



Certified True Copy
For Gujarat Fluorochemicals Ltd.

B. Desai
Bhavin Desai
Company Secretary

GUJARAT FLUOROCHEMICALS LIMITED

Report  junction.com

13TH
ANNUAL REPORT
1999-2000



GUJARAT FLUOROCHEMICALS LIMITED

THIRTEENTH ANNUAL GENERAL MEETING

On Friday, the 11th August, 2000

at 10.30 a.m.

at

S/No. 16/3, 26 & 27

Ranjitnagar 389 380

Taluka Ghoghamba

Dist. Panchmahals

Gujarat

Request to Shareholders

1. 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.
2. Kindly send all your transfer deeds together with Share Certificates for transfer of Shares to our Registrar and Share Transfer Agents at the following address :

MCS Limited

Neelam Apartment,
88, Sampatrao Colony,
Behind Federation Building
R. C. Dutt Road, Vadodara - 390 005.

3. 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 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 Ghoghamba,
Dist. Panchmahals,
Gujarat.

CORPORATE OFFICE

ABS Towers, 2nd floor,
Old Padra Road,
Vadodara 390 007,
Gujarat.



NOTICE

NOTICE is hereby given to the Members of **Gujarat Fluorochemicals Limited** that the **Thirteenth 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 Goghamba, District Panchmahals, Gujarat, on **Friday, the 11th day of August, 2000, at 10:30 am**, to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 2000, 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, 2000.
3. To appoint a Director in place of Shri DK Jain who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri Shailendra Swarup 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

1. To consider and, if, thought fit, to pass, with or without modification, the following resolution as a **Special Resolution** :

"RESOLVED THAT Pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 the Articles of Association of the Company be altered as follows:

Insert the following Headings and Articles as Articles 79 A, 79 B and 79 C after Article 79:

79 A Nominee of Shareholder or Debentureholder

- (1) Every holder of shares in or holder of debentures of the Company may at any time nominate, in the prescribed manner, a person

to whom his/her shares or debentures of the Company shall vest in the event of his/her death.

- (2) Where the shares or debentures of the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of the Company shall vest in the event of death of all the joint holders.
- (3) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such shares or debentures of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares or debentures of the Company, the nominee shall, on the death of the shareholder or holder of debentures of the Company or, as the case may be, on the death of the joint holders, become entitled to all the rights in the shares or debentures of the Company or, as the case may be, all the joint holders, in relation to such shares or debentures of the Company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.
- (4) Where the nominee is a minor, it shall be lawful for the holder of the shares, or debentures to make the nomination to appoint, in the prescribed manner, any person to become entitled to shares or debentures of the Company, in the event of his/her death during the minority.

79 B Transmission of shares / debentures

- (1) Any person, who becomes a nominee by virtue of the provisions of Section 109 A of the Act, upon the production of such evidence, as may be required by the Board and subject as hereinafter provided, elect, either :
 - (a) to be registered himself / herself as holder of the shares or debentures, as the case may be; or

GUJARAT FLUOROCEMICALS LIMITED

- (b) to make such transfer of the shares or debentures, as the case may be, as the deceased shareholder or debentureholder, as the case may be, could have made.
- (2) The Board shall, in either case, have the same right to decline or suspend registration, as it would have had, if the deceased shareholder or debentureholder, as the case may be, had transferred the shares or debentures, as the case may be, before his/her death.
- (3) If the person being a nominee, so becoming entitled, elects to be registered as holder of the shares or debentures himself / herself, as the case may be, he / she shall deliver or send to the Company a notice in writing signed by him / her stating that he / she so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debentureholder, as the case may be.
- (4) All the limitations, restrictions and provisions of the Act relating to the right to transfer and the registration of transfers of shares or debentures shall be applicable to any such notice or transfer as aforesaid as if the death of the member had not occurred and the notice or transfer were a transfer signed by that shareholder or debentureholder, as the case may be.
- (5) A person, being a nominee, becoming entitled to a share or debenture by reason of the death of the holder shall be entitled to the same dividends and other advantages to which he / she would be entitled if he / she were the registered holder of the share or debenture except that he / she shall not, before being registered a member in respect of his / her share or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company:

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself / herself or to

transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share or debenture, until the requirements of the notice have been complied with.

79 C Dematerialization of securities

- (1) For the purpose of this Article :

'Beneficial Owner' means a person or persons whose name is recorded as such with a Depository;

'SEBI' means the Securities & Exchange Board of India;

'Depository' means a Company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration to act as a Depository under the Securities & Exchange Board of India Act, 1992;

and

'Security' means such security as may be specified by SEBI from time to time.

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its securities and to offer securities in a dematerialized form pursuant to the Depositories Act, 1996.

(2) Option of investors

Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a Depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificate of Securities.

If a person opts to hold his/her security with a Depository, the Company shall intimate



such Depository the details of allotment of the security, and on receipt of the information the Depository shall enter in its record the name of the allottee as the beneficial owner of the security.

(3) Securities in depositories to be in fungible form

All securities held by a Depository shall be dematerialized and be in fungible form. Nothing contained in Sections 153, 153 A, 153 B, 187 B, 187 C and 372 A of the Act shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners.

(4) Rights of Depositories and beneficial owners

- (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.
- (b) Save as otherwise provided in (a) above, the Depository as the registered owner of the Securities shall not have any voting rights or any other rights in respect of the securities held by it.
- (c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his/her securities, which are held by a Depository.

(5) Service of documents

Notwithstanding anything contained in the Act or these Articles to the contrary, where securities are held in Depository, the records of the beneficial ownership may be served

by such Depository on the Company by means of electronic mode or by delivery of floppies or disc.

(6) Transfer of securities

Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a Depository.

(7) Allotment of securities dealt with in a depository

Notwithstanding anything contained in the Act or these Articles, where securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.

(8) Distinctive number of securities held in a Depository

Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a Depository.

(9) Register and Index of beneficial owners

The Register and Index of beneficial owners maintained by a Depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security holders for the purpose of these Articles.

By Order of the Board of Directors

New Delhi
24th June, 2000.

LK JAIN
Chairman

Registered Office :

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

GUJARAT FLUOROCHEMICALS LIMITED

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 05th August, 2000 to 11th August, 2000 (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 1994-95 and / or 1995-96 and / or 1996-97 and / or 1997-98 and / or 1998-99 / or 1999-2000, declared and paid by the Company, are requested to write to our Registrar & Share Transfer Agents at the following address :

MCS Limited
 Neelam Apartment
 88, Sampatrao Colony
 Behind Federation Building
 R.C. Dutt Road
 VADODARA 390 005
- e) The equity shares of the Company have been admitted as an eligible security in the depository system of National Securities Depository Limited and Central Depository Services (India) Limited. This will enable the Members to hold their shares either in electronic or physical form. If any further information is required, Members may contact our Registrar & Share Transfer Agents.

ANNEXURE TO THE NOTICE

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

The Articles of Association of the Company are proposed to be altered by inducting new Articles

79 A, 79 B and 79 C and as set out in the Resolution at Item No. 6.

The new Articles 79 A and 79 B are proposed to be included in the existing Articles to facilitate every holder of shares in or holder of debentures of the Company to nominate at any time a person to whom his / her shares in or debentures of the Company, shall vest, in the event of his / her death, in accordance with the provisions contained in Companies Act, 1956, pursuant to insertion of Section 109 A and 109 B by the Companies (Amendment) Act, 1999. This Section contemplates that every holder of share / debenture / fixed deposit will have a freedom to nominate, at any time, a person to whom his / her shares / debentures / fixed deposits shall vest, in the event of his / her death. The Section also provides that where shares / debentures / fixed deposits are held by more than one persons jointly, the joint holders may together make such nominations.

The new Article 79 C is proposed to be included in the existing Articles to spell out the rights of the beneficial owner of the securities, pursuant to Company joining the Depository System, consequent upon the passing of the Depositories Act, 1996 and the introduction of Depository System.

The Board of Directors, therefore, recommends the proposed Resolution for approval of the Members.

A copy of the Articles of Association of the Company is available for inspection by the Members during business hours on any working day, at the Registered Office of the Company, upto the date of the Meeting.

None of the Directors of the Company is concerned or interested in the proposed Resolution.

By Order of the Board of Directors

New Delhi
24th June, 2000.

LK JAIN
Chairman

Registered Office :

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



DIRECTORS' REPORT

To the Members of

GUJARAT FLUOROCHEMICALS LIMITED

Your Directors take pleasure in presenting to you their Thirteenth Annual Report for the year ended 31st March, 2000.

1. WORKING RESULTS

Following are the working results for the year 1999-2000 :

	Rs in lacs 1999-2000	Rs in lacs 1998-1999
Turnover	12562.03	11113.57
Gross Profit before Interest and Depreciation	5431.20	4556.82
Less : Interest	69.59	40.62
Profit before Depreciation	5361.61	4516.20
Less : Depreciation for the year	248.13	174.17
Less : Write off of amortised expenditure	5.81	7.30
Less : Provision for diminution in value of investments	70.92	176.01
Profit before Taxation	5036.75	4158.72
Provision for Taxation	1010.00	575.00
Taxation for earlier years	0.00	96.96
Profit for the year	4026.75	3486.76
Add : Profit brought forward from previous year	82.99	49.65
	<u>4109.74</u>	<u>3536.41</u>
Appropriations		
Transferred to General Reserve	3625.00	3100.00
Interim Dividend	347.34	0.00
Proposed Dividend	0.00	318.40
Tax on Dividend	38.21	35.02
Balance carried to Balance Sheet	99.19	82.99
	<u>4109.74</u>	<u>3536.41</u>

2. DIVIDEND

An interim dividend of Rs. 3.00 per share (30.00%) was declared by the Board at their meeting held on 18th March, 2000 is treated as final dividend.

3. HOLDING COMPANY

Inox Leasing and Finance Limited, Promoter of the Company, has purchased, after the close of

the year, entire shareholding from Gujarat Industrial Investment Corporation Limited, Co-Promoter of the Company.

In view of the purchase of entire shareholding from Gujarat Industrial Investment Corporation Limited, Inox Leasing and Finance Limited has become the holding company of your Company.

4. DIRECTORS

Shri DK Jain and Shri Shailendra Swarup retire by rotation and being eligible, offer themselves for re-appointment.

In terms of the Shareholders' Agreement entered into with Gujarat Industrial Investment Corporation Limited, Shri Vinay Sharma was appointed as a Nominee on the Board of Directors of the Company to represent Gujarat Industrial Investment Corporation Limited. In view of the purchase of shareholdings of Gujarat Industrial Investment Corporation Limited, Co-Promoter, by Inox Leasing and Finance Limited, Promoter Company, Gujarat Industrial Investment Corporation Limited has withdrawn the nomination of Shri Vinay Sharma from the Board.

The Board places on record its sincere appreciation of the valuable guidance provided by Shri Vinay Sharma during the tenure of his office as a Director of your Company.

5. SUBSIDIARY COMPANY

During the year, the Company has invested in 77,50,000 Equity Shares of Rs 10 each of INOX Leisure Limited, which has been incorporated for setting up a national chain of multiplexes, a key diversification area identified the Company. Due to the above investment, INOX Leisure Limited has become a wholly owned subsidiary of your Company.

The first Financial Year of INOX Leisure Limited will end on 30th June, 2000.

6. AUDITORS' REPORT

The notes forming part of the accounts are self-explanatory and do not call for any further clarifications under Section 217(3) of the Companies Act, 1956.

GUJARAT FLUOROCHEMICALS LIMITED

7. AUDITORS

Members are requested to appoint Auditors for the current year and to fix, or authorise the Board to fix, their remuneration. The Auditors, M/s. Patankar & Associates, retire and offer themselves for re-appointment. Due notice has been received from them that their appointment, if made, will be in accordance with the limits specified in Section 224 (1B) of the Companies Act, 1956.

8. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, relating to the matters contained therein is given by way of an Annexure to this Report.

9. PARTICULARS OF EMPLOYEES

There are no employees drawing remuneration in excess of the limits prescribed under the amended Section 217(2A) of the Companies Act, 1956, read with the Company's (Particulars of Employees) Rules, 1975.

10. RURAL DEVELOPMENT ACTIVITIES

The Company undertakes rural development work as part of its ongoing efforts to improve the quality of life of the people in the areas surrounding its plant. Diligent and sincere efforts in this direction have had a positive impact on the neighbouring community.

11. SAFETY, HEALTH AND ENVIRONMENT

Safety, health and environment have been of prime concern to the Company and necessary efforts were made in this direction in line with the safety, health and environment policy laid down by the Company. Health of employees is being regularly monitored and environment has been maintained as per statutory requirements.

12. INSURANCE

The Company's property and assets have been adequately insured.

13. ACKNOWLEDGEMENT

Your Directors express their gratitude to all other external agencies for the assistance, co-operation and guidance received. Your Directors place on record their deep sense of appreciation for the dedicated services rendered by the workforce of the Company.

By Order of the Board of Directors

New Delhi
24th June, 2000.

LK JAIN
Chairman

ANNEXURE**To The Directors' Report**

Information as required under Section 217(1)(e) read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

(A) CONSERVATION OF ENERGY**(a) Energy conservation measures taken :**

1. Installation of Auto Modulation Motor for Controlling and Optimization of Fuel Consumption in boiler.
2. Installation of Steam totaliser in Control Room and in Boiler House for measurement of steam generation and monitoring of steam / fuel ratio.
3. Optimum use of LSHS in place of LDO for cost economy.
4. Increase in Cooling Tower fan blade angles from 32° to 44° to improve evaporation rate from the system.
5. Addition of fuel additives in boiler to optimize combustion of fuel in furnace. The stack temperature of fuel gas is maintained low due to lower air requirement for complete combustion of fuel.
6. Addition of chemicals in Cooling Water circulating to various Heat Exchangers, to prevent Fouling of heat exchangers.
7. Regular cleaning of Boiler Smoke Tubes and Furnace Stack Duct to prevent deposition of carbon particles.
8. Continued removal (Purging) of NCG(s) from Refrigerant, circulated in Refrigeration plant to



maintain lower Power requirement per ton of Refrigeration.

9. Condensate recovery system continues to contribute towards energy consumption.
10. Power factor has been maintained at 0.96.
11. Installations of an additional cooling tower to improve Cooling System of Refrigerant Section.
12. Shifting of Refrigerant Condenser System from 5th floor to 3rd floor resulting in better cooling and saving of energy.
13. By changing the operating philosophy of cooling tower fans, pumps and Refrigerant Compressors has resulted in saving of energy.
14. Sodium Vapour Lamps and Mercury Vapour Lamps were replaced with lower rating lamps to conserve Electrical Energy.
15. Tubelights of higher rating were replaced with those of lower rating.
16. Electrical energy consumption is curtailed by stopping non-critical drives, whenever possible.
17. Fuel saving was achieved by utilising waste heat of fuel gases for fluorspar drying.
18. Modification of bag filter resulted in better utilization of waste heat and has reduced air consumption.
19. Thermal Energy Audit was carried out by NSIC.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy ;

1. Further utilisation of waste heat in Boiler and process.
2. Installation of Auto Power Factor Correction Panel for improving Power Factor.
3. Utilisation of more energy busters for saving in electrical energy used for air conditioners.

(c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods ;

1. The impact of the measures indicated in (a) and (b) above are expected to be favourable i.e., reduced energy consumption and its consequential effect on cost of production.

(d) Total energy consumption and energy consumption per unit of production as per Form A;

	Current Year	Previous Year
A Power and Fuel Consumption		
1 Electricity		
a Purchased		
Units (in lacs)	92.87	81.81
Total Amount (Rs in lacs)	464.19	363.66
Rate/Unit (Rs.)	5.00	4.45
b Own Generation		
Units (in lacs)	0.55	0.36
2 Coal	0	0
3 Furnace Oil		
Quantity (k. ltrs.)	2301.31	1921.04
Total Amount (Rs. in lacs)	208.93	119.59
Average Rate (Rs.)	9.08	6.23
B Consumption per unit of production		
1 Electricity KWH/MT	520	576
2 Fuel Oil LTR/MT	127	135
3 Coal	0	0
4 Others	0	0

(B) TECHNOLOGY ABSORPTION

(e) efforts made in technology absorption as per Form B ;

Research and Development

1. Specific areas in which R & D carried out by the Company
 - i. Close study of the plant to improve the plant throughput, to improve efficiency and product quality.
 - ii. Development of alternative and quicker methods of analysis to save time and cost.
 - iii. Study the utilisation of by-products for various value added products.
 - iv. Study on plant corrosion to improve technique to reduce downtime and to study use of better material of construction.
 - v. The Plants are being revamped for getting higher throughput. The benefit will be available in the next Financial Year.
 - vi. The spent Caustic from CFC Plant is being re-used in scrubbing system of Pollution Control thereby achieving a large saving.