



MD	✓		BKC	✓
CS	✓		DPY	MA
RO	✓		DIV	✓
TRA	MA		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		

Chambal Fertilisers and Chemicals Limited

Thirteenth Annual Report
1997-98

DIRECTORS

Dr. K.K. Birla

Chairman

H.S. Bawa

Vice Chairman

H.C. Grover

Managing Director

Mohd. Y.A. Al-Roomi

(Alternate : P.J. Batavia)

Dr. Padmakar Asthana

UTI/LIC/GIC Nominee

R.N. Bansal

Dipankar Basu

Shyam S. Bhartia

D.B. Engineer

Michael R. Hobson

(Alternate : Marco Wadia)

P.K. Kaul

M.D. Locke

(Alternate : C.S. Nopany)

T.M. Nagarajan

IDBI Nominee

S.K. Poddar

A.J.A. Tauro



REGISTERED OFFICE

Gadepan,

Distt. Kota, Rajasthan,

PIN - 325 208

CORPORATE OFFICE

Devika Tower,

Ground Floor,

6, Nehru Place,

New Delhi - 110 019

LEGAL ADVISORS

Crawford Bayley & Co.,

Mumbai

Khaitan & Co.,

New Delhi

AUDITORS

S.R. Batliboi & Co.

Chartered Accountants

SENIOR EXECUTIVES

S.M. Bhalla-Director (Strategic Planning)

P.R. Shankar Kumar-President (ISG)

R.M. Malik-Vice President (Expansion)

R.D. Mall-Vice President (Operations)

S.M. Nadgir-Vice President (Marketing)

Sunil Sethy-Vice President (Finance)

Ashok Singh-Vice President (HR & CR)

COMPANY SECRETARY

M.S. Rathore

BANKERS

Bank of Baroda

Punjab National Bank

State Bank of India

Allahabad Bank

State Bank of Indore

State Bank of Patiala

State Bank of Hyderabad

State Bank of Bikaner & Jaipur



CHAMBAL FERTILISERS AND CHEMICALS LIMITED

NOTICE

NOTICE is hereby given that the thirteenth Annual General Meeting of the members of the Company will be held at Gadepan, Distt. Kota, Rajasthan, at 10.30 a.m. on Monday, August 24, 1998 to transact the following business:

ORDINARY BUSINESS:

1. to receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 1998, Profit & Loss Account for the year ended on that date and reports of Directors and Auditors thereon;
2. to consider declaration of dividend on Equity Shares and Cumulative Convertible Preference (CCP) Shares on pro-rata basis including on Equity Shares arising out of conversion of CCP Shares;
3. to appoint a director in place of Mr. S. S. Bhartia, who retires by rotation and is eligible for re-appointment;
4. to appoint a director in place of Mr. S.K. Poddar, who retires by rotation and is eligible for re-appointment;
5. to appoint a director in place of Mr. M. D. Locke, who retires by rotation and is eligible for re-appointment;
6. to appoint a director in place of Mr. D. B. Engineer, who retires by rotation and is eligible for re-appointment;
7. to consider and if thought fit, pass with or without modification(s), the following resolution as a special resolution:
"RESOLVED THAT pursuant to the provisions of Section 224A and other applicable provisions, if any, of the Companies Act, 1956, M/s. S. R. Batliboi & Co., Chartered Accountants, the retiring auditors be and are hereby re-appointed as auditors of the Company, to hold the office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company, at a remuneration of Rs. 10 lacs and reimbursement of out-of-pocket expenses incurred by them for carrying out the audit."

SPECIAL BUSINESS:

8. to consider and if thought fit, pass with or without modification(s), the following resolution as an ordinary resolution:
"RESOLVED THAT pursuant to the provisions of sections 198, 269, 309 read with schedule XIII and other applicable provisions of the Companies Act, 1956, the Company hereby approves the re-appointment and remuneration of Mr. H. C. Grover as Managing Director of the Company for a period of three years with effect from April 1, 1998, not liable to retire by rotation, on such terms and conditions as approved by the Board of Directors and set out in the agreement, a copy of which is placed at the table of the meeting duly initialled for identification."

FURTHER RESOLVED THAT the Board of Directors be and is hereby specifically authorised to determine such increments payable to Mr. H. C. Grover as it may deem fit and proper within the approved salary range."

9. to consider and if thought fit, pass with or without modification(s), the following resolution as an ordinary resolution:
"RESOLVED THAT pursuant to the provisions inter-alia, of section 257 of the Companies Act, 1956 and Article 137 of the Articles of Association of the Company, Mr. Dipankar Basu be and is hereby appointed as a director of the Company, liable to retire by rotation."

10. to consider and if thought fit, pass with or without modification(s), the following resolution as an ordinary resolution:

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 for mortgaging and / or charging by the Board of Directors, of all the immovable and movable properties of the Company, wheresoever situate, present and future and / or conferring power to enter upon and to take possession of the assets of the Company in certain events to or in favour of all or any of the following namely:

- a. Industrial Development Bank of India (IDBI),
- b. The Industrial Credit and Investment Corporation of India Limited (ICICI) and
- c. Export-Import Bank of India (EXIM Bank)

to secure the following loans, advances and / or obligations arising out of the guarantees given by the aforesaid Financial Institutions and Bank:

- | | |
|------------------|---|
| IDBI | - Corporate loan not exceeding Rs. 25 crores (Rupees twenty five crores only) |
| ICICI | - Rupee Term Loans not exceeding Rs. 50 crores (Rupees fifty crores only) |
| | - Obligations arising out of Deferred Payment Guarantee Assistance of Japanese Yen 25 million (Japanese Yen twenty five million only) |
| EXIM Bank | - Term Loan not exceeding Rs. 96.16 crores (Rupees ninety six point one six crores only) |

together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premia on prepayment, guarantee commission, costs, charges, expenses and other moneys including any increase as a result of devaluation / revaluation / fluctuation in the rates of exchange of foreign currencies involved, payable by the Company to the aforesaid lenders under their respective heads of agreements / memorandum of terms and conditions

entered into by the Company in respect of the said term loans and guarantees.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with IDBI, ICICI and EXIM Bank, the documents for creation of aforesaid mortgage and / or charges and to do all such acts, deeds and things as may be necessary for giving effect to the above resolution."

11. to consider and if thought fit, pass with or without modification(s), the following resolution as an ordinary resolution:

"RESOLVED THAT subject to the prior approval of the Government of India, Reserve Bank of India and other Regulatory Bodies / Authorities / Institutions as may be applicable, the Board of Directors of the Company be and is hereby authorised in terms of section 372 and other relevant provisions of the Companies Act, 1956 for making investment of a sum not exceeding Rs. 10 crores in the equity capital of proposed Joint Venture Company to be set up in India with Technico Pty. Limited of Australia to produce 20.52 million miniature potato seeds called TECHNITUBER® per annum."

12. to consider and if thought fit, pass with or without modification(s), the following resolution as a special resolution:

"RESOLVED THAT pursuant to the provisions of section 31 and other applicable provisions, if any, of the Companies Act, 1956, the existing Articles of Association of the Company be and are hereby altered in the manner and to the extent set out below:

- i. (a) Article 2 of the Articles of Association shall include the following definitions at the appropriate places:
 - ♦ "Beneficial Owner" shall mean beneficial owner as defined under section 2(1)(a) of the Depositories Act, 1996.
 - ♦ "Depository" shall mean a Depository as defined under section 2(1)(e) of the Depositories Act, 1996.
 - ♦ "Depositories Act" shall mean Depositories Act, 1996 and any rules, regulations and bye-laws made thereunder and any statutory modification or re-enactment thereof for the time being in force.
 - ♦ "SEBI" means Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992 (15 of 1992).

Words and expressions used and not defined in the Act but defined in the Depositories Act, 1996, shall have the same meaning respectively assigned to them in that Act.

- (b) The following definitions under Article 2 be modified as under:

- ♦ "Member"-insert the following sentence at the end:
"Every person holding equity shares of the Company and whose name is entered as beneficial owner in the records of a Depository shall be deemed to be a member of the Company."

"Register of Members"-add the following words at the end:

"and includes the Register of Beneficial Owners maintained by a Depository"

- ii. In Article 7A(ii) (a), the words "approved by the Controller of Capital Issues" appearing in third line be replaced by words "subject to necessary approvals."
- iii. In Article 11, following sentence be inserted at the end:
"The Register and Index of Beneficial Owners maintained by a Depository under section 11 of the Depositories Act, shall be deemed to be Register and Index of Members for the purpose of the Act".
- iv. After Article 11(d), the following clause be inserted as clause (e):
"Nothing contained in Article 11(a) to 11(d) above shall apply to any shares of the Company held in a Depository."
- v. In Article 12, the following proviso be inserted at the end:
"Provided that the provisions relating to progressive numbering shall not apply to the shares of the Company held in a Depository."
- vi. In Article 19 (a), following words shall be added in the beginning:
"Except where shares of the Company are held in Depository,"
- vii. In Article 20(a), after the words "Consolidated or" appearing in second line, the words "rematerialised or" be added and following sentence be inserted at the end of the paragraph:
"However, surrender of certificates will not be applicable in the case of rematerialisation".
In Article 20(b), the words "or rematerialised" as the case may be" be added at the end of the paragraph.
- viii. A new Article 20A be inserted as under:
Dematerialisation and Rematerialisation of securities:
"Notwithstanding anything to the contrary herein, the Company shall be entitled to dematerialise its shares, debentures and other securities (hereinafter referred to as "securities") pursuant to the Depositories Act and to offer its securities for subscription in a dematerialised form and to rematerialise its securities".
- ix. In Article 22, after the words "registered as holder thereof" appearing in 6th line, the words "or whose name appears as beneficial owner in the records of a Depository" be added.
- x. In Article 52, the words "except those held in a Depository" be added at the end.
- xi. In Article 53, the words "Except in the case of transfer of shares in Depository mode," be added in the beginning of the paragraph and a new sentence "The transfer of shares held in a Depository shall be effected as per the provisions of the Depositories Act." be inserted at the end of the paragraph.



CHAMBAL FERTILISERS AND CHEMICALS LIMITED

- xii. Article 56 be substituted by the following new Article:
"Subject to the provisions of section 111A and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the Company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any shares or interest of a member in, or debentures of the Company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on shares."
- xiii. In Article 70, words "and the Depositories Act" be added at the end of first sentence and the following new sentence be inserted after first sentence:
"The Register and Index of Beneficial Owners maintained by a Depository under section 11 of the Depositories Act shall be deemed to be the Register and Index of Debentureholders for the purpose of this Act."
- xiv. In Article 116, the words "Zuari Agro Chemicals Limited" be replaced by the words "Zuari Industries Limited".
- xv. In Article 174, the words "Subject to the provisions of the Depositories Act and" be added at the beginning of paragraph.
4. Members who are holding shares in identical order of names in more than one folio, are requested to write to the Company enclosing their share certificates to enable the Company to consolidate their holdings in one folio.
5. All the CCP Shares issued by the Company have been converted into Equity Shares at par. Some of the shareholders who have not yet got the CCP share certificates converted into equity share certificates, are advised to surrender the same to the Company so that the equity share certificates can be despatched.
6. The dividend for the financial year 1997-98 will be paid after its declaration at this meeting to those members whose names appear on the Register of Members of the Company as on August 8, 1998. The dividend on Cumulative Convertible Preference (CCP) Shares shall be payable on pro-rata basis including on Equity Shares arising out of conversion of CCP Shares.
7. Investors are advised to forward the particulars of their bank account, name and address of the bank immediately, if not sent already.
8. The unpaid dividend for the year 1994-95 is due for transfer to General Revenue Account of the Central Government as per the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 on November 4, 1998. Members whose dividend for the year 1994-95 is still unpaid have already been advised to claim the dividend. The dividend after this date can be claimed from the Registrar of Companies, Rajasthan. Members who have not yet encashed the dividend warrants are advised to do so before August 15, 1998.
9. Members are advised to send all correspondence to "Investor Service Centre" of the Company situated at Devika Tower (5th floor), 6, Nehru Place, New Delhi - 110 019. Phone: 91 (11) 6462162, 6462163, Fax: 91 (11) 6465218, 6480639.
10. Members are requested to :
a) send their queries, if any, to reach the Company's Head Office at New Delhi at least 10 days before the date of the meeting so that information can be made available at the meeting and
b) bring their copy of the Annual Report at the meeting.
11. Members may consider availing the facility of electronic shares through dematerialisation of physical scrips by opening an account with any of the recognised Depository Participants. Investors can seek guidance / assistance of Investor Service Centre in this regard.
12. PICK-UP COACH FACILITY
For the convenience of members desirous of attending the Company's Annual General Meeting scheduled on August 24, 1998, at 10.30 a.m., the Company will provide transport from Kota to Gadepan and back. The pick-up coach will leave from "Sahyog Bhavan" No. 1, Aerodrome Circle, Kota, at 9.00 a.m. on that date to reach Gadepan (venue of the AGM) in time for the meeting and leave for Kota after the meeting.
Members wishing to avail of this facility may kindly be present in time at the pick-up point in Kota.

By order of the Board

Gadepan
July 20, 1998

M. S. Rathore
Company Secretary

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE IN HIS / HER STEAD AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE SCHEDULED TIME OF THE MEETING. A BLANK PROXY FORM IS ANNEXED TO THE ANNUAL REPORT.
2. The Register of Members and Share Transfer Books of the Company shall remain closed from Tuesday, July 28, 1998 to Saturday, August 8, 1998 (both days inclusive).
3. The Explanatory Statement pursuant to section 173 of the Companies Act, 1956, in respect of item Nos. 7 to 12 of the Notice is given below and forms part thereof.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**Item No. 7**

Section 224A of the Companies Act, 1956 provides for appointment / re-appointment of auditors at an annual general meeting by a special resolution in case 25% or more of the subscribed share capital of a company is held by the public financial institutions / Government companies / Central Government / State Governments / nationalised banks / insurance companies.

The aforesaid institutions / banks hold more than 25% of the subscribed share capital of your Company. It is, therefore, necessary to re-appoint the auditors by passing a special resolution.

The Board commends the resolution for your approval.

Item No. 8

The members of the Company at their tenth Annual General Meeting held on September 28, 1995, had approved the re-appointment of Mr. H. C. Grover as Managing Director for a period of three years w.e.f. April 6, 1995 in the salary range of Rs. 45,000 - 75,000. The Board of Directors at its meeting held on March 21, 1998 re-appointed Mr. H. C. Grover as Managing Director for a period of three years w.e.f. April 1, 1998 in the salary range of Rs. 75,000 - 4,00,000 per month and other perquisites as specified in the agreement.

Copy of the agreement containing the terms and conditions of re-appointment of Mr. Grover shall be available for inspection by the members at the Registered Office of the Company between 1000 hours to 1200 hours on any working day prior to the date of the meeting. None of the directors except Mr. H. C. Grover is concerned or interested in the resolution.

The Board commends re-appointment of Mr. H. C. Grover as Managing Director of the Company.

Item No. 9

Mr. Dipankar Basu was appointed as an additional director by the Board of Directors at its meeting held on November 29, 1997 to hold office upto this Annual General Meeting. The requisite notice under section 257 has been received from a member signifying his intention to propose the candidature of Mr. Dipankar Basu. Mr. Basu is a retired banker and possesses vast corporate experience and he is on the boards of various companies. None of the directors except Mr. Dipankar Basu is interested or concerned in the resolution.

The Board commends the resolution for your approval.

Item No. 10

The Company has availed rupee term loans and guarantee for its long term working capital requirement / expansion project and a rupee loan from EXIM Bank to part finance the equity investment in Joint Venture Company in Morocco.

The financial assistance availed is secured by mortgage of all the immovable and movable properties of the Company, both present and future and it requires members' approval under section 293(1) (a) of the Companies Act, 1956.

Copies of the aforesaid agreements are kept for inspection at the Registered Office of the Company between 1000 hours and 1200 hours on any working day prior to the date of the meeting.

The Board commends the resolution for your approval.

Item No. 11

Your Company proposes to set up a Joint Venture Company in India to produce annually 20.52 million miniature potato seeds, known as TECHNITUBER®. TECHNITUBER® technology owned by Technico Pty. Limited, is a scientifically advanced method of producing large volumes of miniature potato seeds in fewer generations. The Joint Venture will help in reducing the demand supply gap of potato seeds not only in India but also in Indian subcontinent. Your Company has executed an MoU with Technico Pty. Limited, Australia to establish 50 : 50 Joint Venture Company.

The project envisages a total expenditure of about Rs. 50 crores with Debt-Equity Ratio of 1.5 : 1 and equity capital of Rs. 20 crores. Thus your Company will contribute Rs. 10 crores towards equity investment.

The necessary approvals from the Government of India and other regulatory authorities are being sought. Since the investment would exceed 30% of the subscribed capital of proposed Joint Venture Company, the proposal needs your approval.

The Board commends the resolution for your approval.

ITEM NO. 12

The members are aware that the Company has signed an Agreement with National Securities Depository Limited and its shares are available for dematerialisation. Consequent upon the enactment of the Depositories Act, 1996, some of the provisions of the Companies Act, 1956 and the Securities Contracts (Regulations) Act, 1956 pertaining to issue, transfer and dealing in shares and other securities have been amended in order to implement Depository System. Accordingly, relevant Articles as contained in the Notice are being amended / added / deleted in order to bring the said provisions of Articles of Association of the Company in line with the aforesaid Acts.

Further, Articles 7A(ii) (a) and 116 are also proposed to be amended to bring them in line with current status.

The Board commends the resolution for your approval.

By order of the Board

Gadepan
July 20, 1998

M. S. Rathore
Company Secretary



Directors' Report

To

The Members

Your Directors have pleasure in presenting the 13th Annual Report together with audited accounts for the financial year ended March 31, 1998.

1. Financial Results and Appropriations :

	(Rs. in crores)	
Particulars	1997-98	1996-97
Turnover	907.78	748.57
Gross Profit after interest but before depreciation and tax	212.91	199.95
Depreciation	64.21	63.72
Profit before tax	148.70	136.23
Provision for Taxation (MAT)	15.61	17.64
Profit after tax	133.09	118.59
Balance of Profit brought forward	126.91	102.49
Profit available for appropriation	260.00	221.08
Debenture Redemption Reserve	18.00	18.00
Debt Redemption Reserve	13.01	10.80
General Reserve	25.00	25.00
Proposed dividend on		
— Equity Shares (12.5%)	45.78	35.84
— CCP Shares (10%)	0.08	0.86
Tax on proposed dividend	4.59	3.67
Balance carried forward to Balance Sheet	153.54	126.91

2. Share Capital

During the year, the remaining 2,36,420 CCP Shares of Rs. 100 each were converted into 23,64,200 Equity Shares of Rs. 10 each at par. Equity Share Capital of the Company has thus increased to Rs. 367 crores after the conversion of CCP Shares.

Further the Company issued on October 14, 1997, 3,90,00,000 convertible warrants of Rs. 10 each to its core promoters on the terms and conditions based on SEBI guidelines. This issue was earlier approved by the members of the Company. Each warrant is convertible into one equity share of Rs. 10 at a premium of Rs. 1.63 on or before April 13, 1999.

3. Dividend

The Directors recommend dividend of Rs. 1.25 per Equity Share and also recommend payment of dividend of Rs. 10 per CCP Share including pro-rata dividend on 2,36,420 CCP Shares and 23,64,200 Equity Shares arising out of conversion of CCP Shares during the year.

4. Retention Price

The members are aware that urea price is regulated by the Government of India through fixation of uniform Consumer Price and Ex-Factory Price for individual manufacturing unit under the Retention Price Scheme. The Government of India, Ministry of Chemicals and Fertilisers has notified on 2nd April 1997 the Provisional Retention Price of urea produced by the Company. Further, the revised Provisional Retention Price after considering the escalation/de-escalation in the cost of inputs was notified in December 1997. The matter is being pursued with the Government for early fixation of final retention price. Pending fixation of final retention price, the Company has accounted the current year income on the basis of notified Provisional Retention Price and further claims worked out based on FICC norms.

The High Powered Fertiliser Pricing Policy Review Committee set up by the Government of India under the Chairmanship of Prof. C. H. Hanumantha Rao on January 28, 1997 to review the existing Retention Price for Urea has submitted the report on April 3, 1998 to the Government. In your Company's opinion, the Committee's recommendations are not based on realistic assumptions and the prevalent situation in the fertiliser industry. Your Company, through Fertiliser Association of India has made a strong representation to the Government of India highlighting the anomalies in the recommendations of the High Powered Committee.

5. Plant Operation

During the year 1997-98, your Company recorded highest yearly production so far of urea at 9.70 lac tons representing capacity utilisation of 125% as against 113% in the previous year as no maintenance turnaround was taken this year. During April - May, 1998, high level of capacity utilisation was maintained.

6. Marketing

During the year 1997 - 98, the Company achieved highest sales so far of 12.50 lac tons of fertilisers as against 9.95 lac tons in the previous year. The sales volume includes 9.16 lac tons of indigenous urea and 1.96 lac tons of imported urea. The Company's turnover in pesticide segment increased from Rs. 12 crores in 1996 - 97 to Rs. 12.94 crores despite general

slowdown in pesticides business during the year. The handling of imported urea shipments at Kandla port and subsequent sale in different parts of the country has helped expanding our marketing base for additional product availability after the completion of expansion project. The Company reaches out to valued farmers through a strong marketing network of 681 dealers and 13,941 village outlets to ensure timely supply of agri-inputs and technical assistance.

7. Capital Projects

The members are aware that the Company is doubling the capacity of its fertiliser plant at Gadepan at an estimated project cost of Rs. 1256 crores. The overall progress of the project is as per schedule. The plant is expected to go on stream by end 1999.

The Company had promoted a Joint Venture Company named Indo Maroc Phosphore S.A. in Morocco in collaboration with Office Cherifien Des Phosphates (OCP), a Moroccan Government Company, with an estimated project cost of US\$ 228 million. The equity contribution of your Company is US\$ 32.5 million being 50% of the capital. The plant is expected to go on stream by mid 1999.

The Software Division of the Company named as 'India Software Group' (ISG) has been set up at Chennai to cater to domestic and international software development business.

8. Personnel

The Board wishes to place on record its appreciation of the contribution made by all employees enabling the Company to achieve high level of performance and growth during the year. Your Company has designed various training programmes for sharpening and developing human skills with the prime objective of achieving corporate goals and at the same time providing opportunities for professional development of the employees. The climate of harmonious employees relations prevailed throughout the year.

9. Environmental Protection and Safety

Your Company has been constantly pursuing the aim of achieving minimum effluent generation, treatment of effluents to the desired acceptable standards and strives to provide maximum possible safety in the factory premises as well as surrounding areas. The Company is equally aware of its responsibility for not only protecting the environment but also taking effective steps to improve the environment. The Company has been developing green belt in a systematic manner since

setting up of the plant and also maintaining natural forest sprawling over 80 acres of land.

10. Social Work and Rural Development

As a responsible corporate citizen, your Company has been actively involved in various social schemes to improve not only environment but also living standards of the people particularly in the adopted villages. As part of this continuous process, the Company conducted free medical camps and periodical medical check-ups. The Company also actively associated with local administration in family welfare schemes by providing incentives directly to the individuals and sponsoring other schemes which provide medical relief to the poor and needy.

The Company undertook rural development activities by constructing link roads in surrounding villages and providing hand pumps. The Company also contributed to the cost of construction of road in one of the adjoining villages under the State Government scheme "Apna Gaon Apna Kam".

11. Conservation of Energy

Your Company strives to make the plants energy efficient to the extent possible and continually reviews various schemes to conserve energy.

The requisite information with regard to conservation of energy, technology absorption and foreign exchange outgo and earnings in terms of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is set out in separate statements attached hereto (Annexures A & B) and forms part hereof.

12. Fixed Deposit

The Company had launched its Fixed Deposit Scheme in March 1997 and deposits are being accepted. No deposit matured during the year.

13. Investor Service Centre

Inhouse Investor Service Centre located in Delhi continues to provide prompt investor service through 'Across The Counter' transfer of shares upto 500 shares and quick resolution of investor grievances. In case of non-resolution of grievances in time, you may write to Compliance Officer of the Company at Delhi office.

Your Company had entered into an agreement in August 1997 with National Securities Depository Limited to provide facility of electronic shares through



CHAMBAL FERTILISERS AND CHEMICALS LIMITED

dematerialisation of physical scrips. Our valued shareholders may like to avail the facility of electronic shares by opening an account with recognised depository participant. Approximately 10.5% of the Company's capital has already been dematerialised.

14. Directors

During the year, Industrial Development Bank of India appointed Mr. T.M. Nagarajan as its nominee on the Board of the Company in lieu of Dr. K. C. Varshney and UTI/LIC/GIC appointed Dr. P. Asthana as their nominee in place of Mr. S.K. Aggarwal. Further, the Board had appointed Mr. D. Basu as additional director w.e.f November 29, 1997 who shall retire at the forthcoming Annual General meeting and is eligible for re-appointment. In accordance with the requirement of the Companies Act, 1956 and Articles of Association of the Company, M/s. S.S. Bhartiya, S.K. Poddar, M.D. Locke and D.B. Engineer shall retire by rotation and are eligible for re-appointment.

15. Particulars of Employees

Information in accordance with section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, forms part of the Directors' Report for the year ended March 31, 1998 as given in Annexure "C" to this report.

16. Auditors

The Notes on Accounts appearing in Schedule 19 and referred to in the Auditors' Report are self-explanatory. As regards Note No. 7, the Company, on a conservative basis, will account the short credit taken, based on the revised Provisional Retention Price, as and when the Final Retention Price is fixed by FICC.

The Auditors M/s. S.R. Batliboi & Co., Chartered Accountants, retire at the conclusion of this Annual General Meeting and being eligible, offer themselves for re-appointment. They have furnished a certificate that re-appointment if made, will be in accordance with the provisions of section 224(1B) of the Companies Act, 1956.

17. Acknowledgements

Your Directors wish to place on record their appreciation of the assistance and co-operation extended to the Company by the Department of Fertilisers, Government of India, Government of Rajasthan, Financial Institutions, Commercial Banks, Shareholders and all others whose continued support has been a source of strength to the Company.

By Order of the Board

New Delhi
June 6, 1998

K.K. BIRLA
Chairman

Annexure "A" To Directors' Report

FORM "A"**Disclosure of particulars with respect to Conservation of Energy**

S. No.	Particulars	Unit	Current Year	Previous Year
A. POWER & FUEL CONSUMPTION :				
1.	Electricity			
a)	Purchased			
	Quantity	MWH	6043.12	5095.22
	Total Amount	Rs. lacs	195.28	151.61
	[Incl. minimum demand (MD) charges]			
	Rate/Unit (Excl. MD charges)	Rs.	3.23	2.95
b)	Own Generation			
i)	Through diesel generator	MWH	—	—
ii)	Through steam turbine/generator			
	Quantity	MWH	112170.71	114372.39
	Unit per SM ³ of gas	KWH/SM ³	1.87	1.58
	Unit per Kg. of Naphtha	KWH/Kg	2.49	2.03
	Cost/Unit	Rs./KWH	2.68	2.48
2.	Other/Internal Generation			
a)	Natural Gas (Ammonia-Fuel, Power & Steam)			
	Quantity	1000SM ³	151984.07	143270.81
	Total Cost	Rs. lacs	4758.15	4137.06
	Average Rate/Unit	Rs./1000SM ³	3130.69	2887.58
b)	Naphtha (Ammonia-Fuel, Power & Steam)			
	Quantity	MT	134285.35	126659.85
	Total Cost	Rs. lacs	9353.89	6721.85
	Average Rate/Unit	Rs./MT	6965.68	5307.01
B. CONSUMPTION PER MT OF UREA PRODUCTION:				
	Electricity (incl. internal consumption)	KWH	—	—
	Others :			
	Gas (Ammonia - Fuel, Power & Steam)	SM ³	156.75	163.75
	Naphtha (Ammonia - Fuel, Power & Steam)	Kg.	138.49	144.77