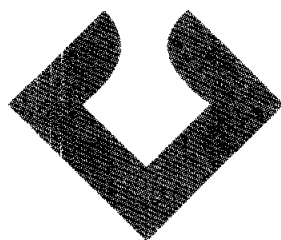


# *Annual Report*

*2000-2001*

Report  Junction.com



**H. K. FINECHEM LIMITED**

**ANNUAL REPORT 2000-2001**

**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 : (079) 3722617-18-19

Fax : (079) 3722616

**CERTIFIED TRUE COPY**  
**For, H.K. FINECHEM LTD.**

  
**Authorised Signatory**

**BOARD OF DIRECTORS**

**SHRI RAJAN R. HARIVALLABHDAS**  
Chairman & Managing Director

**SHRI SANJAY S. LALBHAI**

**SHRI SHYAM B. GHIA**

**SHRI CHINUBHAI R. SHAH**

**SHRI NAHOOSH J. JARIWALA**  
Executive Director

**SHRI PRAFULL ANUBHAI**

**SHRI R. BANNERJI**  
(Nominee of GVFL Ltd.) (Upto June 05, 2001)

**SHRI JANAK G. NANAVATY**

**SHRI VISHNU VARSHNEY**  
(Nominee of GVFL Ltd.) (From June 05, 2001)

**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 Sixteenth Annual General Meeting of the Members of **H. K. Finechem Limited** (formerly known as H. K. Agrochem Limited) will be held at Ahmedabad Textile Mills' Association's Hall, Ashram Road, Navrangpura, Ahmedabad - 380009 on Friday, the 14th September, 2001 at 10.30 a.m. to transact the following business :

### Ordinary Business :

1. To receive, consider and adopt the Profit & Loss account for the year ended 31st March, 2001, 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 Prafull Anubhai who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Janak G. Nanavaty 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 Vishnu Varshney who was nominated by GVFL 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 Vishnu Varshney for the Office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

AHMEDABAD

Date : June 5, 2001.

### Registered Office :

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

By Order of the Board,

**Rajen N. Jhaveri**

General Manager (Finance)  
& Company Secretary

**ANNUAL REPORT 2000-2001****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 relative Explanatory Statement, pursuant to Section 173 of The Companies Act, 1956, in respect of the business under Item No. 6 is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 30th July, 2001 to Saturday, the 11th August, 2001, 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. & 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 Vishnu Varshney was appointed on the Board of Directors of the Company as nominee of GVFL Limited in place of Shri R. Bannerji with effect from June 05, 2001. Pursuant to Section 260 of the Companies Act, 1956, Shri Vishnu Varshney 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 Vishnu Varshney for the office of the Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Shri Vishnu Varshney holds B.Tech (Electrical Engineering) from I.I.T.K. and M.S. (Electrical Engineering) and M.B.A. - both from U.S.A.. He has 26 years of rich experience in equity investments, project planning and implementation.

Shri Vishnu Varshney 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.

AHMEDABAD  
Date : June 5, 2001.

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

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



## DIRECTORS' REPORT

To,  
The Members,

Your Directors present the Sixteenth Annual Report together with the audited accounts for the year ended March 31, 2001.

### FINANCIAL RESULTS :

	(Rupees in Lakhs)	
	Year ended on 31-03-2001	Year ended on 31-03-2000
Income	2117.12	2164.34
Operating Profit	308.24	295.91
Less : Depreciation	100.08	93.52
Profit before tax	208.16	202.39
Less : Provision for taxation	2.25	8.00
Net Profit after tax	205.91	194.39

### OPERATIONS :

#### (A) Sales and Profit :

The sales and other income of the Company during 2000-01 at Rs.2117.12 lacs were nearly at the same level as that of previous year. The profit after tax registered a modest growth of 5.93 %. This has to be viewed in light of the fact that export contract with Cognis Corporation, U.S.A. ended on 31st December, 2000 and so during the last quarter of the year, manufacturing activity was mainly confined to production of speciality oleo chemicals.

#### (B) Technical Achievement :

The Company carried out certain modifications in its equipments and utilised the low activity period of last quarter in achieving important break-throughs in increasing rate of production on one hand and optimising consumption of energy on the other. This will generate savings in energy cost.

#### (C) Raw Material :

The Company was able to procure the required raw material with co-operation of Cognis Corporation, U.S.A.

#### (D) Export :

Cognis Corporation, part of multi-national Henkel Corporation remained supportive of our efforts for major part of the year and bought our entire production of our main product viz. Deodorizer Distillate (Mixed Tocopherols) of first 9 months.

### DIMER PROJECT :

The Company is in the last stage of implementation of its ambitious Dimer Acid Project. All the equipments have been received and installation is being done. The Company hopes to commence trial run during the second half of June, 2001. Your Company will be the first Company to make Dimer Acid in India. The entire present requirement is being fulfilled by imported Dimer Acid. The total aggregate capital expenditure for the Dimer project alongwith other related assets to be completed in two phases is put at Rs. 3.00 crores which is proposed to be financed through term loan of Rs. 2.25 crores from Bank of Baroda and balance from internal accruals.

**ANNUAL REPORT 2000-2001****DIRECTORS :**

Shri Vishnu Varshney was nominated as Director with effect from 5th June, 2001 by GVFL Limited. He holds office until the conclusion of this Annual General Meeting and is eligible for appointment. The Company has received a notice from a Member under section 257 of The Companies Act, 1956, proposing his appointment as a Director, subject to retirement by rotation.

Shri Prafull Anubhai and Shri Janak G. Nanavaty retire by rotation and being eligible offer themselves for reappointment.

**PERSONNEL :**

All the employees have worked with zeal and enthusiasm and your Directors wish to express their sincere appreciation to all the employees for their support, co-operation and dedicated services.

**PARTICULARS OF EMPLOYEES :**

There was no employee drawing an annual salary of Rs. 12.00 lacs or more where employed for full year or monthly salary of Rs.1,00,000/- or more where employed for part of the year and therefore, no information pursuant to the provisions of sub-section (2A) of Section 217 of The Companies Act, 1956 read with The Companies (Particulars of Employees) Rules, 1975 is required to be given.

**Information as per Section 217(1)(e) read with Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 :****A. Conservation of Energy**

- (a) Energy Conservation measures taken :

Company has installed new ejectors and carried out derating of pumps.

- (b) Additional investments and proposals, if any, being implemented for reduction of consumption of Energy:

-----

- (c) Impact of measures listed in (a) and (b) for reduction of energy consumption and consequent impact on the cost of production of goods :

The measures mentioned in (a) above have started giving result by way of savings in the consumption of fuel and power.

- (d) Total energy consumption and energy consumption per unit of production as per prescribed Form 'A':  
As per annexure attached.

**B. Technology Absorption**

The Company maintained very stable yields and quality of all its products.

**C. Foreign Exchange Earnings and outgo**

Foreign Exchange Earnings	Rs. 15,27,97,284/-
Foreign Exchanges utilised	Rs. 7,45,16,772/-

**DIRECTORS' RESPONSIBILITY STATEMENT :**

Pursuant to the requirement of Section 217 (2AA) of the Companies Act with respect to Directors' Responsibility Statement, the Directors hereby confirm :

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year viz. March 31, 2001 and of the profit of the Company for that period;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;



(iv) that the Directors have prepared the annual accounts on a going concern basis.

#### AUDIT COMMITTEE :

The Audit Committee constituted by the Board of Directors pursuant to the requirement under section 292A of the Companies Act, 1956 consists of following 3 Directors, out of which 2 are independent Directors other than Managing and Whole-time Director.

- |                                  |                   |
|----------------------------------|-------------------|
| (1) Shri Rajan R. Harivallabhdas | Managing Director |
| (2) Shri Chinubhai R. Shah       | Director          |
| (3) Shri Prafull Anubhai         | Director          |

The requirements of 'Corporate Governance' as contained in Clause 49 of the Listing Agreement are becoming applicable to our Company from the next financial year viz. 2002-2003. Keeping this in mind, the terms of reference of Audit Committee are specified by the Board as are contained in Clause 49 of the Listing Agreement. They are follows :

- (a) Oversight of the company's financial reporting process and the disclosure of its financial information.
- (b) Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- (c) Reviewing with management the annual financial statements before submission to the Board, focussing primarily on (i) any changes in accounting policies and practices (ii) major accounting entries based on exercise of judgement by management (iii) qualifications in draft audit report (iv) significant adjustments arising out of audit (v) the going concern assumption (vi) compliance with accounting standards (vii) compliance with stock exchange and legal requirements concerning financial statements and (viii) any related party transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of company at large.
- (d) Reviewing with management, external and internal auditors, the adequacy of internal control systems.
- (e) Reviewing the adequacy of internal control functions.
- (f) Discussion with internal auditors any significant findings and follow up thereon.
- (g) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- (h) Discussion with external auditors before the audit commences, nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- (i) Reviewing the company's various financial and risk management policies.
- (j) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

#### AUDITORS :

The term of Messrs. C. C. Chokshi & Co., as Auditors, expires at the conclusion of this Annual General Meeting and they are eligible for re-appointment. The Auditors have given a certificate to the effect that the re-appointment, if made, will be within the prescribed limits specified under Section 224 (1-B) of the Companies Act, 1956.

#### ACKNOWLEDGEMENTS :

The Directors place on record their sincere appreciation for the co-operation and assistance received from ICICI Ltd., Bank of Baroda and Gujarat Industrial Investment Corporation Limited.

AHMEDABAD  
Date : June 5, 2001.

For and on behalf of the Board,  
**Rajan R. Harivallabhdas**  
Chairman & Managing Director