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# KANORIA CHEMICALS & INDUSTRIES LIMITED

## NOTICE

### TO THE SHAREHOLDERS

NOTICE is hereby given that the Thirty-Eighth Annual General Meeting of the Shareholders of KANORIA CHEMICALS & INDUSTRIES LIMITED will be held at Sripati Singhania Hall in Rotary Sadan, 94/2, Chowringhee Road, Calcutta-700 020, on Saturday, the 29th day of August, 1998 at 11.00 A.M., to transact the following business:-

### ORDINARY BUSINESS :

1. To consider and adopt the Balance Sheet of the Company as at 31st March, 1998, and the Profit & Loss Account for the year ended on that date, together with Auditors' and Directors' Reports thereon.
2. To declare Dividend on Equity Shares for the year ended 31st March, 1998.
3. To appoint Directors in place of those who retire by rotation.
4. To appoint Auditors and to fix their remuneration and, in this connection, to pass the following as a Special Resolution :-

"RESOLVED that, pursuant to the provisions of Section 224A of the Companies Act, 1956, Messrs Singhi & Co., Chartered Accountants, be and are hereby re-appointed Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, at a remuneration of Rs. 1,75,000 plus travelling and other incidental expenses to be incurred by them in course of their audit".

### SPECIAL BUSINESS:

To consider and, if thought fit, to pass, with or without modification(s), the following resolutions:-

#### As Ordinary Resolutions :

5. "RESOLVED that Shri A.Vellayan be and is hereby appointed a Director of the Company."
6. "RESOLVED that Shri T.D. Bahety be and is hereby appointed a Director of the Company."
7. "RESOLVED that Shri O.P. Patodia be and is hereby appointed a Director of the Company."
8. "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. 25,00,00,000 (Rupees Twenty five crores) divided into 2,00,000 Cumulative Preference Shares of Rs. 100 each and 2,30,00,000 Equity Shares of Rs.10

each to Rs. 35,00,00,000 (Rupees Thirty five crores) divided into 10,00,000 Cumulative Preference Shares of Rs.100 each and 2,50,00,000 Equity Shares of Rs. 10 each by creating new 8,00,000 Cumulative Preference Shares of Rs. 100 each and 20,00,000 Equity Shares of Rs. 10 each.”

9. “RESOLVED that pursuant to Section 16 and other applicable provisions, if any, of the Companies Act, 1956, the existing Clause 5 of the Memorandum of Association of the Company relating to the Share Capital be and is hereby altered by deleting the same and substituting in its place and stead the following as new Clause 5 :

The Share Capital of the Company is Rs. 35,00,00,000 (Rupees Thirty five crores only) divided into 10,00,000 Cumulative Preference Shares of Rs.100 each and 2,50,00,000 Equity Shares of Rs. 10 each with power to increase and reduce the capital, to divide the Shares in the capital for the time being into several classes, and to attach thereto respectively such preferential or special rights, privileges or conditions, as may be determined by or in accordance with the Act for the time being in force and the regulations of the Company, and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the regulations of the Company”.

10. “RESOLVED that the consent of the Company be and is hereby accorded to the Board of Directors of the Company, in terms of Section 293(1) (a) and other applicable provisions, if any, of the Companies Act, 1956, to mortgaging and/or charging of all the immovable and movable properties of the Company pertaining to its Renukoot Chemical Works Division, wheresoever situate, both present and future, and the whole of the undertaking of the Company and/or conferring power, to enter upon, and take possession of, the assets of the Company in certain events to, or in favour of :

- 1) The Industrial Finance Corporation of India Limited (IFCI).
- 2) Export Import Bank of India (EXIM Bank).
- 3) The Industrial Finance Corporation of India Limited, as Trustees for the Debentureholders (10th Series).

to secure :

- i) Rupee Term Loan not exceeding Rs. 9.00 Crores (Rupees Nine crores only) lent and advanced/agreed to be lent and advanced by IFCI to the Company.
- ii) Rupee Term Loan not exceeding Rs. 2.40 Crores (Rupees Two crores forty lakhs only) lent and advanced/agreed to be lent and advanced by EXIM Bank to the Company.
- iii) Non-Convertible Debentures (10th Series) of the aggregate nominal value not exceeding Rs. 20.00 Crores (Rupees Twenty crores only) to be subscribed by Financial/Investment Institutions, Banks, Mutual Funds and others.”

“RESOLVED FURTHER that the mortgage/charge created/to be created and/or all agreements/documents executed/to be executed and all acts done, in terms of the above Resolution by, and with the authority of, the Board of Directors of the Company, are hereby confirmed and ratified.”

11. “RESOLVED that the consent of the Company be and is hereby accorded to the Board of Directors of the Company, in terms of Section 293(1) (a) and other applicable provisions, if any, of the Companies Act, 1956, to mortgaging and/or charging of all the immovable

and movable properties of the Company pertaining to its Ankleshwar Chemical Works Division, wheresoever situate, both present and future, and the whole of the undertaking of the Company and/or conferring power, to enter upon, and take possession of, the assets of the Company in certain events to, or in favour of :

- 1) The Industrial Finance Corporation of India Limited (IFCI).
- 2) The Industrial Finance Corporation of India Limited, as Trustees for the Debentureholders (9th Series).

to secure :

- i) Rupee Term Loan not exceeding Rs. 4.65 Crores (Rupees Four crores sixty five lakhs only) lent and advanced/agreed to be lent and advanced by IFCI to the Company.
- ii) 4,00,000 -14.5% Secured Non-Convertible Debentures (9th Series) of the aggregate nominal value of Rs. 4.00 Crores (Rupees Four crores only) privately placed with Life Insurance Corporation of India."

"RESOLVED FURTHER that the mortgage/charge created/to be created and/or all agreements/documents executed/to be executed and all acts done, in terms of the above Resolution by, and with the authority of, the Board of Directors of the Company, are hereby confirmed and ratified".

#### **As Special Resolutions :**

12. "RESOLVED that in accordance with the provisions of Sections 198, 269, 309, 310, 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the appointment of and the remuneration payable to Shri R.V. Kanoria as Managing Director of the Company for a period of five years with effect from 10th January, 1998 on the terms and conditions set out in the Draft Agreement submitted to this Meeting and initialled by the Chairman for the purpose of identification, which Agreement is hereby specifically approved and sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or Agreement in such manner as may be agreed to between the Board of Directors and Shri R. V. Kanoria, provided they are within and in accordance with the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto."

"RESOLVED FURTHER that if in any financial year during the tenure of the Managing Director, the Company has no profits or its profits are inadequate, Shri R. V. Kanoria shall be entitled to receive and be paid as minimum remuneration in that year Salary, Perquisites and Other allowances not exceeding the ceiling of Rs.10.50 lakhs or Rs.87,500 per month, but shall not be entitled to any Commission."

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary to give effect to this Resolution."

13. "RESOLVED that in accordance with the provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the appointment of and the remuneration payable to Shri T.D. Bahety as Wholetime Director of the Company for a period of three years with effect from 20th May, 1998 on the terms and conditions set out in the Draft Agreement submitted to this Meeting and initialled by the Chairman for the purpose of identification, which Agreement is hereby specifically approved and sanctioned with liberty to the Board of

Directors to alter and vary the terms and conditions of the said appointment and/or Agreement in such manner as may be agreed to between the Board of Directors and Shri T.D. Bahety, provided they are within and in accordance with the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto."

"RESOLVED FURTHER that if in any financial year during the tenure of the Wholetime Director, the Company has no profits or its profits are inadequate, Shri T.D. Bahety shall be entitled to receive and be paid as minimum remuneration in that year Salary, Perquisites and Other allowances not exceeding the ceiling of Rs.10.50 lakhs or Rs. 87,500 per month."

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary to give effect to this Resolution."

14. "RESOLVED that in accordance with the provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the appointment of and the remuneration payable to Shri O.P. Patodia as Wholetime Director of the Company for a period of three years with effect from 20th May, 1998 on the terms and conditions set out in the Draft Agreement submitted to this Meeting and initialled by the Chairman for the purpose of identification, which Agreement is hereby specifically approved and sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or Agreement in such manner as may be agreed to between the Board of Directors and Shri O.P. Patodia, provided they are within and in accordance with the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto."

"RESOLVED FURTHER that if in any financial year during the tenure of the Wholetime Director, the Company has no profits or its profits are inadequate, Shri O.P. Patodia shall be entitled to receive and be paid as minimum remuneration in that year Salary, Perquisites and Other allowances not exceeding the ceiling of Rs.10.50 lakhs or Rs. 87,500 per month."

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary to give effect to this Resolution."

15. "RESOLVED that pursuant to Sections 80, 81(1-A) and all other applicable provisions, if any, of the Companies Act, 1956 and the enabling provisions of the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed, and the prevailing statutory guidelines in this behalf and subject to all such consents, permissions or sanctions of appropriate authorities that may be required in this connection, and subject to all such conditions, modification as may be prescribed while granting such approvals and 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 of the Board for the time being, duly authorised by the Board, exercising the powers conferred by this resolution), consent of the Company be and is hereby accorded to the Board to issue/offer and allot Cumulative Redeemable Preference Shares of the face value of Rs.100 each and of an aggregate amount not exceeding Rs.10 Crores (Rupees Ten crores) in such one or more tranches as the Board in its sole discretion may at any time or times hereafter decide, to such Person or Persons whether Financial Institutions, Banks, Bodies Corporate, Trusts, Mutual Funds, Local Bodies and/or other entities whether members of the Company or not, or any combination thereof, whether through public issue, rights issue, or on private placement basis as the Board may in its



sole discretion decide, as part of raising funds for general corporate purposes of the Company, on such terms and conditions including the number of shares to be issued/re-issued in each tranche, the terms or combination of terms subject to which the said Preference Shares are to be issued/re-issued at various points of time, rate of dividend, terms for cumulation of dividend, redemption period, manner of redemption, premium on redemption or premature or early redemption at the option of the Company and/or the investor and other related or incidental matters as are provided in offerings of a like nature and as the Board may in its absolute discretion deem fit in conformity with the relevant provisions of the Articles of Association of the Company.”

“RESOLVED FURTHER that such of these shares to be issued, as are not subscribed may be disposed of by the Board to such person(s) and in such manner and on such terms and conditions as the Board may, in its absolute discretion, think most beneficial to the Company.”

“RESOLVED FURTHER that the Board be and is hereby authorised in particular to make arrangements with any Financial Institution or any other body or person to underwrite the whole or any part of the issue of the said Preference Shares and/or pay brokerage in respect thereof subject to the relevant provisions of applicable laws, rules and regulations, including Section 76 of the Companies Act, 1956.”

“RESOLVED FURTHER that for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to offer/issue, allotment and utilisation of proceeds, the manner and mode of redemption, reissue, listing of the shares on such recognised Stock Exchanges and to make or accept or agree to any additional conditions, alterations or obligations in respect of any one or more terms of the issue, subject to and in accordance with the applicable rules/guidelines in this behalf as the Board deems fit and other incidental matters pertaining to the issue of the shares and to finalise and execute all such deeds, instruments, documents and writings as may be necessary desirable or expedient to give effect to this Resolution without being required to seek any further consent or approval of the Company or otherwise to the end, and intent that they shall be deemed to have given their approval thereto expressly by the authority of this Resolution.”

16. “RESOLVED that pursuant to the provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), the Articles of Association of the Company be and are hereby further altered as follows :

- (a) That at the end of the existing interpretation of “The Company” but before the interpretation of “The Directors” in Article 2 the following interpretations shall be inserted, viz. :

“Depositories Act” shall mean Depositories Act, 1996 or any statutory modification or re-enactment thereof

“Beneficial Owner” shall have the meaning assigned thereto by Section 2 of the Depositories Act, 1996

“Depository” shall have the meaning assigned thereto by the Depositories Act, 1996

"Shareholder(s)" or "Member(s)" mean the duly registered holder(s) from time to time of the Share(s) of the Company and includes the subscriber(s) of the Memorandum of the Company and also every person holding Equity Share(s) and/or Preference Share(s) of the Company as also one whose name is entered as beneficial owner in the records of the Depository.

- (b) That the following new Article 16(5) be inserted after the existing Article 16(4), viz. :

Option to Dematerialise Securities :

16(5) Notwithstanding anything contained in these Articles, the Company may in accordance with the provisions of the Depositories Act, dematerialise any or all of its shares, debentures and other marketable securities for subscription in a dematerialised form and on the same being done, the Company shall be entitled to maintain a Register of Members/Debenture holders holding shares both in material and dematerialised form in electronic or any other mode as permitted by law either in respect of the existing shares/debentures and/or any future issue. Provided that, the provisions set forth in Articles 14 to 16(4) shall not apply to shares which have been dematerialised.

- (c) That after the existing Article 48, the following new Articles numbered as 48A and 48B be inserted :

48A Nothing contained in Articles 37, 38 and 39 shall apply to the transfer of shares, debentures or other marketable securities effected by the transferor and the transferee, both of whom are entered as beneficial owners in the records of the Depository.

48B In the case of transfer of shares, debentures or other marketable securities where the Company has not issued any certificates and where shares and securities are being held in an electronic and fungible form, the provisions of the Depositories Act, shall apply. Provided that in respect of the shares, debentures and other marketable securities held by the Depository on behalf of a beneficial owner as defined in the Depositories Act, Sections 153, 153A, 153B, 187B, 187C and 372 of the Companies Act, 1956 shall not apply.

- (d) That after the existing Article 54, the following new Article 54A be inserted :-

54A The Company shall have power, subject to and in accordance with all applicable provisions of the Act, to purchase any of its own fully paid shares whether or not they are redeemable and may make a payment out of the Free Reserves and/or Share Premium Account and/or Capital in respect of such purchase".

By order of the Board,

Registered Office :  
"Park Plaza"  
71, Park Street,  
Calcutta - 700 016  
21st May, 1998

B.P. Dhanuka  
Secretary.



## NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.

Proxies, in order to be effective, must be received by the Company not less than 48 hours before the meeting.

2. The Explanatory Statement, as required under Section 173 of the Companies Act, 1956, is annexed hereto.
3. The Register of Members and Share Transfer Books in respect of Equity Shares of the Company will remain closed from 1st August, 1998 to 29th August, 1998 (both days inclusive).
4. The Dividend, as recommended by the Board, if declared at the meeting, will be payable to eligible members whose names are on the Company's Register of Members on 29th August, 1998.
5. Members may inform the Company the details of their Bank account number, Branch so that the same may be included in the dividend warrants.
6. In accordance with the provisions of Section 205A of the Companies Act, 1956, the Company has, from time to time, transferred unclaimed/unpaid dividends relating to the years upto 31st March, 1994, to the General Revenue Account of the Central Government. Members who have a valid claim to any of the unclaimed/unpaid dividends, as aforesaid, may claim the same from the Registrar of Companies, West Bengal, Nizam Palace, Calcutta in the prescribed manner.
7. In accordance with the provisions of Section 205A of the Companies Act, 1956, the unclaimed/unpaid dividends relating to years ended 31st March, 1995, 1996 and 1997 will be transferred to the General Revenue Account of the Central Government on or about 25th October, 1998, 25th October, 1999 and 6th November, 2000 respectively. Members who have a valid claim to any of the unclaimed/unpaid dividends, for these three years are requested to lodge their claim with the Share Department of the Company at its Registered Office.

22. Explanatory Statement pursuant to Section 173 of the Companies Act, 1956.

Re : Item No. 4 :

Messrs. Singhi & Co., Chartered Accountants, the retiring Auditors have intimated that their appointment for the ensuing year, if made, would be in accordance with the limits specified in Section 224 (1B) of the Companies Act, 1956. As more than 25% of subscribed share capital of the Company is held by Public Financial Institutions etc., this Resolution is proposed as a Special Resolution, as required by Section 224A of the Companies Act, 1956.

Re : Item Nos. 5, 6 & 7 :

Sarvashree A. Vellayan, T.D. Bahety and O.P. Patodia were appointed as Additional Directors of the Company and, as such, they shall hold office only upto the date of

Annual General Meeting. Sarvashree A. Vellayan, T.D. Bahety and O.P. Patodia are not retiring Directors. The Company has received three Notices from Shareholders under Section 257 of the Companies Act, 1956 signifying their intention to propose Sarvashree A. Vellayan, T.D. Bahety and O.P. Patodia as candidates for the office of the Directors of the Company. The Ordinary Resolutions being item No. 5, 6 & 7 set out in the convening Notice are intended for the said purpose.

None of the Directors of the Company except Sarvashree A. Vellayan, T.D. Bahety and O.P. Patodia, is interested or concerned in the said resolutions.

Re : Item Nos. 8 & 9 :

In view of proposed issue of Preference Shares mentioned in item no. 15 of this notice, present Authorised Capital of the company is required to be increased.

Your Directors recommend the resolutions set out at item nos. 8 & 9 for your approval.

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

Re : Item Nos. 10 & 11 :

The Industrial Finance Corporation of India Ltd. (IFCI) has sanctioned Rupee Term Loan not exceeding Rs. 9.00 Crores as mentioned in Item No.10 of this notice, for Lindane Expansion and Modernisation scheme for Renukoot Chemical Works Division at Renukoot, Dist. Sonbhadra U.P. and EXIM Bank has sanctioned Rupee Term Loan of Rs. 2.40 Crores under Export Market Development Scheme. These Term Loans shall be/have been secured by mortgage(s) and/or charge(s) on the properties of Renukoot Chemical Works Division of the Company.

Steps have been taken for issue of Non-convertible Debentures (10th Series) of an aggregate amount not exceeding Rs. 20.00 Crores as mentioned in item No.10 of this Notice for working Capital requirement and normal capital expenditure of the Company. These Debentures will be secured by mortgage and/or charge on the properties of Renukoot Chemical Works Division of the Company.

The Industrial Finance Corporation of India Ltd. (IFCI) has sanctioned Rupee Term Loan not exceeding Rs. 4.65 Crores as mentioned in Item No.11 of this notice, for setting up a Bio-gas Power Plant with installed capacity of 2.006 MW at Ankleshwar Chemical Works at Ankleshwar, Dist. Bharuch (Gujarat). This Term Loan will be/have been secured by mortgage(s) and/or charges on the properties of Ankleshwar Chemical Works Division of the Company.

Non-convertible debentures (9th Series) of an aggregate amount of Rs. 4.00 Crores as mentioned in Item No.11 of this Notice have been privately placed with LIC for working Capital requirement and normal capital expenditure of the Company. These Debentures have been secured by mortgage and/or charge on the properties of Ankleshwar Chemical Works Division of the Company.

Section 293 (1) (a) of the Companies Act, 1956 provides, inter alia, that the Board of Directors of a Public Limited Company shall not, without the consent of the Company in General Meeting, sell, lease or otherwise dispose of, the whole or substantially the whole of the undertaking of the Company or, where the Company owns more than one undertaking, of the whole or substantially the whole of any such undertakings. Since the