

# NAGARJUNA

## AGRICHEM LIMITED

# ANNUAL REPORT 2001-2002

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**15TH ANNUAL GENERAL MEETING**

Day : Thursday  
Date : 12th September, 2002  
Time : 10 a.m.  
Venue : Bharatiya Vidya Bhavan,  
Kulapati Munshi Sadan,  
5-9-11-5, Basheerbagh,  
King Koti Road,  
Hyderabad - 500 029.

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(Australia) Pty Limited .....	45
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**BOARD OF DIRECTORS**

**Dr. Nitish K. Sen Gupta**  
Chairman

**Sukhendu Ray**

**P.K. Mallik**

**K.S. Raju**

**C.D. Menon**

**D. Ranga Raju**

**S. Koteswara Rao**

**G.S. Raju**

**K. Rahul Raju**

Company Secretary  
**A.S. Pardha Saradhi**

**Registered Office**  
Plot No.61, Nagarjuna Hills,  
Punjagutta, Hyderabad - 500 082

**Factory**

Arinama Akkivalasa  
Etcherla Mandal  
Srikakulam - 532 403

**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  
Industrial Finance Branch  
P.B.No.125, Myhome Jupally  
Ameerpet, Hyderabad - 500 016

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

**Share Transfer Agents**

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

**NOTICE**

Notice is hereby given that the Fifteenth Annual General Meeting of Nagarjuna Agrichem Limited will be held at 10. a.m on Thursday, the 12th September, 2002 at Bharatiya Vidya Bhavan, Kulapati Munshi Sadan, 5-9-11-5, Basheerbagh, King Koti Road, Hyderabad 500 029 to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Annual Report of Directors, Balance Sheet as at March 31, 2002 and the Profit and Loss Account for the financial year ended March 31, 2002 and the Reports of the Auditors thereon.
2. To declare a Dividend on the Equity Shares for the year ended March 31, 2002.
3. To declare a Dividend on the Cumulative Convertible Preference Shares.
4. To appoint a Director in the place of Mr. P.K. Mallik who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in the place of Mr. D. Ranga Raju who retires by rotation and is eligible for re-appointment.
6. To appoint a Director in the place of Mr. S. Koteswara Rao who retires by rotation and is eligible for re-appointment.
7. To appoint Auditors and to fix their remuneration. M/s. M. Bhaskara Rao & Co., Chartered Accountants, Hyderabad, the retiring Auditors are eligible for re-appointment.

**SPECIAL BUSINESS**

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

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293 (1)(a) and other applicable

provisions, if any, of the Companies Act, 1956 to mortgaging and/or charging by the Board of Directors of the Company of all the immovable and movable properties of the Company wheresoever situate, both present and future, and / or conferring power to enter upon and to take possession of assets of the Company in certain events, to or in favour of ICICI Bank Limited (ICICI) to secure the enhanced working capital facilities of Rs.150 lakhs availed from ICICI together with interest thereon at the agreed rates, compound interest, additional interest, liquidated damages, premia on prepayment or on redemption, costs, charges, expenses and other moneys payable by the Company to ICICI under Loan Agreements, Memorandum of Terms and Conditions entered into/to be entered into by the Company in respect of the said financial assistance.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to finalise with ICICI documents for creating aforesaid mortgage and / or the charge and to do all such acts and things as may be necessary for giving effect to this resolution".

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

"RESOLVED THAT in supersession of the Resolution passed at the Ninth Annual General Meeting held on 18th September, 1996 and pursuant to section 293(1)(d) of the Companies Act, 1956, and all other enabling provisions, if any, the consent of the company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time any sum or sums of moneys which, together with the moneys already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business), 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, provided that the total amount of money/moneys so borrowed by the Board shall not at any time



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exceed the limit of Rupees 100 crores (Rupees One Hundred Crores only)".

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

"RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, Memorandum and Articles of Association of the Company and in accordance with the existing guidelines of the Securities and Exchange Board of India (SEBI) and subject to all consents and permissions required by law and subject to such conditions and modifications as may be imposed and accepted by the Board of Directors of the Company (hereinafter referred to as the 'Board', which term shall be deemed to include for the purposes of this resolution a Committee of Directors constituted or may hereafter be constituted for this purpose) the consent of the Company be and is hereby accorded to the Board to offer and issue to Vijayalakshmi Insecticides & Pesticides Private Limited (VIPL) on a preferential basis of 45,55,000, Equity Shares in the Share Capital of the Company of the face value of Rs 10/- each for cash at a issue price of Rs. 16.15 per share which is 25% more than the price of Rs.12.90 on the relevant date of 13th August, 2002 determined in accordance with the existing SEBI Guidelines relating to preferential issues, subject to the following terms and conditions:

The Equity Shares to be issued and allotted by the Company in the manner aforesaid shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari passu in all respects with the existing equity shares of the Company, except that with respect to dividend declared for the financial year of the Company in which the said Equity Shares are allotted they shall qualify for dividend only on a pro-rata basis from the date of allotment."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to settle all questions and matters arising out of and incidental to the

proposed offer and issue of Equity Shares and to take all steps which the Board, in its absolute discretion, considers necessary, proper or expedient for implementing this resolution."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to make on its own accord or to accept such amendments, modifications, variations and alterations as the Securities and Exchange Board of India and / or Financial Institutions / Banks may stipulate in that behalf and to amend, modify, vary or alter all or any of the terms of the proposed issue on such terms as the Board may in its absolute discretion decide."

11. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary 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 and is hereby reclassified by creation of 50,00,000 Equity Shares of Rs.10/- each and that the 50,00,000 Cumulative Convertible Preference Shares of Rs. 10/- each which now form part of the present Authorised Share Capital of the Company be and are hereby cancelled so that the Authorised Share Capital of the Company upon the proposed reclassification will be Rs. 20,00,00,000/- (Rupees Twenty Crores only) divided into 2,00,00,000 Equity Shares of Rs. 10/- each.

"RESOLVED FURTHER THAT the existing Clause V of the Memorandum of Association of the Company be replaced with the following clause, namely:

- V. The Authorised Share Capital of the Company is Rs. 20,00,00,000/- (Rupees Twenty Crores only) divided into 2,00,00,000 Equity Shares of Rs. 10/- each with power to increase, reduce or modify the said capital from time to time in accordance with the regulations of the Company and the legislative provisions for the time being in force in this behalf



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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 the regulations of the Company or the provisions of the law for the time being in force."

"RESOLVED FURTHER THAT the existing Clause 4 under the Heading "Capital" of the Articles of Association of the Company be replaced with the following Clause, viz; the Authorised Share Capital is Rs.20,00,00,000/- (Rupees Twenty Crores only) changed into 2,00,00,000 (Two Crores only) 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.

By Order of the Board

Place : Hyderabad                      **A.S.Pardha Saradhi**  
Date : 13th August, 2002      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. Instrument of proxies in order to be effective must be lodged with the Company's registered office not less than forty eight hours before the commencement of the meeting.
3. The members are requested to intimate promptly any change in their address to the Share Transfer Agents of the Company, Nagarjuna Investors Services Ltd., Plot No.1, Nagarjuna Hills, Hyderabad - 500 082.
4. The Register of Members and Share Transfer Books will remain closed from 3rd September, 2002 to 12th September, 2002 (both days inclusive).
5. The Dividend when declared will be payable on or after 12th September, 2002 to those shareholders whose names appear on the Company's Register of Members as on 3rd September, 2002.
6. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business is annexed hereto.
7. In order to provide protection against fraudulent encashment of Dividend Warrants, Members are requested to provide their Bank Account Number, Name and Address of the Bank/ branch to enable the Company to incorporate the same in the Dividend Warrants.
8. As per the Finance Act 2002, the dividend is taxable in the hands of the recipient. For any dividend payment exceeding Rs. 2500 per individual shareholder, the company is required by law to deduct tax at source. Shareholders who are not required by law to file tax returns can submit Form 15-G to the company to enable us to pay the dividend without deducting tax at source.
9. All communication relating to shares are to be addressed to the Company's Share Transfer Agents, Nagarjuna Investors Services Limited, Plot No.1, Nagarjuna Hills, Hyderabad - 500 082.
10. The company has paid the Listing Fees for the year 2002-2003 to all the Stock Exchanges where the shares of the Company are listed.



## Nagarjuna Agrichem Limited

### Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956

#### Item No. 8

The Company availed enhanced working capital facilities of Rs.150 lakhs from ICICI Bank Limited (ICICI). The financial assistance from ICICI has to be secured by mortgage of all the immovable and movable properties of the Company both present and future. Section 293 (1)(a) of the Companies Act, 1956 provides that the Board of Directors of a public company shall not without the consent of the members sell, lease or otherwise dispose of the whole, or substantially the whole of the undertaking of the Company. Since the mortgaging by the Company of its immovable and movable properties as aforesaid in favour of ICICI may be regarded as disposal of the Company's properties / undertakings, it is necessary for the members to pass a resolution authorising creation of the said mortgages / charges. The Board commends the resolution for approval of the Shareholders.

None of the Directors is interested in the resolution.

#### Item No. 9

Pursuant to the provisions of Section 293 (1) (d) of the Companies Act, 1956, the Shareholders of the Company, at an Annual General Meeting held on 18th September, 1996 had authorised the Board of Directors to borrow money, notwithstanding that the moneys to be borrowed by the Company (apart from temporary loans obtained from Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up capital and free reserves of the Company, provided the aggregate money so borrowed does not exceed Rs. 40 crores.

Considering the increase in the level of operations

of the Company, it is preferable to increase the existing limit on the borrowing powers of the Board of Directors from Rs. 40 crores to Rs. 100 crores.

#### Item No. 10

As part of its ongoing plans to diversify into profitable areas of business and to expand its product line, your Company has been able to identify a profitable business comprising of manufacture and sale of Phorate-G, an insecticide with wide applications and good sales margin. Towards this end, your Company has been able to successfully negotiate an agreement with Vijayalakshmi Insecticides and Pesticides Private Limited (VIPL) for purchase on slump sale basis the Undertaking comprising the business of manufacture and sale of Phorate-G at its plant located at Shadnagar, Mehaboobnagar District, Andhra Pradesh, for an aggregate consideration of Rs 3,39,66,000/- representing the fair value of the said Undertaking determined by Deloitte Haskins & Sells, Chartered Accountants. The transfer of the Undertaking would be effective from 1st October, 2002 and would contribute to the revenues and profitability of your Company during this financial year and later.

VIPL from time to time has also been extending trade advances to your Company and an amount of Rs.3,95,97,250 is outstanding and payable to them. VIPL has agreed to the discharge of the above trade advances by allotment of Equity Shares of your Company and has further agreed to be issued and allotted Equity Shares against the consideration of Rs.3,95,97,250.

The aggregate amount for which Equity Shares have been agreed for issue and allotment in its favour by VIPL on terms determined by the Board of Directors of your Company in accordance with SEBI Guidelines is Rs.7,35,63,250.



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The Board of Directors of your Company have accordingly approved the proposal to issue and allot Equity Shares on a preferential basis to VIPL at a price of Rs. 16.15 per share which represents a premium of 25% over the price of Rs.12.90 determined on the basis of the existing SEBI guidelines for preferential issues, on the relevant date i.e., 13th August, 2002.

The aforesaid preferential issue will augment the issued and paid-up Equity Share Capital of your Company and the Securities Premium Account to the extent of the premium realized over and above the face value of the Equity Shares offered.

In accordance with the SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997, the following disclosures are made with respect to the preferential offer covered under Item No.10 of the Notice of this Meeting:

### 1. Identity of the class of proposed allottee:

The entire issue and allotment of the Equity Shares is proposed in favour of Vijayalakshmi Insecticides and Pesticides Private Limited (VIPL) who is deemed to be a Promoter, pursuant to the definition assigned in Regulation 2(h) of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997.

### 2. Present holding of the proposed allottee

VIPL does not hold any Equity Shares in the Company as on the date of the Notice of this Meeting.

### 3. The proposed Allottee is :

Name of the Allottee	% of post issue capital
Vijayalakshmi Insecticides and Pesticides Private Limited	26.254

### 4. Issue Price

The Issue Price of Rs. 16.15 per equity share, which represents a premium of 25% over the price of Rs.12.90 determined in accordance with the existing SEBI Guidelines on preferential issues has been duly certified by the Statutory Auditors of the Company.

### 5. Reasons for such preferential allotment

The proposed issue of Equity Shares will augment the present Equity Share Capital and Reserves of the Company and help improve the revenues and profitability of the Company. The preferential offer and issue of Equity Shares to VIPL is proposed subject to the approval by the shareholders against amounts due and payable to VIPL as consideration for purchase of Undertaking and outstanding trade advances due and payable.

### 6. Changes, if any, envisaged in the Board of Directors

Since the proposed offer and issue of Equity Shares is being made to VIPL belonging to the promoters group, there is no change in the Board of Directors or change in control over the Company envisaged by such preferential allotment.

### 7. Changes, if any, in voting rights, post issue of proposed Equity Shares

The holdings of the promoter group and others before and after the proposed issue of Equity Shares on preferential basis is disclosed in the shareholding pattern given above.





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### 8. Shareholding Pattern before and after issue of Equity Shares on preferential basis.

PRE ISSUE			POST ISSUE		
Promoters Holding	No. of shares	Percentage of share holding	Promoters Holding	No. of shares	Percentage of share holding
Nagarjuna Holding P. Ltd	2,637,208	20.611	Nagarjuna Holding P. Ltd	2,637,208	15.200
K.S.Raju & Associates Holdings Pvt. Ltd	2,654,563	20.747	K.S.Raju & Associates Holdings Pvt. Ltd	2,654,563	15.300
Chinnar Securities P Ltd	588,500	4.599	Chinnar Securities P Ltd	588,500	3.392
Nagarjuna Management Services P Ltd	2,773,322	21.675	Nagarjuna Management Services P Ltd	2,773,322	15.985
Nagarjuna Engineering and Construction Co. P Ltd.	588,100	4.596	Nagarjuna Engineering and Construction Co. P Ltd.	588,100	3.390
K. Lakshmi Raju	149,535	1.169	K. Lakshmi Raju	149,535	0.862
K. Rahul Raju	150,800	1.179	K. Rahul Raju	150,800	0.869
K.S. Raju	1	0.000	K.S. Raju	1	0.000
Nagarjuna Securities Ltd	200	0.002	Nagarjuna Securities Ltd	200	0.001
			Vijayalakshmi Insecticides and Pesticides Private Ltd	45,55,000	26.254
<b>Sub Total</b>	<b>9,542,229</b>	<b>74.578</b>	<b>Sub Total</b>	<b>14,097,229</b>	<b>81.252</b>
<b>Non-Promoters Holding</b>			<b>Non-Promoters Holding</b>		
Institutional Investors			Institutional Investors		
Mutual Funds and UTI	1,700	0.013	Mutual Funds and UTI	1,700	0.010
Banks, Financial Institutions, Insurance Companies (Central/state Govt. Institutions / Non-government Institutions)	700	0.005	Banks, Financial Institutions, Insurance Companies (Central/state Govt. Institutions / Non-government Institutions)	700	0.004
FIs	—	—	FIs	—	—
<b>Sub Total</b>	<b>2,400</b>	<b>0.019</b>	<b>Sub Total</b>	<b>2,400</b>	<b>0.014</b>
<b>Others</b>			<b>Others</b>		
Indian Public	3,248,371	25.388	Indian Public	3,248,371	18.723
NRIs/OCBs	2,000	0.016	NRIs/OCBs	2,000	0.012
<b>Sub-Total</b>	<b>3,250,371</b>	<b>25.403</b>	<b>Sub-Total</b>	<b>3,250,371</b>	<b>18.734</b>
<b>Grand Total</b>	<b>12,795,000</b>	<b>100.000</b>	<b>Grand Total</b>	<b>17,350,000</b>	<b>100.000</b>



## Nagarjuna Agrichem Limited

Your directors commend the resolution for approval.

Shri K S Raju and Shri G S Raju may be deemed to be concerned or interested in the resolution to the extent of the Equity Shares to be issued to VIPL by your Company. Other than the above, no other director is concerned or interested in this resolution.

### Item No.11

The present Authorised Share Capital of the Company is Rs. 20 Crores divided into 2,00,00,000 Equity Shares of Rs. 10/- each. It is proposed to reclassify the Authorised Share Capital in the manner as set out in the Notice, without any increase in the overall quantum, to enable, at appropriate time(s) as the Board may hereafter decide, issue of Equity Shares in line with the proposed business plans of

the Company. The alterations to the Capital Clause of the Memorandum of Association and the Authorised Capital in the Articles of Association is purely consequential in accordance with Section 16 of the Companies Act, 1956.

### Inspection of Documents

The documents pertaining to Special Business are available for inspection at the Registered Office of the Company between 10.00 a.m. and 12.30 p.m. on any working day prior to the Date of Annual General Meeting.

By Order of the Board

Place : Hyderabad

Date : 13th August, 2002

**A.S.Pardha Saradhi**

Company Secretary

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