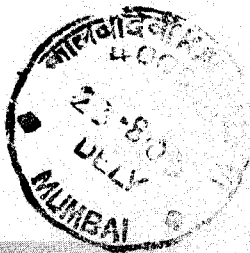




## Annual Report 2002-2003



**GODAVARI**

**Godavari Fertilisers and Chemicals Limited**

[www.reportjunction.com](http://www.reportjunction.com)



*Shri K. Swaminathan I.A.S., Chief Secretary to Government of AP and Chairman GFCL  
Shri K.R. Kishore, IAS., Managing Director, Dr. P.L. Sanjeev Reddy and  
Shri K.K. Pillai, Directors at the 20th Annual General Meeting*

Report  Junction.com



*Visit of the Shareholders of GFCL at DAP Plant*



**BOARD OF DIRECTORS**

**CHAIRMAN**

**Shri A Vellayan**  
From 12.07.2003

**Dr. Mohan Kanda, IAS**  
From 01.04.2003 to 12.07.2003

**Smt Sathi Nair, IAS**  
From 16.09.2002 to 31.03.2003

**Shri K Swaminathan, IAS**  
From 01.04.2002 to 16.09.2002

**Shri P V Rao, IAS**  
Upto 30.04.2002

**MANAGING DIRECTOR**

**Shri K R Kishore, IAS**  
From 17.04.2002 to 12.07.2003

**Shri P V Bhide, IAS**  
Upto 17.04.2002

**CHIEF EXECUTIVE OFFICER**

**Shri K Anil Nair**  
From 12.07.2003

**COMPANY SECRETARY**

**Shri K V Ramana Rao, FCS**

**DIRECTORS**

**Shri K Srinivasa Gowda**

**Shri U S Awasthi**

**Shri Rakesh Kapur**  
Alternate Director to Shri U S Awasthi

**Dr. P L Sanjeev Reddy, IAS (Retd)**

**Shri M.H. Avadhani**

**Shri R S Nanda**  
From 12.07.2003

**Shri V Ravichandran**  
From 12.07.2003

**Shri P Nagarajan**  
From 12.07.2003

**Shri B V R Mohan Reddy**  
From 31.07.2003

**Smt Preeti Sudan, IAS**  
Upto 12.07.2003

**Shri Rajiv Sharma, IAS**  
Upto 23.08.2002

**Shri S Bhattacharya, IAS**  
From 24.08.2002 to 12.07.2003

**Shri K K Pillai**  
Upto 09.07.2003

**Shri T Panduranga Rao**  
Upto 06.08.2002



### SENIOR EXECUTIVES

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

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

**Shri K V Nayak**  
General Manager (Marketing)

**Shri S V Raghavendra**  
General Manager (Finance)

**Shri C V N Sastry**  
Dy. General Manager (Finance)

**Shri V K Rao**  
Dy. General Manager (P&A, HR)

**Shri Govinda Rajan**  
Dy. General Manager  
(Commercial & Distribution)

**Shri U S Subba Rao**  
Dy. General Manager (Maintenance)

#### REGISTERED OFFICE

**"Vani Nilayam"** 50, Sebastian Road,  
Secunderabad 500 003, Andhra Pradesh  
Tel. Nos. 27701871, 27702399, 27702446,  
27702522, 27703396, 27704219  
Tlx. No. 0425-6335.  
Fax No. 091-040-27701541  
E-mail : gfcl@hd1.vsnl.net.in

#### FACTORY

Beach Road, Kakinada 533 001,  
Andhra Pradesh  
Tel Nos. 2372341, 2372342, 2372343,  
2372344, 2372345, 2379046  
Tlx. No. 0473-272. Fax No. 0884-2361069.  
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. 23311245, 23393900

#### BANKERS

State Bank of India  
State Bank of Hyderabad  
Andhra Bank





## NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the TWENTY FIRST ANNUAL GENERAL MEETING of the Members of **Godavari Fertilisers and Chemicals Limited** will be held on **Wednesday the 17th September, 2003 at 11.00 AM 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, 2003 and the Profit and Loss Account for the year ended as on that date and the reports of the Directors and Auditors.
2. To appoint a Director in place of Shri U S Awasthi who retires by rotation and being eligible, offers himself for re-appointment.
3. 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 the retiring Auditors, M/s M Bhaskara Rao & Co., Chartered Accountants, Hyderabad 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 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

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

**"RESOLVED THAT Shri M H Avadhani, be and is hereby appointed as Director of the company whose term of office is liable to retirement by rotation."**

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

**"RESOLVED THAT Shri A Vellayan, be and is hereby appointed as Director of the company whose term of office is not liable to 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 Shri R.S. Nanda, be and is hereby appointed as Director of the company whose term of office is liable to retirement by rotation."**

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

**"RESOLVED THAT Shri V Ravichandran, be and is hereby appointed as Director of the company whose term of office is liable to retirement by rotation."**

8. To consider and, if thought fit, to pass, with or without modification, the



following Resolution as an ORDINARY RESOLUTION.

**"RESOLVED THAT Shri P Nagarajan, be and is hereby appointed as Director of the company whose term of office is liable to retirement by rotation."**

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

**"RESOLVED THAT Shri B. V. R. Mohan Reddy, be and is hereby appointed as Director of the company whose term of office is liable to retirement by rotation."**

10. To consider and, if thought fit, to pass, with or without modification, the following Resolution as SPECIAL RESOLUTION.

**"RESOLVED THAT pursuant to Section 163 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves that the Register of Members, the index of Members, the Register and index of debenture holders and copies of all Annual Returns along with the copies of certificates and documents or any or more of them, required to be annexed thereto under Sections 160 and 161 of the said Act, be kept at the office of the Company's Share Transfer Agents, M/s XL Softech Systems Limited, 3, Sagar Society, Road No.2, Banjara Hills, Hyderabad - 500 034 with effect from 1st October, 2003 instead of being kept at the Registered Office of the company."**

**"RESOLVED FURTHER THAT the Secretary of the Company be and is hereby authorised to take all such steps as may be necessary, desirable or expedient to give effect to this resolution."**

11. To consider and, if thought fit, to pass with or without modification the following Resolution as SPECIAL RESOLUTION.

**"Resolved that pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and is hereby amended by making the following alterations."**

1. In the preamble to the Articles of Association:-

- i. The following definition shall be inserted at the appropriate place:

**"CFL"** means Coromandel Fertilisers Limited a company registered under the Companies Act, 1956 and having its Registered Office at Coromandel House, 1-2-10, Sardar Patel Road, SECUNDERABAD - 500 003.

- ii. The definition of "Dividend" shall be substituted with the following:

**"Dividend"** includes interim dividend.

- iii. The definitions of **"Government"** and **"Governor"** shall be deleted.

2. Sub-clause (2) of Article 5 shall be substituted with the following:

**"5(2)** So long as CFL and IFFCO hold 26% and 25% respectively of the issued Equity share capital of the Company, the CFL and IFFCO shall be entitled to such rights and privileges as are conferred hereinafter on them."

3. Article 71 shall be amended as under :

- (i) The words **"issued equity"**, appearing in sub-clause (i) of



clause (b) of Article 71 shall be deleted.

- (ii) Sub-clause (iii) of clause (b) of Article 71 shall be substituted with the following:

"(iii) Diversification into any unrelated new business."

4. **Article 90 (b)** shall be deleted.

5. **Article 92** shall be substituted with the following:

"92 Subject to section 255 and other applicable provisions of the Act and the Articles.

- (i) So long as CFL is the legal and beneficial owner of at least 26% of the issued and fully paid up equity capital of the company, CFL shall have the right to appoint at least one third and one more of all Directors on the Board including two non rotational Directors.

- (ii) So long as IFFCO is the legal and beneficial owner of at least 25% of the issued and fully paid up equity share capital of the company, IFFCO shall have the right to appoint at least one fourth of the directors on the Board including one non rotational director."

6. Sub-clauses (b) and (c) of **Article 94** shall be deleted.

7. **Article 96** shall be amended as under:

For the figures and words "**Rs.1,000/- (Rupees One thousand only)**" the words "**Such sum as the**

**Board shall determine within the limits fixed by the Central Government"** shall be substituted.

8. Sub-clause (b) of **Article 111** shall be substituted with the following:

"111 (b) In the event of any vacancy in the office of a director who is a nominee of CFL or IFFCO as the case may be, the vacancy shall always, so long as, CFL or IFFCO is the legal and beneficial owner of at least 26% and 25% of the issued and paid up capital of the company respectively, be filled by such person who has been proposed by the party whose nominee the original director was."

9. **Article 113 (a)** shall be amended as under:

For the words "**the Government**", wherever they appear, the word "**CFL**" shall be substituted.

10. **Article 116** shall be substituted as under:

"116. So long as CFL is a member, any one of its nominee Directors shall be the Chairman of the Board of Directors of the Company. The Chairman shall be entitled to take the Chair at any meeting of the Board or its Committee/s or general meetings. If at any meeting of the Board or Committee/s or general meeting, the Chairman is not present within fifteen minutes after the time appointed for holding the same, one of the IFFCO nominee directors shall be the Chairman of such meeting and failing him the Board may elect one of the Directors present to act as Chairman of such meeting."



11. **Article 120** shall be amended as under:

For the word "**Governor**", wherever it appears, the word "**CFL**" shall be substituted.

12. **Article 121** shall be substituted with the following:

121 All significant management policy decisions of the company including the appointment of the Managing Director of the company shall be made by CFL in written consultation with IFFCO. In the event of IFFCO disagreeing with CFL's proposal for appointment of the Managing Director, the same shall be placed before the Board at a duly convened meeting of the Board, three business days advance notice of which shall be given to all directors of the company. No significant management policy decisions of the company shall be taken except at a duly convened meeting of the Board, advance notice of which shall be given to all directors of the company.

13. **Article 125** shall be substituted with the following:

125. In consideration of the promotional role played by IFFCO, so long as IFFCO is the legal and beneficial owner of not less than 79,70,000 issued and fully paid up equity shares of GFCL, i.e. the IFFCO Shares, IFFCO shall, at its option:-

- a. have a right to a share in the marketing of GFCL's annual production of DAP/NPK upto a maximum of 25% of the existing annual production of GFCL, PROVIDED that such sales shall be on terms and conditions decided by the Board of Directors of GFCL ("**the Board**") which terms and conditions shall not be less advantageous than those offered to any of other GFCL's marketers / distributors.

OR

- b. get DAP/NPK fertilisers manufactured in GFCL's plant ("**the Plant**") upto 25% of the existing annual production capacity of the Plant by supplying raw materials at IFFCO's cost, and on payment of conversion charges to GFCL to be mutually determined on a similar basis as agreed between IFFCO and GFCL in the past. Existing annual production capacity means capacity as on July 25, 2003.

14. **Articles 126 and 127** shall be deleted.

By order of the Board

**Registered Office**

Vani Nilayam

50, Sebastian Road

Secunderabad - 500 003

(**K V RAMANA RAO**)

Company Secretary

Date: 31 July, 2003





## 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 **Friday the 12th September, 2003 to Wednesday the 17th September, 2003** (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. The Company has appointed M/s XL Softech Systems Limited as its Registrars and Share Transfer agents to undertake share work for both segments i.e. Physical and Demat. Members are requested to send their communications pertaining to their shares to the Registrars whose detailed address is given below.  
  
M/s XL Softech Systems Limited  
3, Sagar Society, Road No.2  
Banjara Hills, HYDERABAD – 500 034  
FAX No.040-23553214  
E-mail : [xlsoft@hd1.vsnl.net.in](mailto:xlsoft@hd1.vsnl.net.in)  
Website: [www.xlsofttech.com](http://www.xlsofttech.com)
7. 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 M/s XL Softech systems Limited for consolidation of the entire holding in one Folio. The Certificates after consolidation will be returned by Registered Post.
8. Explanatory Statement as required Under Section 173(2) of the Companies Act, 1956 in respect of items **3 to 11** setout above is annexed hereto.



## ANNEXURE TO THE NOTICE

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

#### ITEM NO.3

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 under 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. 4, 5, 6, 7, 8 & 9

As required u/s 257 of the Companies Act, 1956 notices together with a deposit of Rs.500/- each have been received from 6 shareholders proposing Shri M H Avadhani, Shri A Vellayan, Shri R.S. Nanda, Shri V Ravichandran, Shri P Nagarajan and Shri B V R Mohan Reddy for the office of Directors of the Company.

- i) Shri M H Avadhani is the former Managing Director of M/s IFFCO. He worked in Southern Petrochemical Corporation Limited, Chennai during the period 1970 to 1983 as Vice Present (Technical). At present he is the Chairman of Malladi Group of companies. His past experience in the Fertiliser Industry will be very useful to the Company. In view of this, your directors recommend the resolution for approval.
- ii) Shri A Vellayan is a Post Graduate in Business Studies from University of Warwick Business School, UK. He held many important positions such as, Regional Chairman (S R), Federation of Indian Export Organisation, Vice President, FIEO etc. Presently, he is the whole time Director of Coromandel Fertilisers Limited, Vice Chairman of EID. Parry India Limited, Chairman FICCI - Southern Regional

Council, Parry and Company Limited etc. He is on the Boards of many Companies. His vast experience in Business and Industry will immensely help your company to improve not only the performance of the company but also the farming community. The Board considered that it would be in the interest of the company to appoint Shri A Vellayan as director, not liable to retire by rotation and accordingly commend the resolution for your acceptance.

- iii) Shri R.S. Nanda is a Mechanical Engineer with distinction from Agra University. He started his career with Fertiliser Corporation of India and has held senior positions in several leading corporates. He was the Chairman of the Confederation of Indian Industry, AP state Council, and Chairman of the Fertilisers Association of India (FAI) - Southern Region. He joined Coromandel Fertilisers Limited as Vice President (Manufacturing and Projects) and was elevated to the present position of President and Managing Director in 1994. His long experience in Fertiliser Industry will help to place your company on the path of bright future with a competitive edge. Your directors, therefore, recommend the resolution for your approval.
- iv) Shri V Ravichandran is a Graduate in Engineering and did his Post Graduate Diploma from Indian Institute of Management, Ahmedabad. He worked with M/s Ashok Leyland Limited for a period of 5 years and presently he is with EID Parry India Limited, Chennai as Vice President. His vast experience in different areas will be very useful to your company in its progress. Keeping this in view, your directors recommend the resolution for your approval.
- v) Shri P Nagarajan is a Graduate in Law and a Chartered Accountant. He has 28 years of experience in the field of Corporate Finance / Accounts and Corporate Administration. He is presently the Vice President (Finance & Administration) of M/s Coromandel