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GUJARAT FLUOROCHEMICALS LIMITED

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10TH
ANNUAL REPORT
1996-97



GUJARAT FLUOROchemicals LIMITED

TENTH ANNUAL GENERAL MEETING

On Thursday, the 31st July, 1997

at 10.30 a.m.

at

S/No. 16/3, 26 & 27

Ranjitnagar 389 380

Taluka Devgadhbaria

Dist. Panchmahals

Gujarat

Request to Shareholders

- Shareholders are requested to bring their copy of the Annual Report alongwith them at the Annual General Meeting as copies of the Report will not be distributed at the Meeting.
- Kindly send all your Transfer deeds together with Share Certificates for transfer of Shares at the following address :

Gujarat Fluorochemicals Limited
Natubhai Centre,
Race Course Circle (West)
Gotri Road,
Vadodara - 390 007, Gujarat.
- Kindly notify change of your address and write only to the Registrar and Transfer Agents in respect of any matter connected with your Shares.

BOARD OF DIRECTORS

Shri L. K. Jain	<i>Chairman</i>
Shri D. K. Jain	
Shri M. R. B. Punja	
Shri Shailendra Swarup	
Shri M. J. Pagdiwala	<i>Nominee-IDBI</i>
Shri Vinay Sharma, I.A.S.	<i>Nominee-GIIC</i>
Shri V. K. Jain	<i>Managing Director</i>
Shri D. K. Sachdeva	<i>Whole-Time Director</i>

COMPANY SECRETARY

Shri B. V. Desai

AUDITORS

M/s. Patankar & Associates

Chartered Accountants

BANKERS

Canara Bank
State Bank of Saurashtra
Bank of Maharashtra

REGISTERED OFFICE & PLANT

S/No. 16/3, 26 & 27,
Ranjitnagar 389 380
Taluka Devgadhbaria,
Dist. Panchmahals,
Gujarat.

CORPORATE OFFICE

Natubhai Centre,
Race Course Circle (West),
Gotri Road,
Vadodara 390 007,
Gujarat



NOTICE

NOTICE is hereby given to the Members of **Gujarat Fluorochemicals Limited** that the **Tenth Annual General Meeting** of the Company will be held at the Registered Office of the Company at S/No. 16/3, 26 & 27, Ranjitnagar 389 380, Taluka Devgadhbaria, District Panchmahals, Gujarat, on **Thursday, the 31st day of July, 1997, at 10:30 a.m.** to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 1997, the Balance Sheet as at that date, the report of the Auditors thereon and the report of the Board of Directors for the said year.
2. To declare dividend for the year ended 31st March, 1997.
3. To appoint a Director in place of Shri L.K. Jain who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri M.R.B. Punja who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this meeting until 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 Shri Dinesh K Sachdeva be and is hereby appointed as Director of the Company."

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

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, Shri Dinesh K Sachdeva be and is hereby appointed as a Whole-Time Director of the Company, for the period from 29.11.1996 to 28.11.2001 on remuneration as given below :

I. SALARY

- a) Salary Rs 17,750 per month in the scale of 6000-200-7000-250-8250-EB.
- b) Furnishing allowance Rs 350 per month.
- c) Ex-gratia : 20% of the monthly basic salary payable per annum at the end of the year subject to overall ceiling laid down in Section 198 and 309 of the Companies Act, 1956.

II. PERQUISITES

Perquisites will be restricted to Rs 2,00,000 per annum. Perquisites are classified into three categories A, B and C as follows :

CATEGORY A

1. **Housing I** : The expenditure incurred by the Company on hiring furnished accommodation for the Whole-Time Director will be subject to a ceiling of Rs. 10,000 per month.
2. **Housing II** : In case no accommodation is provided by the Company, the Whole-Time Director shall be entitled to house rent allowance subject to the ceiling laid down in Housing I.

Explanation : The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of ten percent of the salary of the Whole-Time Director.

3. **Medical Reimbursement** : Expenses incurred for the Whole-Time Director and his family subject to a ceiling of Rs. 10,000 in a year or Rs. 30,000 over a period of three years.

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4. **Leave Travel Concession** : 6% of the basic salary per month for the Whole-Time Director and his family, once in a year incurred in accordance with the rules specified by the Company.

CATEGORY B

The Whole-Time Director shall also be eligible to the following perquisites :

1. Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-Tax Act, 1961.
2. Gratuity payable at a rate not exceeding half month's salary for each completed year of service.
3. Encashment of leave as per the rules of the Company.

CATEGORY C

Provision of Car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of Car for private purpose shall be billed by the Company to the individual Whole-Time Director.

Notwithstanding anything contained hereinabove where in any financial year, during the currency of the tenure of the Whole-Time Director, the Company has no profits or its profits are inadequate, it will pay him above remuneration by way of salary and perquisites."

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

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, Shri V.K. Jain be and is hereby re-appointed as Managing Director of the Company for the period from 01.01.1998 to 31.12.2002 on remuneration as given below :

SALARY

1. Basic Pay Rs. 87,500 per month in the grade of 87,500-5000-1,07,500
2. Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-Tax Act, 1961.
3. Gratuity payable at a rate not exceeding half month's salary for each completed year of service.
4. Encashment of leave at the end of the tenure.

PERQUISITES

1. **Housing I** : The expenditure incurred by the Company on hiring furnished accommodation for the Managing Director will be subject to a ceiling of sixty per cent of the salary, over and above ten per cent payable by the Managing Director.

Housing II : In case the accommodation is owned by the Company, ten per cent of the salary of the Managing Director shall be deducted by the Company.

Housing III : In case no accommodation is provided by the Company, the Managing Director shall be entitled to house rent allowance subject to the ceiling laid down in Housing I.

Explanation : The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of ten per cent of the salary of the Managing Director.

2. **Medical Reimbursement** : Expenses incurred for the Managing Director and his family subject to a ceiling of one month's salary in a year or three months salary over a period of three years.
3. **Leave Travel Concession** : For the Managing Director and his family, once in a year incurred in accordance with the rules specified by the Company.
4. **Club Fees** : Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fee.



5. **Personal Accident Insurance** : Premium not to exceed Rs. 4,000 per annum.

Note : Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the individual Managing Director.

COMMISSION

Equivalent to 2 % of the net profits of the Company per annum, or pro-rata for a part of the year.

Notwithstanding anything contained hereinabove wherein any financial year, during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, it will pay him above remuneration by way of salary and perquisites."

9. 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 Section 17 and all other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals, if any, as may be required, the Memorandum of Association of the Company be and is hereby altered by inserting in Clause III (A), the following sub-clauses from 4 to 8 after existing sub-clause 3.

4. To carry on activities in the field of identification and / or evaluation of different expansion and diversification opportunities for developing into commercially viable projects to be taken up, and for this purpose, to set up a Project Identification Cell, and to establish, provide, maintain, promote, support, or otherwise carry out such activities, either in-house, or through experimental, scientific, technical, commercial or economic workshops, research and experiments, and to undertake and carry on scientific, technical, commercial and economic researches, experiments and tests of all kinds and to promote studies, surveys and research, by providing or assist-

ing laboratories, workshops, consultants, or otherwise, and generally to encourage and promote activities of any kind that may be considered likely to assist any kind of new project activities to spot good business opportunities.

5. To promote any firm, company or undertaking in India and / or abroad, and to undertake or to take part in the formation, management, supervision or control of the business or operations or projects of any firm, company, body corporate, undertaking, person, institution, association, departments and services of the Government, public or local authorities, trusts and scientific research and development centres in India or abroad and for that purpose to act as consultants, administrators, secretaries, receivers, agents or in any other capacity and to appoint and remunerate any directors, administrators, managers or accountants or other experts or agents.
6. To establish or promote or concur or be interested in establishing or promoting Company or Companies for the purposes of implementation of existing or new operations or projects and to place or guarantee the placing of, underwrite, subscribe for or otherwise, acquire all or any part of shares, debentures or other securities of such company subject to the approvals or permissions that may be required for establishing the Company.
7. To carry on in India, or elsewhere, in collaboration or otherwise, the business of manufacturers of and dealers in caustic soda, chlorine, chloromethanes, hydrochloric acids, chlorinated products and all the chemicals, chemical compounds (organic and inorganic) in all forms, and chemical products of any nature and kind whatsoever, and all by-products and joint products thereof.
8. (a) To promote, develop, generate, distribute, accumulate, transmit, supply and / or sell, electricity and / or power, by installing power plant(s), whether based on thermal, hydel, gas, solar, wind energy, tidal energy

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or any other source, whether conventional or non-conventional, and to lay down and / or establish power stations, cables, transmission lines, towers, sub-stations, terminals and / or other works for the aforesaid purposes and to promote, form, acquire, run and / or manage any Company or Undertaking engaged in similar activities, within the policies, if any, laid down by the Central Government from time to time, and for any or all of the aforesaid purposes, to do all the ancillary activities as may be considered necessary or beneficial or desirable."

- (b) To Carry on the business of generation, transmission and distribution of Power and Electricity, by setting-up Generation Company as defined under the provisions of the Electricity (Supply) Act 1948 (Central Act 54 of 1948) as amended by the Indian Electricity Laws (Amended) Act 1991 (Central Act 50 of 1991) and further, as may be amended, repealed or re-enacted from time to time, and relevant infrastructure for establishment, operation and maintenance of power plant.
- (c) To carry on the business of generation, maintenance, transmission and distribution of power and electricity and to manufacture repair, fabricate, purchase, sale of and otherwise deal in power and generation equipment such as transformers, cables and wires, towers and supports, ACSR and aluminium conductors, overhead line equipments, insulators of all types and their accessories.
- (d) To carry on the business as consultants for engineering, productivity and management in the field of generating, distribution and transmission of Power and Electricity.
- (e) To establish, operate and maintain either on its own or as assigned by the government in co-ordination with State Electricity Board(s), generating stations, sub-stations and main transmission lines

connected therewith and to carry out detailed investigations and schemes in co-ordination with the Board(s) as the case may be, in relation to above areas and in such manner as may be specified by the authority.

- (f) The Generating Company shall carry on its activities within such areas as the competent Government of Governments, as the case may be, may from time to time, specify in this behalf.

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to take such necessary steps as may be required for giving effect to the above in the best interest of the Company."

- 10. 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 Section 149 and all other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded for commencing of the business by the Company of any or all of the activities covered by sub-clause 4 to 8 of clauses III (A) of the Memorandum of Association, namely, 4 to 8 :

- 4. To carry on activities in the field of identification and / or evaluation of different expansion and diversification opportunities for developing into commercially viable projects to be taken up, and for this purpose, to set up a Project Identification Cell, and to establish, provide, maintain, promote, support, or otherwise carry out such activities, either in-house, or through experimental, scientific, technical, commercial or economic workshops, research and experiments, and to undertake and carry on scientific, technical, commercial and economic researches, experiments and tests of all kinds and to promote studies, surveys and research, by providing or assisting laboratories, workshops, consultants, or otherwise, and generally to



encourage and promote activities of any kind that may be considered likely to assist any kind of new project activities to spot good business opportunities.

5. To promote any firm, company or undertaking in India and / or abroad, and to undertake or to take part in the formation, management, supervision or control of the business or operations or projects of any firm, company, body corporate, undertaking, person, institution, association, departments and services of the Government, public or local authorities, trusts and scientific research and development centres in India or abroad and for that purpose to act as consultants, administrators, secretaries, receivers, agents or in any other capacity and to appoint and remunerate any directors, administrators, managers or accountants or other experts or agents.
6. To establish or promote or concur or be interested in establishing or promoting Company or Companies for the purposes of implementation of existing or new operations or projects and to place or guarantee the placing of, underwrite, subscribe for or otherwise, acquire all or any part of shares, debentures or other securities of such company subject to the approvals or permissions that may be required for establishing the Company.
7. To carry on in India, or elsewhere, in collaboration or otherwise, the business of manufacturers of and dealers in caustic soda, chlorine, chloromethanes, hydrochloric acids, chlorinated products and all the chemicals, chemical compounds (organic and inorganic) in all forms, and chemical products of any nature and kind whatsoever, and all by-products and joint products thereof.
8. (a) To promote, develop, generate, distribute, accumulate, transmit, supply and / or sell, electricity and / or power, by installing power plant(s), whether based on thermal, hydel, gas, solar, wind energy, tidal energy or any other source, whether

conventional or non-conventional, and to lay down and / or establish power stations, cables, transmission lines, towers, sub-stations, terminals and / or other works for the aforesaid purposes and to promote, form, acquire, run and / or manage any Company or Undertaking engaged in similar activities, within the policies, if any, laid down by the Central Government from time to time, and for any or all of the aforesaid purposes, to do all the ancillary activities as may be considered necessary or beneficial or desirable."

- (b) To Carry on the business of generation, transmission and distribution of Power and Electricity, by setting-up Generation Company as defined under the provisions of the Electricity (Supply) Act 1948 (Central Act 54 of 1948) as amended by the Indian Electricity Laws (Amended) Act 1991 (Central Act 50 of 1991) and further, as may be amended, repealed or reenacted from time to time, and relevant infrastructure for establishment, operation and maintenance of power plant.
- (c) To carry on the business of generation, maintenance, transmission and distribution of power and electricity and to manufacture repair, fabricate, purchase, sale of and otherwise deal in power and generation equipment such as transformers, cables and wires, towers and supports, ACSR and aluminium conductors, overhead line equipments, insulators of all types and their accessories.
- (d) To carry on the business as consultants for engineering, productivity and management in the field of generating, distribution and transmission of Power and Electricity.
- (e) To establish; operate and maintain either on its own or as assigned by the government in co-ordination with State Electricity Board(s), generating stations,

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sub-stations and main transmission lines connected therewith and to carry out detailed investigations and schemes in co-ordination with the Board(s) as the case may be, in relation to above areas and in such manner as may be specified by the authority.

- (f) The Generating Company shall carry on its activities within such areas as the competent Government of Governments, as the case may be, may from time to time, specify in this behalf.

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

"RESOLVED THAT pursuant to Section 372 and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Central Government, if required, and such other approvals as may be necessary, the Company hereby sanctions an investment of a sum not exceeding Rs. 100 crores each, by way of subscription and / or purchase of equity shares, preference shares, or such other security as may be approved by the Board of Directors of the Company, of such face value as may be decided, at par, at premium or such price as may be decided by the Board of Directors of the Company, in GFL Power Ltd. and INOX Power Ltd, respectively, notwithstanding that such investment or such investments, together with the Company's existing investments in all other bodies corporate, shall be in excess of any or all of the percentages prescribed by the Government pursuant to the provisions of sub-section (2) of Section 372 of the Act and the provisos thereto, and the Board of Directors of the Company be and is hereby authorised to determine the actual sums to be so invested and all matters arising out of or incidental to the proposed investments and to do all such acts and things as may be necessary to implement this resolution."

12. 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 Section 370 and all other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Central Government, and such other approvals and sanctions as may be necessary, the Board of Directors of the Company be and is hereby authorised to make loans (including deposits) to any body corporate (whether or not under the same management as the Company) on such terms and conditions as the Board may deem fit in its absolute discretion, notwithstanding that the aggregate of such loans (including deposits) shall be in excess of any or all the percentages prescribed pursuant to the provisions of Section 370 of the Companies Act, 1956, subject to a maximum limit of Rs 60 crores in aggregate."

13. 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 Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered by adding the words 'Inox Leasing and Finance Limited' after the words 'SMS Udyog Pvt. Ltd.' in the second line of Article 2 (ba)"

By. Order of the Board of Directors

New Delhi
17th May, 1997.

L.K. JAIN
Chairman

Registered Office :
S/No. 16/3, 26 & 27,
Ranjitnagar 389 380
Taluka Devgadhabaria,
District Panchmahals,
Gujarat

Note :

- a) A MEMBER ENTITLED TO ATTEND THE MEETING AND VOTE THEREAT IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. DULY EXECUTED PROXIES MUST BE REGISTERED WITH THE COMPANY NOT LATER THAN FORTY EIGHT HOURS BEFORE THE SCHEDULED TIME OF THE MEETING.



- b) The Register of Members and the Share Transfer Books of the Company will be closed from 18th July, 1997 to 31st July, 1997 (both days inclusive).
- c) The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of the special business as set out above is annexed hereto.

- d) Those Members who have not received interim dividend and / or final dividend for 1993-94 and / or 1994-95 and / or final dividend for 1995-96, declared and paid by the Company, are requested to write to us at the following address :

Gujarat Fluorochemicals Limited
Natubhai Centre, Race Course Circle (West)
Gotri Road, Baroda 390 007

or

Gujarat Fluorochemicals Limited
Raheja Centre, Nariman Point
Mumbai 400 021

or

Gujarat Fluorochemicals Limited
A-6, Connaught Place
New Delhi 110 001

Kindly note that the Company is required to transfer interim / final dividend 1993-94 to the General Revenue of the Central Government after completion of three years from the date of its declaration. All the shareholders who have not claimed their above dividend may write the same to the Company at the above addresses.

ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

Item No.6

Shri Dinesh K Sachdeva, who was appointed as an Additional Director of the Company by the Board of Directors, pursuant to Article 144 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956, holds office upto the date of

this meeting. A notice in writing, with the requisite deposit, has been received from a Member under Section 257 of the Companies Act, 1956 signifying his intention to propose appointment of Shri Dinesh K Sachdeva as a Director of the Company.

Shri. Dinesh K Sachdeva is having vast experience in the field of factory management and operations. It is desirable that the Company should continue to avail of his services as a Director of the Company.

Directors commend that the proposed resolution be approved.

None of the Directors of the Company is interested in the resolution except Shri Dinesh K Sachdeva to the extent of his appointment as Director of the Company.

Item No.7

Shri Dinesh K Sachdeva is proposed to be appointed as a Director of the Company. As he is in whole-time employment of the Company as its Chief General Manager (Operations), it is proposed that he be appointed as a Whole-Time Director of the Company for a period of five years from 29.11.1996 to 28.11.2001, on the terms and conditions stated in the proposed resolution.

Directors commend that the proposed resolution be approved.

None of the Directors of the Company is interested in the resolution except Shri Dinesh K Sachdeva to the extent of his appointment as Whole-Time Director of the Company.

Item No.8

Shri V.K. Jain was re-appointed as Managing Director of the Company for a period of five years from 01/01/1993 to 31/12/1997 as approved by the Members at the Annual General Meeting held on 25/09/1992.

Under the stewardship of Shri V.K. Jain as Managing Director, the Company has made good overall progress, has achieved a healthy growth rate and has shown good performance.

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Considering the responsibilities undertaken by the Managing Director and in the background of planned and proposed expansions and diversifications, it is suggested that Shri V.K. Jain be re-appointed as a Managing Director of the Company for a period of five years from 01.01.1998 to 31.12.2002 on the terms and conditions stated in the proposed resolution.

The Board commends that the proposed resolution be approved.

None of the Directors of the Company is interested in the resolution, except Shri V.K. Jain for himself, and Shri L.K. Jain and Shri D.K. Jain, being relative of Shri V.K. Jain, to the extent of his re-appointment as Managing Director of the Company.

The above may be treated as an abstract under Section 302 of the Companies Act, 1956.

Item No. 9 & 10

As a part of the overall growth plans of the Company, the Board of Directors is constantly evaluating different expansion and diversification opportunities for developing into commercially viable projects to be taken up. For this purpose, the Company has set up a Project Identification Cell, which is continuously scanning the economic environment to spot good business opportunities, either on its own, or with the help of outside consultants.

The Board, in pursuance of the above, is actively considering pursuing activities in the fields of chemicals, power and other projects. The Board may, if found feasible and viable, after considering all relevant factors, decide to commence business in these fields.

It is therefore, proposed to amend the Object Clause of the Memorandum of Association of the Company by inclusion of new sub-clauses numbering from 4 to 8 under Clause III (A) as set out in Item No. 9 of this Notice.

As per the provisions of Section 17 of the Companies Act, 1956, the Object Clause can be amended only by a Special Resolution passed by the Members.

Further, as per the provisions of Section 149(2A) of

the Companies Act, 1956, approval of the Members is required for commencement of any business as set out under Object Clause of the Memorandum of Association.

A copy of the memorandum of Association of the Company together with the proposed amendment is available at the Registered Office of the Company for inspection at any time during business hours.

Directors commend that the proposed resolutions be approved.

None of the Directors is concerned or interested in the proposed resolutions.

Item No. 11

Inox Power Limited has been incorporated in the State of New Delhi with an Authorised Share Capital of Rs. 10 lakhs. Inox Power Limited is implementing a 50 MW liquid fuel based power plant at Dharwad, Karnataka.

GFL Power Limited has been incorporated in the State of New Delhi with an Authorised Share Capital of Rs. 10 lakhs. GFL Power Limited is implementing a 100 MW liquid fuel based power plant at Varanasi, Uttar Pradesh.

With a view to meet the fund requirements of these Companies, as also to contribute towards the promoter's equity to these projects, in terms of the means of finance of these projects, it is proposed that the Company invests a sum not exceeding Rs. 100 crores each in the Capital of Inox Power Ltd and GFL Power Ltd.

As the proposed investments will be in excess of the ceiling prescribed under Section 372 of the Companies Act, 1956, it is necessary to obtain the approval of the Shareholders and the Central Government before making the investments as stated above.

Directors commend that the proposed resolutions be approved.

None of the Directors is concerned or interested in the proposed resolutions.