS

As regards the remarks in the Auditors' Report, please refer to the Notes on Accounts which are self explanatory.

17. AUDITOR

You are requested to appoint Auditors for the current year. The retiring Auditors, M/s. C.C.Chokshi & Co., Chartered Accountants, Mumbai are eligible for reappointment.

18. COMPLIANCE CERTIFICATE FROM PRACTISING COMPANY SECRETARY

Pursuant to the requirement of Section 383A(i) of the Companies Act, 1956, the Company has obtained a Compliance Certificate from D.J.Vyas & Associates, Company Secretaries, which is attached herewith and is considered part of this report.

19. DEMATERIALISATION (DEMAT) OF EQUITY SHARES:

The facility is available to shareholders to DEMAT their shares and it has become compulsory with effect from 25th September, 2000 as per SEBI guidelines. Shareholders are advised to DEMAT their Shares.

The Directors extend their sincere thanks to the State and Central Government authorities, Banks and Shareholders for their co-operation and continued support during the difficult times being experienced by the Company.

Sincere thanks are also due to the management team and the staff for their valuable contribution despite adverse circumstances being faced by the Company.

By Order of the Board of Directors

TANIL KILACHAND
Chairman & Managing Director

Registered Office :

7, Jamshedji Tata Road
Churchgate Reclamation
Mumbai 400 020.

Dated : 31st July, 2003.

POLYCHEM LIMITED

COMPLIANCE CERTIFICATE

(Under sub-section (1) of Section 383 A of the Companies Act, 1956)

The Members
 Polychem Limited
 7, Jamshedji Tata Road
 Churchgate Reclamation
 Mumbai - 400 020

We have examined the registers, records, books and papers of Polychem Limited as required to be maintained under the Companies Act, 1956 ('the Act') and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the company for the financial year ended on 31st March, 2003 ('financial year'). In our opinion and to the best of the information and according to the examinations carried out by us and explanations furnished to us by the company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all registers / records stated in **Annexure - 'A'** to this certificate, as per applicable provisions of the Act and rules made there under and all entries therein have been duly recorded.
2. The company has duly filed the forms and returns as stated in **Annexure - 'B'** to this certificate, with the Registrar of Companies within the time prescribed under the Act and the rules made thereunder, and no document was required to be filed either with the Regional Director, Central Government, Company Law Board or other authorities.
3. The company is a public limited company and has maintained minimum prescribed paid up capital.
4. The Board of Directors duly met 6 (Six) times on 25 April, 2002, 5 August, 2002, 26 September, 2002, 31 October, 2002, 26 December, 2002 and 24 January, 2003 and in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose. During the financial year no circular resolution was passed.
5. The company has closed its Register of Members from 17 September, 2002 to 24 September, 2002 and necessary compliance of Section 154 of the Act has been made.
6. The annual general meeting for the financial year ended on 31 March, 2002 was held on 26 September, 2002 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded and signed in the minutes book maintained for the purpose.
7. No extra ordinary general meeting was held during the financial year.
8. The company has not advanced any loans either to its directors or persons or firms or companies referred in the Section 295 of the Act.
9. The company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The company has made necessary entries in the Register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act; the question of obtaining approvals from the Board of Directors, members or Central Government, as the case may be, does not arise.
12. The Board of Directors has duly approved the issue of duplicate shares certificates.
13. (i) The company has delivered all certificates on lodgement thereof for transfer / transmission or any other purpose in accordance with the provisions of the Act. There was no allotment of shares during the financial year.
 (ii) The company has neither declared interim nor final dividend during the financial year.
 (iii) The company was not required to pay and post warrants for dividends to any member of the company as no dividend was declared during the financial year. In view of that provisions of the Act in pursuance of Section 205A(1) relating to transfer of un-claimed / un-paid dividend amount to un-paid dividend account of the company is not applicable.
 (iv) The company has complied with the provisions of the Act relating to transfer of amount remaining in un-paid dividend account, matured deposits, matured debentures and the interest accrued thereon which have remained un-claimed or un-paid for a period of seven years to Investor Education and Protection Fund as applicable to it.
 (v) The company has duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the company is duly constituted. During the financial year an Additional Director was appointed and there was no instance of an appointment either on account of casual vacancy or alternate director.
15. The appointment of Whole-time Director has been made in compliance with the provisions of Section 269 read with Schedule XIII to the Act.
16. The company has not appointed sole-selling agent during the financial year.
17. The company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and / or such other authorities prescribed under the various provisions of the Act during the financial year.
18. The Directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The company has not issued any shares, debentures or other securities during the financial year except shares certificates for 4,04,045 equity shares of Rs. 10/- each fully paid-up in exchange of certificates for 1,61,61,808 Equity Shares being extinguished in pursuance of an order dated 27 March, 2002 of Appellate Authority for Industrial and Financial Reconstruction's (AAIFR) and has complied with the provisions of the Act.
20. The company has not bought back any shares during the financial year.



21. There was no redemption of preference shares or debentures during the financial year.
22. There was no transaction necessitating the company to keep in abeyance rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The company has not invited / accepted any deposits including any unsecured loans falling within the purview of Section 58A of the Act during the financial year.
24. The amount borrowed by the company during the financial year is within the borrowing limit of the company and that necessary resolution as per Section 293(1)(d) of the Act has been passed in duly convened general meeting.
25. The company has made loans and investments to other bodies corporate in compliance with the provisions of Section 372(A) of the Act and has made necessary entries in the register kept for the purpose. The company has not given guarantees or provided securities to any other bodies corporate.
26. The company has not altered the provisions of the Memorandum with respect to situation of its registered office from one state to another during the financial year.
27. The company has not altered the provisions of the Memorandum with respect to its Objects during the financial year.
28. The company has not altered the provisions of the Memorandum with respect to its name during the financial year.
29. The company has not altered the provisions of the Memorandum with respect to its Share Capital during the financial year.
30. The company has not altered its Articles of Association during the financial year.
31. There was neither prosecution initiated against nor show cause notice received by the company and nor fines or penalties or any other punishment was imposed on the company during the financial year for offences under the Act.
32. The company has not received any money as security from its employees during the financial year.
33. The provisions of the Employees Provident Fund Act, 1952 are applicable to the Provident Fund constituted by the company. The company, as per Department's Circular No F. No. 8/58 (418) /63-PR, need not comply with the provisions of Section 418 of the Act.

For D.J. Vyas & Associates
Company Secretaries



Sd/-
Devang J. Vyas
Proprietor

F.C.S. No.: 2874 C..P. No.1775

Date: 24 July, 2003

Annexure - A

Annexure to the Compliance Certificate of **Polychem Limited.**

Registers / Records as maintained by the company –

No	Particulars
1	Copies of instruments for creation / modification /satisfaction of charge on assets of the company. [Section 125 / 135 / 138]
2	Register of Charges. [Section 143]
3	Register of Members. [Section 150]
4	Register of Members' Index. [Section 151]
5	Copies of Annual Returns. [Section 159]
6	Register of Proxies. [Section 176]
7	Minutes Books for minutes of meetings of the Board of the Directors and Members. [Section 193]
8	Books of Accounts. [Section 209]
9	Records of Form No. 24 AA. [Section 299(3)(a)]
10	Register of particulars of contracts or arrangements in which Directors are interested. [Section 301(1)]
11	Register of names of other companies and firms in which Directors are interested. [Section 301(3)]
12	Register of Directors, Managing Director, Manager and Company Secretary. [Section 303]
13	Register of Directors' shareholdings. [Section 307]
14	Register of Investments, Loans and Guarantee or Security provided. [Section 372 A]
15	Register of duplicate certificates under Rule 7 of the Companies (Issue of Shares Certificates) Rules, 1960.
16	Register of Deposits under Rule 7 of the Companies (Acceptance of Deposits) Rules, 1975.
17	Register pertaining to Directors' attendance as per Regulation 71 in Schedule-1 (Table 'A') to the Act.