



H. K. AGROCHEM LIMITED

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Annual
Report

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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.) (Upto June 12, 2000)

SHRI PRAFULL ANUBHAI

SHRI R. BANNERJI
(Nominee of G.V.F.L.) (From June 12, 2000)

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 Fifteenth 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 - 380009 on Thursday, the 28th September, 2000 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, 2000, 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% Cumulative Redeemable Preference Shares.
3. To appoint a Director in place of Shri Sanjay S. Lalbhai who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Shyam B. Ghia, 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, the following resolution as an **Ordinary Resolution** :

"RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Shri R. Bannerji who was nominated by the Gujarat Venture Finance Limited as its nominee on the Board of Directors of the Company and who holds office upto the date of ensuing Annual General Meeting under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member proposing the candidature of Shri R. Bannerji for the Office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

7. To consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution** :

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government as may be necessary, the consent of the Company be and is hereby accorded to the terms of reappointment of Shri Rajan R. Harivallabhdas as Managing Director of the Company for a period of three years with effect from August 27, 2000 on the terms and conditions including remuneration as set out in the draft Agreement of the reappointment to be entered into by the Company with him and submitted to the Meeting duly initialled by the Chairman for identification and which agreement is hereby specifically sanctioned.

"FURTHER RESOLVED THAT the Board of Directors be and is hereby authorised to vary and / or modify the terms and conditions of the Agreement including remuneration, commission and perquisites payable to Shri Rajan R. Harivallabhdas in such manner as may be agreed to between the Board of Directors and Shri Rajan R. Harivallabhdas within and in accordance with the limits prescribed in Schedule XIII to the Companies Act, 1956 or in accordance with the changes that may be affected in Schedule XIII of the Companies Act, 1956 and / or any amendments that may be made by the Central Government in that behalf from time to time or any amendments or re-enactment of the relevant provisions of the Companies Act, that may take place from time to time, during the above tenure of office of the Managing Director."

8. To consider and if thought fit, to pass with or without modifications, the following resolution as an

Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government as may be necessary, the consent of the Company be and is hereby accorded to the terms of reappointment of Shri Nahoosh J. Jariwala as Executive Director of the company for a period of three years with effect from August 27, 2000 on the terms and conditions including remuneration as set out in the draft Agreement of the reappointment to be entered into by the Company with him and submitted to the Meeting duly initialled by the Chairman for identification and which agreement is hereby specifically sanctioned."

"FURTHER RESOLVED THAT the Board of Directors be and is hereby authorised to vary and / or modify the terms and conditions of the Agreement including remuneration, commission and perquisites payable

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to Shri Nahoosh J. Jariwala in such manner as may be agreed to between the Board of Directors and Shri Nahoosh J. Jariwala within and in accordance with the limits prescribed in Schedule XIII to the Companies Act, 1956 or in accordance with the changes that may be affected in schedule XIII of the Companies Act 1956 and/or any amendments that may be made by the Central Government in that behalf from time to time or any amendment or re-enactment of the relevant provisions of the Companies Act, that may take place from time to time, during the above tenure of office of the Executive Director."

9. To consider and if thought fit, to pass with or without modification, the following resolution as **Special Resolution** :

"RESOLVED THAT subject to the approval of the Central Government and/or Registrar of Companies and / or such other authorities as may be necessary, the name of the Company be and is hereby changed from '**H. K. Agrochem Limited**' to '**H. K. Finechem Limited**'.

FURTHER RESOLVED THAT immediately upon the said change in the name of the Company becoming complete and effective, the new name be substituted for the existing name wherever it appears in the Memorandum and Articles of Association of the Company.

FURTHER RESOLVED THAT the Board of Directors be and is hereby authorised to do all such acts, deeds and things as may be deemed expedient and necessary to give effect to this resolution."

10. To consider and if thought fit, to pass with or without modification, 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 the Board of Directors of the Company for mortgaging and/or charging of all the immovable and movable assets / properties of the Company, wheresoever situate lying and being both present and future, of every nature and kind whatsoever and the whole of the undertaking of the Company together with power to take over the management of the business affairs and concern of the Company in certain events to or in favour of Bank of Baroda (BOB) to secure Ruppe Term Loan Rs. 100.00 Lacs lent and advanced/agreed to be lent and advanced by BOB to the Company with interest at the respective agreed rates, compound/additional interest, commitment charges, expenses and all other moneys payable or that may become due and payable from time to time and at any time by the Company to BOB in terms of the Loan agreement / Heads of Agreement / Letters of Sanction / Memorandum of Terms and Conditions entered into / to be entered into by the Company in respect of the said loan.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with BOB the legal documents and such other deeds and writings for creating the aforesaid mortgage and/or charge and do all such acts, deeds, matters and things as may be necessary or expedient for giving effect to the above resolutions."

11. To consider and if thought fit, to pass with or without modifications, 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 the Board of Directors of the Company for mortgaging and/or charging of all the immovable and movable assets / properties of the company, wheresoever situate lying and being both present and future, of every nature and kind whatsoever and the whole of the undertaking of the Company together with power to take over the management of the business affairs and concern of the Company in certain events to or in favour of the lender(s) and/or their Agents/ Trustee(s) for securing the borrowings of the Company availed/to be availed by way of loan(s) and/or securities issued/to be issued by the Company from time to time, subject to limit approved under section 293(1)(d) of the Companies Act, 1956, together with interest at the respective agreed rates, compound / Additional interest, commitment charges, premium on prepayment or redemption, costs, charges, expeses and all other moneys payable or that may become due and payable from time to time and at any time by the Company to Lender(s) and/or their Agents / Trustees in terms of the Loan Agreement / Heads of Agreement / Letters of Sanction / Memorandum of Terms and Conditions entered into/to be entered into by the Company in respect of such Loan(s) / Securities;



RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise, settle and execute the legal documents and such other deeds and writings for creating the aforesaid mortgage and/or charge and do all such acts, deeds, matters and things as may be necessary or expedient for giving effect to the above resolutions."

AHMEDABAD

Date : June 12, 2000.

Registered Office :

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

By order of the Board

Rajen N. Jhaveri

General Manager (Finance)
& Company Secretary

NOTE :

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 relative Explanatory Statement, pursuant to Section 173 of the Companies Act, 1956, in respect of the business under Item Nos. 6 to 11 above, is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 7th August, 2000 to Saturday, the 19th August, 2000, both days inclusive.
4. 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 pursuant to Section 173 of the Companies Act, 1956.

Item No. 6 :

Shri (Dr.) R. Bannerji, IAS was appointed on the Board of Directors of the Company as a nominee of Gujarat Venture Finance Limited in place of Shri Vishnu Varshney with effect from June 12, 2000. Pursuant to Section 260 of the Companies Act, 1956, Shri R. Bannerji will hold office as Additional Director upto the date of ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Shri R. Bannerji for the office of the Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Shri R. Bannerji is an I.A.S. and Ph.D. from the School of Economics, London, U.K.. He has very rich experience in the fields of finance and has held top positions in G.S.F.C. and G.I.I.C., 2 very well-known state financial institutions.

Shri R. Bannerji is deemed to be concerned or interested in the resolution set out at Item No. 6 of the Notice as it pertains to his appointment. None of the other Directors of the Company is, in any way, concerned or interested in the said resolution.

Item No. 7 and 8 :

Resolution Nos. 7 and 8 of the Notice relate to the terms of reappointment and terms of remuneration of Shri Rajan R. Harivallabhdas as Managing Director and Shri Nahoosh J. Jariwala as Executive Director of the Company for a further period of three years from August 27, 2000 as the present term of appointment expires on August 26, 2000. The Board of Directors at its Meeting held on 12th June, 2000 reappointed Shri Rajan R. Harivallabhdas as Managing Director and Shri Nahoosh J. Jariwala as Executive Director on salaries and perquisites as given below. The Board is of the opinion that both of them are fit and proper persons to hold the respective offices and their reappointment will be in the interest of the Company.

The material terms of remuneration payable to Shri Rajan R. Harivallabhdas are as follows :

I. REMUNERATION :

- (a) Salary : Between Rs. 33,000 to Rs. 50,000 per month as approved by the Board of Directors from time to time.
- (b) Commission : Equivalent to 1% of net profit of the Company.
- (c) Perquisites :
 - (i) Housing :
 - (1) Residential accommodation; or house rent allowance at the rate of 50% of salary.
 - (2) Expenses pertaining to electricity will be borne / reimbursed by the Company. This shall not exceed 20% of the Salary.

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- (ii) **Medical Expenses :**
Reimbursement of actual medical expenses incurred in India and / or abroad and including hospitalisation, nursing home, surgical charges and medical insurance for himself and family.
- (iii) **Leave Travel Concession :**
Leave travel concession (LTC) including boarding and lodging expenses incurred at actuals once in a year in respect of himself and family not exceeding 2 months salary. The LTC entitlement for any one year to the extent not availed shall be allowed to be accumulated upto next 2 years.
- (iv) **Club Fees :**
Reimbursement of Membership fee for upto 2 clubs in India.
- (v) **Personal Accident Insurance :**
The Company shall pay Personal Accident Insurance premium upto Rs. 3,000 per annum.
- (vi) **The Company shall contribute towards provident fund @ 12.00% and superannuation @ 12.50% of salary.**
- (vii) **The Company shall pay gratuity at a rate of half month's salary for each completed year of service.**
- (viii) **30 days' privilege leave with full pay and allowance for each completed year of service being accumutable and encashable.**
- (ix) **Benefit of 15 days of sick leave per year, being accumutable.**
- (x) **Other perquisites :**
Subject to overall ceiling on remuneration mentioned here in below the Managing Director may be given other allowances, benefits and perquisites as the Board may from time to time approve.
- (d) **Amenities :**
 - (i) **Conveyance Facilities :**
The Company shall provide a car with driver at the entire cost to the Company.
 - (ii) **Communication Facilities :**
The Company shall provide telephone, E-mail and Other Communication Facilities at the residence of Managing Director.

Explanation :

Perquisites shall be evaluated as per Income-tax Rules, wherever applicable and in absence of any such rule, perquisites shall be evaluated at the actual cost.

II OVERALL REMUNERATION :

The aggregate of salary and perquisites in any financial year shall not exceed the limits prescribed from time to time under Section 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act as may be for the time being, in force.

III MINIMUM REMUNERATION :

In the event of loss or inadequacy of profits in any financial year during the currency of tenure of service of the Managing Director, the payment of salary, perquisites and other allowances shall be governed under Section II of the Part II of Schedule XIII to the Companies Act, 1956."

The Material terms of remuneration payable to Shri Nahoosh J. Jariwala are as follows :

I. REMUNERATION :

- (a) **Salary :** Between Rs. 24,000 to Rs. 36,000 per month as approved by the Board of Directors from time to time.
- (b) **Commission :** Equivalent to 0.50% of net profit of the Company.
- (c) **Perquisites :**
 - (i) **Housing :**
 - (1) Residential accomodation; or house rent allowance at the rate of 30% of salary.
 - (2) Expenses pertaining to electricity will be borne / reimbursed by the Company. This shall not exceed 15% of the Salary.



(ii) Medical Expenses :

Reimbursement of actual medical expenses incurred in India and / or abroad and including hospitalisation, nursing home, surgical charges and medical insurance for himself and family.

(iii) Leave Travel Concession :

Leave travel concession (LTC) including boarding and lodging expenses incurred at actuals once in a year in respect of himself and family not exceeding 1 month's salary. The LTC entitlement for any one year to the extent not availed shall be allowed to be accumulated upto next 2 years.

(iv) Club Fees :

Reimbursement of Membership fee for upto 1 club in India.

(v) Personal Accident Insurance :

The Company shall pay Personal Accident Insurance premium upto Rs. 2,000 per annum.

(vi) The Company shall contribute towards provident fund @ 12.00% and superannuation @ 10.00% of salary.

(vii) The Company shall pay gratuity at a rate of half month's salary for each completed year of service.

(viii) 30 days' privilege leave with full pay and allowance for each completed year of service being accumutable and encashable.

(ix) Benefit of 15 days of sick leave per year, being accumutable.

(x) Other perquisites :

Subject to overall ceiling on remuneration mentioned here in below, the Executive Director may be given other allowances, benefits and perquisites as the Board may from time to time approve.

(d) Amenities :

(i) Conveyance Facilities :

The Company shall provide a car with driver at the entire cost to the Company.

(ii) Communication Facilities :

The Company shall provide telephone, E-mail and Other Communication Facilities at the residence of Executive Director.

Explanation :

Perquisites shall be evaluated as per Income-tax Rules, wherever applicable and in absence of any such rule, perquisites shall be evaluated at the actual cost.

II OVERALL REMUNERATION :

The aggregate of salary and perquisites in any financial year shall not exceed the limits prescribed from time to time under Section 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act as may be for the time being, in force.

III MINIMUM REMUNERATION :

In the event of loss or inadequacy of profits in any financial year during the currency of tenure of service of the Executive Director, the payment of salary, perquisites and other allowances shall be governed under Section II of the Part II of Schedule XIII to the Companies Act, 1956."

The Board commend the resolutions for yor approval.

Shri Rajan R. Harivallabhdas and Shri Nahoosh J. Jariwala may be demed to be concerned or interested in the said resolutions as they relate to their reappointment and payment of remuneration as Managing Director and Executive Driector. None of the other Directors of the Company, is, in any way, concerned or interested in the resolutions.

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The above explanatory statement sets out an abstract of material terms of the contract with Managing Director as well as Executive Director and the same may be treated as an abstract of Memorandum of interest in accordance with Section 302 of the Companies Act, 1956.

Item No. 9 :

The present name of the Company contains the word "AGROCHEM". This word tends to reflect that the Company is engaged in manufacture of agro based chemicals or pesticides. In fact, the Company is actually in the manufacture of the products which largely fall under the category of 'Fine Chemicals'.

In view of above, Directors are of the opinion that the name of the Company be changed from 'H. K. Agrochem Limited' to 'H. K. Finechem Limited' thereby identifying the Company more closely with its actual operations.

The Directors recommend the resolution for Members' approval.

No Director is interested in the resolution except as Members of the Company.

Item No. 10 :

The Company had approached Bank of Baroda (BOB) for part financing its additional capital expenditure programme. BOB has sanctioned a Rupee Term Loan of 100.00 lacs to the Company vide its letter no PKV/ADV/64/388 dated 24th March, 2000. One of the terms and conditions of the sanction provides for mortgaging of the assets of the Company by way of pari passu first charge in favour of BOB. Section 293 (1) (a) of the Companies Act, 1956 provides inter alia, that the Board of Directors of a Public Company shall not, without the consent of such Company in General Meeting, sell, lease or otherwise dispose of whole, or substantially the whole of the undertaking of the Company. Since the charging by the Company of its immovable and movable properties as aforesaid may be regarded as disposal of the Company's properties / undertaking, it is necessary for the Members to pass a resolution under section 293 (1) (a) of the Companies Act, 1956 before creation of the said mortgage / charge.

The Directors commend the resolution for approval.

None of the Directors of the Company is interested in this resolution.

Item No. 11 :

The Company has approval under section 293 (1) (d) of the Companies Act, 1956 to borrow moneys from time to time upto an amount not exceeding Rs. 25.00 crores. The borrowings of the Company are in general required to be secured by charge or mortgage on all or any of the movable and / or immovable properties of the Company in such manner and ranking as may be determined by the Board of Directors of the Company from time to time, in consultation with the lender(s).

The Charge and / or mortgage by the Company of its movable and immovable properties of the Company in favour of the lender(s), with a power to take over the management of the business and concern of the Company in certain events of default by the Company, may be regarded as disposal of the Company's undertaking within the meaning of Section 293(1)(a) of the Companies Act, 1956. Hence, it is necessary for the members to pass a resolution under the said Section.

The Directors commend this enabling resolution for approval.

None of the Directors of the Company is interested in this resolution.

AHMEDABAD

Date : June 12, 2000.

Registered Office :

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

By order of the Board,
Rajen N. Jhaveri
General Manager (Finance)
& Company Secretary