

42nd

ANNUAL REPORT 2003 - 2004



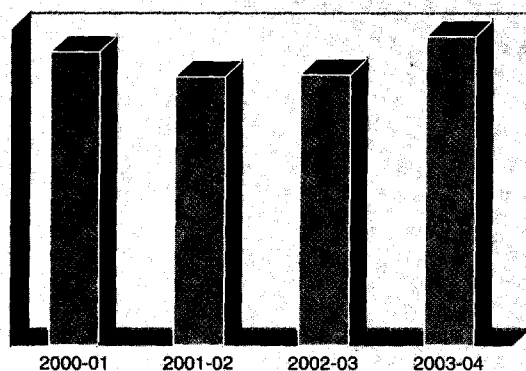
GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED

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PRODUCTION

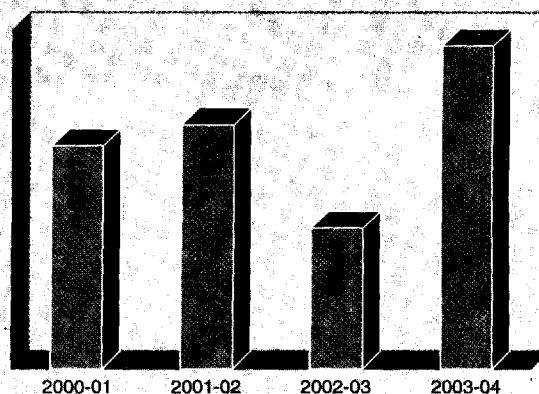
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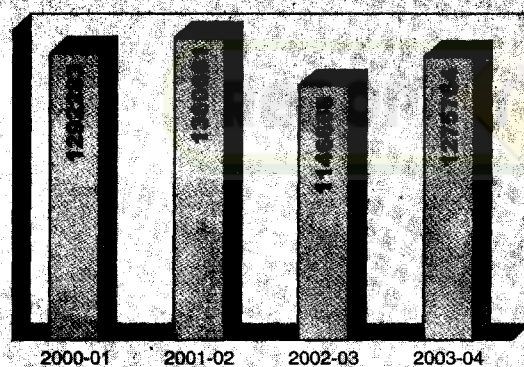
MELAMINE

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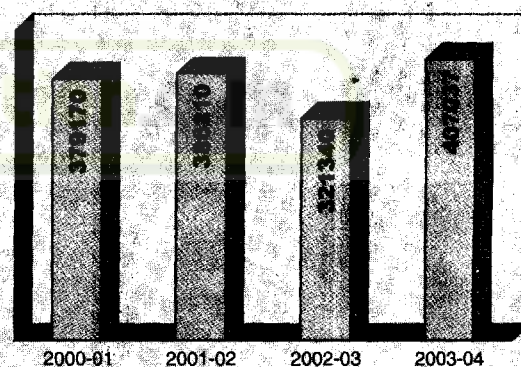
FERTILIZERS

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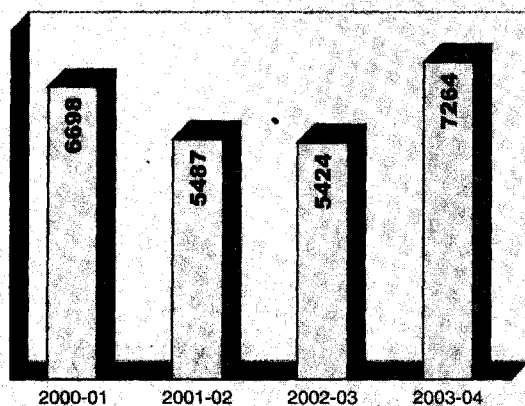
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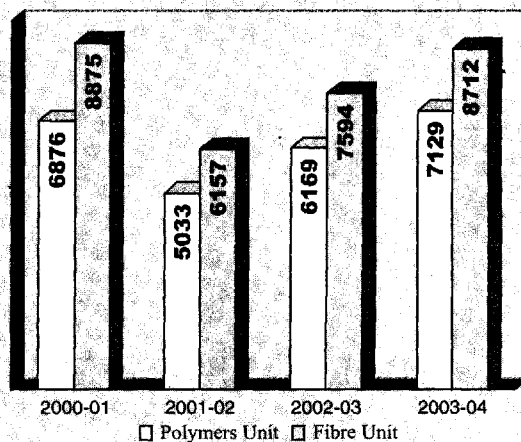
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POLYMERS & FIBRE UNITS

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GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED

BOARD OF DIRECTORS

(As on 30-07-2004)

P K LAHERI
DR. MANJULA SUBRAMANIAM
SUDHA ANCHALIA
BALWANT SINGH
N R KRISHNAN
R S AGARWAL
S R VENGSARKER
A K LUKE

Chairman

UTI Nominee
IDBI Nominee
ICICI Bank Nominee
Managing Director

EXECUTIVE DIRECTORS

C R RAO
A K VIJAY KUMAR
GAUTAM SEN

COMPANY SECRETARY

V D NANAVATY

BANKERS

Bank of Baroda
State Bank of India
Bank of India
Vijaya Bank
Central Bank of India
Dena Bank
Indian Bank
Indian Overseas Bank
HDFC Bank Ltd.
Punjab National Bank

STATUTORY AUDITORS

M/s. Ghiya & Co., Jaipur

BRANCH AUDITORS

(Polymers & Fibre Units)

M/s. K C Mehta & Co., Vadodara

COST AUDITORS

M/s. Diwanji & Associates, Vadodara

SOLICITORS

M/s. Bhaishanker Kanga & Girdharlal, Mumbai

REGISTRARS & TRANSFER AGENTS

M/s. MCS Limited
Neelam Apartments, 1st Floor
88, Sampatrao Colony
Behind Standard Chartered Bank
Productivity Road, Vadodara - 390 007

REGISTERED OFFICE

P. O. Fertilizernagar - 391 750
District Vadodara, Gujarat, India

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42nd ANNUAL GENERAL MEETING

Date : 10th September, 2004
 Day : Friday
 Time : 9.00 a.m.
 Place : Fertilizernagar - 391 750
 District Vadodara

FOR MEMBERS' ATTENTION

1. With a view to comply with the provisions of the Listing Agreements with the Stock Exchanges, the Register of Members and the Share Transfer Books of the Company will remain closed from Friday, the 27th August, 2004 to Friday, the 10th September, 2004 (both days inclusive).
2. Members are requested to quote Folio Number or DP ID and Clients ID No. (in case of shares held in demat forms) in all correspondence and also to bring with them the Attendance Card which may be submitted at the entrance duly signed.
3. Members who are registered under two or more Ledger Folios are requested to write to the Registrars and Transfer Agents of the Company for consolidation, giving particulars of such Folios and send relevant Share Certificates.
4. Those members who have not yet submitted their old shares of Rs.100/- each for exchange of new equity shares of Rs.10/- each are requested to send the said shares to the Registrars & Transfer Agents of the Company.
5. Shareholders of erstwhile Gujarat Nylons Ltd., who have yet not surrendered their GNL equity share certificate/s are advised to surrender the same immediately to the Registrars & Transfer Agents of the Company so as to enable the despatch of converted GSFC shares etc. in exchange thereof at the earliest.
6. Members holding shares in the Dematerialised Form are requested to intimate changes, if any, in respect of their Bank details, Mandate instructions, Nomination, Power of Attorney, Change of Address, Change of Name etc. to their Depository Participant (DP).
7. The Company's Equity Shares are listed on the following three Stock Exchanges :
 1. Vadodara Stock Exchange Ltd.
(Regional Stock Exchange)
Fortune Tower, 3rd Floor
Sayajigunj, Vadodara - 390 005
 2. The Stock Exchange, Mumbai
Phiroze Jeejeebhoy Tower
25th Floor, Dalal Street
Mumbai - 400 001
 3. National Stock Exchange of India Ltd.
Exchange Plaza, 5th Floor, Plot No.C/1
G Block, Bandra Kurla Complex
Bandra (East), MUMBAI - 400 051

The Company has paid annual Listing fees to each of the above Stock Exchanges for the financial year 2003-04.
8. Members are requested to send their queries, if any, at least seven days in advance of the meeting so that the information can be made available at the meeting.



THE YEAR IN BRIEF

PARTICULARS	UNIT	2003-04	2002-03
PRODUCTION			
Fertilizers (loose)	MT	1275764	1146668
Caprolactam	MT	68489	60004
Nylon-6	MT	7264	5424
Argon Gas	'000 NM³	3029	2756
Melamine	MT	15237	6643
Monomer	MT	4472	3586
Sheets	MT	498	469
Pellets	MT	2159	2114
Nylon Filament Yarn	MT	5159	5311
Nylon Chips	MT	3553	2283
SALES & EARNINGS			
Net Sales & Other Income	Rs.Crs.	2182.10	1887.00
Gross Profit (Before Depreciation & Taxes) *	Rs.Crs.	187.73	(85.91)
Profit/(Loss) before Taxes *	Rs.Crs.	42.40	(228.28)
Profit/(Loss) after Taxes *	Rs.Crs.	174.27	(228.30)
FUNDS EMPLOYED			
Capital	Rs.Crs.	79.74	79.74
Reserves	Rs.Crs.	671.53	437.12
Total Shareholders' Funds (Net Worth)	Rs.Crs.	751.27	516.86
Borrowings	Rs.Crs.	1390.97	1470.17
Deferred Tax Liability (Net)	Rs.Crs.	137.84	272.00
Total Funds Employed	Rs.Crs.	2280.08	2259.03
GENERAL			
Book Value per Share	Rs.	93.63	63.80
Earning per Share	Rs.	21.86	(49.02)
Equity Dividend per Share	Rs.	-	-
Debt - Equity Ratio		1.86 : 1	2.89 : 1
Market Price per Share :			

* Before exceptional items.

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NOTICE

NOTICE is hereby given that the **Forty-second Annual General Meeting** of the Members of the Company will be held at the Registered Office of the Company at 9.00 a.m. on Friday, the 10th September, 2004 to transact the following business :

Ordinary Business

1. To receive, consider and adopt the Audited Accounts, Balance Sheet as at 31st March, 2004, Profit & Loss Account for the year ended on that date & the reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Balwant Singh, who retires by rotation and being eligible offers himself for re-appointment.
3. To pass the following resolution, with or without modifications, as an **Ordinary Resolution** :
 "RESOLVED that, the Board of Directors of the Company be and are hereby authorized to fix the remuneration plus TA and out of pocket expenses, to be paid to the Statutory Auditors and Branch Auditors as may be appointed by the Comptroller and Auditor General of India to audit the accounts of the Company for the financial year 2004-05 at Corporate level at Head Quarters including its Sikka Unit and Fertilizernagar Plants and to audit the accounts of Polymers and Fibre Units of the Company for the financial year 2004-05, as the Board may deem fit and appropriate in their absolute discretion."

Special Business

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

"RESOLVED that, in partial modification of Resolutions No. 14 passed at the 32nd Annual General Meeting held on 22.12.1994, No. 10 passed at the 34th Annual General Meeting held on 27.09.1996, No: 11 passed at the 38th Annual General Meeting held on 22.09.2000 and No. 8 passed at the 39th Annual General Meeting held on 28.09.2001, the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and/or other applicable provisions, if any, of the Companies Act, 1956, to the mortgaging and/or charging by the Board of Directors of the Company, fixed assets of the Company's Polymers Unit situated at village Ranoli in District Vadodara and Company's Fibre Unit situated at village Kharach in District Bharuch and village Kuwarda in District Surat, wheresoever situate, in addition to the movable and immovable properties of the Company situated at Fertilizernagar, District Vadodara and of Sikka Unit situated at villages Motikhavadi and Sikka, Dist. Jamnagar, present and future and whole undertaking of the Company together with power to take over the management of the business and concern of the Company in certain events, to or in favour of -

1. The Trustees for the Debenture holders of the Privately Placed 80,00,000 - Secured Redeemable Non-convertible Debentures of Rs. 100/- each aggregating to Rs. 8000 lakhs, raised for Working Capital requirement;
2. The Trustees for the Bond holders of the Privately Placed 2,500 - Secured Redeemable Non-convertible Bonds of Rs. 5 lakhs each aggregating to Rs. 12500 lakhs, raised for DAP Expansion Project at Sikka;
3. The Trustees for the Bond holders of the Privately Placed 1,670 - Secured Redeemable Non-convertible Bonds of Rs. 5 lakhs each aggregating to Rs. 8350 lakhs, raised partly for Sikka DAP Expansion Project, modifications in existing plants and Working Capital requirement;
4. Industrial Development Bank of India (IDBI), Life Insurance Corporation of India, IFCI Ltd., ICICI Bank Ltd. and Industrial Investment Bank of India, in respect of the Rupee Term Loans of Rs. 14500 lakhs for Ammonia Project;
5. IFCI Ltd. in respect of the Rupee Term Loan of Rs. 6000 lakhs for Melamine Expansion Project; and
6. IDBI in respect of the Rupee Term Loan of Rs. 4000 lakhs for normal capital expenditure;

together with interest thereon at the respective agreed rates, compound interest, additional interest, funded interest, liquidated damages, commitment charges, remuneration payable to the trustees, premia on prepayment or on redemption, costs, charges, expenses and other monies payable by the Company to the respective debenture/bond holders and lenders as per the terms of issue of debentures/bonds, borrowings and as per Corporate Debt Restructuring Scheme/ Deeds of Modifications/ terms of Loan Agreements/ Heads of Agreements/ Letters of sanctions/ Trust Deeds/ Memorandum of terms & conditions/ Trustee Agreements entered into/ to be entered into by the Company in respect of the said debentures/bonds and term loans."



"FURTHER RESOLVED that, the Board of Directors of the Company be and are hereby authorised to finalise and execute with the Trustees of the Debenture/Bond holders and Lenders, the documents for creating the aforesaid mortgages and/or charges and to do all such acts and things, deeds and matters as may be required for giving effect to this resolution."

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

"RESOLVED that, in partial modification of Resolution No. 12 passed at the 38th Annual General Meeting held on 22.09.2000, the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and/or other applicable provisions, if any, of the Companies Act, 1956, to the mortgaging and/or charging by the Board of Directors of the Company, fixed assets of the Company situated at Fertilizernagar, District Vadodara and of Sikka Unit situated at villages Motikhavadi and Sikka, Dist. Jamnagar, wheresoever situate, in addition to the immovable properties of the Company's Polymers Unit situated at village Ranoli in District Vadodara and Company's Fibre Unit situated at village Kharach in District Bharuch and village Kuwarda in District Surat, together with power to take over the management of the business and concern of the Company in certain events, to or in favour of Bank of Baroda (BOB), Bank of India (BOI), State Bank of India (SBI) and Vijaya Bank (VB), in respect of the Working Capital Term Loans of Rs. 15000 lakhs; together with interest thereon at the respective agreed rates, compound interest, additional interest, funded interest, liquidated damages, commitment charges, premia on prepayment or on redemption, costs, charges, expenses and other monies payable by the Company to the "BOB", "BOI", "SBI" and "VB" as per the terms of Loan Agreements/ Heads of Agreements/ Letters of sanctions/ Memorandum of terms & conditions/ Corporate Debt Restructuring Scheme/ Deeds of Modifications entered into/ to be entered into by the Company in respect of the said term loans."

"FURTHER RESOLVED that, the Board of Directors of the Company be and are hereby authorised to finalise and execute with the "BOB", "BOI", "SBI" and "VB" the documents for creating the aforesaid mortgages and/or charges and to do all such acts and things, deeds and matters as may be required for giving effect to this resolution."

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

"RESOLVED that, the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and/or other applicable provisions, if any, of the Companies Act, 1956, to the mortgaging and/or charging by the Board of Directors of the Company, fixed assets of the Company situated at Fertilizernagar, District Vadodara, Company's Sikka Unit situated at villages Motikhavadi and Sikka, Dist. Jamnagar, Company's Polymers Unit situated at village Ranoli in District Vadodara and Company's Fibre Unit situated at village Kharach in District Bharuch and village Kuwarda in District Surat wheresoever situate, present & future together with power to take over the management of the business and concern of the Company in certain events, to or in favour of -

1. Industrial Development Bank of India (IDBI) for the Term Loan of Rs. 3785.98 lakhs and State Bank of India (SBI) for the Term Loan of Rs. 3790.09 lakhs arising by invoking the guarantee given by IDBI and SBI in favour of Kreditanstalt fur Wiederaufbau, Germany (KfW) for the foreign currency loan; and
2. Oriental Insurance Company Limited (OIC) for the Term Loan of Rs. 250 lakhs for corporate requirements; together with interest thereon at the respective agreed rates, compound interest, additional interest, funded interest, liquidated damages, commitment charges, premia on prepayment or on redemption, costs, charges, expenses and other monies payable by the Company to the "IDBI", "SBI" & "OIC" as per the terms of Loan Agreements/ Heads of Agreements/ Letters of sanctions/ Memorandum of terms & conditions/ Corporate Debt Restructuring Scheme/ Deeds of Modifications entered into/ to be entered into by the Company in respect of the said term loans."

"FURTHER RESOLVED that, the Board of Directors of the Company be and are hereby authorised to finalise and execute with the "IDBI", "SBI" and "OIC" the documents for creating the aforesaid mortgages and/or charges and to do all such acts and things, deeds and matters as may be required for giving effect to this resolution."

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

"RESOLVED that, pursuant to the provisions of the Clauses 4,5,6 and other applicable provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 (hereinafter referred to as the "Delisting Guidelines") and subject to the provisions of the Companies Act, 1956 and Securities Contracts (Regulation) Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force), and the Rules framed thereunder, Listing Agreements, and all other applicable laws, rules, regulations, and guidelines and subject to such approvals, consents, permissions or sanctions of the Securities and Exchange Board of India, Stock Exchanges where the shares of the Company are listed and any other appropriate authorities, institutions or regulators as may be necessary and subject to such conditions and modifications, as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this Resolution), the consent of the Company be and is hereby accorded to the Board to delist the Equity Shares of the Company, which shall be voluntary in nature and without giving the exit opportunity to the investors, from Vadodara Stock Exchange at such time as the Board may decide."

"FURTHER RESOLVED that, the Board of Directors of the Company be and is hereby authorised to seek voluntary delisting and take all necessary actions in this regard and to do all such acts, deeds, matters and things as may be necessary for the purpose of giving effect to the above resolution."

By Order of the Board

Fertilizernagar
30th July, 2004

V D Nanavaty
Company Secretary

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 M/s. Ghiya & Co., Chartered Accountants, Branch Auditors for Polymers & Fibre Units, M/s. K C Mehta & Co., Chartered Accountants, appointed by the Comptroller & Auditor General of India will retire at the conclusion of Forty-second Annual General Meeting. The Auditors of the Company for the current financial year will be appointed by the Comptroller & Auditor General of India 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. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business 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 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), Housing Board Building, Opp. Roopal Park Society, Ankur Char Rasta, Naranpura, Ahmedabad - 380 013.
Consequent upon amendment to Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend for the subsequent years remaining unpaid or unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account of the Company shall be transferred to the Investor Education and Protection Fund set up by the Government of India and no payments shall be made in respect of any such claims by the Fund. Accordingly, the unclaimed dividend for the financial year ended 31-03-1996 has been transferred to the said fund.
Members who have not yet encashed their dividend warrant(s) for the financial year ended 31-03-1997 and onwards, are requested to make their claims to the Company accordingly, without any delay.
5. Documents referred to in the notice are available for inspection at the Registered Office of the Company on any day (not being the public holiday) from 09.30 A.M. to 11.30 A.M.
6. 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

The Company had approached the Corporate Debt Restructuring (CDR) Cell through Industrial Development Bank of India (IDBI), the lead financial institution, for restructuring Company's debt liabilities towards Debentures/Bonds, Secured and Unsecured Rupee Term Loans, Secured and Unsecured Foreign Currency Loans, Working Capital Term Loans and fund based working capital facilities. CDR empowered group in its meeting held on 14.01.2004 approved the restructuring scheme. As per the approved scheme, the complete debt liabilities are grouped under various series having different terms and conditions. Based on the approved scheme, Company approached all the debenture/bond holders/lenders for their approvals and is successful in getting approval from most of the debenture/bond holders/lenders except few for which Company is in process of getting consent.

As per the approved Debt Restructuring Scheme, Company has to modify the charges as under :-

- 80,00,000- Secured Redeemable Non-convertible Debentures of Rs. 100/- each aggregating to Rs. 8000 lakhs, 2,500 - 12.5% Secured Redeemable Non-convertible Bonds of Rs. 5 lakhs each aggregating to Rs. 12500 lakhs and 1,670 - 12.6% Secured Redeemable Non-convertible Bonds of Rs. 5 lakhs each aggregating to Rs. 8350 lakhs, which are presently secured by first mortgage on the Company's land, buildings and all movables, both present and future, at Fertilizernagar, District Vadodara and of Sikka Unit situated at Villages Motikhavadi and Sikka, District Jamnagar (excluding the assets of the Company's Polymers and Fibre Units), subject to prior charges of the Company's bankers on specified movables for securing borrowings for working capital requirements and ranking pari passu with the mortgages and charges created in favour of other such chargeholders, is now to be additionally secured by the fixed assets of the Company's Polymers Unit situated at village Ranoli in District Vadodara and Company's Fibre Unit situated at village Kharach in District Bharuch and village Kuwarda in District Surat also.

2. Term Loans from : (Rs. in Lakhs)

Particulars	Sanctioned Amt.	Outstanding Amt. as on 31.3.2004
- For Ammonia Project :-		
i) LIC	1000.00	162.00
ii) IDBI	7000.00	2357.69
iii) IFCI	3000.00	902.00
iv) ICICI Bank Ltd.	3000.00	822.46
vi) IIBI	500.00	88.00
- For Melamine Expansion Project :-		
i) IFCI	6000.00	2234.00
- For normal capital expenditure :-		
i) IDBI	4000.00	2934.00

which are presently secured against hypothecation of the movable properties (except book debts) of the Company (excluding those of Company's Polymers and Fibre Units and investments in Units of Unit Trust of India) and secured by a joint equitable mortgage created on the immovable properties of the Company (excluding those of Company's Polymers & Fibre Units), both present and future, are now to be additionally secured by the fixed assets of the Company's Polymers Unit situated at village Ranoli in District Vadodara and Company's Fibre Unit situated at village Kharach in District Bharuch and village Kuwarda in District Surat also.

The creation of mortgage and charge over the fixed assets of the Company tantamounts to the disposal of properties of the Company within the meaning of Section 293(1)(a) of the Companies Act, 1956 and therefore require approval and consent of the members of the Company in the General Meeting. This resolution is therefore proposed.

None of the Directors of the Company would be deemed to be interested in this resolution except Shri R S Agarwal, who is Director nominated by IDBI, Shri N R Krishnan, who is Director nominated by UTI and Shri S R Vengsarker, who is Director nominated by ICICI Bank. Your Directors recommend you to pass this resolution.

Item No. 5

Working Capital Term Loan of Rs. 15000 lakhs from Bank of Baroda (BOB), Bank of India (BOI), State Bank of India (SBI) and Vijaya Bank (VB), are presently secured by hypothecation of stock of raw materials, finished products, packing materials, general stores, spares, book debts etc. of the Company and are further secured by a joint equitable mortgage created on the immovable properties of the Polymers Unit and Fibre Unit of the Company. However, as per the approved Corporate Debt Restructuring scheme, same is to be secured only by fixed assets of the Company.

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Accordingly, said Term Loans will be secured by mortgage of the fixed assets of the Company situated at Fertilizernagar, District Vadodara and of Sikka Unit situated at villages Motikhavadi and Sikka, Dist. Jamnagar wheresoever situate, in addition to the immovable properties of the Company's Polymers Unit situated at village Ranoli in District Vadodara and Company's Fibre Unit situated at village Kharach in District Bharuch and village Kuwarda in District Surat, as stated in the proposed resolution, in favour of the aforesaid Banks.

The creation of mortgage and charge over the assets of the Company tantamounts to the disposal of properties of the Company within the meaning of Section 293(1)(a) of the Companies Act, 1956 and therefore require approval and consent of the members of the Company in the General Meeting. This resolution is therefore proposed.

None of the Directors of the Company would be deemed to be interested in the resolution. Your Directors recommend you to pass this resolution.

Item No. 6

Kreditanstalt für Wiederaufbau, Germany (KfW) partly invoked the guarantees issued by IDBI and SBI for the recovery of the payments of Foreign Currency Loan due on 30.06.2003. The invoked amount was shared equally by IDBI and SBI resulting into Rupee Term Loans of IDBI Rs. 3785.98 lakhs and of SBI Rs. 3790.09 lakhs, which are now to be secured by way of first charge on fixed assets of the Company as stated in the proposed resolution.

Loan of Rs. 250 lakhs of the Oriental Insurance Company Limited (OIC) which was to be secured by way of second charge on current assets of the Company is now to be secured by way of first charge on fixed assets of the Company as stated in the proposed resolution.

The creation of mortgage and charge over the fixed assets of the Company tantamounts to the disposal of properties of the Company within the meaning of Section 293(1)(a) of the Companies Act, 1956 and therefore require approval and consent of the members of the Company in the General Meeting. This resolution is therefore proposed.

None of the Directors of the Company would be deemed to be interested in the resolution except Shri R S Agarwal, who is Director nominated by IDBI. Your Directors recommend you to pass this resolution.

Item No. 7

The Securities and Exchange Board of India (SEBI) has issued the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 (hereinafter referred to as the "Delisting Guidelines") incorporating, among others, provisions for delisting of securities of a body corporate voluntarily by a promoter or an acquirer or any person other than the Stock Exchanges.

Accordingly, in the 41st Annual General Meeting of the Company held on 26th September, 2003, members approved delisting of Company's equity shares from Delhi, Madras, Ahmedabad and Calcutta Stock Exchanges. Thereafter, Company made necessary application for delisting from the said stock exchanges and have received approvals from the Delhi, Madras and Ahmedabad Stock Exchanges and expect to receive approval from the Calcutta Stock Exchange shortly.

In view of the above, the Equity Shares of the Company now remain listed on the following three Stock Exchanges :

- (i) Vadodara Stock Exchange Ltd. (Regional Stock Exchange)(VSE)
- (ii) The Stock Exchange, Mumbai (BSE)
- (iii) National Stock Exchange of India Ltd., Mumbai (NSE).

As the provisions of Regional Stock Exchange is withdrawn, Company can delist shares from Vadodara Stock Exchange also. With the extensive networking of BSE and NSE, as also the extension of BSE/NSE terminals to other cities as well, investors have access to on-line dealings in Equity Shares of the Company across the country. The bulk of the trading in the Company's equity shares takes place on the BSE and NSE which have nationwide trading terminals and the depth and liquidity of trading in the Company's Equity Shares on VSE is not significant.

The Company has proposed this resolution, as part of its cost reduction measures, which will enable it to delist its equity shares at an appropriate time in future, from Vadodara Stock Exchange (VSE).

As per the Delisting Guidelines, the Company can delist its shares from VSE with the approval of Members by passing a Special Resolution, without providing an exit opportunity, provided that the shares will continue to be listed on a stock exchange having nationwide trading terminals. Accordingly, members approval is being sought by a Special Resolution for enabling voluntary delisting of its securities from the said Stock Exchange.

The proposed delisting of the Company's Equity Shares from the said Stock Exchange, as and when it takes place, will not affect the investors adversely. The Company's Equity Shares will continue to be listed on BSE and NSE. The delisting will take effect after all approvals, permissions and sanctions are received. The exact date on which delisting will take effect will be suitably notified at that time.

None of the Directors of the Company are, in any way, concerned or interested in this Resolution.

By Order of the Board

Fertilizernagar
30th July, 2004

V D Nanavaty
Company Secretary