

Annual Report 2001-2002



to science...

HIKAL LTD



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## NOTICE

Notice is hereby given that the 14<sup>th</sup> Annual General Meeting of the members of Hikal Limited will be held on Tuesday, 23<sup>rd</sup> July, 2002 at 12.00 noon at Sunflower Suite No I & II, 30<sup>th</sup> Floor at World Trade Centre No I, Cuffe Parade, Mumbai-400 005, to transact the following business :

### Ordinary Business

1. To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March, 2002 and the Profit and Loss Account for the year ended 31<sup>st</sup> March, 2002 and the Reports of the Directors and the Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. Sameer Hiremath, Director, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mrs. Sugandha Hiremath, Director, who retires by rotation and being eligible, offers herself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

### Special Business

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

“RESOLVED THAT in accordance with the provisions of the Companies Act, 1956 (“the Act”) as may be applicable and in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Sock Purchase Scheme) Guidelines, 1999 and the Guidelines relating to Employee Stock Option Plans under the Income-tax Act, 1961, issued by the Central Government (“the Guidelines”), for the time being in force, and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any committee including the Compensation Committee constituted by the Board for the purpose), consent of the Company be and is hereby accorded to the Board to grant stock options for acquiring shares of the Company which have been purchased by the The Hikal Employees Welfare Trust – A and the Hikal Employees Welfare Trust – B to such persons who are in permanent employment of the Company, including Directors of the Company, whether whole-time or not, whether working in India or out of India except those who are promoters or belong to the promoter group or those, who by themselves or through their relatives or through any body corporate, directly or indirectly, hold more than 10% of equity shares in the Company, under a Scheme titled “Employee Stock Option Plan” (hereinafter referred to as “the ESOP” or “the Scheme” or “the Plan”), at such price, in one or more tranches and on such terms conditions as may be fixed or determined by the Board in accordance with the Scheme and the applicable provisions of the law or guidelines as may be prevailing at that time.”

“RESOLVED FURTHER THAT for the purpose of bringing the Scheme into effect, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as



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it may in its absolute discretion deem fit or necessary or desirable for such purpose and with power on behalf of the company to settle any issues, questions, difficulties, or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company.”

By Order of the Board of Directors  
For Hikal Limited

Mumbai  
Date : 28<sup>th</sup> June 2002

S.V. Wahalekar  
Company Secretary

#### NOTES:

1. An explanatory statement as required under Section 173 (2) of the Companies Act, 1956, in respect of special business is annexed.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE 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.**
3. The Register of Members and Share Transfer Books of the Company will remain closed from 16<sup>th</sup> July, 2002 to 23<sup>rd</sup> July, 2002 (both days inclusive).
4. Information as required by clause 49 (VI) (A) of the Listing Agreement with Stock Exchanges in respect of reappointment of Directors :
  - a. Mr. Sameer Hiremath, aged 28 years, a Chemical Engineer (First Class) from Pune University is a Director of the Company since 26.5.1999. He has 5 years experience in production, project and information technology. Mr. Sameer Hiremath was Whole Time Director of the Company from 26.5.1999 to 22.8.2001. Since 22.8.2001, he is a non-executive Director on the Board of the Company.

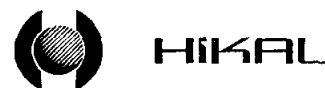
The other Directorship / Membership of Mr. Sameer Hiremath is as follows :

Name of the Company	Board Position held	Committee Membership
Marigold Investment Pvt. Ltd.	Director	Nil

- b. Mrs. Sugandha Hiremath, aged 50 years, a commerce graduate, is a Director of the company since 5.2.1992. She has 20 years experience in business and finance.

The other Directorship / Membership of Mrs. Sugandha Hiremath is as follows :

Name of the Company	Board Position held	Committee Membership
Decent Electronics Pvt. Ltd.	Director	Nil
Ekadant Investments Pvt. Ltd.	Director	Nil
Badrinath Investments Pvt. Ltd.	Director	Nil
Rameshwar Investments Pvt. Ltd.	Director	Nil
Marigold Investments Pvt. Ltd.	Director	Nil
Karad Engg. Consultants Pvt. Ltd.	Director	Nil



## ANNEXURE TO THE NOTICE

### EXPLANATORY STATEMENT AS REQUIRED U/S 173(2) OF THE COMPANIES ACT, 1956

#### Item No. 6

Stock Option Scheme is a well-accepted incentive designed to attract, retain and motivate the best available talent and critical employees to contribute and share in the growth of the Company, to align employee interest with those of the shareholders of the Company and to reward and create wealth in the hands of the employees on long term basis.

Accordingly, to encourage selected salaried employees of the Company, through a resolution passed at the 95<sup>th</sup> Board Meeting held on 11<sup>th</sup> January, 2002, consent of the Board was obtained to set up the trusts viz.: The Hikal Employees Welfare Trust – A and The Hikal Employees Welfare Trust – B to acquire 3,60,000 & 2,00,000 equity shares of the Company respectively to enable the company to implement an Employee Stock Option Plan.

The Hikal Employees Welfare Trust – A and The Hikal Employees Welfare Trust – B have purchased 3,60,000 & 2,00,000 equity shares of the Company respectively from the secondary market.

Approval of the members is sought for setting up and implementation of the Scheme to grant options to the eligible employees of the Company.

The salient features of the ESOP are as follows :-

#### 1. Total number of options to be granted :

The total number of options that may, in aggregate, be granted under the Scheme will be 3.58% and 1.99% of the issued equity share capital of the Company as of 31st March 2002 (i.e. 3,60,000 and 2,00,000 equity shares of Rs. 10/- each)

#### 2. Identification of classes of employees entitled to participate in the ESOP :

Persons who are “employees” of the company including Directors except those who are promoters or belong to the promoter group or those, who by themselves or through their relatives or through any body corporate, directly or indirectly, hold more than 10% of equity shares in the Company, subject to the Guidelines (including any statutory modification(s) or re-enactment of the Act or the Guidelines, for the time being in force) and as may be decided by the Board / the Compensation Committee.

The options granted to an employee will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner.

#### 3. Requirements of vesting and period of vesting :

All the options granted will vest after a period of 1 year from the date of grant.

The vesting may occur in tranches, subject to the terms and conditions of vesting, as may be stipulated by the Board / the Compensation Committee, in its discretion, and which will include performance appraisal of the employee and achievement of other performance milestones.





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**4. Exercise price or pricing formula :**

The exercise price of the options will be fixed / decided from time to time by the Board / the Compensation Committee in its absolute discretion.

**5. Exercise period and the process of exercise :**

The exercise period may commence from the date of vesting and will expire not later than five years from the date of vesting of options.

The options will be exercisable by the employees by a written application to the Company to exercise the options in such manner and on execution of such documents, as may be prescribed by the Board / the Compensation Committee from time to time.

The options will lapse if not exercised within the specified exercise period.

The options granted to an employee will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner.

**6. Appraisal process for determining the eligibility of the employees to ESOP :**

The appraisal process for determining the eligibility of the employee will be specified by the Board / the Compensation Committee and will be based on criteria such as seniority of employee, length of service, performance record, merit of the employee, future potential contribution by the employee and / or such other criteria that may be determined by the Board / the Compensation Committee at its sole discretion.

**7. Maximum number of options to be issued per employee and in aggregate :**

The maximum number of options granted per employee will not exceed 1,00,000 shares i.e. 1% of the issued and subscribed equity shares of the Company as on 31st March 2002.

The aggregate of all such options granted shall not exceed 3.58% and 1.99% of the issued equity share capital of the Company as of 31<sup>st</sup> March, 2002 (i.e. 3,60,000 and 2,00,000 equity shares of Rs. 10/- each)

**8. Disclosure and accounting policies :**

The Company shall comply with the disclosure and the accounting policies prescribed by SEBI and other concerned authorities.

None of the Directors of the Company are interested or concerned in the passing of the resolution except to the extent of any options, which may be granted to them pursuant to the Scheme.

By Order of the Board of Directors  
For Hikal Limited

Mumbai  
Date : 28<sup>th</sup> June 2002.

S.V. Wahalekar  
Company Secretary



HIKAL

## HIKAL LIMITED

Regd. Office : 6, Nawab Building, 327, D.N. Road, Mumbai 400 001

### PROXY FORM

I/We, the undersigned..... of .....  
 ..... being a member/s of HIKAL LIMITED, Mumbai, hereby  
 appoint ..... of .....  
 ..... or failing him.....  
 ..... of ..... as my/our proxy to vote for me/us and on my/our  
 behalf at the Fourteenth Annual General Meeting of the company to be held on Tuesday, 23<sup>rd</sup> July, 2002  
 and at any adjournment thereof.

Signed this ..... day of ..... 2002.

Membership Folio Nos./Client ID/DPID .....

No of Shares held .....

Affix a  
30 paise  
revenue  
stamp

(Signature of member)

#### Note:

The Proxy must be deposited with the Registered Office of the Company at 6, Nawab Bldg., 327, D.N. Road, Mumbai-400 001 not less than 48 hours before the time for holding the meeting.

### ATTENDANCE SLIP

Regd. Office : 6, Nawab Building, 327, D.N. Road, Mumbai 400 001

Please complete this attendance slip and hand it over at the entrance of the Meeting

L.F. NO(S)/Client ID/DPID.....

NAME OF THE SHAREHOLDER / PROXY

.....

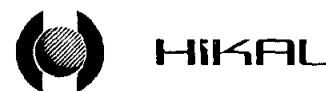
ADDRESS.....

No of Shares held : .....

I/We hereby record my/our presence at the Fourteenth Annual General Meeting of the Company being held on Tuesday 23<sup>rd</sup> July, 2002 at the Sunflower Suite No I & II, 30<sup>th</sup> Floor, Centre I, World Trade Centre, Cuffe Parade, Mumbai 400 005.

Signature of Shareholder/proxy \*

\*Strike whichever is not applicable



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By Order of the Board of Directors  
For Hikal Limited

Mumbai  
Date : 28<sup>th</sup> June 2002.

S.V. Wahalekar  
Company Secretary





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No of Shares held .....

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30 paise  
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(Signature of member)

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Signature of Shareholder/proxy \*

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