

GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED



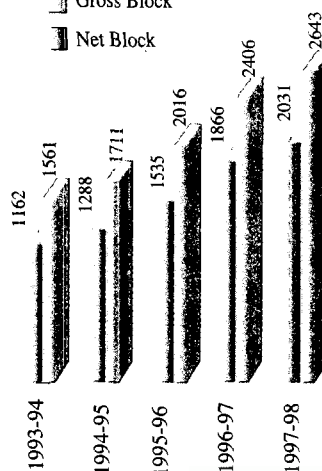
36TH ANNUAL REPORT 1997-98

Report

## NET & GROSS BLOCK

(Rs. in Crores)

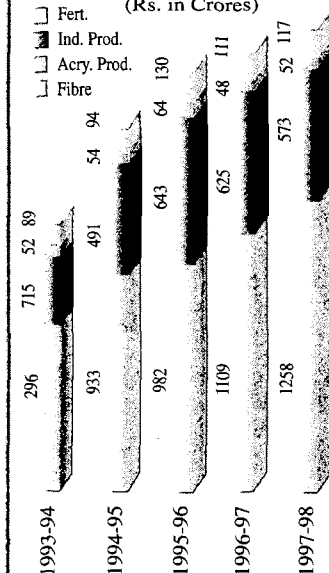
- Gross Block
- Net Block



## TURNOVER

(incl. excise duty)  
(Rs. in Crores)

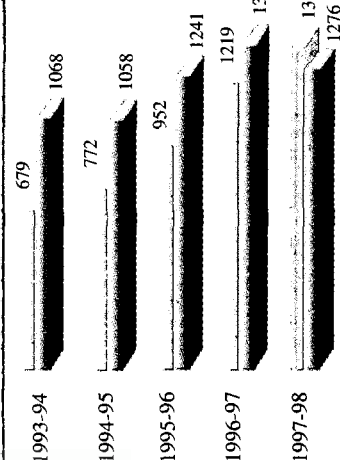
- Fert.
- Ind. Prod.
- Acry. Prod.
- Fibre



## DEBT - EQUITY

(Rs. in Crores)

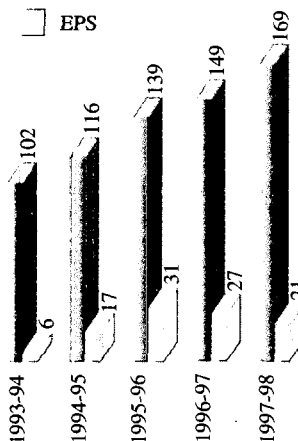
- Debt
- Equity



## BOOK VALUE & EPS

(Rupees)

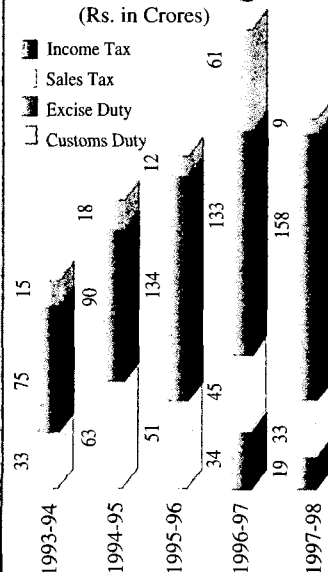
- Book Value
- EPS



## CONTRIBUTION TO EXCHEQUER

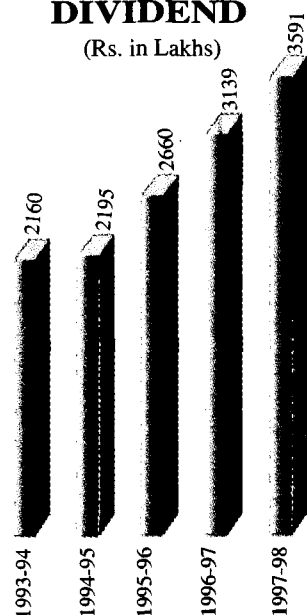
(Rs. in Crores)

- Income Tax
- Sales Tax
- Excise Duty
- Customs Duty



## DIVIDEND

(Rs. in Lakhs)





# Gujarat State Fertilizers & Chemicals Ltd.

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## NOTICE

NOTICE is hereby given that the **Thirtysixth Annual General Meeting** of the Members of the Company will be held at the Registered Office of the Company at 11.00 a.m. on Friday, the 18th September, 1998 to transact the following business :

### Ordinary Business

1. To receive, consider and adopt the Audited Accounts, Balance Sheet as at 31st March, 1998, Profit & Loss Account for the year ended on that date & the reports of Directors and Auditors.
2. To declare dividend.
3. (a) To appoint Director in place of Shri K.V. Bhanujan who retires by rotation and being eligible offers himself for re-appointment.
- (b) To appoint Director in place of Shri A.M. Bharadwaj who retires by rotation and being eligible offers himself for re-appointment.

### Special Business

4. To consider and, if thought fit, to pass the following Resolution, with or without modifications, as an **Ordinary Resolution**.

"RESOLVED that pursuant to the provisions of Sections 269, 309, 310 & 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its consent and approval to the appointment of Shri C.N. Mehta as an Additional Director in the whole-time employment of the Company from 19-9-97 to 18-9-98 on the below-mentioned remuneration and terms and conditions :

#### 1. Remuneration

Rs. 24,000/- per month.

#### 2. Designation

Director (Technical)

#### 3. Perquisites & Benefits

Shri C.N. Mehta will also be eligible to the following benefits & perquisites as admissible to the executives from time to time as per rules of the Company in that behalf :

- a) Medical Assistance
- b) Leave and Leave Encashment
- c) Leave Travel Concession
- d) Bonus and Gift (by whatever nomenclature)
- e) Travelling Allowance and Halting Allowance

Shri C.N. Mehta however will not be entitled for Company's contribution in respect of Provident Fund, Gratuity and Pension.

Shri C.N. Mehta shall be provided a chauffeur driven car. In respect of private journeys undertaken by Shri C.N. Mehta in the said car, a deduction of Rs. 250 per month will be made."

5. To consider and, if thought fit, to pass the following Resolution, with or without modifications, as an **Ordinary Resolution**.

"RESOLVED that subject to the provisions of Sections 269, 309, 310 and 311 read with Schedule-XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its consent and approval to the appointment of Shri C.J. Jose, IAS as Managing Director of the Company with effect from 31-12-1997(AN) to 16-4-1998 on the following terms and conditions of remuneration and perquisites :

#### (a) Salary

His pay shall be Rs. 20,400/- per mensem in the pay scale of Rs. 18,400-500-22,400. Any revision/modification to the said pay or the said pay scale as may be communicated by the Govt. of Gujarat from time to time shall be applicable.

#### (b) Dearness Allowance

He shall be entitled to draw Dearness Allowance as admissible under the AIS (DA) Rules, 1972.

#### (c) Perquisites

##### (i) Travelling Allowance while on Foreign Service

For journeys in connection with duties in the Company, Shri C.J. Jose shall be paid T.A. and D.A. according to the Rules framed by the Company, in this regard or as per B.C.S.R. at his option.

##### (ii) 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.

##### (iii) 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.

##### (iv) 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.R. and in consultation with the Accountant General, Gujarat.

##### (v) Disability Leave

The Company shall be liable to pay leave salary in respect of disability leave granted to him on

## Notice

account of any disability occurred in or through his foreign service even if such injury/disability manifests itself after the expiry of foreign service.

**(vi) 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.

**(vii) Compensatory Allowance including H.R.A. during leave**

The whole expenditure in respect of any compensatory allowance for the period of leave taken by him on foreign service while in or at the end of his foreign service, shall be borne by the Company.

**(viii) 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 benefits 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.

**(ix) 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.

**(x) Leave Encashment**

He will be entitled to the leave encashment benefits as admissible under G.R. GAD No. AIS-4291-3761-G dt. 7-8-1991.

**(xi) Joining time, joining time pay and allowance and Transfer T.A.**

He shall be entitled to transfer travelling allowance

and joining time pay on joining the post on foreign service as well as on reversion to State Service under the rules of State Government. The expenditure on this account shall be borne by the Company.

**(xii) 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 him or his death occurs during the foreign service.

**(xiii) Conveyance Allowance**

Shri C.J. Jose, I.A.S. will be eligible for the use of official car, as available to the Secretary to Government as provided under Govt. Resolution, G.A.D. No. AIS-3185-1468-G dt. 11-9-85 as amended from time to time during his deputation with the Company.

OR

He shall be provided with a chauffeur-driven car. In respect of private journeys undertaken by him, a deduction of Rs. 250/- per month will be made.

**(xiv) Death-cum-Retirement Benefits**

During the period of foreign service, he shall continue to be governed by the AIS (Death-cum-Retirement Benefits) Rules, 1958 as applicable to him from time to time.

**(xv) 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 the 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.

**(xvi) Group Insurance**

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

So long as he functions as the Managing Director of the Company, he shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof."

"FURTHER RESOLVED that the remuneration, benefits and



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perquisites as aforesaid shall be paid and allowed to him as minimum remuneration notwithstanding the absence or inadequacy of profits in any year."

6. To consider and, if thought fit, to pass the following Resolution, with or without modifications, as an **Ordinary Resolution**.

"RESOLVED that subject to the provisions of Sections 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 the Company hereby accords its consent and approval for increasing the salary of Shri S.K. Duggal, IAS (Retd.) former Managing Director of the Company to Rs. 23,450 per month from 1-1-96 to 31-12-96, Rs. 23,975 from 1-1-97 to 14-12-97 and Rs. 26,000 from 15-12-97 to 31-12-97 i.e. till he retired on superannuation on 31-12-97 (AN), and that the other terms and conditions of remuneration and perquisites as have been approved by the Company in its General Meeting held on 14-10-95 remaining unaltered and unchanged."

7. To consider and, if thought fit, to pass the following Resolution, with or without modifications, as an **Ordinary Resolution**.

"RESOLVED that subject to the provisions of Sections 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its consent and approval to the appointment of Shri Gurcharan Singh, IAS as Managing Director of the Company for a period of two years with effect from 17-04-1998 or till his services are withdrawn by the State Govt., whichever is earlier, on the following terms and conditions of remuneration and perquisites :

**(a) Salary**

His pay shall be Rs. 20,400/- per mensem in the pay scale of Rs. 18,400-500-22,400. He shall draw the pay and allowances in the scale of Secretary to Government by virtue of the equation of the post of Managing Director, Gujarat State Fertilizers & Chemicals Ltd. with the IAS cadre post of Secretary to Government.

**(b) Dearness Allowance**

He shall be entitled to draw Dearness Allowance as admissible under the AIS (DA) Rules, 1972.

**(c) Perquisites**

**(i) Travelling Allowance while on Foreign Service**

For journeys in connection with duties in the Company, Shri Gurcharan Singh shall be paid T.A. and D.A. according to the Rules framed by the Company, in this regard or as per B.C.S.R. at his option.

**(ii) 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.

**(iii) 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.

**(iv) 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.R. and in consultation with the Accountant General, Gujarat.

**(v) 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.

**(vi) 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.

**(vii) Compensatory Allowance including H.R.A. during leave**

The whole expenditure in respect of any compensatory allowance for the period of leave taken by him on foreign service while in or at the end of his foreign service, shall be borne by the Company.

**(viii) 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

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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.

(ix) **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.

(x) **Joining time, joining time pay and allowance and Transfer T.A.**

He shall be entitled to transfer travelling allowance and joining time pay on joining the post on foreign service as well as on reversion to State Service under the rules of State Government. The expenditure on this account shall be borne by the Company.

(xi) **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 him or his death occurs during the foreign service.

(xii) **Conveyance Allowance**

Shri Gurcharan Singh, I.A.S. will be eligible for the use of official car, as available to the Secretary to Government as provided under Govt. Resolution, G.A.D. No.AIS-3185-1468-G dated 11-9-85 as amended from time to time during his deputation with the Company.

OR

He shall be provided with a chauffeur-driven car. In respect of private journeys undertaken by him, a deduction of Rs. 250/- per month will be made.

(xiii) **Death-cum-Retirement Benefits**

During the period of foreign service, he shall continue to be governed by the AIS (Death-cum-Retirement Benefits) Rules, 1958 as applicable to him from time to time.

(xiv) **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 the 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.

(xv) **Group Insurance**

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

"ALSO RESOLVED that any revision/modification to the aforesaid remuneration, perquisites or terms & conditions as may be communicated by Government of Gujarat from time to time shall be applicable."

"FURTHER RESOLVED that so long as Shri Gurcharan Singh functions as the Managing Director of the Company, he shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof."

"FURTHER RESOLVED that the remuneration, benefits and perquisites as aforesaid shall be paid and allowed to him as minimum remuneration notwithstanding the absence or inadequacy of profits in any year."

8. To consider and, if thought fit, to pass the following Resolution, with or without modifications, as a **Special Resolution**.

"RESOLVED that pursuant to Sections 80, 81 and other applicable provisions, if any, of the Companies Act, 1956 (including any amendments to or re-enactments thereof), the relevant provisions of the Memorandum and Articles of Association of the Company and Listing Agreement entered into by the Company with the Stock Exchanges and subject to the approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies and subject to such conditions and alterations as may be prescribed by them while granting such approvals, consents, permissions and sanctions which the Board of Directors of the Company (hereinafter referred to as the "Board") thinks fit in the interest of the Company, the Board be and is hereby authorised to issue, offer and allot Redeemable Cumulative Preference Shares of the face value of Rs. 100/- each of an aggregate value of upto Rs. 33 crores (Rupees thirtythree crores), at such rate of dividend, premium, if any, as may be determined by the Board, in one or more private offerings including private placements, in Indian Markets to investors (whether financial institutions, banks, mutual funds, companies and/or any other body corporate, trusts, local bodies and/or any other person) and whether or not such investors are Members of the Company, on such terms and conditions and in such tranches as may be decided by the Board in its absolute discretion."



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"RESOLVED FURTHER that without prejudice to the generality of the above, the Board be and is hereby authorised to determine as to when the said Preference Shares are to be issued, the type or types of the Preference Shares to be issued, the class or classes of investors to whom such Preference Shares are to be offered, the number and value of the Preference Shares to be issued in each tranche, including but not limited to terms relating to dividend, premium or conversion or redemption or early redemption at the option of the Company and/or the investor, terms for accumulation of dividends and all such terms as are provided in offerings of like nature."

"RESOLVED FURTHER that for the purpose of giving effect to the above Resolutions, the Board be and is hereby authorised to do all such acts, deeds, matters and things and execute all such deeds, documents, instruments and writings as it may in its absolute discretion deem necessary or desirable, and pay any fees and commission and incur expenses in relation thereto."

"RESOLVED FURTHER that the Board be and is hereby authorised to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of the Preference Shares and utilisation of the issue proceeds as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this Resolution."

"RESOLVED FURTHER that the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or Managing or Whole-time Director/s or any officer or officers of the Company to give effect to the aforesaid Resolution."

9. To consider and, if thought fit, to pass the following Resolution, with or without modifications, as a **Special Resolution**.

"RESOLVED that pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered in the following manner :

- (A) By deleting the existing Articles 8 & 9 and substituting in its place and stead, the following Articles 8 & 9 :

### **Article 8 Redeemable/Convertible Preference Shares**

8. Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue preference shares which are, or at the option of the Company are to be, liable to be redeemed/converted and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption/conversion.

### **Article 9 Provisions to apply on issue of Redeemable / Convertible Preference Shares**

9. On the issue of Redeemable/Convertible Preference Shares under the provisions of Article 8 hereof, the following provisions shall take effect :
- (a) No such shares shall be redeemed except out of profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of redemption.
  - (b) No such shares shall be redeemed/converted unless they are fully paid.
  - (c) The premium, if any, payable on redemption shall have been provided for out of the profits of the Company or out of the Company's Shares Premium Account before the shares are redeemed.
  - (d) Where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of the profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called "The Capital Redemption Reserve Account", a sum equal to the nominal amount of the shares redeemed and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 80 of the Act, apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company.
  - (e) Subject to the provisions of Section 80 of the Act, the redemption/conversion of preference shares hereunder may be effected in accordance with the terms and conditions of their issue and in the absence of any specific terms and conditions in that behalf, in such manner as the Directors may think fit."

- (B) By inserting the following Heading and Article as Article 79-A after Article 79 :

### **Article 79-A Dematerialisation of Securities**

Definitions 79-A (1) For the purpose of this Article :-

"Beneficial Owner" means the beneficial owner as defined in clause (a) of Sub-section (1) of Section 2 of the Depositories Act, 1996.

"Depositories Act" means the Depositories Act, 1996 and shall include any statutory modifications or re-enactment thereof for the time being in force.

"Depository" means the Depository as



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defined under clause (e) of Sub-section (1) of Section 2 of the Depositories Act, 1996.

"Security" means such security as may be specified by the Securities & Exchange Board of India from time to time.

Dematerialisa-  
tion of  
Securities

- (2) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities pursuant to the Depositories Act, 1996 and to offer its securities for subscription in a dematerialised form.

Securities in  
Depositories  
to be in  
fungible form

- (3) All securities held by a depository shall be dematerialised and be in fungible form. The provision relating to progressive numbering shall not apply to the shares of the Company which have been dematerialised.

Rights of  
Depositories  
and Beneficial  
Owners

- (4) (a) Notwithstanding anything to the contrary contained in the Act or these Articles, depository shall be deemed to be the registered owner for the purpose 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

Transfer of  
Securities

beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

- (5) Nothing contained in the Act or these Articles shall apply to transfer of securities effected by the transferor and the transferee both of whom are entered as Beneficial Owners in the records of a Depository.

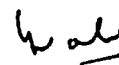
In the case of transfer of securities where the Company has not issued any certificates and where such securities are being held in an electronic and fungible form, the provisions of the Depositories Act, 1996 shall apply.

Register and  
Index of  
Beneficial  
Owners

- (6) 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, as the case may be, for the purpose of the Act or these Articles."

"RESOLVED further that the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, proper or expedient to give effect to the above resolution."

By Order of the Board



**S.W. Palnitkar**  
Company Secretary

Fertilizernagar  
24th July, 1998



## Notes & Annexure to Notice

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### NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. The present Statutory Auditors Messrs C.C. Chokshi & Co., Chartered Accountants, Branch Auditors for Polymers & Fibre Units, M/s. Haribhakti Shah & Co., Chartered Accountants, appointed by the Central Government will retire at the conclusion of Thirtysixth Annual General Meeting. The Auditors of the Company for the current financial year will also be appointed by the Central Government as the Company continues to attract provisions of Section 619 (B) read with the provision of Section 619 (2) of the Companies Act, 1956.
3. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of Items 4 to 9 set out above is annexed hereto.
4. As required under the Rule 4A of the Companies Unpaid Dividend (Transfer to General Revenue Account of Central Government) Rules, 1978, the Company hereby informs its Members that a sum of Rs. 9,43,741 (Rupees Nine lacs Fortythree Thousand Seven Hundred Fortyone only) pertaining to the 25th Dividend relating to the financial year 1993-94 has been transferred on 31-01-1998 to the General Revenue Account of the Central Government.

The Statements containing details of the amounts transferred so far with the name and last known address of the members etc. is

available for inspection to the members at the Registered Office of the Company on any working day of the Company except Saturdays and Sundays between 10.00 a.m. and 4.00 p.m.. Members are hereby informed that all unpaid/unclaimed dividends declared for and upto the Financial Year ended 31st March, 1994 have been transferred to the General Revenue Account of the Central Government. Members who have not encashed the dividend warrants for the said period are requested to claim the amount from the Registrar of Companies (Gujarat), ROC Bhavan, Opp. Rupal Park Socy. (Guj. Housing Board Complex) B/H. Ankur Bus Stand, Ahmedabad - 380 013. The Unpaid Dividends that are due for transfer to the Central Government are as follows :

Financial Year ended	Div No.	Due for Transfer on
31-3-1995	26	29-11-1998
31-3-1996	27	13-11-1999
31-3-1997	28	04-11-2000

Members who have not encashed their dividend warrants for the aforesaid financial years are requested to write to the Company.

5. Relevancy of questions and the order of speakers at the meeting will be decided by the Chairman.

### ANNEXURE TO NOTICE

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

In conformity with the provisions of Section 173 of the Companies Act, 1956, the following Explanatory Statement sets out all the material facts relating to the Special Business mentioned in the accompanying Notice and should be taken as forming part of the Notice.

#### Item No. 4

As it was decided and approved by the Board of Directors of your Company, Shri C.N. Mehta was appointed as Additional Director in the whole-time employment of the Company with effect from 19-9-97. However, according to the provisions of Section 260 of the Companies Act, 1956, an Additional Director shall hold office only upto the date of the next Annual General Meeting of the Company.

The appointment of Shri Mehta as Whole-time Director and the remuneration payable to him as proposed in the Resolution are in accordance with Schedule XIII to the Companies Act, 1956 and hence do not require the approval of the Central Government. However, the consent and approval of the shareholders in General Meeting is required. Accordingly, this resolution is proposed for your consent and approval.

None of the Directors except Shri C.N. Mehta is concerned or interested in passing this resolution.

#### Item No. 5

As decided by the Govt. of Gujarat vide their notification No. AIS-3597-50-G dtd. 9-12-97 followed by Govt. resolution No. GSF-1097-6292-E dtd. 24-12-97 and No. GPC-1097-6292-E dated 5-2-1998 issued by the Energy and Petrochemicals Deptt., Shri C.J. Jose, IAS was first appointed as "Government Director" with effect from 10-12-97 and pursuant to provisions of Article 140 & 145 of the Articles of Association of the Company, the Board of Directors of your Company appointed him as the Managing Director of the Company vice Shri S.K. Duggal who retired from the services of the Govt. on 31-12-1997(AN) on attaining the superannuation age.

Subsequently the Govt. of Gujarat, Energy & Petrochemicals Deptt. vide resolution No. GSF-1098-1620-E dtd. 17-4-1998 had transferred Shri C.J. Jose from the Company with effect from 17-4-98. The appointment of Shri C.J. Jose as Managing Director and the remuneration paid to him are in accordance with Schedule XIII to the Companies Act, 1956 and hence do not require the approval of the Central Government.

The appointment of Shri C.J. Jose as the Managing Director and the remuneration paid to him requires the consent and approval of the

## Annexure to Notice

Company in General Meeting. Accordingly, this resolution is proposed for your consent and approval.

None of the Directors except the then Managing Director Shri C.J. Jose would be deemed to be concerned or interested in passing this resolution.

### Item No. 6

On account of revision of pay under the fifth Central Pay Commission, 1997 with effect from 1-1-96 and consequent to the promotion to the rank of Principal Secretary, the pay of the former Managing Director Shri S.K. Duggal was revised as fixed by the pay and accounts office of Govt. of Gujarat vide letter No. PAO/GNR/SRB/IAS/141 dated 9-1-98. The Board of Directors had approved the said revision which is within the limit of Schedule XIII to the Companies Act, 1956 and hence does not require the approval of the Central Govt. However such revision requires approval of the Company in General Meeting. Accordingly, this resolution is proposed for your consent and approval.

None of the Directors except the then Managing Director Shri S.K. Duggal would be concerned or interested in passing this Resolution.

### Item No. 7

As per Govt. resolution No. GSF-1098-1620-E dated 17-4-98 followed by Resolution No. GSF-1098-1620-E of June, 1998 issued by the Energy & Petrochemicals Deptt., Shri Gurcharan Singh, IAS was appointed as non-rotational Govt. Director vice Shri C.J. Jose with effect from 17-4-98. Further pursuant to provisions of Articles 140 & 145 of the Articles of Association of the Company the Board of Directors of your Company appointed him as the Managing Director of the Company w.e.f. 17-4-1998. The appointment of Shri Gurcharan Singh as the Managing Director and the remuneration payable to him requires the consent and approval of the Company in General Meeting. The appointment, remuneration and perquisites are in accordance with the conditions stipulated in Schedule XIII to the Companies Act, 1956. Accordingly, this resolution is proposed for your consent and approval.

None of the Directors except Shri Gurcharan Singh is concerned or interested in passing this Resolution.

### Item No. 8

With a view to augmenting the resources of the Company, it is proposed to raise an amount of upto Rs.33 crores through a further issue of Redeemable Cumulative Preference Shares of the face value of Rs.100/- each. Detailed terms and conditions of the issue will be determined by the Board depending on the prevailing market conditions. In terms of the proposed Resolution approval is being sought to empower the Board to issue and allot Preference Shares to investors who may not be the Members of the Company. Consent of the Members in General Meeting would therefore, be necessary, pursuant to Section 81 of the Companies Act, 1956 and the listing agreement with the Stock Exchanges.

The Board of Directors recommend the Resolution for your approval.

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

### Item No. 9

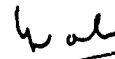
In order to enable the Company to issue Preference Shares with the rights of conversion of such shares in the equity shares, it is proposed to amend the Articles 8 & 9 of the Articles of Association of the Company.

After enactment of Depositories Act, 1996 and introduction of the Depository system, it is proposed to add new clause 79-A pertaining to issue, transfer and other dealings in shares and securities as also certificates thereof.

None of the Directors of the Company is in any way concerned or interested in the proposed amendments in the Articles of Association.

A copy of the Memorandum and Articles of Association of the Company together with the proposed changes is open for inspection by the members at the Registered Office of the Company between 9.00 a.m. and 12.00 noon on all working days of the Company.

By Order of the Board



**S.W. Palnitkar**  
Company Secretary

Fertilizernagar  
24th July, 1998