

ANNUAL REPORT 2001-2002.

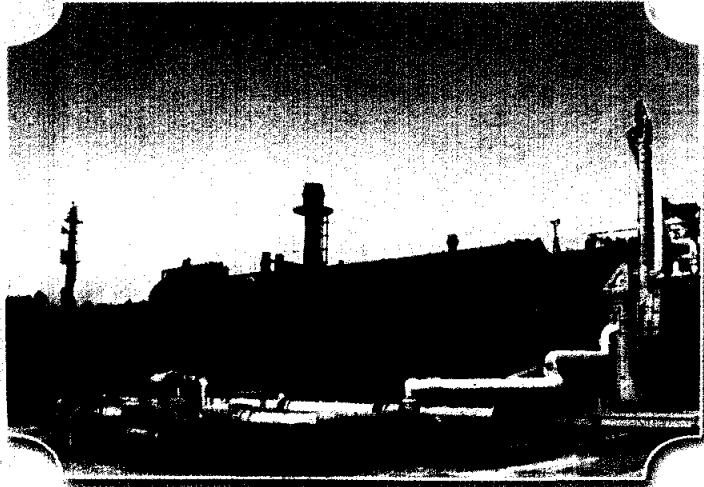


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GODAVARI

GODAVARI FERTILISERS AND CHEMICALS LTD.



Ammonia discharge operation from the ship to the GFCL plant at Kakinada Deep Water Port.



GFCL Plant is captured in twilight

**BOARD OF DIRECTORS**

CHAIRMAN **Shri K.Swaminathan, IAS**
(From 30.04.2002)

Shri P.V.Rao, IAS
(Upto 30.04.2002)

DIRECTORS **Shri K.Srinivasa Gowda**
(From 07.08.2001)

Shri Surinder Kumar Jakhar
(Upto 06.08.2001)

Shri U.S.Awasthi

Shri Rakesh Kapur, IRS
(Alternate Director to Shri U.S. Awasthi)

Smt. Preeti Sudan, IAS

Shri Rajiv Sharma, IAS
(From 19.10.2001)

Shri Ajeya Kallam, IAS
(Upto 18.10.2001)

Dr. P.L.Sanjeev Reddy, IAS (Retd.)
(From 25.10.2001)

Shri S.Gopalan
(Upto 24.10.2001)

Shri K.K.Pillai

Shri T.Panduranga Rao

MANAGING DIRECTORS

Shri K.R.Kishore, IAS
(From 17.04.2002)

Shri P.V.Bhide, IAS
(Upto 17.04.2002)

COMPANY SECRETARY

Shri K.V.Ramana Rao, FCS

SENIOR EXECUTIVES

Shri S.J.Naidu
General Manager (Projects)

Shri V.C.Rao
General Manager (Works)

Shri K.V.Nayak
General Manager (Marketing)

Shri C.V.N.Sastry
Dy.General Manager (FO)
& Incharge (P & A)

Shri V.Kutumba Rao
Dy. General Manager (T.S. & Q.C)

REGISTERED OFFICE

"Vani Nilayam" 50, Sebastian Road,
Secunderabad 500 003, Andhra Pradesh
Tel. Nos.7701871, 7702399, 7702446,
7702522, 7703396, 7704219
Tlx. No. 0425-6335. Fax No. 091-040-7701541
E-mail : gfcl@hd1.vsnl.net.in

FACTORY

Beach Road, Kakinada 533 001.
Andhra Pradesh
Tel Nos. 372341, 372342, 372343,
372344, 372345, 379046
Tlx. No.0473-272. Fax No. 0884-361069.
E-mail : gfclkkd@hd2.vsnl.net.in

AUDITORS

M. Bhaskara Rao & Co.,
Chartered Accountants,
5-D, Fifth Floor, "Kautilya", 6-3-652, Somajiguda,
Hyderabad 500 082, Andhra Pradesh,
Tel. No. 3311245, 3393900

BANKERS

State Bank of India
State Bank of Hyderabad
Andhra Bank
IDBI Bank Limited



NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the TWENTIETH ANNUAL GENERAL MEETING of the Members of Godavari Fertilisers and Chemicals Limited will be held on SATURDAY, THE 24TH AUGUST, 2002 at 4.00 P.M. at PADMASHALI 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, 2002, the Profit & Loss Account for the year ended on that date and the reports of the Board of Directors and of the Company's Auditors.
2. To appoint a Director in place of Shri K K Pillai, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri U S Awasthi, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration, and for this purpose to consider and, if thought fit, to pass with or without modification the following resolution as a SPECIAL RESOLUTION.

"RESOLVED THAT pursuant to the provisions of the Sections 224 and 224A and other applicable provisions, if any, of the Companies Act, 1956, M/s M Bhaskara Rao & Co., Chartered Accountants, the retiring auditors be and are hereby re-appointed as auditors of the Company, to hold office from the conclusion of this Annual General Meeting

till the conclusion of the 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

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

"RESOLVED THAT Shri S.Bhattacharya, IAS, be and is hereby appointed as Director of the Company whose term of office is liable for retirement by rotation.

6. 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, 309, 310 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 for re-appointment of Shri P V Bhide, IAS, as Managing Director of the Company with effect from 1st April, 2002 to 17th April, 2002 (AN) on terms and conditions set out in the agreement submitted to and approved at the 19th Annual General Meeting of the Company and that the remuneration so paid to Shri P V Bhide, IAS, was the minimum remuneration permissible under the Companies Act, 1956, due to inadequate or no profits."



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, 309, 310 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, approval of the Company be and is hereby accorded for appointment of Shri K R Kishore, IAS, as Managing Director of the Company for a period of two years with effect from 17th April, 2002 (AN) whose term of office is not liable to retirement by rotation, on the terms and conditions set out in the agreement between the Company and Shri K R Kishore, IAS and initialled for purposes of identification by the Chairman with specific authority to the Directors, to alter and vary without further reference to

the Company in a general meeting, the said terms and conditions of appointment or agreement in such a manner as the Directors may decide and acceptable to Shri K R Kishore, IAS."

"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 K R Kishore, IAS, as far as salary and allowances is concerned be paid as the minimum remuneration in the event of inadequate or no profits."

By order of the Board

Registered Office

Vani Nilayam
50, Sebastian Road
Secunderabad - 500 003

(K V RAMANA RAO)
Company Secretary

Date :15th July, 2002

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**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, shall 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 and share transfer books will remain closed from FRIDAY, THE 16TH AUGUST, 2002 to SATURDAY, THE 24TH AUGUST, 2002 (both days inclusive).
4. Members are requested to intimate to the Company, changes, if any, in their registered address along with Pin code numbers. Members whose shareholdings are in the Electronic mode are requested to send the intimation for change of address to their respective depository participants.
5. Members can avail of the nomination facility by filing Form 2B with the Company. Blank forms will be supplied on request.
6. Members who are holding shares under more than one folio under name(s) in the same order are requested to send the relative share certificates to the Company for consolidation of the entire holdings in one folio. The certificates after consolidation will be returned by registered post.
7. Members are requested to avail the facility of keeping their shares in Demat form as the Company's equity shares have been admitted in the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) w.e.f. 29th November, 2000.
8. The Company declared dividends for the years 1996-97 to 1999-2000. Members who have not encashed their dividend warrants may please write to the Company for necessary verification and arranging payment.
9. Explanatory statement as required under section 173(2) of the Companies Act, 1956 in respect of items 4, 5, 6 and 7 set out above is annexed hereto.

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ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO.4

The resolution for appointment of retiring Auditors will be proposed as Special Resolution in accordance with section 224A of the Companies Act, 1956. Hence explanatory statement is being given. The Auditors have intimated the Company in writing as required under Section 224 stating that their re-appointment, if made, will be within the limits specified in Sub-section (1B) section-224. The resolution is accordingly commended for your approval.

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

ITEM NO.5

As required u/s 257 of the Companies Act, 1956 notice together with a deposit of Rs.500/- has been received from a shareholder proposing Shri S.Bhattacharya, IAS, for the office of Director of the Company.

Shri S.Bhattacharya is a senior IAS Officer and he is presently the Commissioner and Director of Agriculture, Government of Andhra Pradesh. He held many important positions in the Government of Andhra Pradesh. The shareholders may consider, in the interests of the Company, the appointment of Shri S. Bhattacharya, IAS as Director of the Company. Accordingly the resolution is recommended for approval.

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

ITEM NO.6

The tenure of appointment of Shri P V Bhide, IAS, as Managing Director expired on 31st March,

2002. The Government of Andhra Pradesh vide G.O.Rt. No.1671, General Administration (Spl.A) Department, dt.03-04-2002 withdrawn the services of Shri P V Bhide, IAS as Managing Director of the Company. Pending appointment of Managing Director, the Board re-appointed Shri P V Bhide, IAS as Managing Director of the Company till the new Managing Director assumed charge. The Government of Andhra Pradesh, vide G.O.Rt.No.310, Industries and Commerce (IP) Department, dt.16-04-2002 have kept the services of Shri K R Kishore, IAS, at the disposal of GFCL for appointment as Director on the Board of GFCL and also to appoint him as Managing Director of the Company. The Board of Directors vide circular resolution No.1/2002, dt.09-04-2002 resolved to appoint Shri K R Kishore, IAS, as Managing Director of the Company w.e.f. the date of his taking over charge as Managing Director. Shri K R Kishore, IAS took charge of the office of the Managing Director on 17-04-2002 (AN). The proposed resolution is to regulate the reappointment of Shri P V Bhide, IAS as Managing Director w.e.f. 01-04-2002 to 17-04-2002 (AN). Copies of the GOs referred to above and the agreement entered into with Shri P V Bhide, IAS, are open for inspection at the Registered Office of the Company between 11.00 AM and 1.00 PM on any working day prior to the meeting.

Your Directors recommend the resolution for approval. None of the Directors is concerned or interested in the resolution.

ITEM NO.7

The Board of Directors vide Circular Resolution No.1/2002, dt.09-04-2002 resolved to appoint Shri K R Kishore, IAS as Managing Director of the Company w.e.f. the date of his taking charge as Managing Director. The Government of



Andhra Pradesh vide G.O.Rt.No.1671, General Administration (Spl.A) Department, dated 03-04-2002 placed the services of Shri K R Kishore, IAS, at the disposal of Industries and Commerce Department for appointment as Managing Director of the Company for a period of two years. The Government of Andhra Pradesh, vide G.O. Rt.No.310, Industries and Commerce (IP) Department, dt.16-04-2002 placed the services of Shri K R Kishore, IAS, at the disposal of GFCL for appointment as Director on the Board of GFCL and also to appoint him as Managing Director of the Company. Shri K R Kishore, IAS, took charge of the office of Managing Director on 17-04-2002 (AN).

Shri K R Kishore, IAS, is a Post graduate in Nuclear Physics and did his MBA from Hull University, London. Shri K R Kishore, IAS is a senior officer of the Indian Administrative Service borne on the cadre of Andhra Pradesh. Before joining the Company as Managing Director, he held many important positions in the

Government of Andhra Pradesh viz., Collector, West Godavari and Hyderabad Districts, Director of Survey and Settlements, Project Officer, I.T.D.A., Utnoor in Adilabad, Commissioner and Director of Agriculture and Secretary to Government, Agriculture Department.

Copies of G.O.Rt.No.1671, General Administration (Spl.A) Department dt.03-04-2002, G.O.Rt.No.310, Industries and Commerce (IP) Department dt.16-04-2002 and the agreement entered into with Shri K R Kishore, IAS for appointment as Managing Director are open for inspection at the Registered Office of the Company between 11.00 AM and 1.00 PM on any working day prior to the meeting.

Your Directors recommend the resolution for your acceptance.

None of the Directors except Shri K R Kishore, IAS, is concerned or interested in the said resolution.

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DIRECTORS' REPORT

TO THE MEMBERS

1.0.0 Your Directors have pleasure in presenting the Twentieth Annual Report together with the audited accounts for the financial year ended 31st March, 2002 and the report of the auditors thereon.

2.0.0 PLANT OPERATIONS

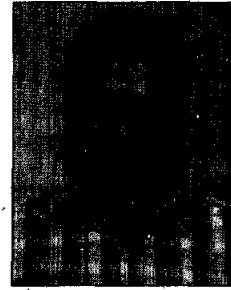
2.1.0 PRODUCTION

2.2.0 The details of production are as under:

PRODUCT	Production 2001-2002 (MTs)	Production 2000-2001 (MTs)
D.A.P.	5,57,797	6,66,845
20:20:0	1,45,334	1,02,655
Total	7,03,131	7,69,500

2.3.0 Production during the current year was lower by 66,369 MTs compared to previous year. This was mainly due to planned shut down of Train-B for 35 days and Train-A for 25 days for hooking up of the equipment as part of retrofitting with pipe reactor system during the period April to June, 2001, and again planned shut down for 14 days in Train-A and 10 days in Train-B was resorted to during January, February of 2002.

2.4.0 Giving an allowance for the planned shut-down, the *pro-rata* production for ten months of the previous year was 6,41,250 Mts corresponding to 7,69,500 Mts for the full 12 month period of 2000-01. The production during the year under report constitutes an increase of 61,881 Mts in absolute



Shri K. Swaminathan, IAS
Chairman

terms represents a growth of 9.65% over the previous year. The capacity utilization of the plant during the year 2001-2002 was 101%. Efficient monitoring of the projects for their completion on schedule, close monitoring of production parameters like availability of raw material, minimizing down time hours and optimizing throughput at the plant, were some of the contributory factors for the good performance.

2.5.0 After refurbishing with pipe reactor using M/s. INCRO Technology for B-Train and up-gradation of technology in A-Train, the capacity of the plant has been revised to 8,32,000 Mts of DAP per annum.

2.6.0 Four sulphuric acid storage tanks, each with a capacity of 2,400 Mts, were constructed at Kakinada by shifting the edible oil tanks from Visakhapatnam Storage Terminal (VST) with an investment of Rs.1.15 crores. During the year 77,002 Mts of sulphuric acid was directly received at Kakinada port resulting in a saving of Rs.3.87 crores towards rentals and transportation of material from Visakhapatnam.



2.7.0 The operations of the plant at Kakinada and the storage terminal at Visakhapatnam were in conformity with the safety standards.

2.8.0 ENVIRONMENT PROTECTION

2.8.1 Your Company continued to operate the

plant at Kakinada, and the storage installation at Visakhapatnam well within the prescribed norms of environmental standards/ regulations with gaseous emissions. The details of gaseous emission at the plant during the year under report are as under.

Specifications	Ammonia	Sulphur Dioxide	Suspended particulate matter
	(In micrograms per normal cubic metre gaseous emission)		
Maximum limits stipulated by Pollution Control Authority (APPCB)	759	80	200
Average annual ambient air quality achieved around the plant	39.90	traces	46.66

2.9.0 An additional Tail Gas Scrubbing system at a cost of Rs.5.62 crores was installed and has since been commissioned in Trains A&B during April, 2002. Consequent to the commissioning of Tail Gas Scrubbing system, emission levels have further reduced from the existing standards of Dust 150 mg/Nm³,

Ammonia 323 mg/Nm³ to Dust 50 mg/Nm³, Ammonia 50 mg/Nm³.

3.0.0 MARKETING

3.1.0 Your Company could sell a total volume of 9,46,240 Mts of all fertilizers during the year as against 8,97,256 Mts sold during 2000-01 as detailed below, registering a modest growth of 5.46% in terms of volume.

(Quantity in Mts)

Product	2001-02	2000-01
Manufactured DAP	5,45,665	6,90,253
Imported DAP	1,62,360	—
Traded DAP	55	33,627
20:20:0	1,52,465	1,07,290
MOP	41,638	—
Urea	32,753	59,056
Zinc Sulphate	2,030	2,492
S S P	9,267	4,500
19:19:19	7	38
Total	9,46,240	8,97,256