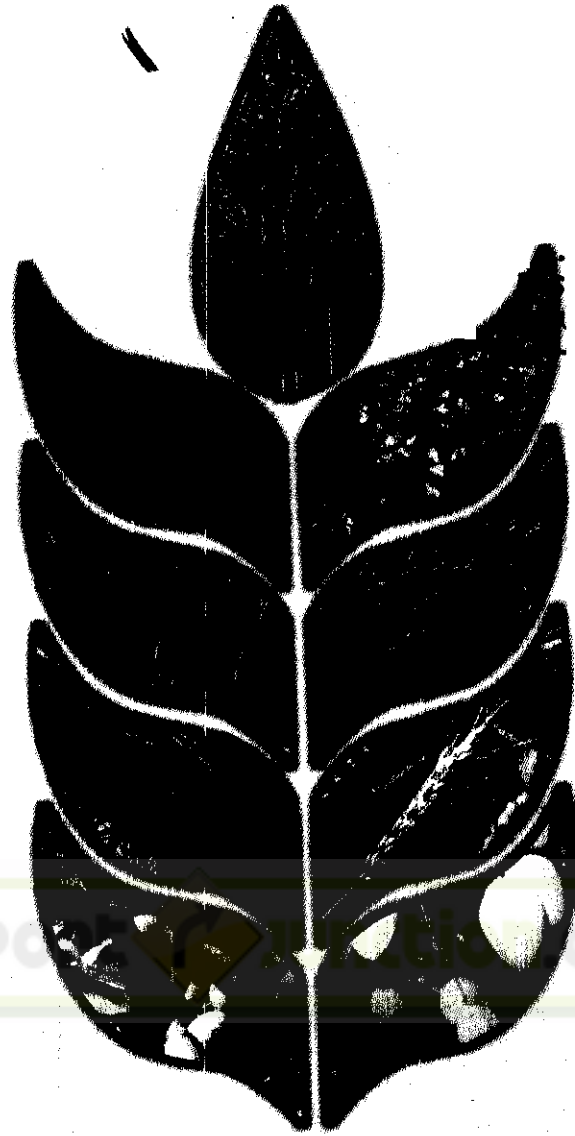
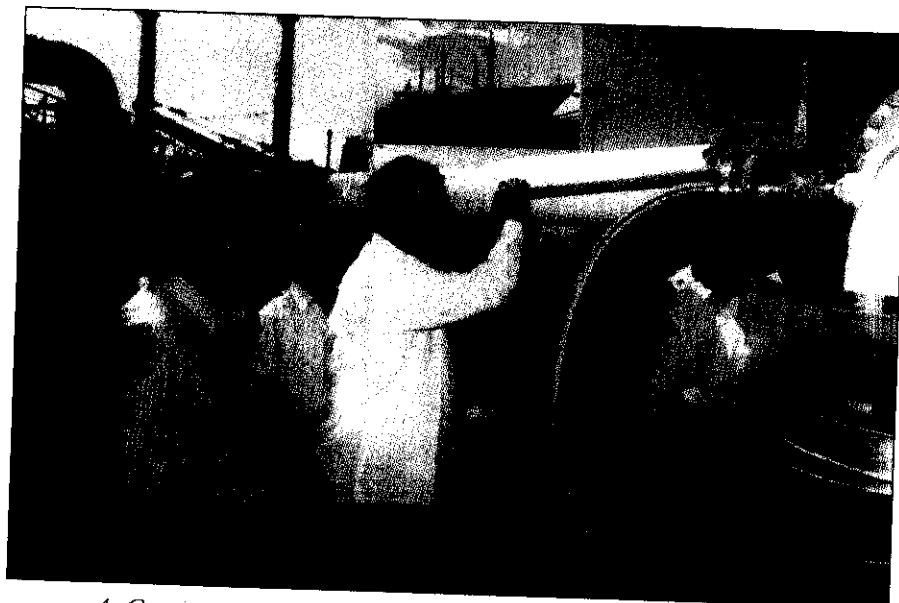


## Annual Report 1999-2000



**Godavari Fertilisers and Chemicals Limited**



*A Cost cutting measure - Commissioning of direct ammonia unloading / receipt facility at Kakinada Port by Shri P.V.Bhide, IAS, MD*  
*Inset - The first ship "MT Havjarl" which carried ammonia at Kakinada Port on 22.10.1999.*



*A view of Phosphatic Plant at night*

## GODAVARI FERTILISERS AND CHEMICALS LIMITED



## BOARD OF DIRECTORS

Chairman

Director

Director

Director

Director

Director

Director

Director

Alternate Director

Managing Director

Company Secretary

Shri P.V. Rao, IAS (from 17-05-2000 onwards)

Shri V. Anandaraou, IAS (upto 16-05-2000)

Shri Surinder Kumar Jakhar

Shri U.S. Awasthi

Shri Ajeya Kallam, IAS

Smt Preeti Sudan, IAS

Shri S. Gopalan

Shri K.K. Pillai

Shri T. Panduranga Rao

Shri M.K. Tandon

Shri P.V. Bhide, IAS

Shri V.S. Rao

## SENIOR EXECUTIVES

Shri M.M.A. Siddiqui

Vice President (Finance)

Shri V.S. Rao

General Manager (Legal)  
& Company Secretary

Shri S.J. Naidu

General Manager (Projects)

Shri C.R. Rao

General Manager (Marketing)

Shri V.C. Rao

General Manager (Works)

Shri G. Kishan

General Manager (P &amp; A)

Shri P. Ranadhir Reddy

Adviser (Transportation)

Shri C.V.N. Sastry

Dy. General Manager (FO)

Shri V. Kutumba Rao

Dy. General Manager (T.S. &amp; Q.C.)

Shri A. Tatalu

O.S.D. (O &amp; M)

## AUDITORS

M. Bhaskara Rao &amp; Co.,

Chartered Accountants,

5-D, Fifth Floor,

"Kautilya", 6-3-652,

Somajiguda,

Hyderabad 500 082,

Andhra Pradesh,

Tel. No. 3311245.

## REGISTERED OFFICE

"Vanil Nilayam"

50, Sebastian Road,

Secunderabad - 500 003,

Andhra Pradesh,

Tel. Nos. 7701871, 7702399,

7702446, 7702522,

7703396, 7704219.

Tlx. No. 0425-6335

Fax No. 040-7701541

## BANKERS

State Bank of India

State Bank of Hyderabad

Andhra Bank

IDBI Bank Limited

## FACTORY

Beach Road,

Kakinada 533 001,

Andhra Pradesh,

Tel Nos: 372341, 372342,

372343, 372344, 372345,

Tlx. No. 0473-272,

Fax No. 0884-361069.

**ANNUAL REPORT 1999 - 2000****NOTICE TO THE SHAREHOLDERS**

Notice is hereby given that the **EIGHTEENTH ANNUAL GENERAL MEETING** of the Members of Godavari Fertilisers and Chemicals Limited will be held on Friday, the 11th August, 2000 at 4.00 P.M. at Harihara Kalabhavan, Municipal Office Complex, Sardar Patel Road, Secunderabad - 500 003 to transact the following business.

**ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2000 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 Dividend.
3. To appoint a Director in place of Shri K.K. Pillai, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri U.S. Awasthi, who retires by rotation and being eligible, offers himself for reappointment.
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. 1,50,000/- (Rupees One Lakh Fifty 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 Preeti Sudan, IAS be and is hereby appointed as 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 accord its approval and consent for re-appointment of Shri PV Bhide, IAS., as Managing Director of the Company with effect from 21st July, 2000 to 29th March, 2001 on terms and conditions set out in the Agreement submitted to the Meeting and for identification initialed by the Chairman of the Meeting 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 PV Bhide, IAS."

## GODAVARI FERTILISERS AND CHEMICALS LIMITED



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

8.0 To consider and, if thought fit, to pass with or without modification the following Resolution as an ORDINARY RESOLUTION.

"RESOLVED THAT in partial modification of the Resolution passed at the Fifth Extra-ordinary General Meeting of the Company held on 21st May, 1984, the consent of the Company under the provisions of Section 293 (1)(d) of the Companies Act, 1956 be and is hereby accorded to the Directors of the Company to borrow monies from time to time, notwithstanding that the money or monies to be borrowed, together with the monies already borrowed by the Company for the time being (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the paid up Capital of the Company and its free reserves, that is to say reserves not set apart for any specific purposes, provided however, the total amount so borrowed shall not exceed Rs. 200 crores (Rupees Two Hundred Crores Only)."

9.0 To consider and, if thought fit, to pass the following Resolution with or without modification, 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 for creation of second charge by way of mortgage by the Board of Directors of the Company of all the immovable properties of the Company wheresoever situate, present and future, in favour of the following viz.,

- 1) State Bank of India (SBI)
- 2) State Bank of Hyderabad (SBH)
- 3) Andhra Bank (AB)
- 4) IDBI Bank Ltd.,

to secure comprehensive working capital limits from the above consortium of Banks for amounts indicated against each of the Banks as hereunder-

Sl.No.	Name of the Bank	Rupees in Crores
01.	State Bank of India (SBI)	60.42
02.	State Bank of Hyderabad (SBH)	25.65
03.	Andhra Bank (AB)	49.83
04.	IDBI Bank Ltd.,	15.10
		<u>151.00</u>

lent/advanced, agreed to be lent/advanced by above Banks to the Company, together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges premia on pre-payment or on redemption, costs, charges, expenses and other monies payable by the Company to SBI, SBH, AB, and IDBI Bank Ltd., under their respective loan

## ANNUAL REPORT 1999 - 2000

--	--	--	--	--	--	--	--	--

agreements/letters of sanction entered into by the Company in respect of the said working capital loans."

such acts and things as may be necessary for giving effect to the above Resolution."

By order of the Board

"FURTHER RESOLVED THAT the Board of Directors of the Company be and are hereby authorised to finalise with SBI, SBH, AB and IDBI Bank Ltd., the documents for creating the aforesaid mortgage and/or charge and to do all

**Registered Office**

Vani Nilayam

50, Sebastian Road,  
Secunderabad - 500 003.

**V.S. RAO**

General Manager (Legal) &  
Company Secretary

Date : 21st June, 2000

**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 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 8th August, 2000 to Friday, the 11th August, 2000 (both days inclusive).**
4. Payment of dividend on shares, on approval by Members, will be made on or after 11th August, 2000 to those shareholders whose names will appear as Members in the books of the Company as on the date of Annual General Meeting.
5. Intimation of change of address, **mandate for payment of dividend, bank account with the 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 5,6,7,8 and 9 set out above is annexed hereto.

## GODAVARI FERTILISERS AND CHEMICALS LIMITED



## 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 is concerned or interested in the said resolution.

## ITEM NO. 6

During the year Smt Preeti Sudan, IAS was nominated as Director on the Board of Directors of the Company by the Government of Andhra Pradesh in accordance with Article 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 Preeti Sudan, IAS for the Office of Director of the Company, liable to retire by rotation.

Smt Preeti Sudan, IAS is a Senior IAS Officer and is presently the Secretary, Finance Department, Govt of Andhra Pradesh. She held many important positions in the Government of Andhra Pradesh. The Board consider that it would be in the interest of the Company to appoint Smt Preeti Sudan, IAS as Director, retiring by rotation and accordingly commends the Resolution for your acceptance.

None of the Directors except Smt Preeti Sudan, IAS is interested or concerned in the said Resolution.

## ITEM NO. 7

Members are aware that Shri PV Bhide, IAS was appointed as Managing Director of the Company for a period of 3 years with effect from 21-7-1997. His tenure of appointment expires on 20th July, 2000. The Government of Andhra Pradesh vide Memo No. 2538/Spl.A/99-2, dated 04.05.2000 informed that the terms and conditions of deputation of Shri PV Bhide, IAS were revised while retaining his services in GFCL on promotion to the above super-time scale of IAS in the cadre of Principal Secretary w.e.f. 30-03-1999 for a period of two years. It was also informed that the period of deputation to GFCL has commenced afresh on 30-03-1999 and would be over on 29-03-2001.

Your Directors recommend extension of tenure by re-appointing Shri P V Bhide, IAS as Managing Director of the Company from 21st July, 2000 to 29th March, 2001. Memo No. 2538/Spl. A/99-2, dated 04-05-2000 received from Government of Andhra Pradesh and other documents concerning his appointment are available for perusal at the Registered Office between 11.00 A.M. and 1.00 P.M. on any working day prior to the Meeting.

None of the Directors except Shri PV Bhide, IAS, is interested or concerned in the said Resolution.

## ITEM NO. 8

In the Fifth Extra Ordinary General Meeting held on 21st May, 1984, the consent of the members of the Company was obtained to borrow funds to the tune of Rs. 100 crores (Rupees One Hundred Crores Only) pursuant

**ANNUAL REPORT 1999 - 2000**

to Section 293(1)(d) of the Companies Act, 1956. In view of the increased activities of the Company, borrowings from Banks/financial institutions have increased. The existing borrowing powers of Rs. 100 crores are not sufficient to enable the Company to raise funds for meeting additional requirement from time to time. It is therefore proposed to increase the present borrowing limits from Rs. 100 Crores to Rs. 200 Crores. Sanction of the Shareholders is sought under Section 293(1)(d) of the Companies Act, 1956 to borrow upto Rs. 200 Crores. Your Directors therefore recommend the Resolution for your approval.

None of the Directors is concerned or interested in the aforesaid Resolution.

**ITEM NO. 9**

The Consortium of Bankers consisting M/s State Bank of India (SBI), State Bank of Hyderabad (SBH), Andhra Bank (AB), IDBI Bank Limited have sanctioned enhanced working capital limits to the tune of Rs. 151.00 crores. The Company had executed a Loan Agreement and Joint Deed of Hypothecation on 21st February, 2000 creating Primary Charge on the current assets of the Company. While sanctioning the above Working Capital Limits, the consortium of bankers stipulated

creation of collateral security by way of second charge on the fixed assets of the Company.

Section 293(1)(a) of the Companies Act, 1956 provides inter alia that Board of Directors of a Public Company shall not, without the consent of such public Company in General Meeting sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking the whole or substantially the whole of any such undertaking.

Since mortgaging by the Company of its movable and immovable properties as aforesaid in favour of the Consortium of Banks 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. Copies of Agreement and hypothecation deed executed with the aforesaid Consortium of Banks are open for inspection at the Registered Office of the Company between 11 A.M to 1 P.M. on any working day prior to the date of the Meeting.

None of the Directors is interested or concerned in the above Resolution.



## GODAVARI FERTILISERS AND CHEMICALS LIMITED



## DIRECTORS' REPORT

## TO THE MEMBERS

**1.0.0** Your Directors have pleasure in presenting the Eighteenth Annual Report and the Audited Accounts of the Company for the year ended 31st March, 2000 along with the Auditors' Report thereon.



**SHRI P.V. Rao, IAS**  
Chairman

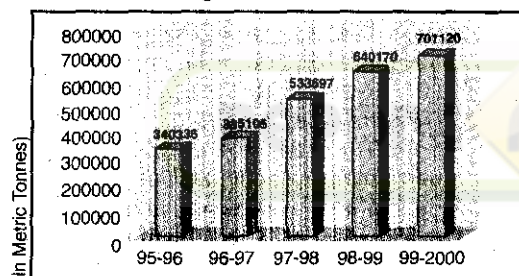
**2.0.0 PRODUCTION**

**2.1.0** Your Directors are happy to report that there has been remarkable growth in the performance of your Company in terms of production and turnover during the year under review as compared to the performance of the Company during the previous year. Your Directors are confident that your Company would be able to further improve its efficiency, increase productivity and also step up its production further with the revamping activity of the plant commenced during the year under review.

60,950 MTs in absolute terms indicating a growth of 9.5 per cent over the previous year. This was achieved with efficient monitoring of raw-material availability, minimising downtime hours and optimising the throughput of the Plant. While achieving this improved performance, your Company was also successful in controlling emissions within permissible norms, etc.

**2.3.0** During the year under review, your Company has laid a Low Temperature Carbon Steel (LTCS) Pipe line for direct receipt of Ammonia at plant connecting Kakinada Port, a distance of 2.5 KMs. The pipeline along with its associated facilities, viz., two atmospheric storage tanks of 5000 MTs each were commissioned in September, 1999. Members are aware that a separate pipeline is already in operation for receiving Phosphoric Acid from the Kakinada Port. With the commissioning of the pipelines for receiving Ammonia and Phosphoric Acid directly from Kakinada Port, your Company made substantial savings in transportation costs for movement of Ammonia and Phosphoric Acid from Vizag, besides ensuring timely availability of raw-material for uninterrupted operation of the Plant.

Production during the last five Financial Years



**2.2.0** Your Directors are glad to report that your Company achieved a production of 7,01,120 MTs of fertilizers consisting of 6,28,969 MTs of DAP and 72,151 MTs of 20 : 20 : 0 : 15 as against the previous year's production of 6,40,170 MTs consisting of 6,13,409 MTs of DAP and 26,761 MTs of 20 : 20 : 0 : 15; an increase of

## ANNUAL REPORT 1999 - 2000

2.4.0 Your Company also did not experience any difficulty in procurement of raw-material. In fact, it was able to achieve considerable savings in the cost of procurement of raw materials by further strengthening its supply arrangements for receipt of Phosphoric Acid from M/s. Indian Ocean Fertilizers, as well as entering into a supply agreement for receipt of Ammonia from M/s. SABIC India Pvt. Ltd.

2.5.0 Members are further aware that your Company has made an investment of Rs. 7.53 crores in 1998 towards purchase of Equity shares of AP Gas Power Corporation Ltd., for drawing Power upto 5 MW from the State Grid on an uninterrupted basis. The arrangement with APGPCL has enabled the Company to continue its operations uninterruptedly and the investment has also helped reduce operational costs besides improving the production performance.

## 3.0.0 MARKETING

3.1.0 Your Directors are happy to report that the sales performance during the year under review has surpassed the previous year's on account of the excellent efforts put forth by your Company's marketing staff. The year under review has witnessed a record

sales performance of 8,85,264 MTs of fertilisers consisting of 5,67,983 MTs of manufactured DAP, 63,485 MTs of 20 : 20 : 0 : 15; 2,05,222 MTs of imported DAP, 48,518 MTs of Pool urea and 56 MTs of traded DAP. During the previous year, your Company sold a total quantity of 7,37,052 MTs of fertilisers consisting of 6,09,741 MTs of manufactured DAP, 22,560 MTs of 20 : 20 : 0 : 15; 66,285 MTs of imported DAP, 17,968 MTs of traded DAP and 20,490 MTs of traded Urea. The increase in sales during the year was 1,48,212 MTs which represents a growth of 20 per cent.

3.2.0 The year goneby witnessed both, an increase in domestic production of DAP as well as in increased import of DAP from abroad. The primary factor responsible for the latter was the steep fall of approximately US \$50 landed price of imported DAP. These factors coupled with adverse seasonal conditions prevailing at the end of Kharif and in Rabi resulted in stiff competition and price wars. In fact, the market experienced huge discounts on DAP sales ranging from Rs. 400/- to Rs. 500/- per tonne. Despite the existence of such a volatile market, your Company performed exceedingly well to achieve its highest ever sales of more than 8.85 lakh MTs of fertilisers in a competitive market.

3.3.0 Your Company, in spite of fierce competition, continued to maintain its primacy in DAP sales in Andhra Pradesh, (its primary market area) by selling 4,22,889 MTs of GODAVARI DAP. This constituted over 62 percent over DAP market share. Besides, maintaining its primacy in Andhra Pradesh, your Company was able to

Sale of All Fertilisers-Quantity & Turnover-during last five years

