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MAHARAJA PURMADAVALLI
CHANDRASEKHAR LIM

24th
ANNUAL REPORT
1999-2000



GUJARAT NARMADA VALLEY FERTILIZERS COMPANY LIMITED

FOR MEMBERS' ATTENTION

I SOME IMPORTANT NOTES

1. Members who hold shares in physical form are requested to notify immediately change, if any, in their address, mandate instructions, bank account details, etc., to the Company, specifying the Registered Folio Number.
2. Members who hold shares in electronic form are requested to notify change, if any, in their address, mandate instructions, bank account details, etc. to the Depository Participant with whom they are maintaining their beneficial owner account.
3. Members are requested to bring their copy of the Annual Report along with them to the Annual General Meeting of the Company, as extra copy will not be supplied.
4. Members desiring information as regards the accounts are requested to send their queries at least fifteen (15) days before the date of the Meeting so as to enable the Company to make the information available at the Meeting.
5. Members are advised to get their multiple folios merged/consolidated which are held in the same names and in the same order.

II REGARDING PAYMENT OF DIVIDEND / UNCLAIMED DIVIDEND

1. The dividend upon its declaration in the Annual General Meeting, will be paid on or after 20th October, 2000, to those members whose names appear in the Register of Members of the Company on Saturday, the 12th August, 2000. In respect of shares held in electronic form, the dividend will be paid to the Beneficial Owners as per the details furnished by the Depositories, for this purpose.
2. In pursuance of Section 205 A of the Companies Act, 1956 unclaimed dividends for and up to financial year 1993-94 have been transferred to the General Revenue Account of the Central Government. Members who have not claimed/encashed their dividends for any of the aforesaid years may now submit their claims of dividends to the Registrar of Companies (Gujarat), CGO Complex, Opposite Rupal Park, Near Ankur Bus-Stop, Naranpura, Ahmedabad-380 013.
3. Members are requested to claim from the Company their unclaimed dividend(s), if any, in respect of financial years from 1994-95 to 1998-99 at the earliest by submitting their dividend warrants for revalidation or by applying for issuance of duplicate dividend warrants, if they have lost or misplaced the original dividend warrants.

III REGARDING ANNUAL GENERAL MEETING

1. Arrangements for buses from ST Depot, Bharuch to the place of meeting will be made by the Company on the day of the meeting.
2. Members/Proxies are requested to detach the "Entrance Pass" from this report and hand over at the Entrance duly signed by them.
3. Relevancy of question(s) and the order of Speaker at the Meeting will be decided by the Chairman.



GUJARAT NARMADA VALLEY FERTILIZERS COMPANY LIMITED

24TH ANNUAL GENERAL MEETING

Date : 28th September, 2000
Day : Thursday
Time : 2.00 P.M.
Place : Near Jan Vikas Temple,
 Narmadanagar Township,
 P.O. Narmadanagar-392 015
 District : Bharuch.

BOARD OF DIRECTORS

(As on 1st August, 2000)

Shri Pradipsinh B Jadeja, *Chairman*
 Shri KV Bhanujan
 Shri Vijay Ranchan
 Dr. PK Das
 Shri Manu Shroff
 Shri NR Ranganathan
 Dr. K Kameswara Rao
 Shri RC Sharma
 Shri Rajnish Aggarwal
 Shri Shirish C Bengali
 Shri AD Desai, *Managing Director*

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Executive Directors

Shri AL Vidyasagar
 Shri RC Desai
 Shri KD Chatterjee

Company Secretary

Shri RB Panchal

Auditors

M/s CC Chokshi & Company,
 Chartered Accountants,
 Ahmedabad.

Registered Office :

P. O. Narmadanagar - 392 015
 District : Bharuch
 Gujarat, INDIA.



GUJARAT NARMADA VALLEY FERTILIZERS COMPANY LIMITED

NOTICE

NOTICE IS HEREBY given that the **24th Annual General Meeting** of the Members of Gujarat Narmada Valley Fertilizers Company Limited will be held at the Registered Office of the Company, Near Janvikas Temple, Narmadanagar Township, P.O. Narmadanagar - 392 015 on Thursday, the 28th September, 2000 at 2.00 P.M. to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2000, the Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and the Auditors thereon.
2. To note the payment of Interim Dividend on Equity Shares.
3. To declare Final Dividend on Equity Shares.
4. To appoint a Director in place of Shri KV Bhanujan who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Auditors of the Company to hold office until the conclusion of the next Annual General Meeting and to fix their remuneration and, if thought fit, to pass with or without modification(s), the following Resolution :

As a Special Resolution :

"RESOLVED that pursuant to the provisions of Section 224A(1) and other applicable provisions of the Companies Act, 1956, the retiring Auditors M/s. C. C. Chokshi & Co., Chartered Accountants be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be determined by the Board of Directors and reasonable out-of-pocket expenses actually incurred by them in connection with the audit."

SPECIAL BUSINESS :

To consider and, if thought fit, to pass with or without modification(s), the following Resolution(s) :

6. As an Ordinary Resolution :

"RESOLVED that Shri RC Sharma be and is hereby appointed as a Director of the Company liable to retire by rotation."

7. As an Ordinary Resolution :

"RESOLVED that Shri Rajnish Aggarwal be and is hereby appointed as a Director of the Company liable to retire by rotation."

8. As an Ordinary Resolution :

"RESOLVED that Dr. PK Das be and is hereby appointed as a Director of the Company liable to retire by rotation."

9. As an Ordinary Resolution :

"RESOLVED that pursuant to the provisions of Sections 198, 269, 309 and 316 read with provisions of Schedule XIII and all

other applicable provisions of the Companies Act, 1956, (including any statutory modification or re-enactment thereof for the time being in force), the Company hereby accords its approval and consent to the re-appointment of Shri AM Bhardwaj, IAS, as the Managing Director of the Company for a period from 15th April, 2000 to 6th July, 2000 on the terms and conditions of his remuneration as set out in the explanatory statement annexed hereto."

"RESOLVED FURTHER that the remuneration, benefits and perquisites set out in the explanatory statement shall be allowed to Shri Bhardwaj as minimum remuneration notwithstanding the absence or inadequacy of profits in any year."

"FURTHER RESOLVED that the Board be and is hereby authorised to take all such steps as may be necessary, for implementation of this Resolution."

10. As an Ordinary Resolution :

"RESOLVED that pursuant to the provisions of Sections 198, 269 and 309 read with provisions of Schedule XIII and all other applicable provisions of the Companies Act, 1956, (including any statutory modification or re-enactment thereof for the time being in force), the Company hereby accords its approval and consent to the appointment of Shri AD Desai, IAS, as the Managing Director of the Company for a period of two years effective from 6th July, 2000 or until his services are withdrawn from the Company by the State Government, whichever is earlier, on the terms and conditions of his remuneration as set out in the explanatory statement annexed hereto."

"FURTHER RESOLVED that Shri AD Desai, Managing Director of the Company be and is hereby authorised to exercise substantial powers of Management and shall be responsible for the day to day management of the Company subject to the superintendence, direction and control of the Board of Directors and shall carry out such duties as may be entrusted and/or delegated to him by the Board of Directors of the Company from time to time."

"FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorised to agree to any variation, modification or amendment as may be conveyed by the Government of Gujarat in the terms and conditions of appointment and payment of remuneration and providing of perquisites by the Company to the Managing Director and if necessary, as may be prescribed/approved by the Central Government or in accordance with Schedule XIII to the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force)."

"FURTHER RESOLVED that the remuneration, benefits and perquisites set out in the explanatory statement shall be paid and allowed to Shri Desai as minimum remuneration notwithstanding the absence or inadequacy of profits in any year."

"RESOLVED FURTHER that the Board be and is hereby authorised to take all such steps as may be necessary, for implementation of this Resolution."

11. As a Special Resolution :

"RESOLVED that pursuant to the provisions of Section 372A and other applicable provisions of the Companies Act, 1956, the Company hereby approves/adopts/confirms/ratifies the guarantee/s given by the Company as approved by the Board of Directors unanimously in its meeting held on 16th October, 1999 to the lenders of funds to the Company's Subsidiary, Narmada Chematur Petrochemicals Limited (NCPL) for an amount of Rs. 15 Crores for securing the repayment of borrowing/s by NCPL."

12. As a Special Resolution :

"RESOLVED that pursuant to the provisions of Section 17 and other applicable provisions of the Companies Act, 1956, the provisions of the Company's Memorandum of Association with respect to the Objects of the Company be and they are hereby altered by adding and inserting following new Sub-clause (26) in Clause III(C) of the Company's Memorandum of Association :

To carry on or to undertake or to be interested or engaged in any of the business whether in India or outside India, either solely or in joint venture or in partnership with other companies, corporation or individual or firm or any other association of persons to establish, provide, manufacture, market, trade all or any of the following infrastructure or IT related activities consisting of communication services, networking services, software services related activities in all areas such as Internet Gateways, Internet Service Provider(ISP), national long distance telephony services, basic services, mobile services, broad band services, infrastructure facility using fibre optic connectivity and providing bandwidth services, broadcasting services, application service providers, international private leased circuits, mobile computing services, establishment of call centre and data centre services, LAN and WAN networks on Build-Own-Operate-Maintain basis, Build-Own-Operate-Transfer basis, Telemedicine Services, ATM-based Wide Area Network services, providing software services in offshore projects and inland projects, product development and manufacture in software sector, providing security services and e-commerce, web page development, VPN services, payment Gateways, software for banking and insurance, digital signature certification services, development of portals, programming of various software and implementation services, customer services, providing various nets for education, agricultural, procurement etc., hardware manufacturing related to communication products, cellular telephone services, remote host login, office automation, net connectivity, e-mail services and related services thereof such as store and forward services, electronic mail using TCP/IP, file transfer and information discovery services, index file transfer, worldwide web, on line services such as Internet technology, video-telephone or video conference and electronic communication services, radio paging services,

public mobile radio trunked services, voice mail, audio text service, closed user group domestic data/voice network, V-SAT services via satellite systems, multimedia services and value added services and value added infotech and cyber services, IT enabled services, web hosting services, software development and to do all activities for providing such services like excavation, construction, fabrication, installation, commission and testing of equipments, marketing and selling, trading of IT products such as servers, modems, routers, switches, fibre optic components, computers, printers, peripherals, laptops etc."

13. As a Special Resolution :

"RESOLVED that pursuant to the provisions of Section 149(2A) and other applicable provisions of the Companies Act, 1956, the Company hereby approves of the commencement and carrying on of all or any of the businesses and activities covered under Sub-clause (26) in Clause III(C) of Memorandum of Association of the Company after the insertion of the said Clause (26) becoming effective and at such time and in such manner as may be deemed fit by the Board of Directors of the Company."

14. As a Special Resolution :

"RESOLVED that pursuant to the provisions of Section 149(2A) and other applicable provisions of the Companies Act, 1956, the Company hereby approves of the commencement and carrying on of all or any of the businesses and activities covered under Sub-Clauses (10) and (12) in Clause III(C) of Memorandum of Association of the Company at such time and in such manner as may be deemed fit by the Board of Directors of the Company."

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. THE INSTRUMENT APPOINTING PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of Item Nos. 5 to 14 set out above is annexed hereto.

By Order of the Board of Directors,

Registered Office :

P.O. Narmadanagar - 392 015
Dist. Bharuch.

Dated : 14th August, 2000

R. B. Panchal

Company Secretary



GUJARAT NARMADA VALLEY FERTILIZERS COMPANY LIMITED

ANNEXURE TO THE NOTICE

AS REQUIRED BY SECTION 173(2) OF THE COMPANIES ACT, 1956, THE FOLLOWING EXPLANATORY STATEMENT SET OUT ALL MATERIAL FACTS RELATING TO THE BUSINESS MENTIONED UNDER ITEM NOS. 5 TO 14 OF THE ACCOMPANYING NOTICE DATED 14th AUGUST, 2000.

Item No. 5

The holding of Gujarat State Investments Ltd, a Government of Gujarat undertaking as also of the Public Financial Institutions, Nationalised Banks and Insurance Companies is more than 25% of the subscribed share capital of the Company in aggregate and hence, the re-appointment of M/s C. C. Chokshi & Co., Chartered Accountants, as Auditors of the Company, is required to be made by a Special Resolution as contemplated under Section 224A of the Companies Act, 1956.

Your Directors, therefore, commend this resolution for your approval.

None of the Directors of the Company is, in any way, concerned or interested in the said Resolution.

Item No. 6

In accordance with Article 141 of the Company's Articles of Association, Shri RC Sharma was appointed as Director on the Board of the Company with effect from 30th November, 1998 in the casual vacancy caused by the resignation of Shri KJM Shetty. Shri KJM Shetty was appointed by Shareholders as a Rotational Director at the 22nd Annual General Meeting held on 24th September, 1998 and he would have held office up to 24th Annual General Meeting, if he had not resigned and therefore, as per the provisions of Section 262 of the Companies Act, 1956, Shri RC Sharma holds office of Director up to the 24th Annual General Meeting.

As required by Section 257 of the Companies Act, 1956, a notice has been received from Gujarat State Investments Ltd., a member of the company, signifying its intention to propose Shri RC Sharma for the office of Director of the Company. A deposit of Rs. 500/- has also been received. Shri RC Sharma is also a General Manager of The Oriental Insurance Company Limited and he has a very rich experience in the field of Administration and Finance. The Board considers that it would be in the interest of the Company to appoint him as a Director and therefore, commends the resolution for your approval.

None of the Directors of the Company except Shri RC Sharma being appointed as a Director is, in any way, concerned or interested in the said resolution.

Item No. 7

In accordance with Article 142 of the Articles of Association of the Company, Shri Rajnish Aggarwal was appointed as an Additional Director on the Board of the Company with effect from 30th October, 1999. Pursuant to Section 260 of the Companies Act, 1956, he holds office up to this Annual General Meeting. As required under Section 257 of the Companies Act, 1956, a notice has been received from Gujarat State Investments Ltd., a member of the company, signifying its intention to propose Shri Rajnish Aggarwal for the office of Director of the Company. A deposit of Rs. 500/- has also been received. Shri Rajnish Aggarwal is a Chartered Accountant and he has a rich experience in the field of Finance and Accounts. The Board considers that it would be in the interest of the

Company to appoint him as Director and therefore commends the resolution for your approval.

None of the Directors of the Company except Shri Rajnish Aggarwal being appointed as a Director is, in any way, concerned or interested in the said resolution.

Item No. 8

In accordance with Article 142 of the Articles of Association of the Company, Dr. PK Das was appointed as an Additional Director on the Board of the Company with effect from 29th July, 2000. Pursuant to Section 260 of the Companies Act, 1956, he holds office up to this Annual General Meeting. As required under Section 257 of the Companies Act, 1956, a notice has been received from Gujarat State Fertilizers & Chemicals Ltd., a member of the company, signifying its intention to propose Dr. PK Das for the office of Director of the Company. A deposit of Rs. 500/- has also been received. Dr. PK Das is a senior IAS officer and he has a rich experience in the field of Administration. The Board considers that it would be in the interest of the Company to appoint him as Director and therefore commends the resolution for your approval.

None of the Directors of the Company except Dr. PK Das, being appointed as a Director is, in any way, concerned or interested in the said resolution.

Item No. 9

The Shareholders of the Company had, at the 22nd Annual General Meeting held on 24th September, 1998, approved appointment of Shri AM Bhardwaj as Managing Director of the Company for a period of 2 years effective from 15th April, 1998. In pursuance of the provisions of Article 173 of the Articles of Association of the Company, the Board of Directors re-appointed Shri AM Bhardwaj as Managing Director of the Company in consultation with Government of Gujarat for a period from 15th April, 2000 to hold office up to such period as may be notified by the Govt. of Gujarat.

The Government of Gujarat has vide its Resolution No.GNF-10-2000-2942-E dated 6th July, 2000 nominated Shri AD Desai on the Board of the Company vice Shri AM Bhardwaj with effect from 6th July, 2000. As such Shri Bhardwaj has ceased to be the Director and the Managing Director of the Company with effect from 6th July, 2000.

In terms of the provisions of Sections 198, 269, 309 and 316 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, the re-appointment of Shri AM Bhardwaj as Managing Director of the Company and payment of remuneration to him are subject to the approval of shareholders in General Meeting. The re-appointment of Shri Bhardwaj and the remuneration paid/payable to him are in accordance with Schedule XIII of the Companies Act, 1956 and hence do not require the approval of Central Govt.

The particulars of remuneration paid/payable to Shri AM Bhardwaj are as follows :

- 1. Pay :** He shall draw the pay and allowances in the scale of Principal Secretary to Government by virtue of the equation of the post of Managing Director of the Company with the IAS cadre post of Principal Secretary to Government.
- 2. Travelling Allowance while on Foreign Service :** For journeys in connection with duties in the Company, Shri A.M. Bhardwaj shall be paid TA and DA according to the Rules

framed by the Company in this regard or as per B.C.S. Rules at his option.

3. **Leave and Leave Salary :** He shall be entitled to leave and leave salary as per the All India Service Leave Rules, 1955. Leave Salary contribution for the period of his foreign service in the Company, shall be borne by the Company.
4. **Medical Attendance :** He shall be entitled to the Medical facilities admissible under All India Service (Medical) Attendance Rules, 1954, or under the Rules framed by the Company, at his option.
5. **Leave and pension Contribution :** Contribution on account of leave and pension shall be paid by the Company to the State Government in accordance with the provisions of B.C.S. Rules and in consultation with the Accountant General, Gujarat.
6. **Disability Leave :** The Company shall be liable to pay leave salary in respect of disability leave granted to him on account of any disability occurred in or through his foreign service even if such injury/disability manifests itself after the expiry of foreign service.
7. **Compensatory Allowance including H.R.A. :** He shall be entitled to receive compensatory local allowance and the House Rent Allowance at the place of duty while on foreign service, in accordance with the rules of the State government or as per the rules, if any, of the Company, at his option.
8. **Compensatory Allowance including H.R.A. during leave :** The whole expenditure in respect of any compensatory allowance for the period of leave taken by Shri AM Bhardwaj on foreign service while in or at the end of his foreign service, shall be borne by the Company.
9. **Leave Travel Concession :** For the purpose of LTC he will continue to be governed by the rules applicable to the State Civil Service Class-I Officers or at his option, by the rules applicable to the corresponding employees of the Company in case he opts for the State LTC Rules. If he has opted for the "Central Rules" and the benefit of LTC is available in the Company, he will be governed by the LTC rules applicable to the corresponding employees of the Company. If he has opted for the "Central Rules" and benefit of LTC is not available in the Company, he will be eligible for the LTC benefit as in the case of the Officers of "Central Civil Service Group-A" in accordance with Government Circular GAD No.AIS-2083-GOI-II-G, dated 11.10.1981.
10. **Dearness Allowance :** He shall be entitled to draw dearness allowance as admissible under the AIS (DA) Rules, 1972.
11. **Provident Fund :** He shall be entitled to continue to subscribe to the provident fund maintained by Govt. in accordance with AIS(PF) Rules, 1955 and be subject to the same rules as would be applicable to him, had he not been deputed to the Company.
12. **Joining Time, Joining Time Pay and Allowance and Transfer TA :** He will be entitled to transfer travelling allowance and joining time pay on joining the post on deputation as well as on reversion to State Government under the rules of the State Government or as per rules of the other Government/ Companies/ Corporations etc. The expenditure on this account will be borne by the other Government/ Companies/Corporations, etc.

13. **Pension/Gratuity in the event of Injury or death while on foreign service :** The Company shall be responsible for the payment of any gratuity or pension that may be admissible under the rules, if any injury is sustained by Shri A.M. Bhardwaj or his death occurs during the foreign service.

14. **Death-cum-Retirement Benefits :** During the period of foreign service, Shri A.M. Bhardwaj, shall continue to be governed by the AIS (Death-cum-Retirement Benefits) Rules, 1958 as applicable to him from time to time.

15. **Residential Accommodation :** If unfurnished residential accommodation is provided by the Company, he shall have to pay the rent to the Company at the flat rate prescribed under Finance Department Resolution No.ECR/1084/59/M, dated 3.9.87. In case Government accommodation is allotted to him, the difference between flat rate prescribed under F.D. G.R. No. ECR-1087-59-M, dated 3.9.87 and the economic rent be borne by the Company.

16. **Group Insurance :** During the period of deputation, he will continue to be governed by AIS (Group Insurance) Rules, 1981.

17. **Conveyance :** Shri AM Bhardwaj, IAS will be eligible for the use of official car, as available to the Principal Secretary to Govt. as provided under GAD G.R. No.AIS-3185-1468-G dated 11.9.1985 as amended from time to time during his deputation with the Company.

The proposed resolution is for the aforesaid purpose and is commended to the Shareholders for their approval.

The above shall also be regarded as an abstract of the remuneration, terms and conditions of re-appointment of Shri AM Bhardwaj as Managing Director and Memorandum of concern or interest under Section 302 of the Companies Act, 1956.

None of the Directors of the Company except Shri AM Bhardwaj, the then Managing Director, would be deemed to be concerned or interested in the said resolution.

Item No. 10

As per Govt. Notification No. AIS-35-2000-23-G DATED 4th July, 2000 followed by Govt resolution No. GNF-10-2000-2942-E dated 6th July, 2000 issued by the Energy & Petrochemicals Dept., Shri AD Desai was nominated on the Board of the Company as non-rotational Director vice Shri AM Bhardwaj with effect from the date he takes over the charge from Shri Bhardwaj. Shri AD Desai took over the charge as Managing Director effective from 6th July, 2000.

The Board of Directors of the Company in pursuance of the provisions of Article 173 of Articles of Association of the Company has appointed Shri AD Desai as the Managing Director of the Company with effect from 6th July, 2000.

In terms of the provisions of Sections 198, 269 & 309 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, the appointment of Shri AD Desai as Managing Director of the Company and payment of remuneration to him are subject to the approval of shareholders in General Meeting. The appointment of Shri AD Desai and the remuneration payable to him are in accordance with Schedule XIII of the Companies Act, 1956 and hence do not require the approval of Central Govt.



GUJARAT NARMADA VALLEY FERTILIZERS COMPANY LIMITED

The particulars of remuneration payable to Shri AD Desai are as follows:

1. **Pay :** He shall be entitled to draw, pay and allowances in the Super Time Scale of the IAS by virtue of the equation of the post of Managing Director of the Company with the IAS cadre post of the Secretary to Government vide Government Order, General Administration Department No AIS-30-2000-Eq-3007-G dated 14-7-2000.
2. **Dearness Allowance :** He will be governed by the Provisions of the All India Services (Dearness Allowances) Rules, 1972.
3. **City Compensatory Allowance and House Rent Allowance :** City Compensatory Allowance and House Rent Allowance shall be regulated under the Rules of the Company, if any residential accommodation is hired/owned by the Company. 10% of the pay plus DA/DP and CCA will be payable by Shri A D Desai, IAS for availing of such accommodation and in that case, his entitlement to draw HRA will also cease.
4. **Transfer TA/Joining Time :** He shall be entitled to TA and joining time both on joining the post of Managing Director of the Company and on reversion under the rules of the Company to which he is deputed and will not be inferior to the relevant provisions of the AIS Rules. The expenditure on this account will be borne by the Company.
5. **Conduct, Discipline and Appeal Rules :** He shall continue to be governed by the All India Services (Conduct) Rules, 1968 and All India (Discipline and Appeal) Rules, 1969.
6. **TA and DA for journey on duty :** He will be paid Travelling Allowance and Daily Allowance by the Company under its own rules for the journeys undertaken by him in connection with the official work under the Company.
7. **Leave and Pension :** During the period of deputation, he will continue to be governed by the AIS (leave) Rules, 1955 and the AIS(DCRB) Rules, 1958. The entire expenditure in respect of leave taken during or at the end of deputation shall be borne by the Company. In later cases, the leave and its period will be regulated by the orders of the State Government issued on the subject. He will not be allowed to join any of the pension schemes of the Company.
8. **Provident Fund :** During the period of the deputation, He will continue to subscribe to the AIS Provident Fund Scheme to which he was subscribing at the time of proceeding on foreign service in accordance with the rules of such Fund.
9. **Medical Facilities :** The Company shall afford to Shri AD Desai, IAS medical facilities not inferior to those, which are admissible to an IAS officer of the same status under the Central Government rules on the subject.
10. **Transport Allowance :** He shall be eligible to draw Transport Allowance in accordance with and subject to the conditions mentioned in Govt. Order, GAD No. AIS/1097, GOI. 670/G dated 6-8-1998, provided he is not provided with an official car by the Company for commuting between office and residence, as available to the Officers of the rank of Secretary to Government, as provided under G.R. GAD No AIS/3185/1468/G dated 11-9-1985, as amended from time to time during his deputation with the Company.
11. **Leave Travel Concession :** The Company shall allow Leave Travel Concession to Shri AD Desai, IAS as admissible under its rules, provided these are not inferior to those admissible to him under the AIS(L.T.C) Rules, 1975. The whole expenditure in this regard will be met by the Company. This, however, is subject to the condition that the Officer had not already, before proceeding on deputation, availed of concession during that particular block of years.
12. **Disability Leave :** The Company will be liable to pay leave emoluments in respect of disability leave, if any, granted to him on account of any disability incurred in and through foreign service even-though such disability manifests itself after termination of foreign service. The relevant AIS rules will be applicable in such cases.
13. **Leave Salary/Pension Contributions :** The Company will pay to the Govt. of the parent cadre of Shri AD Desai, IAS, leave salary and pension contributions at the rates in force from time to time in accordance with the orders issued by the President under F.R. 116. The payment of these contributions must be paid annually within 15 days from the end of each financial year or at the end of Foreign Service if the deputation expires before the end of a financial year. Delayed payment will attract liability of payment of interest in terms of the instructions contained in the Ministry of Finance's Notification No F.1(1)-E.iii/83 dated the 10th August, 1983, as amended from time to time. Pending intimation of the rates of leave salary and pension contribution by the concerned Accountant General, the Company shall pay leave salary and pension contributions provisionally at the prescribed rates.
14. **Group Insurance :** If he has not opted out of the Central Govt. Employees Group Insurance Scheme, 1980, before 31-12-1981, the said scheme as appended to the schedule to the AIS (Group Insurance) Rules, 1981 shall be applicable to him. In that case, an amount of Rs. 120/- p.m. deducted from his salary as subscription towards the Insurance Scheme shall be remitted to the concerned Accountant General by the Company. If at any time the recovery of subscription falls in arrears, the same shall be recovered with interest admissible under the Scheme on the accretions to the Saving Fund.
15. **Residuary Matters :** In all matters relating to conditions of service and benefits/facilities and perks in the Company not covered by items 1 to 14 above, Shri AD Desai, IAS shall be governed by the rules, regulations and orders applicable to a member of the All India Services serving in connection with the affairs of the Union/State Government.

The proposed resolution is for the aforesaid purpose and is commended to the Shareholders for their approval.

The above shall also be regarded as an abstract of the remuneration, terms and conditions of appointment of Shri AD Desai as Managing Director and Memorandum of concern or interest under Section 302 of the Companies Act, 1956.

None of the Directors of the Company except Managing Director Shri AD Desai is, in any way, regarded as concerned or interested in the said resolution.

Item No. 11

The shareholders of the Company at the last Annual General Meeting (held to adopt the Annual Accounts of the financial year 1998-99) authorised the Board to give guarantees to the extent of Rs. 75 Crores to the lenders of Narmada Chematur Petrochemicals limited (NCPL), of which the Company is a promoter, so as to enable NCPL to substitute its high cost borrowings with fresh borrowings at lower rate of interest. The Company has already provided guarantees of Rs. 75 Crores to the Lenders of NCPL for securing the repayment of said borrowings of Rs. 75 Crores.

NCPL has also availed of Foreign Currency Loans of an aggregate amount of US \$ 14.56 Million from Bank of Baroda and State Bank of India. On account of the lower cash accruals, NCPL had to borrow a sum of Rs. 15 Crores urgently from Centurion Bank for the purpose of paying the instalments of the said Foreign Currency Loans on respective due dates. This additional borrowing of Rs. 15 Crores was required to be guaranteed by your Company as promoter. In view of the urgency and exceptional circumstances, it was not feasible to hold a General Meeting of the Company for seeking prior approval of the members for giving such guarantee. Therefore, under the provisions of Section 372A of the Companies Act, 1956, the Company seeks approval of the members by way of a Special Resolution as proposed. The Company has already received the requisite approval from the concerned public financial institution for giving such guarantee/s.

The members are requested to approve/adopt/ratify and confirm the guarantee/s given by the Company to the extent of Rs. 15 Crores to the lenders of NCPL.

None of the Directors except Shri AD Desai, who is on the Board of NCPL, may be regarded as concerned or interested in the resolution.

Item Nos. 12 & 13

IT industry in India is a fast growing segment of the Indian Economy. To capitalize the experience gained by the Company in the Electronics and Communication business for over a decade and to seize the vast opportunity in the IT business, your Company Proposes to embark upon IT activities. In anticipation of such activities, the Company has set up an Infotower at Ahmedabad with requisite infrastructural facilities. The Company has planned its activities to become a total solution provider for connectivity and networking and software solution. The Company has received Licenses from Dept of Tele Communication (DOT), Govt. of India for V-SAT services, International Gateways Services and providing Internet Services. As a condition for granting these Licenses, DOT had directed the Company to alter its "Objects Clause" suitably to specifically include therein the activities for providing connectivity network through V-SAT services, Internet Service provider and international gate ways besides various other software development activities. While the "Main Objects" clause of the Memorandum of Association of the Company authorises the Company to deal in all kinds of Telecommunication systems and equipments and all accessories pertaining thereto, it has been felt expedient to alter the Objects Clause - III (C) by inserting a new Sub-Clause (26) so as to enable the company to undertake IT related activities.

The proposed alteration of "Objects Clause" will facilitate diversification and enable the company to enlarge its area of operation and to carry on its business more economically and efficiently.

The company intends to carry on one or more new businesses set out in the special resolution. The approval of members by special resolution to the commencement by the company of the said new business set out in the resolution at Item No.13 of the accompanying notice is considered necessary in view of Section 149 (2A) of the Companies Act, 1956.

The Directors, therefore, recommend the said special resolutions for approval of the members.

None of the directors of the company, is in any way concerned or interested in the aforesaid resolutions.

Item No. 14

In pursuance of the provisions of Section 149 (2 A) of the Companies Act, 1956, the activities enumerated in the "Other Objects Clause" of Memorandum of Association of the Company, can be undertaken by the Company only after the same has been approved by a Special Resolution passed in that behalf by it in general meeting .

The Company intends to take up one or more of the activities enumerated in Sub-Clauses (10) and (12) of "Other Objects Clause III (C)" of the Memorandum of Association of the Company for taking advantage of the competitive environment in view of the liberalized economy.

Sub-clause (10) inter alia includes -

"To manufacture, produce, import, export and generally to deal in chemicals, chemical products and to deal in all forms of petroleum, petrochemicals, gas, coal and carbon etc."

Sub-clause (12) inter alia includes -

"To buy, sell, manufacture, make-up, manipulate, synthesise, analyse, atomise and deal in the materials, articles and things of all kinds which can conveniently be used, dealt in or manufactured by the company in connection with its business."

The proposed activities could be conveniently and advantageously combined with the existing business of the company and therefore would be beneficial to your company.

The directors, therefore recommend the special resolution set out at Item No.14 for approval of the members.

None of the directors of the company, is in any way concerned or interested in the aforesaid resolution.

Inspection of Documents :

All documents referred to in this Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company between 9:30 A.M. and 11:30 A.M. during working days of the Company.

By Order of the Board of Directors,

Registered Office :

P.O. Narmadanagar - 392 015
Dist. Bharuch.

Dated : 14th August, 2000

R. B. Panchal
Company Secretary



GUJARAT NARMADA VALLEY FERTILIZERS COMPANY LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Company is in the business of manufacturing and selling of Fertilizers viz. Urea, Ammonium Nitro-phosphate (ANP) and Calcium Ammonium Nitrate (CAN); Chemicals viz. Ammonia, Methanol, Formic Acid, Acetic Acid, Nitric Acids, Ammonium Nitrate Melt (AN Melt), and Electronics viz. Digital Switching Systems and Printed Circuit Boards. The Company also undertook trading of fertilizers viz. Urea, Di-Ammonium Phosphate (DAP), Single Super Phosphate (SSP) and chemicals viz. Methanol, Formic Acid etc.

During the year 1999-2000, plants operated at capacities above 100%. Production was affected during the year due to longest ever planned shut-down of 63 days taken during which critical items like Revex Batteries and Catalyst in Methanol plants were replaced. Such replacement of critical items will ensure continuous higher production in the coming years.

PRODUCT-WISE PERFORMANCE

FERTILIZER DIVISION

During the year under review, production of Urea was lower at 615781 MTs as against 660894 MTs in the previous year. The production of ANP was marginally higher at 155889 MTs as compared to 150812 MTs in the previous year and that of CAN was 128143 MTs as compared to 152689 MTs. The lower production of fertilizers is attributable to the longest ever planned shut down undertaken during the year.

Total fertilizers sales include sales of own products and sales of traded fertilizers. The fertilizer sales also suffered due to failure of monsoons in some parts of the country where the Company has to sell its fertilizers under allocation issued by Govt of India (GOI). Due to intensive marketing efforts, company could achieve its sale of fertilizers during the year.

The quantity of imported Urea handled was 82949 MTs as against 162928 MTs in the previous year, due to non-allocation of major ports for imported Urea to the Company by GOI. The Company imported DAP and sold through its own network. The sale of imported DAP was higher at 65681 MTs as against 14449 MTs in the previous year. The quantity of SSP handled during the year was higher at 126562 MTs as compared to 89228 MTs in the previous year.

The sales realisation of Urea during the year improved due to steep rise in price of LSHS as feed stock during the year and resultant escalation in Retention Price. The sales realisation of ANP decreased marginally during the year due to reduction in *ad-hoc* subsidy by GOI. The realisation of CAN improved marginally from Rs. 4242 per MT to Rs. 4350 per MT during the year as the sales realisation of CAN is dependent upon the retail price of Urea being of similar nutrient contents.

During the year, the Department of Fertilizers, GOI released the Urea subsidy regularly on time.

The total fertilizers sales at Rs. 782.5 crores was marginally higher than Rs. 773.4 crores in the previous year. The total quantity of fertilizers sold during the year was 1111791 MTs as against 1240366 MTs during 1998-99. Thus, though overall fertilizer sales quantity reported a drop of 10.4 %, sales value increased by 1.2 %.

The break up of sales value of the Fertilizer Division is given below :

(Rs. in Crores)

Product	1999-2000	1998-99	% change
FERTILIZER PRODUCED			
Urea	462.3	461.9	0.09
Ammonium Nitro Phosphate	119.0	136.2	(-)12.6
Calcium Ammonium Nitrate	56.4	67.0	(-)15.8
FERTILIZER TRADING			
Total	782.5	773.4	1.2

INDUSTRIAL PRODUCTS DIVISION

Methanol

The Company's two Methanol plants put together produced 167047 MTs of Methanol as against 139759 MTs produced during the previous year. This shows an increase of 20% over previous year. The increase in the Methanol production in 1999-2000 was helped by change of catalyst in Methanol plant II during shutdown of April/ May, 1999. The average realisation of Methanol during the year was Rs. 8664 per MT as compared to Rs. 8835 per MT during the year 1998-99. Overcapacity in the international market and lowering of import duty on Methanol by GOI, coupled with devaluation of currencies in the South-East Asian countries, witnessed much cheaper imports of Methanol into India. This forced the Company to sell Methanol at lower import parity price to withstand competition from international suppliers.

During the year, the Company sold 156439 MTs of Methanol valued at Rs. 134.2 crores including imported Methanol of 19260 MTs valued at Rs. 15.4 crores. As against this, the Company sold 110378 MTs of Methanol valued at Rs. 97.1 crores including 4157 MTs of imported Methanol valued at Rs. 3.3 crores during the previous year.

Formic Acid

The production of Formic Acid was 7854 MTs (157% capacity utilisation) as against 9055 MTs (181% capacity utilisation) in the previous year. The sales realisation of Formic Acid was Rs. 30945 per MT as against Rs. 30832 per MT in the previous year. To meet the increase in demand, the company imported 544 MTs of Formic Acid during the year. The total sales turnover of Formic Acid was Rs. 24.4 crores as against Rs. 30.4 crores during the previous year.

Acetic Acid

59694 MTs of Acetic Acid was produced during the year as against 65098 MTs during the previous year. The production of Acetic Acid was lower due to shut down of 63 days during the year as compared to 29 days during 1998-99. The sales turnover of Acetic Acid was Rs. 120.4 crores as compared to Rs. 132.1 crores in the previous year. Like Methanol, cheaper import of Acetic Acid was responsible for lower realisation of Acetic Acid during the year which came down from Rs. 20438 per MT during 1998-99 to Rs. 18890 per MT during 1999-2000.

Concentrated Nitric Acid (CNA)

The production of Concentrated Nitric Acid was 48134 MTs in 1999-2000 as against 34983 MTs in 1998-99. This was possible mainly due