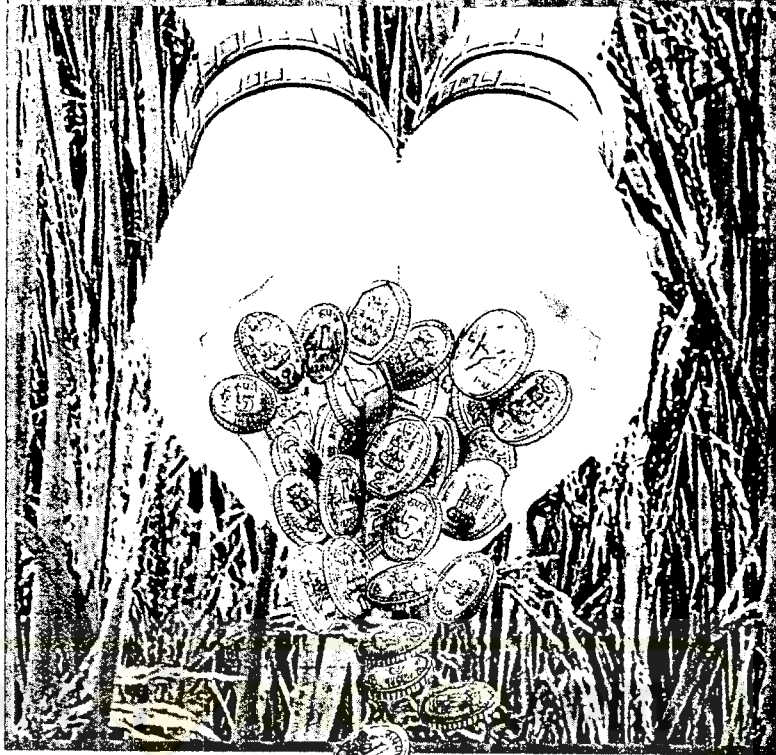


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# 15<sup>th</sup> Annual Report

1996 - 97

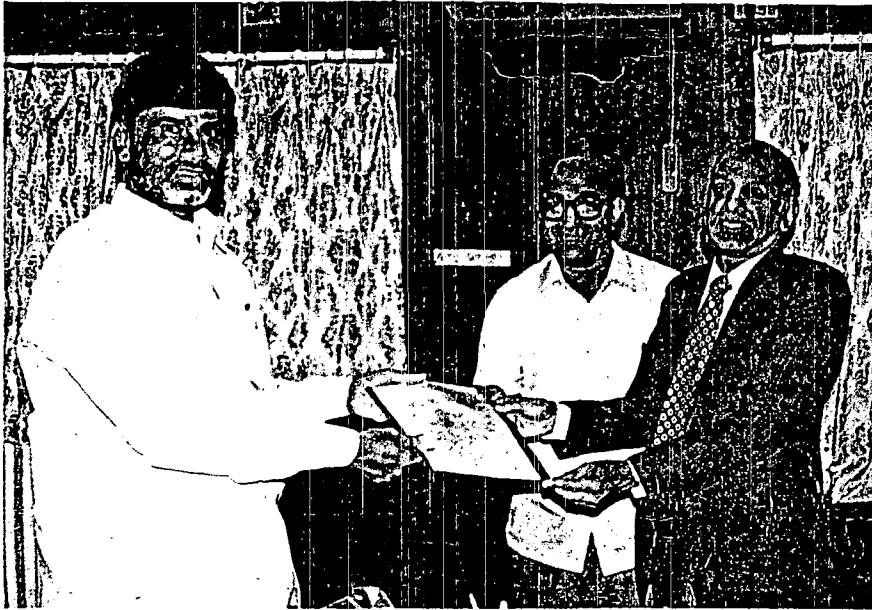


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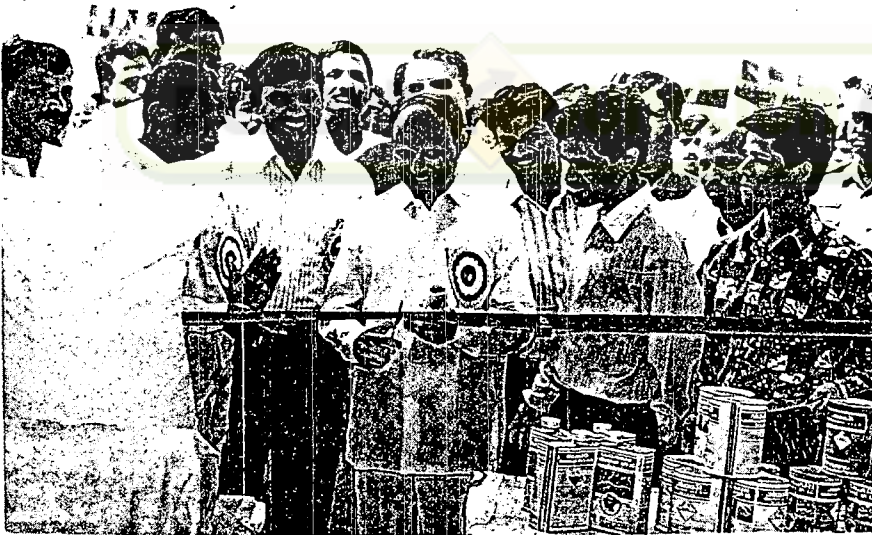


GODAVARI FERTILISERS AND CHEMICALS LTD





Dr. M.S.Rajajee, IAS, Chairman of GFCL and Chief Secretary to Government of Andhra Pradesh, presenting a Cheque for Rs. 10 Lakhs from GFCL to Hon'ble Chief Minister of Andhra Pradesh to Chief Minister's Cyclone Relief Fund on 23rd December, 1996. Shri V.S.Sampath, IAS, is also seen.



Hon'ble Minister for Revenue, Government of Andhra Pradesh Shri T. Devender Goud inaugurating our "Godavari Stall" put up by GFCL in connection with the Raitu Sadassu at Pargi, Ranga Reddy District on 17th October, 1996.



# GODAVARI

## FERTILISERS AND CHEMICALS LTD

### Board of Directors

Dr. M.S. Rajajee, IAS	<i>Chairman (upto 30.6.1997)</i>
Shri K. Madhava Rao, IAS	<i>Chairman (from 1.7.1997)</i>
Shri Surinder Kumar Jakhar	<i>Director</i>
Smt. Sheela Bhide, IAS	<i>Director</i>
Shri U.S. Awasthi	<i>Director</i>
Shri K.R. Kishore, IAS	<i>Director</i>
Shri S. Gopalan	<i>Director</i>
Shri C.B. Mouli	<i>Director</i>
Shri K.K. Pillai	<i>Director</i>
Shri T. Panduranga Rao	<i>Director</i>
Shri V.S. Sampath, IAS	<i>Managing Director upto 21.7.97 (F.N.)</i>
Shri P.V. Bhide, IAS	<i>Managing Director from 21.7.97 (A.N.)</i>

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<b>Shri V.S. Rao</b>	<i>General Manager (P &amp;A) &amp; Company Secretary</i>
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#### Registered Office

"Vani Nilayam"  
50, Sebastian Road,  
SECUNDERABAD - 500 003.  
Andhra Pradesh  
Tel No. 7701871, 7702399,  
7702446, 7702522,  
7703396, 7704219  
7704319

Tlx No : 0425-6335  
Fax No:040-7701541

#### Factory

Beach Road  
KAKINADA - 533 001.  
Andhra Pradesh  
Tel No : 72341, 72342,  
72343, 72344,  
72345.

Tlx No : 0473-272  
Fax No : 0884-61069

#### Auditors

M. Bhaskara Rao & Co.,  
Chartered Accountants,  
5-D, Fifth Floor, "Kautilya",  
6-3-652, Somajiguda,  
Hyderabad - 500 082.  
Andhra Pradesh.  
Tel No : 3311245

#### Bankers

State Bank of India  
State Bank of Hyderabad.  
State Bank of Mysore  
Andhra Bank  
Bank of India  
Punjab National Bank

#### Senior Executives

**Shri M.M.A. Siddiqui,**  
Vice-President (Finance)

**Shri V.S. Rao,**  
General Manager (P&A)  
& Company Secretary

**Shri S.J. Naidu,**  
General Manager (Projects)

**Shri V.C. Rao,**  
General Manager (Works)

**Shri C.R. Rao,**  
General Manager (Marketing)

**GODAVARI FERTILISERS AND CHEMICALS LTD****NOTICE TO THE SHAREHOLDERS**

NOTICE is hereby given that the Fifteenth Annual General Meeting of the Members of **GODAVARI FERTILISERS AND CHEMICALS LIMITED** will be held on Friday, the 19th September, 1997 at 4.00 PM at Padmashall Kalyana Mandapam, 2-12-66, West Marredpally, Secunderabad-500 026 to transact the following business.

**ORDINARY BUSINESS**

1. To receive consider and adopt the audited Balance Sheet of the Company as at 31st March, 1997 and the Profit and Loss Account for the year ended as on that date and the Reports of the Board of Directors and of the Company's Auditors.
2. To declare a Dividend.
3. To appoint a Director in place of Shri K.K. Pillai, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri C.B. Mouli who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration and for this purpose to consider and, if thought fit, to pass the following resolution with or without modification, as a SPECIAL RESOLUTION.

"RESOLVED that the retiring Auditors, M/s. M. Bhaskara Rao & Co., Chartered Accountants be and are hereby reappointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of next

Annual General Meeting of the Company on a remuneration of Rs. 80000/- (Rupees Eighty Thousand only) and reimbursement of out of pocket expenses incurred in connection with Company's audit".

**SPECIAL BUSINESS**

6. To Consider and if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION

"Resolved that Smt. Sheela Bhide, IAS 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 subject to the provisions of Sections 198, 269 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and pursuant to the terms of the loan agreements entered into by the Company with the Financial Institutions, the Company hereby accords its approval and consent for appointment of Shri P.V. Bhide, IAS as Managing Director of the Company for a period of Three years with effect from 21st July, 1997 on terms and conditions set out in the agreement submitted to this meeting and for identification initialled by the Chairman of the Company which agreement is specifically approved with Authority to the Directors to alter and vary without further reference to the Company in General Meeting the said terms and conditions



of appointment or agreement in such a manner as the Board of Directors may decide and may be acceptable to Shri P.V. Bhide, IAS".

the minimum remuneration by the Company in the event of inadequate or no profits".

By order of the Board

"RESOLVED FURTHER THAT subject to the provisions of Section 198 and other applicable provisions, if any, of the Companies Act, 1956 the remuneration payable to Shri P.V. Bhide, IAS as per the terms and conditions of the aforesaid agreement as far as salary is concerned shall also be paid as

**Registered Office :**  
Vani Nilayam,  
50, Sebastian Road,  
Secunderabad - 500 003.  
Date : 21st July, 1997.

**V.S. Rao**  
GM (P&A) &  
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. Instruments of proxies in order to be effective must be deposited with the Company at its Registered Office not less than 48 hours before the commencement of the meeting.
3. The Register of Members of the Company and Share Transfer books will remain closed from **Tuesday the 2nd September, 1997 to Friday the 19th September, 1997 (both days inclusive)**.
4. Payment of Dividend on shares, if declared at the Meeting, will be made on or after 19th September, 1997 to those shareholders whose names will appear as Members in the Books of the Company as on the date of AGM.
5. Intimation of change of address, mandate for payment of Dividend, Bank Account with address of the Bank may please be forwarded to the Company's Registered Office on or before the date of Annual General Meeting.
6. Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 in respect of items 5, 6 and 7 setout above is annexed hereto.

**GODAVARI FERTILISERS AND CHEMICALS LTD****ANNEXURE TO THE NOTICE****EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956****ITEM NO. 5**

The resolution for appointment of retiring Auditors will be proposed as Special Resolution in view of the provisions contained in Section 224A of the Companies Act, 1956. Hence explanatory statement is being given. The Auditors have forwarded a certificate to the Company as required by Section 224 stating that their re-appointment if made will be within the limits specified in Sub-Section (1B) of the above Section. The resolution is accordingly commended for your acceptance.

None of the Directors of the Company is concerned or interested in the said resolution.

**ITEM NO. 6**

During the year Smt. Sheela Bhide, IAS was appointed as Director on the Board of Directors of the Company by the Government of Andhra Pradesh in accordance with Articles 94 (B) of the Articles of Association of the Company. Pursuant to Section 260 of the Companies Act, 1956, she holds office upto the forthcoming Annual General Meeting. As required under Section 257 of the Companies Act, 1956 notice together with a deposit of Rs. 500/- has been received from a Shareholder proposing Smt. Sheela Bhide, IAS for the office of Director of the Company.

Smt. Sheela Bhide, IAS is a Senior IAS Officer and is presently the Secretary, Industries & Commerce Dept., Govt. of Andhra Pradesh. She held many important positions in the Government of Andhra Pradesh viz., District Collector, Nizamabad, Deputy Secretary, Finance & Planning, Managing Director, A.P. State Federation of Co-operative Spinning Mills, Commissioner of Sericulture. The Board considers that it would be in the interest of the Company to appoint Smt. Sheela Bhide,

IAS as Director and commends the resolution for her appointment.

None of the Directors except Smt. Sheela Bhide, IAS is interested or concerned in the said resolution.

**ITEM NO. 7**

The Board of Directors in their meeting held on 21st July, 1997 appointed Shri P.V. Bhide, IAS, as Managing Director of the Company with effect from the date of his taking charge. The Government of Andhra Pradesh vide G.O.Rt. No. 501, Industries & Commerce (IP) Department, dated 21.7.97 nominated Shri P.V. Bhide, IAS as a Director on the Board of GFCL and also to appoint him as Managing Director of the Company for a period of three years. Shri P.V. Bhide, IAS took charge of the office as Managing Director of GFCL on 21.7.97 (AN).

Shri P.V. Bhide, is a Senior IAS officer and was the Secretary, Energy in the Government of Andhra Pradesh prior to his appointment. He held many important positions such as Collector, Vizianagaram District, Deputy Secretary, Department of Economic Affairs, Govt. of India, Advisor to Executive Director, IBRD, World Bank, Commissioner, (Relief), Revenue Department, Managing Director, APCPOB, Secretary, Finance, Government of Andhra Pradesh. Your Directors recommend the appointment for your acceptance.

Copy of G.O. Rt. No. 501 dated 21.7.97 and the agreement entered into with Shri P.V. Bhide, IAS, for appointment as Managing Director are open for inspection at the Regd. Office between 11.00 AM and 1.00 PM on any working day prior to the meeting.

None of the Directors except Shri P.V. Bhide, IAS, is interested or concerned in the said resolution.



## DIRECTORS' REPORT

### TO THE MEMBERS

1.0 Your Directors have pleasure in presenting the Fifteenth Annual Report and the Audited Accounts of the Company for the year ended 31st March, 1997 together with the Auditors Report thereon.

### 2.0 PRODUCTION

2.1 Your Directors are happy to report exceedingly good working results of the Company for the year under review. Your Company achieved an all time high production of 3,85,105 MTs of DAP and 20:20:0:15 (consisting of 3,67,941 MTs of DAP and 17,164 MTs of 20:20:0:15) against the previous year's production of 3,40,336 MTs of DAP and 20:20:0:15 (consisting of 3,37,299 MTs of DAP and 3,037 MTs of 20:20:0:15). The increase in production was of the order of 44,769 MTs in absolute terms indicating a growth rate of 13.15% over the previous year.

### 3.0 MARKETING

3.1 During the year 1996-97 your Company performed a remarkable job by selling 3,97,565 MTs of manufactured DAP and 20:20:0:15 (consisting of 3,80,441 MTs of Manufactured DAP and 17,124 MTs of 20:20:0:15) against the sale of 3,22,160 MTs of Manufactured DAP and 20:20:0:15 (consisting of 3,19,123 MTs of Manufactured DAP and 3,037 MTs of 20:20:0:15) during the previous year. The increase in sale was of the order of 75,405 MTs in absolute terms indicating a growth rate of 23.4%.

3.2 During the year under review, your Company sold a total quantity of 4.18 lakh tonnes of fertilisers which includes Manufactured DAP, 20:20:0:15, traded



Shri K. MADHAVA RAO, IAS  
CHAIRMAN

products viz., Urea, MOP, Zinc Sulphate, etc against the quantity of 3.45 lakh tonnes sold during the previous year, recording an increase of 0.73 lakh tonnes of fertilisers sold. This accounts for 21.15% increase over the previous year's sales.

### 3.3. Market share of DAP in Andhra Pradesh

3.4 Your Company continued to maintain its leadership in DAP sales in the State of Andhra Pradesh, the primary market of your Company by selling 2.07 lakh tonnes of DAP during the year. The Company's DAP marketed under the brand name "Godavari DAP" continues to be the farmers first preference in the State of Andhra Pradesh and has secured 62 percentage of the Market share as against 60.8 percentage during the previous year. The sale of Manufactured DAP of your Company has gone up with the sincere and sustained efforts put in by the Company.

### 3.5 Pesticides

3.6 During the year under review, your Company sold Pesticides worth Rs. 11.35 crores as against the sale of Rs. 6.55 crores during the previous year 1995-96. This indicates an increase of Rs. 4.8 crores in turnover of Pesticides or a percentage increase of 73.28% over the previous year.

**GODAVARI FERTILISERS AND CHEMICALS LTD****4.0 FINANCIAL RESULTS**

- 4.1 The financial performance of the Company during the year 1996-97 was impressive. The turnover of the Company rose to Rs. 461.22 crores as against Rs. 382.98 crores during the previous year, recording a growth of Rs. 78.24 crores in absolute terms or a percentage growth of 20.42%.
- 4.2 During the year under review your Company made a gross profit of Rs. 37.26 crores before charging interest and depreciation against the corresponding gross profit of Rs. 33.77 crores during the previous year. This indicates an increase of 3.49 crores in absolute terms or a percentage growth of 10.33% in gross profit over the previous year.
- 4.3 The profit of the Company for the year 1996-97 after charging interest and depreciation but before making a provision for Income Tax (MAT) was of the order of Rs. 14.52 crores as against the corresponding profit of Rs. 12.99 crores before Tax during the previous year. The increase in profit before tax was of the order of Rs. 1.53 crores indicating an increase of 11.77% in the profitability over the previous year.
- 4.4 Under Section 115 JA of Income Tax Act, your Company had to pay Income Tax under the provisions of Minimum Alternate Tax (MAT) and accordingly an amount of Rs.1.88 crores was provided in the accounts. The profit of the Company after making provision for Income Tax is of the order of Rs. 12.63 crores.

**4.5 Dividend and Appropriations**

- 4.6 Your Directors recommend payment of Dividend at Re.1/- per share for the year ended 31st March, 1997. The appropriations out of Profits are as hereunder :

	(Rs. in lakhs)
Profit before Tax	1452.23
Less : Provision for IT (MAT)	188.73
Profit After Tax	1263.50
Add : Balance b/f from previous year	339.18
Amt available for apprn.	1602.68
Less : Proposed Dividend (10%) (subject to tax)	320.00
	1282.68
Less :Prov. for Dividend tax	32.00
Balance carried to B/S	1250.68

**5.0 INDUSTRIAL RELATIONS**

- 5.1 Industrial Relations between the Management and Employees remained cordial during the year under review. There has been no loss of production on account of Industrial Relations problems.
- 5.2 Your Directors are happy to place on record their sincere appreciation for devotion to duty by all the employees which resulted in successful performance of your Company.

Your Directors are confident that with the active support of the employees at all levels, your Company will be able to meet the challenging situations in future also.

**6.0 ENVIRONMENTAL PROTECTION**

- 6.1 Your Company continued to maintain





its track record in keeping the gaseous emissions from the Plant well below the norms prescribed by the regulating authorities. There is no discharge of liquid pollutants. The table of gaseous emissions given below reveals operation of the Plant at an optimum level from the environmental angle. Your Company is maintaining an excellent Green Belt covered in and around the Plant as required under the Pollution Laws.

	Ammonia	Sulphur Dioxide	Suspended Particulate Matter
(in Micrograms per nominal cubic Metre gaseous emission)			
Max. limits stipulated by Pollution Control Authority	759	80	200
Average annual ambient air quality concentration achieved inside GFCL	44	0.03	31

## 7.0 ENERGY CONSERVATION

7.1 By constantly monitoring Energy Conservation Systems, your Company was able to carry out the operations most efficiently. The consumption norms of LSHS were well within the budgetted norms. All aspects of operation & maintenance are continuously reviewed and every effort is made to avoid wastage in Plant and to achieve the best energy consumption norms.

## 8.0 FOREIGN EXCHANGE, EARNINGS AND OUTGO

8.1 An amount of Rs. 344.86 crores was spent in Foreign Exchange by your Company for import of raw material, spare parts, etc., during the year 1996-97. Your Company earned a foreign exchange Rs. 11.30 crores during the year under review by exporting DAP to Nepal.

## 9.0 CORPORATE PLANS

### 9.1 Commissioning of Pipeline from Kakinada Port to GFCL's DAP Plant

9.2 In the previous Annual General Meeting, shareholders were informed that your Company was laying HDPE Pipeline for about 2.5 Kms length connecting the Kakinada Port to Company's DAP Plant for direct receipt of Phosphoric Acid at Kakinada. The commissioning of the pipeline was completed in the month of November, 1996 and 10 Phos Acid Ships, which carried 87,774 MTs of Acid were received so far. The receipt of Phosphoric Acid directly at Kakinada enabled the Company to step up its Production subsequent to commissioning of Pipeline and also ensured timely availability of raw-material for continuous Production.

### 9.3 Construction of Phos Acid and Sulphuric Acid Tanks at Kakinada.

9.4 Shareholders are aware that the Company has taken up construction of 2 Nos. of Phos Acid Tanks, each of 5000 tonnes capacity in addition to the present available tanks at Kakinada. Construction of 2 Nos of Phos Acid tanks each of 5000 MTs capacity and also 2,500 MTs of Sulphuric Acid Tank at Kakinada were completed during the year. The additional storage facilities thus created have enabled the Company to store more Acid quantities, enabling, timely availability of material for sustained higher production of DAP.

### 9.5 Construction of Horton Spheres for handling Ammonia and laying of Pipeline for about 2.5 Kms length connecting Kakinada Port to DAP Plant to receive Ammonia directly at Kakinada.

**GODAVARI FERTILISERS AND CHEMICALS LTD**

9.6 Your Company is planning to take up construction of 2 Nos of 1500 MTs Horton Spheres for storage of Ammonia along with a pipeline of about 2.5 Kms connecting Kakinada Port to DAP Plant for direct receipt of ammonia from Ships. It is expected that the above facility would cost about Rs. 12 crores and the work would commence some time during the last quarter of 1997. The Project is expected to be completed within a period of 24 months from zero date. Once the construction of the Horton Spheres and laying of pipeline is completed, your Company would be in a position to receive Ammonia shipments also at Kakinada, thereby achieving saving in cost on account of movement of raw-material from Vizag to Kakinada besides ensuring timely availability of raw-material.

**10.0 DIRECTORS**

10.1 During the year, Smt. Sheela Bhide, IAS, Secretary, Industries and Commerce Department, Government of Andhra Pradesh, was nominated as Director to represent Government of Andhra Pradesh in place of Dr. S.R. Govindarajan, IAS. Your Directors place on record their appreciation of the valuable services rendered by Dr.S.R.Govindarajan, IAS, during his tenure as Director of the Company. Smt. Sheela Bhide, IAS holds Office as Additional Director upto this Annual General Meeting and a Notice U/s 257 of the Companies Act, 1956 has been received from a Member proposing the appointment of Smt. Sheela Bhide, IAS at the forthcoming Annual General Meeting.

10.2 Since the last Annual General Meeting, Shri Surinder Kumar Jakhar, Chairman, IFFCO was nominated as Director to

represent IFFCO in place of Shri D.P. Yadav, effective from 21st January, 1997. Your Directors place on record their appreciation for the services rendered by Shri D.P. Yadav, during his tenure as Director of the Company.

10.3 Pursuant to Articles 105 and 106 of the Articles of Association of the Company, Shri K.K. Pillai and Shri C.B. Mouli, Directors retire by rotation at this Annual General Meeting and being eligible offer themselves for reappointment.

**11.0 MANAGING DIRECTOR**

The tenure of appointment of Shri V.S. Sampath, IAS Managing Director expires on 27th August, 1998. The Government of Andhra Pradesh vide its G.O. Rt. No.3940, dated 15th July, 1997 informed its intention to withdraw the services of Shri V.S. Sampath, IAS and to appoint Shri P.V. Bhide, IAS as Managing Director of GFCL.

11.1 Your Board of Directors resolved to appoint Shri P.V. Bhide, a Senior IAS Officer of the Government of Andhra Pradesh as Managing Director for a period of 3 years w.e.f. the date of his assuming charge. The Government of Andhra Pradesh vide G.O.Rt.No.501, dated 21st July, 1997 Industries and Commerce Department placed the services of Shri P.V. Bhide, IAS at the disposal of the Company for a period of 3 years for appointment as Managing Director. Shri P.V. Bhide, IAS took the charge of Managing Director, GFCL w.e.f. 21st July, 1997. The Notice of the Annual General Meeting accordingly includes separate item for the approval of Shareholders regarding the appointment of Shri P.V. Bhide, IAS as Managing Director for a period of 3 years w.e.f. 21st July, 1997.