

grow to win

annual report 98-99



Henkel SPIC India Limited



The immense opportunities in the New Millennium can be leveraged by building sustainable competitive advantage, achieving strategic excellence and creatively deploying intellectual capital. This vision to 'grow to win' has fuelled our product development and market expansion endeavours to meet customer needs innovatively and proactively. Across a range of products - Detergents, Cosmetics, Household Cleaners and Toiletries.

Henkel's people and technology synchronize with a single purpose - to provide customers the unique experience of International quality, high utility and genuine value. And in the process, demonstrating a firm commitment towards social and ecological advancement. Henkel's philosophy is to create not only better products but a better world. Henkel's brands are a signature to this promise - adding continuous value to customers, shareholders and society.

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BOARD OF DIRECTORS

Dr. A.C. MUTHIAH	CHAIRMAN
Dr. P.R. SUNDARAVADIVELU	DIRECTOR
Dr. RAINER SALZ	DIRECTOR
PETER K. SCHERER	DIRECTOR
PETER KARDORFF	DIRECTOR
Dr. A. BESANT C. RAJ	DIRECTOR
K. RAVINDRAN	DIRECTOR (IDBI Nominee)
A. SATISHKUMAR	MANAGING DIRECTOR

SECRETARY

N. RAJEEVA PRAKASH

REGISTERED OFFICE

P.O. Box No. 6081
6, Nungambakkam High Road
Chennai - 600 034

FACTORY

Peralam Main Road
Thirunallar Commune
Karaikal - 609 607
Union Territory of Pondicherry

PRINCIPAL OFFICE

"Temple Tower"
Third Floor, 476/6 Anna Salai
Nandanam
Chennai - 600 035

PROCESS LICENSOR

HENKEL KGaA
D-40191 Dusseldorf
Germany

AUDITORS

Messrs. S. Viswanathan
Chartered Accountants
8-A, Bishop Wallers Avenue (West)
Mylapore
Chennai - 600 004.

BANKERS

State Bank of India
Standard Chartered Bank
State Bank of Bikaner and Jaipur
Deutsche Bank
Dresdner Bank
Indian Bank

REGISTRARS & SHARE TRANSFER AGENTS

Cameo Corporate Services Ltd. Vth Floor,
Subramanian Building, 1, Club House Road, Chennai - 600 002.
Tel : (044) 8528390 (5 Lines)
Fax : (044) 8520129 Grams: "CAMEO"

NOTICE FOR THE ELEVENTH ANNUAL GENERAL MEETING

Notice is hereby given that the Eleventh Annual General Meeting of the Company will be held at Kamaraj Memorial Hall, 575 Anna Salai, Teynampet, Chennai-600 006 on Friday, the 24th March 2000 at 10.15 A.M. to transact the following business :

ORDINARY BUSINESS

1. To consider and adopt the audited Balance Sheet as at 31st December 1999, Profit and Loss Account for the period ended on that date and the Report of the Auditors and Directors thereon.
2. To appoint a Director in the place of Dr. A.C. Muthiah who retires by rotation and being eligible offers himself for re-election.
3. To appoint a Director in the place of Dr. Rainer Salz who retires by rotation and being eligible offers himself for re-election.
4. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution.

“RESOLVED THAT M/s S. Viswanathan, Chartered Accountants the retiring auditors be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on a remuneration of Rs.4,00,000/- (Rupees Four lakhs only) plus out-of-pocket expenses for travelling and other expenses incurred, in connection with the Company's Audit”.

SPECIAL BUSINESS :

5. To consider and if thought fit, to pass with or without modifications, the following resolution as a SPECIAL RESOLUTION:

RESOLVED THAT pursuant to Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment to or re-enactment thereof) and in accordance with the provisions of the Memorandum and Articles of Association of the Company and subject to the approvals from RBI, SEBI and such other bodies, if any required and subject to such alteration and modifications, if any, that may be effected by the above authorities in that behalf and which the Board of Directors (hereinafter referred to as “the Board”, which term shall be deemed to include any Committee of Directors) is hereby authorised to accept and subject to such conditions and modifications as may be considered necessary, by the Board of the Company, the consent of the Company be and is hereby accorded to the Board to issue, offer and allot not exceeding 57,00,000 Equity Shares to Foreign Promotor Henkel KGaA and/or Group Companies, Business Associates, Nominees on preferential basis of the face value of Rs.10/- each, at the price computed as per the guidelines including the amendments thereof, issued by SEBI and/or such other authorities in such form, manner and upon such terms and conditions as the Board may in its absolute discretion deem fit.

RESOLVED FURTHER THAT for the purpose of giving effect to the above Resolution, the Board be and is hereby authorised to take all such actions and give all such directions, or do all such acts, deeds, matters and things as may be necessary and further to execute all such deeds, documents and writings as may be necessary in this regard.

6. To consider and if thought fit, to pass with or without modifications, the following resolution as a SPECIAL RESOLUTION :

RESOLVED THAT pursuant to Section 81 and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment to or re-enactment thereof) and in accordance with the provisions of the Memorandum and Articles of Association of the company and subject to the Guidelines and/or approval of Securities and Exchange Board of India (SEBI) or any such authorities and subject to such alterations and modifications, if any that may be effected by the above authorities in that behalf and which the Board of Directors (hereinafter referred to as the 'Board' which term shall include any Committee of Directors) is hereby authorised to accept and subject to such terms, conditions and modifications, as may be considered necessary, by the Board, the Board be and is hereby authorised to issue, offer and allot not exceeding 1,00,00,000 - 9% Redeemable Cumulative Non-convertible Preference Shares of Rs.10/- each, for cash at par, to Indian promoter, Tamilnadu Petroproducts Ltd. on a private placement basis, in such form, manner and upon such terms and conditions as the Board may in its absolute discretion deem fit.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorised to take all such actions including to change the terms and conditions of the offer and give all such directions, or do all such acts, deeds, matters and things as may be necessary and further to execute all such deeds, documents and writings as may be necessary in this regard.

7. To consider and if thought fit, to pass with or without modifications, the following resolution as an ORDINARY RESOLUTION :

RESOLVED THAT in supersession of the resolution passed by the Company at the Extraordinary General Meeting held on 10th

January 1998, in relation to the exercise of borrowing power, the Board of Directors of the Company be and is hereby authorised, pursuant to Section 293(1)(d) of the Companies Act, 1956, for borrowing from time to time, any sum or sums of money which together with the money already borrowed by the Company (apart from temporary loans obtained from the Bankers of the Company in the ordinary course of business) shall not exceed in the aggregate at any one time Rs.300 crores (Rupees three hundred crores only) irrespective of the fact that such aggregate amount of borrowing outstanding at any one time may exceed the aggregate for the time being of the paid up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purpose.

8. To consider and if thought fit, to pass with or without modifications, the following resolution as a ORDINARY RESOLUTION :

RESOLVED THAT pursuant to the provisions of section 293(1) (e) of the Companies Act, 1956 and other applicable provisions, if any, the sum of Rs.4,16,217 which was contributed by the Company to Kargil Relief Fund as donation be and is hereby ratified.

9. To consider and if thought fit, to pass with or without modifications, the following resolution as an ORDINARY RESOLUTION :

RESOLVED THAT pursuant to Sections 198, 269, 309, 310 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any amendment to or enactment thereof) and also subject to the approval of statutory authorities, if any, as may be required and subject to such alterations and modifications, if any, that may be effected by the above authorities in that behalf and which the Board of Directors is hereby authorised to accept, consent of the Company

be and is hereby accorded for the payment of an enhanced remuneration of Rs.75,000/- per month and commission of 1% with effect from 1st January 2000 for the remaining tenure of his appointment i.e., 15th December 2001 to Thiru. A.Satishkumar, Managing Director on the terms and conditions as set out in the explanatory statement attached to this notice and that the Board of Directors be and are hereby authorised to alter such terms and conditions in accordance with the laws in force from time to time as may be agreed to by the Board of Directors and Thiru A.Satishkumar.

RESOLVED FURTHER THAT where in any financial year during the currency of the term of office, the company has no profits or its profits are inadequate it may pay to Thiru.A.Satishkumar, remuneration by way of salary and perquisites as specified above, subject to the approval of Central Government or in the alternative within the limits laid down in Section 2 part II of Schedule XIII of the Companies Act, 1956 as in force from time to time.

RESOLVED FURTHER THAT for the purpose of giving effect to the above Resolution, the Board be and is hereby authorised to take all such actions and give all such directions, or do all such acts, deeds, matters and things as may be necessary and further to execute all such deeds, documents and writings as may be necessary in this regard.

10. (a) To consider and if thought fit, to pass with or without modifications, the following resolution as a **SPECIAL RESOLUTION** :

RESOLVED THAT pursuant to Section 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital of the Company be and is hereby increased from Rs.200 Crs. (Rupees

two hundred crores only) to Rs.210 Crs. (Rupees two hundred and ten crores only) by creation of additional 1,00,00,000 (one crores) Preference Shares of Rs.10/- each.

- (b) To consider and if thought fit, to pass with or without modification, the following resolution as a **SPECIAL RESOLUTION** :

RESOLVED THAT in Clause V of the Memorandum of Association of the Company the words "the Share Capital of the Company is Rs.210,00,00,000/- (Rupees two hundred and ten crores only) divided into 17,20,00,000 (Seventeen crores and twenty lacs) Equity shares of Rs.10/- each and 3,80,00,000 (three crores eighty lacs) Preference Shares of Rs.10/- each" be substituted for the existing words '17,20,00,000 (Seventeen crores and twenty lacs) Equity shares of Rs.10/- and 2,80,00,000 (two crores eighty lacs) Preference Shares of Rs.10/- each'.

11. To consider and if thought fit, to pass with or without modifications, the following resolution as a **SPECIAL RESOLUTION** :

RESOLVED THAT in pursuance of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, existing Articles of Association of the Company be and is hereby altered as follows :

- i). The Article 2 of the Articles of Association of the Company, shall be amended to include the following definitions:
- f) "Members" means members of the Company holding a share or shares of any class and includes the beneficial owner in the records of the Depository.
- p) "The Register" means the Register of Members to be kept as required by Section 150 of the Act and where shares are held in dematerialised form "The Register"

- includes the Register of Beneficial owners maintained by a Depository.
- ii). After Sub-Clause (q) of Article 2, the following Sub-clauses be inserted :
- r) "Beneficial Owner" shall mean beneficial owner as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996.
- s) "Depositories Act, 1996" shall include any statutory modification or re-enactment thereof.
- t) "Depository" shall mean a Depository as defined in clause (e) of sub-section (1) of section 2 of the Depositories Act, 1996.
- u) "SEBI" means the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992.
- v) "Security" means such security as may be specified by SEBI from time to time.
- iii) Existing Article 4 of the Articles of Association of the Company be amended to read as follows:
- The Share Capital of the Company is Rs.210,00,00,000/- (Rupees two hundred and ten crores only) divided into 17,20,00,000 Equity Shares of Rs.10/- each and 3,80,00,000 Preference Shares of Rs.10/-each."
- iv). Existing Article 13 be replaced with the following:
- "Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share and whose name appears as the beneficial owner of shares in the records of the Depository, as the absolute owner thereof and accordingly shall not (except as ordered by a Court of competent jurisdiction or as by law required) be bound to recognise any benami trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof".
- v). To insert the following words at the end of Article 16(1) (b) :
- "provided the shares are not held in an electronic and fungible form under the provisions of the Depositories Act, 1996".
- vi) After Sub-Clause (b) of Article 20, the following Sub-clauses be inserted :
- c) Notwithstanding anything obtained in the Articles of Association, the Company shall be entitled to dematerialise its shares, debentures and other securities pursuant to the Depositories Act, 1996, and to offer its shares, debentures and other securities for subscription in a dematerialised form. The Company shall further be entitled to maintain a Register of Members with the details of Members holding shares both in material and dematerialised form in any media as permitted by law including any form of electronic media".
- vii) The following Articles 22(a) to 22(e) shall be inserted after the existing Article 22.
- Articles 22(a) Power of the Company to dematerialise and rematerialise.
- The Company shall be entitled to dematerialise its existing shares, debentures and other securities, rematerialise its shares, debentures and other securities held in the Depositories and/or offer its fresh shares, debentures and other securities, in a dematerialised form pursuant to the

Depositories Act, 1996 and the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996.

Article 22(b) Options for Investors

Every Person subscribing to securities offered by the Company shall have the option to receive securities certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner and required Certificate of Securities.

If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

Articles 22(c) Securities in Depositories to be in fungible form.

All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Sections, 153, 153A, 153B, 187B, 187C and 372A of the Companies Act, 1956 shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

Articles 22(d) Rights of Depositories and Beneficial Owners.

Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of

effecting transfer of ownership of security on behalf of the beneficial owner.

Save as otherwise provided above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.

The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

Article 22(e) Service of Documents.

Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

viii) To insert the following Article after the existing Article 45(f) :

45(g) Notwithstanding anything contained in the Articles of Association, in the case of transfer of shares or other marketable securities, where the Company has not issued any certificates and where such shares or securities are being held in an electronic and fungible form, the provisions of the Depositories Act, 1996, shall apply."

ix) the following new article 55 (1) (a) shall be inserted after the existing Article 55(1).

The Company shall keep a book to be called the Register of Transfers and therein shall be entered the particulars of every transfer or transmissions of any shares held in dematerialised form.

12. To consider and if thought fit, to pass with or without modification, the following resolution as ORDINARY RESOLUTION:

RESOLVED THAT pursuant to the provisions of Section 257 and all other applicable provisions, of any, of the Companies Act, 1956 Mr. Peter Kardorff who was appointed as an Additional Director of the Company and who u/s 260 of the Companies Act, 1956 holds office only upto the date of this Annual General Meeting and being eligible, offers himself for appointment and in respect of whom the Company has received notices in writing from one member, pursuant to the provision of Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Mr. Peter Kardorff for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation.

By order of the Board
for **Henkel SPIC India Ltd.**

N. RAJEEVA PRAKASH
Secretary

Regd. Office :
6 Nungambakkam High Road
Chennai 600 034.

26th February 2000

NOTES

1. MEMBERS WHO HOLD SHARES IN THE DEMATERIALISED FORM ARE REQUESTED TO INDICATE WITHOUT FAIL THEIR DP ID AND CLIENT ID NUMBERS IN THE ATTENDANCE SLIP.
2. NOMINATION FOR PHYSICAL SHARES:
MEMBERS HOLDING SHARES IN PHYSICAL FORM ARE ENCOURAGED TO NOMINATE A PERSON TO WHOM HIS SHARES IN THE COMPANY SHALL

VEST IN THE EVENT OF HIS DEATH.

3. HOLDING SHARES IN IDENTICAL ORDER OF NAMES :

MEMBERS HOLDING SHARES IN IDENTICAL ORDER OF NAMES IN MORE THAN ONE FOLIO ARE REQUESTED TO WRITE TO REGISTRARS AND SHARE TRANSFER AGENTS TO CONSOLIDATE THEIR HOLDING IN ONE FOLIO.

4. COMPULSORY DEMATERIALISATION OF SHARES W.E.F. 15.05.2000

The company has signed an agreement with National Securities Depository Ltd for dematerialisation of the company's shares. This facility is now operational since Dec'99 and members are requested to avail of the same. The Securities and Exchange Board of India through a letter dt.15/2/2000, indicated that delivery of shares of your company in dematerialised form will be compulsory, for Institutional Investors with effect from 15/5/2000.

5. A member entitled to attend and vote at the meeting is entitled to appoint a proxy and to attend and on a poll to vote instead of himself and a proxy need not be a member of the company. A member unable to attend may appoint another person (Whether a member or not) as his proxy in the enclosed form which shall be deposited with the Principal Office of the company.

THE PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.

6. The Register of Members and the Share Transfer Books of the Company will remain closed on 24th March 2000.
7. Members are requested to immediately intimate any change in their addresses to the Registrars.