
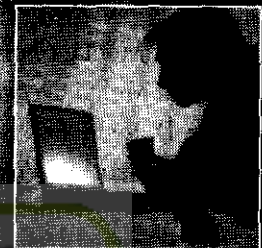


Annual Report

1999-2000

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**DEEPAK FERTILISERS
AND PETROCHEMICALS CORPORATION LIMITED**

**BOARD OF DIRECTORS**

C. K. Mehta *Chairman & Managing Director*
 S. C. Mehta *Deputy Managing Director*
 S. S. Marathe
 F. J. Heredia
 R. A. Shah
 P. J. Fernandes
 Siby Antony *(Nominee of IDBI)*
 A. P. Pradhan *(Nominee of GIC)*
 N. C. Singhal
 D. C. Mehta
 O. P. Khungar

MANAGEMENT TEAM

C. K. Mehta *Chairman & Managing Director*
 S. C. Mehta *Deputy Managing Director*
 N. D. Joshi *Sr. Vice-President (Finance & Accounts)*
 S. S. Alam *Sr. Vice-President (HR & TQM)*
 T. D. Mathwani *Sr. Vice-President (Operations)*
 R. P. Karnik *Vice-President (Corporate)*
 R. Sriraman *Company Secretary & Chief (Law)*
 Dr. T. K. Chatterjee *Vice-President (Marketing - IC & Explosives)*
 V. M. Deshpande *Vice-President (Marketing - Agri Inputs)*
 D. A. Desai *Vice-President (Co-ordination)*

BANKERS

State Bank of India
 Dena Bank
 Central Bank of India
 Bank of Baroda

ADVISORS

Crawford Bayley & Co.
 Udawadia, Udeshi & Berjis

ADVISORS

B. K. Khare & Co.

Registered Office

Opp. Golf Course,
 Shastri Nagar, Yerawada,
 Pune - 411 006.
 Ph : (020) 668 4155
 Fax : (020) 668 3727
 E-mail :
 shares@deepakfertilisers.com

Plant

Plot K-1, MIDC Industrial Area,
 Talaja, A. V. 410 208,
 Dist. Raigad, Maharashtra.
 Ph : (022) 741 2411, 741 2412,
 741 2810
 Fax : (022) 741 2413
 Gram : DEEPAMMON

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FROM THE CHAIRMAN'S DESK



DEEPAK FERTILISERS AND PETROCHEMICALS CORPORATION LIMITED

C. K. MEHTA
CHAIRMAN & MANAGING DIRECTOR

15th June, 2000

Dear Shareholder,

It has always been my endeavour to share information with you at every opportunity about the Company and its products. Accordingly, as part of the Annual Report you will find besides the usual Directors' Report, Reports on Management's Discussion and Analysis, Corporate Governance, Environment Protection and Social Responsibility.

I am sure, you will find these reports interesting and informative.

With Best Wishes,

Yours sincerely,

C. K. Mehta

REGD. OFFICE : OPP. GOLF COURSE, SHASTRI NAGAR, YERAWADA, PUNE - 411 006. • PHONE : (020) 668 4155 • FAX : (020) 668 3727
• E-MAIL : shares@deepakfertilisers.com • WEBSITE : www.deepakgroup.com



NOTICE

NOTICE is hereby given that the Twentieth Annual General Meeting of DEEPAK FERTILISERS AND PETROCHEMICALS CORPORATION LIMITED will be held on Thursday, the 27th July, 2000 at 11.00 a.m. at Bal Gandharva Rang Mandir, Jangli Maharaj Road, Shivaji Nagar, Pune - 411 005 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at, and the Profit & Loss Account for the financial year ended 31st March, 2000, together with the Directors' Report and the Auditors' Report thereon.
2. To appoint a Director in place of Shri S.S. Marathe, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri N.C. Singhal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and subject to the approval of the financial institutions, the Company hereby approves the appointment of Shri C.K. Mehta as the Whole-time Director, designated as Executive Chairman, for a period of 3 years with effect from 1st October, 2000 on the terms and conditions including the remuneration as set out in the Explanatory Statement and the draft of the Agreement to be entered into between the Company and Shri C.K. Mehta, a copy whereof is placed before this meeting.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to alter or vary the terms and conditions of the said appointment including the remuneration, so long as it does not exceed the limits specified in Schedule XIII of the Companies Act, 1956 and also to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and subject to the approval of the financial institutions, the Company hereby approves the appointment of Shri D.C. Mehta as Managing Director of the Company for a period of 5 years with effect from 1st July, 2000 on the terms and conditions including the remuneration as set out in the Explanatory Statement and the draft of the Agreement to be entered into between the Company and Shri D.C. Mehta, a copy whereof is placed before this meeting.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to alter or vary the terms and conditions of the said appointment including the remuneration, so long as it does not exceed the limits specified in Schedule XIII of the Companies Act, 1956 and also to do all such

acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

7. To consider, and if thought fit, to pass, with or without modifications, 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 Articles of Association of the Company be altered in the following manner:

- | | |
|--|---|
| (i) Directors may refuse to register transfers | In Article 60, substitute the words "Section 111" in the first line with the words "Section 111A" |
| (ii) Title to share of deceased Member | Insert the following words at the beginning of Article 64 "Subject to the provisions of Section 109A of the Act " |
| (iii) Dematerialisation of Securities | After Article 72 insert the following Articles as Article 72A and 72B : |

" 72A (1) For the purpose of this Article :

Definitions

'Beneficial Owner' means a person who opts to hold his securities with a Depository, and whose name is recorded as such with a Depository;

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

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

Dematerialisation of Securities

- (2) The Company shall be entitled to dematerialise its existing shares, debentures and other securities, rematerialise its shares, debentures and other securities held in the Depository and/or offer its fresh shares and debentures and other securities in a dematerialised form pursuant to the Depositories Act, 1996 and the rules framed thereunder, if any.

Options for Investors

- (3) Every person subscribing to securities offered by the Company, and every Member or Debentureholder shall have the option to either hold the securities in the form of security certificates or to hold the securities with a Depository when permitted. Where any holder of securities surrenders his Certificate of securities held in the Company in accordance with Section 6 of the Depositories Act, 1996 and the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, the Company shall cancel the certificate and substitute in its records the name of the relevant Depository and inform the Depository accordingly. The Company shall maintain a record of certificates of securities that have been so dematerialised and destroyed. Such persons who hold their securities with a Depository can at any time opt out of the Depository, if permitted by law, and the Company shall in such manner and within such time as prescribed





DEEPAK FERTILISERS AND PETROCHEMICALS CORPORATION LIMITED

	by law, issue to such persons the requisite certificates of securities.
	If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.
Securities in depositories to be in fungible form	(4) All securities held by a depository shall be dematerialised and shall be in a fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.
Rights of Depositories	(5) a) Notwithstanding anything to the contrary contained in the Act or this Article, a depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owners. 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) The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.
Service of documents	6) Notwithstanding anything in the Act or this Article to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.
Register and Indices of Beneficial owners	7) For the purposes of this Article, the Registers and Indices of Members and Debentureholders shall be deemed to include the Registers and Indices of Beneficial Owners maintained under the Depositories Act, 1996 by every Depository in respect of securities issued by the Company.
Nomination	72B Notwithstanding anything contained herein, a Member has a right to nominate one or more persons as his / her nominee(s) to be entitled to the rights and privileges as may be permitted under the law in the event of death of the said member/s subject to the provisions of the Companies Act, 1956, and other applicable laws".

Dated 18th May, 2000

Registered Office :
Opp. Golf Course,
Shastri Nagar,
Yerawada,
Pune 411 006.

By Order of the Board of Directors,
R. SRIRAMAN
Company Secretary & Chief (Law)

NOTES

- (1) **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.**
- (2) Proxies, in order to be effective, should be completed, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- (3) An Explanatory Statement, as required by Section 173 (2) of the Companies Act, 1956 in respect of Items No. 5, 6 and 7 set out above is annexed hereto.
- (4) The Register of Members and the Share Transfer Books of the Company shall remain closed from Friday, the 21st July, 2000 to Thursday, the 27th July, 2000 (both days inclusive).
- (5) The Board of Directors had declared an interim dividend of 20% on the equity shares of the Company for the financial year 1999-2000 and fixed 10th May, 2000 as the Record Date for payment of dividend. Accordingly, the dividend has been paid to those members whose names appeared on the Register of Members of the Company as on the said Record Date.
- (6) Members are requested to intimate to the Company immediately details of their Bank Account / change in Bank Account, if any, to enable the Company to mail the Dividend Warrants accordingly in future.
- (7) Members desirous of making nomination in respect of their shareholding may approach the Company for obtaining prescribed form and return the same duly filled in and signed for registration with the Company.
- (8) Members are requested to intimate immediately to the Company, quoting Registered Folio Number, change in their address, if any, with the Pin Code number.
- (9) Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to send their queries to the Company Secretary at least seven days before the date of the meeting, so that the information required by the members may be made available at the meeting.
- (10) Members attending the meeting are requested to bring with them the Attendance Slip attached to the Annual Report duly filled in and signed and handover the same at the entrance of the hall.





Annexure to the Notice

Explanatory Statement as required by Section 173(2) of the Companies Act, 1956.

Item No. 5

The present term of Shri C.K. Mehta as Managing Director expires on 30th September, 2000. Shri C.K. Mehta having expressed desire to relinquish his office at the end of his term, the Board of Directors at its meeting held on 18th May, 2000 has appointed Shri D.C. Mehta as Managing Director. However, the Board of Directors has approved, subject to the approval of members, appointment of Shri C.K. Mehta as Whole-time Director, designated as Executive Chairman, of the Company with effect from 1st October, 2000 for a period of 3 years on the following terms :

1. The remuneration comprising of salary, perquisites, other benefits and allowances payable to Shri C.K. Mehta as Whole-time Director shall be Rs.1,50,000 p.m. or Rs.18,00,000 p.a.
2. Perquisites and allowances shall include accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings and repairs, medical reimbursement, leave travel concession for himself and his family, club fees, medical insurance, car and telephone and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors.
3. The Company's contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961, gratuity payable at a rate not exceeding half a month's salary for every completed year of service and encashment of leave at the end of the tenure shall not be included in the computation of the remuneration set out in paragraph (1) above.
4. The aforesaid remuneration shall be reviewed by the Board after close of every financial year and if the Company has made sufficient profits in that year Shri C.K. Mehta may be paid such enhanced remuneration and / or commission as the Board may then decide, subject to the ceiling limits laid down in Sections 198 and 309 as also Schedule XIII of the Companies Act, 1956, or any modification or re-enactment thereof.
5. In the absence or inadequacy of profits, the remuneration set out in paragraph (1) above shall be treated as the minimum remuneration payable to him.

Shri C.K. Mehta shall not be liable to retire by rotation as a Director of the Company.

The Board commends appointment of Shri C.K. Mehta as Whole-time Director designated as Executive Chairman.

The approval of the members is, therefore, sought to the appointment of and remuneration payable to Shri C.K. Mehta, with the authority to the Board of Directors to alter or vary the said terms of appointment and remuneration and perquisites within the limits specified in Schedule XIII of the Companies Act, 1956 or any amendments made hereafter in that regard.

A draft of the Agreement proposed to be entered into with Shri C.K. Mehta is open for inspection to the members at the Registered Office on all working days of the Company between 10.30 a.m. and 1.00 p.m. upto and including the day of the Meeting.

Shri C.K. Mehta is interested in the resolution and Shri S.C. Mehta and Shri D.C. Mehta being the sons of Shri C.K. Mehta may be deemed to be interested in the resolution.

The above may also be treated as an Abstract as required under Section 302 of the Companies Act, 1956



Item No. 6

As stated above, consequent upon Shri C.K. Mehta relinquishing his office as Managing Director of the Company, the Board of Directors has appointed Shri D.C. Mehta as Managing Director of the Company.

Shri D.C. Mehta has been Director of the Company since inception and hence has rich experience in the operation and working of the Company. At present, he is the Managing Director of Deepak Nitrite Limited (DNL). During the last 17 years as Managing Director of DNL, he has significantly contributed to its all-round growth. In the changed economic scenario in the wake of globalisation the vast experience and abilities of Shri D.C. Mehta would help the Company realign itself to face the emerging domestic and international challenges.

At its meeting held on 18th May, 2000 the Board of Directors of the Company has approved, subject to the approval of members, appointment of Shri D. C. Mehta as Managing Director of the Company for a period of 5 years with effect from 1st July, 2000 on the following terms :

1. The remuneration comprising of salary, perquisites, other benefits and allowances payable to Shri D.C. Mehta as Managing Director shall be Rs.1,50,000 p.m. or Rs. 18,00,000 p.a.
2. Perquisites and allowances shall include accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings and repairs, medical reimbursement, leave travel concession for himself and his family, club fees, medical insurance, car and telephone and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors.
3. The Company's contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961, gratuity payable at a rate not exceeding half a month's salary for every completed year of service and encashment of leave at the end of the tenure shall not be included in the computation of the remuneration set out in paragraph (1) above.
4. The aforesaid remuneration shall be reviewed by the Board after close of every financial year and if the Company has made sufficient profits in that year Shri D. C. Mehta may be paid such enhanced remuneration and/ or commission as the Board may then decide, subject to the ceiling limits laid down in Sections 198 and 309 as also Schedule XIII of the Companies Act, 1956, or any modification or re-enactment thereof.
5. Shri D.C. Mehta who is presently Managing Director of Deepak Nitrite Ltd. (DNL) will continue to hold that office. However, effective 1st July, 2000 he will not draw any remuneration from DNL and will draw remuneration from the Company under this resolution. DNL will reimburse the Company for the services rendered by Shri D.C. Mehta to DNL from time to time as the Board may determine and agreed to by DNL.
5. In the absence or inadequacy of profits, the remuneration set out in paragraph (1) above shall be treated as the minimum remuneration payable to him.

Shri. D.C. Mehta shall not be liable to retire by rotation as a Director of the Company.

The Board commends appointment of Shri D.C. Mehta as Managing Director.

The approval of the members is, therefore, sought to the appointment of and remuneration payable to Shri D.C. Mehta, with the authority to the Board of Directors to alter or vary the said terms of appointment





and remuneration as also perquisites within the limits specified in Schedule XIII of the Companies Act, 1956 or any amendments made hereafter in that regard.

A draft of the Agreement proposed to be entered into with Shri D.C. Mehta is open for inspection to the members at the Registered Office between 10.30 a.m. and 1.00 p.m. on all working days of the Company, upto and including the day of the Meeting.

Shri D.C. Mehta is interested in the resolution and Shri C.K. Mehta, being father and Shri S.C. Mehta being brother of Shri D.C. Mehta may be deemed to be interested in the resolution.

The above may also be treated as an Abstract as required under Section 302 of the Companies Act, 1956.

Item No. 7

Some of the provisions of the Companies Act, 1956 have been amended consequent upon passing of the Depositories Act, 1996. Further the Companies (Amendment) Act, 1999 has also amended the Act to provide for nomination facility to the shareholders. It is, therefore, necessary to alter the Articles of Association of the Company as proposed in the Resolution as set out under Item No. 7 of the accompanying Notice so that they conform to the amended provisions of the Companies Act, 1956 and the Depositories Act, 1996.

The Directors commend the Resolution for approval of the Members.

A copy of the Memorandum and Articles of Association of the Company is available for inspection to the members at the Registered Office between 10.30 a.m. and 1.00 p.m. on all working days of the Company upto and including the day of the Meeting.

By Order of the Board of Directors,
R. SRIRAMAN
Company Secretary & Chief (Law)

Dated 18th May, 2000

Registered Office :
Opp. Golf Course,
Shastri Nagar,
Yerawada,
Pune 411 006.

