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**NAGARJUNA**  
**AGRICHEM LIMITED**

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**ANNUAL REPORT**  
**1996 - 97**



# Nagarjuna Agrichem Limited



## BOARD OF DIRECTORS

Dr. Nitish K. Sen Gupta  
Chairman

Sukhendu Ray

P.K. Mallik

S.P. Sen Gupta

K.S. Raju

C.D. Menon

D. Ranga Raju

S. Koteswara Rao

P. R. Menon

E.S. Ravi Sekar  
IDBI Nominee

## Auditors

M. Bhaskara Rao & Co.  
Chartered Accountants  
5D, Kautilya, Somajiguda  
Hyderabad - 500 082.

## Bankers

Bank of Baroda  
Industrial Finance Branch  
Basheerbagh  
Hyderabad - 500 029.

State Bank of Mysore  
Banjara Hills Branch  
Road No.5, Jubilee Hills  
Hyderabad - 500 033.

Indian Overseas Bank  
Main Branch  
Bank Street  
Hyderabad - 500 195.

Company Secretary  
P. Varadarajan

## Registered Office

Plot No. 61  
Nagarjuna Hills  
Punjagutta  
Hyderabad - 500 082.

## Factory

Arinama Akkivalasa  
Etcherla Mandal  
Srikakulam - 532 403.

## Share Transfer Agents

Nagarjuna Investors Services Ltd.  
1, Nagarjuna Hills, Punjagutta  
Hyderabad - 500 082.



## Nagarjuna Agrichem Limited

### NOTICE

Notice is hereby given that the Tenth Annual General Meeting of Nagarjuna Agrichem Limited will be held at 10 AM on Monday, the 8th day of September 1997 at Bharatiya Vidya Bhavan, Kulapati Munshi Sadan, 5-9-1105, Basheerbagh - King Koti Road, Hyderabad 500 029 to transact the following business :

1. To receive, consider and adopt the Balance Sheet as at 31st March 1997, and Profit and Loss Account for the year ended 31st March 1997, and the reports of the Auditors and Directors thereon.
2. To elect a Director in place of Shri K S Raju who retires by rotation and being eligible offers himself for re-election.
3. To elect a Director in place of Shri S Koteswara Rao who retires by rotation and being eligible offers himself for re-election.
4. To elect a Director in place of Shri P R Menon who retires by rotation and being eligible offers himself for re-election.
5. To appoint Auditors and to fix their remuneration. M/s. M. Bhaskara Rao & Co., Chartered Accountants, Hyderabad, the retiring Auditors being eligible offer themselves for re-appointment.

### SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution :

\*RESOLVED THAT pursuant to Sections 198, 269, 387, 388, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and such other approval(s) as may be necessary, Shri W V B Ramalingam, be and is hereby appointed as Manager under the Companies Act 1956, and designated as President, for a period of three years from 1st May, 1997 to 30th April, 2000 on the terms and conditions given below :

#### 1. Salary :

He shall be paid a Salary of Rs.41,200/- per month including all allowances.

#### 2. Perquisites :

Perquisites shall be restricted to an amount equal to the Annual Salary.

##### i) Housing :

- a) The expenditure incurred by the Company on hiring furnished accommodation will be subject to a ceiling of 60% of the Salary.
- b) In case the accommodation is owned by the Company, ten percent of the Salary shall be deducted from his salary.

**Explanation :** The expenditure incurred by the Company on gas, electricity, water and

furnishings shall be valued as per the Income Tax Rules, 1962 subject to a ceiling of ten percent of the salary.

##### ii) Medical Reimbursement :

Reimbursement of expenses incurred for self and family subject to a ceiling of Rs.20,000/- in a year or Rs.60,000/- over a period of three years.

##### iii) Leave Travel Concession :

Leave Travel Concession for self and family once in a year incurred in accordance with the rules of the Company.

**Explanation :** For clauses (ii) and (iii) above, family means the spouse, the dependent children and dependent parents.

##### iv) Club Fees :

Fees of club subject to a maximum of one club. No admission and life membership fees will be paid.

##### v) Personal Accident Insurance :

Personal Accident Insurance of an amount, the annual premium of which does not exceed Rs.6,000 per annum.

- vi) a) Company's Contribution towards Provident Fund as per the rules of the Company.
- b) Gratuity as per the rules of the Company.
- c) Company's contribution towards Superannuation Fund as per the rules of the Company.

The aforesaid perquisites stated in (vi) (a), (b) and (c) will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

##### vii) Earned Leave :

On full pay and allowances and perquisites as per the rules of the Company, but not exceeding one month's leave for every eleven months of service and leave accumulated shall be encashable at the end of tenure. Encashment of leave at the end of tenure will not be included in the computation of the aforesaid ceiling on perquisites and/or salary.

- viii) Car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls and use of car for private purposes shall be billed by the Company to him.

In the event of loss or inadequacy of profits in any financial year, he shall continue to be paid remuneration by way of salary and perquisites as specified above.

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RESOLVED FURTHER THAT remuneration specified above for Shri W V B Ramalingam may subject to the overall ceiling specified above and subject to Schedule XIII of the Companies Act, 1956 be modified as may be agreed to by the Board and Shri W V B Ramalingam."

7. 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 Section 16, 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital of the Company be increased from Rs.15 Crores to Rs.20 Crores by addition of 50,00,000 Cumulative Convertible Preference Shares of Rs.10 each.

RESOLVED FURTHER THAT the existing sub-clause (a) of Clause V of the Memorandum of Association of the Company be deleted and in its place the following sub-clause be inserted:

### Clause V :

- a) The Authorised Share Capital of the Company is Rs.20,00,00,000/- (Rupees Twenty Crores Only) divided into -
- (i) 1,50,00,000 (One Crore and Fifty Lakhs Only) Equity Shares of Rs.10/-each; and
  - (ii) 50,00,000 (Fifty Lakhs Only) Cumulative Convertible Preference Shares of Rs.10/- each

to be increased, reduced or varied in accordance with the Companies Act, 1956.

RESOLVED FURTHER THAT the existing clause 4 of the Articles of Association of the Company be deleted and in its place the following clause be inserted.

### Clause 4 :

The Authorised Share Capital is Rs.20,00,00,000/- (Rupees Twenty Crores Only) divided into

- (i) 1,50,00,000 (One Crore and Fifty Lakhs Only) Equity Shares of Rs.10/- each; and
- (ii) 50,00,000 (Fifty Lakhs Only) Cumulative Convertible Preference Shares of Rs.10/- each, with power to increase, reduce or modify the said capital from time to time in accordance with these Articles and the legislative provisions for the time being in force in this behalf and with power to divide the shares in the Capital for the time being into several classes and to attach thereto respectively such preferential, qualified or special rights, privileges or conditions including that of redemption and/or conversion as may be determined by or in accordance with these presents and the provisions of the law for the time being in force.

RESOLVED FURTHER THAT the existing sub-clause (c) of clause 5 of the Articles of Association be deleted and the following clauses 5 (c), (d), (e), (f) and (g) be inserted after the existing sub-clause (b) of clause 5.

### Clause 5.

- c) Subject to the provisions of Section 80 of the Act, the redemption of Preference Shares hereunder may be effected in accordance with the terms and conditions in these Articles or by the terms of their issue and in the absence of any specific terms and conditions in that behalf, in such manner as the Directors may think fit.
- d) Subject to the provisions of the Act, and any other statutory notification and/or regulation as may be in force from time to time and these Articles, the Company shall have power to issue Cumulative Convertible Preference Shares carrying fixed rate of dividend and a right to conversion into Equity Shares at such time or during such period and in such manner as may be decided at the time of issue of such Cumulative Preference Shares or as the Board of Directors may determine from time to time in accordance with the provisions of the Companies Act, 1956 or any other statutory notification and/or regulation as may be in force from time to time or these regulations and any special resolution passed by the members of the Company in General Meeting.
- e) Preference Shares issued as Cumulative Preference Shares shall, unless the terms of issue thereof otherwise provide, subject as hereunder provided, confer on the holders thereof the following rights and privileges, that is to say:
  - (i) The right to a cumulative preferential dividend at such rate as may be prescribed in the terms of issue of such shares, on the amount of share capital for the time being paid-up thereon, subject to deduction of taxes if any, at source at the rate or rates prescribed from time to time.
  - (ii) The right in the event of winding up of the Company to the payment of such capital and arrears of dividend upto the commencement of winding up in priority to the Equity Shares but shall not confer any further right to participate in profits or assets.
- f) Subject to the provisions of the Articles, the Company shall be entitled to create or issue further Preference Shares ranking in all or any respects pari passu with the then existing and outstanding Preference Shares issued for the



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time being and outstanding, provided that in the event of its creating and/or issuing Preference Shares in future, ranking pari passu with the then existing and outstanding Preference Shares or part thereof, the Company would do so only with the consent of the holders of not less than three fourth of the paid up Preference Share Capital.

- g) The Preference Shares shall not confer on the holders thereof the right to vote either in person or by proxy at any general meeting of the Company save to the extent and in the manner provided by Section 87(2) of the Act or any amendment or re-enactment thereof."

8. 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 81(1A) and other applicable provisions, if any, of the Companies Act 1956, and subject, wherever required, to any other approval of Appropriate Authorities, the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any duly authorised Committee thereof for the time being exercising the powers conferred on the Board by this Resolution) be and is hereby authorised to issue 42,65,000 Cumulative Convertible Preference Shares (CCPS) of Rs.10/- each for cash at par to the equity shareholders of the Company, on such date or dates and on such terms and conditions as the Board may at its sole discretion determine subject always to the provisions of the Articles of Association of the Company and the terms and conditions specified hereinbelow:

- i) the said new CCPS shall be issued to the existing equity shareholders whose name is registered on the Register of Members of the Company on such date as may be fixed by the Board, in the ratio as nearly as the circumstances permit, of one CCPS for every two Equity Shares held by them in the Company or such other number, proportion or ratio as the Board may specify.
- ii) the said offer shall be made to each member of the Company by a notice specifying the number of CCPS to which each such member is entitled and the terms and conditions of the offer.
- iii) any member receiving such offer shall be entitled to take up all or any of the CCPS so offered to him or to renounce the same in favour of irrevocably appointed nominee or nominees of such person or persons, to take up all or any of such CCPS provided that such renunciation shall be in such proportion as the Board may specify.

- iv) the offer if not accepted with the payment of the sum as mentioned in the offer/application payable along with application on or before the date fixed by the Board or such extended date as may be determined by the Board from time to time, shall be deemed to have been declined.
- v) after the expiry of the prescribed time or on receipt of an intimation that the person declines to accept the CCPS so offered, the Board be and is hereby authorised and empowered:
  - a) to dispose of and allot any of the CCPS not taken up by the persons entitled thereto or remaining not disposed of, to the members applying for additional shares on an equitable basis provided that the members who renounce their rights to the CCPS shall not be entitled to apply for additional CCPS and provided further that the allotment of such additional CCPS shall be at the sole discretion of the Board and subject to such conditions as may be prescribed by the Board; and
  - b) to dispose of any balance of CCPS still remaining unsubscribed and/or unallotted, in such manner as the Board may at its sole discretion deem fit and proper.
- vi) the value of Rs.10/- per CCPS shall be paid on application, allotment and such number of calls as may be specified by the Board.
- vii) the CCPS shall qualify for dividend, only from the date of allotment and the dividend shall be payable proportionate to the amount paid up.
- viii) the CCPS will be converted at par into equity shares after the completion of eighteen months from the date of allotment but before completion of five years from the date of allotment at the sole discretion of the Board. The CCPS unless converted earlier, shall stand converted automatically into equity shares at the end of five years from the date of allotment provided that the conversion shall be effective without any act or application on the part of the holder of the CCPS.
- ix) the CCPS shall carry voting rights as are applicable to preference shares as per the Articles of Association of the Company and the Companies Act, 1956.
- x) the CCPS would not be redeemable at any stage.
- xi) the conversion of the CCPS into equity would be deemed as being one resulting from the process of redemption of the preference shares out of the proceeds of fresh issue of shares made for the purpose of redemption.

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xii) the equity shares issued and allotted by the Company upon conversion of the CCPS shall rank pari passu in all respects with the existing fully paid equity shares in the capital of the Company and payment of dividend in the year of allotment shall be prorata from the date of the allotment.

xiii) on conversion of the CCPS as aforesaid, the right to receive arrears of dividend, if any, on the CCPS upto the date of such conversion shall devolve on the holder of the equity shares on such conversion. The holder of the such equity shares shall be entitled to receive the arrears of dividend as and when declared.

**FURTHER RESOLVED THAT** for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to issue Letter of Offer and prescribed forms of application and renunciation and other documents as may be required and to do all such acts, deeds, matters and things and to determine the manner in which the fractions may be dealt with and to take all such steps and give such directions, including granting of extension of time, as it may in its absolute discretion deem necessary, desirable or expedient and to settle any question or difficulty that may arise in regard to issue and allotment of the CCPS\*.

**By Order of the Board**

Date : 19th May, 1997

**P Varadarajan**

Place : Hyderabad

Company Secretary

### NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such a proxy need not be a member of the Company.
2. Proxies in order to be effective must be filed with the Company at its Registered Office not later than forty eight hours before the meeting.
3. Explanatory Statement under Section 173(2) of the Companies Act, 1956 in respect of Special Business is annexed hereto.
4. The members are requested to intimate promptly any change in their address to the Transfer Agents, Nagarjuna Investors Services Ltd., Plot No.1, Nagarjuna Hills, Hyderabad 500 082.

### EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.

#### Item No.6

The Board of Directors at their meeting held on 25th March 1997, had appointed Shri W V B Ramalingam, as Manager under the Companies Act, 1956, with effect from 1st May 1997 and designated him as President.

Shri W V B Ramalingam is a Post Graduate in Chemical Engineering from IIT, Karaghpur. He has around 30 years of experience in Chemical Industry and has worked for reputed companies. His association will immensely benefit the Company. The Directors commend the resolution for approval.

The members may consider approval of the appointment of Mr. W V B Ramalingam, as Manager of the Company designating as President, with effect from 1st May 1997.

None of the Directors is interested in the resolution.

#### Item Nos.7 & 8

The Board of Directors at their meeting held on 25th March 1997, had decided to issue, subject to receipt of necessary approvals, Cumulative Convertible Preference Shares (CCPS) aggregating Rs.426.50 lakhs, on Rights basis to the existing shareholders of the Company to meet the long term fund requirements of the Company.

The existing provisions of the Memorandum and Articles of Association of the Company do not provide for issue of CCPS. Hence it is necessary to amend the Memorandum and Articles of Association of the Company to incorporate suitable provisions to enable issue of CCPS. Further the Directors had also decided to increase the Authorised Share Capital of the Company from Rs.15 Crores to Rs.20 Crores by addition of 50 Lakhs CCPS of Rs.10/- each. The resolution proposed under Item No.7 is to give effect to the above mentioned changes.

The resolution proposed under Item No.8 is to authorise the Board of Directors of the Company to issue 42,65,000 CCPS of Rs.10/- each to the existing shareholders of the Company and to deal with the matters connected therewith, as required under Section 81(1A) of the Companies Act, 1956.

The Directors commend the resolution for approval.

None of the Directors is interested in the above resolution except to the extent of their entitlement to CCPS on their equity shareholding in the Company.

All the documents and/or correspondences referred to in the Notice and the Explanatory Statement are available for inspection at the Registered Office of the Company between 10.30 A M and 12.30 P M on any working day prior to the meeting.

**By Order of the Board**

Date : 19th May, 1997

**P. Varadarajan**

Place : Hyderabad

Company Secretary