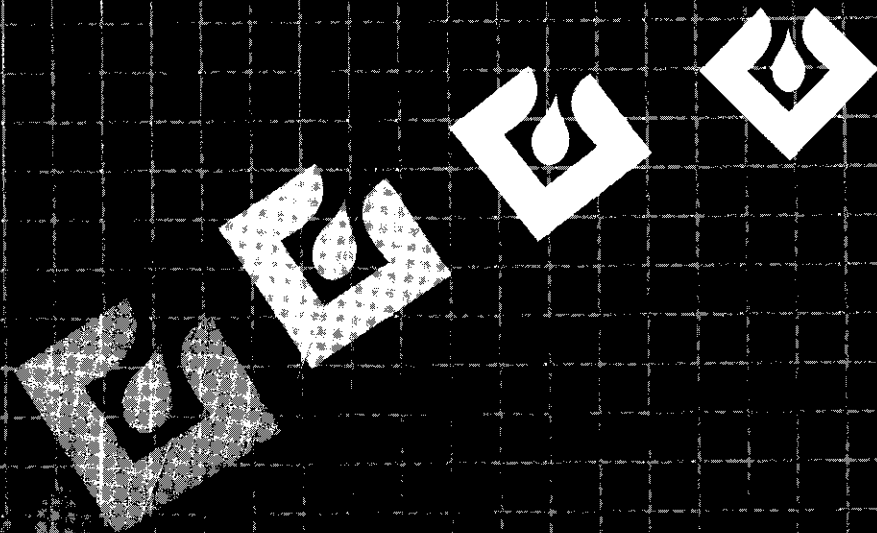


annual report

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H. K. AGROCHEM LIMITED

REGISTERED OFFICE :

201, Aniket, C. G. Road,
Navrangpura,
AHMEDABAD - 380 009.

Phone : (079) 646 8752, 640 2429

Fax : (079) 646 0910

WORKS :

253/P, Chekhala,
Sanand-Kadi Highway,
Ta. Sanand,
Dist. AHMEDABAD - 382 145.

Phone : (02717) 22617-18-19

Fax : (02717) 22616

BOARD OF DIRECTORS

SHRI RAJAN R. HARIVALLABHDAS

Chairman & Managing Director

SHRI SANJAY S. LALBHAI

SHRI SHYAM B. GHIA

SHRI CHINUBHAI R. SHAH

SHRI NAISHADH I. PARIKH

SHRI NAHOOSH J. JARIWALA

Executive Director

SHRIVISHNUVARSHNEY

(Nominee of G.V.F.L.)

SHRI PRAFULL ANUBHAI

AUDITORS :

M/S. C. C. CHOKSHI & CO.,

Chartered Accountants,
Ahmedabad.

BANKERS :

Bank of Baroda

General Manager (Finance)
& Company Secretary :

RAJEN N JHAVERI



NOTICE

NOTICE is hereby given that the Fourteenth Annual General Meeting of the Members of H. K. AGROCHEM LIMITED will be held at Ahmedabad Textile Mills' Association's Hall, Ashram Road, Navrangpura, Ahmedabad - 380 009 on Tuesday, the 31st August, 1999 at 4.00 P.M. to transact the following business:

Ordinary Business :

1. To receive, consider and adopt the Profit & Loss account for the year ended 31st March, 1999, the Balance Sheet as at that date and the Reports of the Board of Directors and the Auditors thereon.
2. To declare a dividend on 14% Redeemable Cumulative Preference shares.
3. To appoint a Director in place of Shri Chinubhai R. Shah who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Vishnu Varshney, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors of the Company for the period commencing from the conclusion of this Annual General Meeting till 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 pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals, consents, sanctions and permissions as may be necessary from the appropriate authorities or bodies, the Articles of Association of the Company be and are hereby altered as follows :

(I) In Article 1,

- (i) the existing definition of "Member" be substituted by the following new definition:-
"Members' or 'Shareholders' means the duly registered holders from time to time of the shares of the Company and includes every person whose name is entered as beneficial owner in the records of the Depository."
- (ii) The existing definition of 'Register' be substituted by the following new definition:-

'Register and Index of Members' :

"The Company shall cause to be kept at its Registered Office or at such other place as may be decided by the Board of Directors, the Register and Index of Members in accordance with Sections 150 and 151 and other applicable provisions of the Companies Act, 1956 and the Depositories Act, 1996 with the details of shares held in physical and dematerialised form in any media as may be permitted by law including in any form of electronic media.

The Register and Index of Beneficial Owners maintained by a Depository under Section 11 of the Depositories Act, 1996 shall also be deemed to be the Register and Index of Members for the purpose of the Companies Act, 1956 and any amendment or re-enactment thereof. The Company shall have power to keep in any State or Country outside India, a Register of Members for the residents in that State or Country."

(II) In Article 16,

- (i) after sub-clause (ii) under the heading 'CERTIFICATES', the following sub-clause (ii) (a) with the marginal notes as indicated shall be substituted:-

"(ii) (a) Shares to be numbered progressively:

The shares of different kinds and classes in the capital shall be numbered progressively according to their several denominations.

Provided that the provision relating to progressive numbering shall not apply to the shares, debentures or other securities of the Company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form."

- (ii) After sub-clause (iv), the following proviso be added:-

"Provided that no share certificate(s) shall be issued for shares held with a Depository."

- (III) After Article 37, the following new Articles with marginal notes as indicated be inserted as Article 37A, 37B and 37C under the general heading: 'NOMINATION':-

NOMINATION :

(i) 37A

- (1) Every shareholder or debentureholder of the Company, may at any time, nominate, in the prescribed manner, a person to whom his shares in, or debentures of the Company shall vest in the event of his death.

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- (2) Where the shares in, or debentures of the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of the Company as the case may be, shall vest in the event of all the joint holders.
- (3) Notwithstanding anything contained in any other law for the time being in force or any disposition, whether testamentary or otherwise, in respect of such shares in or debentures of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in or debentures of the Company, the nominee shall, on the death of the shareholder or debentureholder or, as the case may be, on the death of the joint holders, become entitled to all the rights in such shares or debentures or, as the case may be, all the joint holders, in relation to such shares or debentures, to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.
- (4) Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures, to make the nomination to appoint, in the prescribed manner, any person to become entitled to shares in or debentures of the Company, in the event of his death, during the minority."

"(ii) 37B Transmission of Securities by nominee:-

A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either-

- (1) to be registered himself as holder of the share or debenture, as the case may be; or
- (2) to make such transfer of the share or debenture, as the case may be, as the deceased shareholder or debentureholder, could have made;
- (3) if the nominee elects to be registered as holder of the share or debenture, himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debentureholder as the case may be;
- (4) a nominee shall be entitled to the same dividends and other advantages to which he would be entitled to, if he were the registered holder of the share or debenture except that he shall not, before being registered as a member in respect of his share or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable or rights accruing in respect of the share or debenture, until the requirements of the notice have been complied with."

"(iii) 37C Nomination for fixed deposits:-

A depositor may, at any time, make a nomination and the provisions of Section 109A and 109B shall, as far as may be, apply to the nominations made pursuant to the provisions of Section 58A (11) of the Act."

- (IV) After the insertion of the above new Articles 37A, 37B and 37C, the following new Article with marginal notes as indicated be inserted as Article 37D under the general heading: 'DEMATERIALISATION OF SECURITIES':-

"37D Dematerialisation of Securities

For the purposes of this Article, unless the context otherwise requires:

A. Definitions:

- Beneficial Owner : 'Beneficial Owner' means the beneficial owner as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996;
- Bye-Laws : 'Bye-laws' means bye-laws made by a Depository under Section 26 of the Depositories Act, 1996;
- Depositories Act : 'Depositories Act' means the Depositories Act, 1996, and any statutory modification or re-enactment thereof for the time being in force;
- Depository : 'Depository' means a Company formed and registered under the Companies Act, 1956 (1 of 1956) ('the Act') and which has been granted a certificate of registration under sub section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992);



Record : 'Record' includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by the Regulations made by SEBI;
 Regulations : 'Regulations' means the regulations made by SEBI;
 SEBI : 'SEBI' means the Securities and Exchange Board of India;
 Security : 'Security' means such security as may be specified by SEBI from time to time;

B. Dematerialisation of Securities:

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise or rematerialise its shares, debentures and other securities (both existing and future) held by it with the Depository and to offer its shares, debentures and other securities for subscription in a dematerialised form pursuant to the Depositories Act, 1996 and the Rules framed thereunder, if any;

C. Option for Investors :

Every person subscribing to securities offered by the Company shall have the option to receive the security 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 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 the required certificates of securities.

Where 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 such information, the Depository shall enter in its record the name of the allottee as the beneficial owner of the security;

D. Securities in Depositories to be in fungible form:

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

E. Rights of Depositories and Beneficial Owners:

- i. 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;
- ii. Save as otherwise provided in (i) above, the Depository as a registered owner of the securities shall not have any voting rights or any other right in respect of the securities held by it;
- iii. Every person holding securities of the Company and whose name is entered as a beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities held by a Depository.

F. Depository to furnish information:

Notwithstanding anything to the contrary contained in the Act or these Articles, where the securities are held with 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 and discs.

G. Option to opt out in respect of any security :

If a beneficial owner seeks to opt out of a Depository in respect of any security, the beneficial owner shall inform the Depository accordingly. The Depository shall, on receipt of the intimation as above, make appropriate entries in the record and shall inform the Company accordingly.

The Company shall within thirty (30) days of the receipt of intimation from the Depository and on fulfilment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the beneficial owner or the transferee as the case may be.

H. Section 83 and 108 of the Act not to apply:

Notwithstanding anything to the contrary contained in the Articles-

- i. Section 83 of the Act shall not apply to the shares with a Depository;
- ii. Section 108 of the Act shall not apply to transfer of security effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of a Depository.

I. Register and Index of Beneficial Owners:

The Register and Index of Beneficial Owners, maintained by a Depository under Section 11 of the Depositories Act shall be deemed to be the Register and Index of Members and Security holders as the case may be for the purposes of these Articles.

ANNUAL REPORT 1998-99**J. Intimation to Depository:**

Notwithstanding anything contained in the Act or these Articles, where securities are dealt with in a Depository, the Company shall intimate the details of allotment of securities thereof to the Depository immediately on allotment of such securities.

K. Stamp duty on securities held in dematerialised form:

No stamp duty would be payable on shares and securities held in dematerialised form in any medium as may be permitted by law including any form of electronic medium.

L. Applicability of the Depositories Act:

In case of transfer of shares, debentures and other marketable securities, where the Company has not issued any certificate and where such shares, debentures or securities are being held in an electronic and fungible form with a Depository, the provisions of the Depositories Act, 1996 shall apply.

M. Company to recognise the rights of Registered Holders as also the Beneficial Owners in the records of the Depository:

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, as also the Beneficial Owner of the shares in records of the Depository as the absolute owner thereof as regards receipt of dividends or bonus or service of notices and all or any other matters connected with the Company, 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) After Article 49, the following new Article with marginal note as indicated be inserted as Article 49A:**"49A Register of Transfers:**

The Company shall keep a book to be called the 'Register of Transfers' and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of any share held in material form."

(VI) After the insertion of the above new Article 49A, the following new Article with marginal note as indicated be inserted as Article 49B:**"49B Transfer or Transmission of securities held by beneficial owners with a Depository:**

(a) Nothing contained in Articles 38, 39, 40, 43, 44, 48 (ii) and (iii) shall apply to the transfer of security effected by the transferor and the transferee both of whom are entered as Beneficial Owners in the records of a Depository.

(b) In case of transfer or transmission of shares or other marketable securities where the Company has not issued any certificates in respect thereof and where such shares or securities are being held in an electronic and fungible form with a Depository, the provisions of the Depositories Act shall apply."

May 31, 1999

By Order of the Board

Registered Office :

201, Aniket, C. G. Road,
Navrangpura,
Ahmedabad - 380 009.

Rajen N. Jhaveri

General Manager (Finance) &
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 A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, the 17th July, 1999 to Friday, the 30th July, 1999, both days inclusive
3. The document/paper referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days between 11.00 A.M. and 1.00 P.M. upto the date of the Annual General Meeting.



ANNEXURE TO THE NOTICE :

Explanatory Statement as required by Section 173 of the Companies Act, 1956 ('the Act')

ITEM NO. 6 :

Consequent upon the enactment of the Depositories Act, 1996 and the Securities and Exchange Board of India making compulsory dematerialised trading of the shares of several large sized companies, by institutional investors including domestic financial institutions, banks, mutual funds and foreign institutional investors and overseas corporate bodies with effect from respective notified dates, the Company has voluntarily thought fit to sign at appropriate time, an Agreement with the National Securities Depository Limited (NSDL) and/or any other Depository to enable shareholders who may wish to dematerialise their shareholding in the Company. The Depositories Act, 1996 has amended some of the provisions of the Companies Act, 1956 pertaining to issue, holding, transfer, transmission and dealing in shares and other securities as also issue of relevant certificates thereof, so as to facilitate the introduction and implementation of the Depository System. The resolution for the introduction of the depository system is being passed as an enabling resolution so as to enable the Company to adopt the said system when so decided by it.

Further, by the Companies (Amendment) Act, 1999 the holders of security of the Company have been given an option to nominate a person to whom the rights of security holders of the Company shall vest in the event of shareholders' death. It would be beneficial if such nomination clause is included in the Articles of Association of the Company.

It has, therefore, become necessary to alter the Articles of Association of the Company as proposed in the Resolution set out at Item No. 6 of the accompanying Notice.

The Directors commend the Resolution for approval of the Members.

No Director of the Company is concerned or interested in the said Resolution except to the extent of his shareholding.

A copy of the Memorandum and Articles of Association of the Company together with the proposed alterations is available for inspection by the Members of the Company at its Registered Office between 11.00 a.m. and 1.00 p.m. on any working day.

May 31, 1999

By Order of the Board

Registered Office :
201, Aniket, C. G. Road,
Navrangpura,
Ahmedabad - 380 009.

Rajen N. Jhaveri
General Manager (Finance) &
Company Secretary