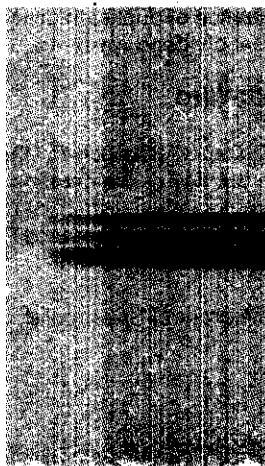
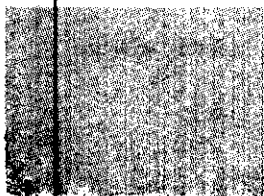
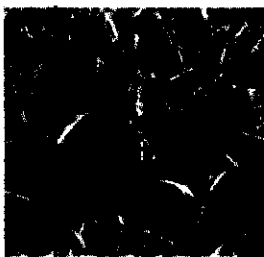


**Gujarat  
Narmada Valley  
Fertilizers  
Company Limited**

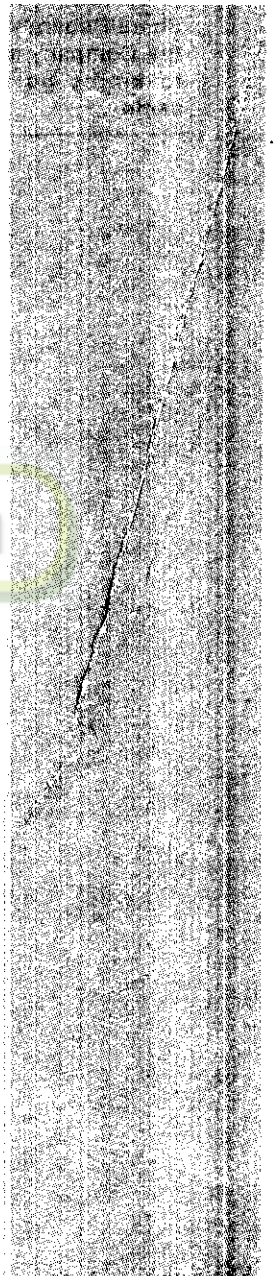
**23**



**23rd  
Annual Report  
1998-99**



**GNFC**



Report Junction



**GUJARAT NARMADA VALLEY FERTILIZERS COMPANY LIMITED**  
**FOR MEMBERS' ATTENTION**

**I. SOME IMPORTANT NOTES :**

**For the benefit of investors, more information are given under the heading "For the Information of Investors". Share/Debenture Holders of the Company are requested to kindly go through the same.**

1. Members are requested to notify immediately change in their address to the Company specifying the Registered Folio Number, Full address in block capitals with Pin Code.
2. Members are requested to bring their copy of the Annual Report along with them to the Annual General Meeting of the Company, as extra copy will not be supplied.
3. Members desiring information as regards the accounts are requested to send their queries at least fifteen (15) days before the date of the Meeting so as to enable the Company to make the information available at the Meeting.
4. Members are advised to get their multiple folios merged/consolidated which are held in the same names and in the same order.

**II. PAYMENT OF DIVIDEND/UNCLAIMED DIVIDEND :**

1. The dividend upon its declaration in the Annual General Meeting, will be paid on or after 20th October, 1999, to those members whose names appear on the Register of Members of the Company on Tuesday, the 31st August, 1999. In respect of shares held in Electronic Mode, the dividend will be paid to the Beneficial Owners as per the details furnished by the Depository for this purpose.
2. In pursuance of Section 205A of the Companies Act, 1956, unclaimed dividends for and up to the financial year 1993-94 have been transferred to the General Revenue Account of the Central Government. Members who have not claimed/encashed their dividends for any of the aforesaid years may now submit their claims of dividends to the Registrar of Companies (Gujarat), CGO Complex, Opposite Rupal Park, Near Ankur Bus-Stop, Naranpura, Ahmedabad-380 013.
3. Members are requested to claim from the Company their unclaimed dividend(s), if any, in respect of financial years 1994-95, 1995-96, 1996-97 and 1997-98 at the earliest by submitting their dividend warrants for revalidation or by applying for issuance of duplicate dividend warrants if they have lost or misplaced the original dividend warrants.

**III. REGARDING ANNUAL GENERAL MEETING :**

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



## GUJARAT NARMADA VALLEY FERTILIZERS COMPANY LIMITED

### 23RD ANNUAL GENERAL MEETING

Date : 23rd September, 1999  
 Day : Thursday  
 Time : 2.00 P.M.  
 Place : Near Jan Vikas Temple,  
 Narmadanagar Township,  
 P.O. Narmadanagar-392 015.  
 District : Bharuch.

### BOARD OF DIRECTORS

(As on 30th July, 1999)

Shri Pradipsinh B Jadeja, *Chairman*  
 Shri KV Bhanujan  
 Shri Vijay Ranchan  
 Shri Gurcharan Singh  
 Shri Manu Shroff  
 Shri RC Sharma  
 Shri NR Ranganathan  
 Shri BS Bedi  
 Shri Shirish C Bengali  
 Shri AM Bhardwaj, *Managing Director*

### Special Director

Shri C Raghava Rao

### Executive Directors

Shri BM Sharma  
 Shri AL Vidyasagar  
 Shri RC Desai  
 Shri KD Chatterjee

### Company Secretary

Shri RB Panchal

### Auditors

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

### Solicitors & Legal Advisors

M/s Little & Company,  
 Mumbai.

### Registered Office :

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

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## GUJARAT NARMADA VALLEY FERTILIZERS COMPANY LIMITED

### NOTICE

NOTICE IS HEREBY given that the **23rd Annual General Meeting** of the Members of Gujarat Narmada Valley Fertilizers Company Limited will be held at the Registered Office of the Company, Near Janvikas Temple, Narmadanagar Township, P.O. Narmadanagar - 392 015 on Thursday, the 23rd September, 1999 at 2.00 P.M. to transact the following business :

#### ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1999 and the Profit & Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Shri Manu Shroff who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors of the Company to hold office until the conclusion of the next Annual General Meeting and to fix their remuneration and, if thought fit, to pass with or without modification, the following Resolution :

#### As a Special Resolution :

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

#### SPECIAL BUSINESS :

To consider and, if thought fit, to pass with or without modification, the following Resolutions :

#### 5. As an Ordinary Resolution :

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

#### 6. As an Ordinary Resolution :

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

#### 7. As a Special Resolution :

"RESOLVED that pursuant to Section 372A and other applicable provisions, if any, of the Companies Act, 1956, the Board of Directors of the Company be and is hereby authorised to invest up to Rs.50 Lacs by subscribing to the share capital of Gujarat State Fuel Management Co Ltd, a company registered under the Companies Act, 1956, in Gujarat, notwithstanding that such investment togetherwith aggregate of the investments, loans and guarantees so far made/given by the Company as well as the investments and guarantees as are being approved at this General meeting in other body/ies corporate may exceed 100 per cent of its free reserves."

"FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorised to determine the time and manner of such investment up to the above limit and to do all or any of the matters arising out of and incidental to the said investment."

"RESOLVED FURTHER that above investment shall not be made except with the prior approval of the public financial institutions referred to in Section 4A of the Companies Act, 1956, where any term loan is subsisting."

#### 8. As a Special Resolution :

"RESOLVED that pursuant to Section 372A and other applicable provisions, if any, of the Companies Act, 1956, the Board of Directors of the Company be and is hereby authorised to invest up to Rs.100 Lacs by subscribing to the share capital of Gujarat Informatics Ltd, a company registered under the Companies Act, 1956, in Gujarat, notwithstanding that such investment, togetherwith aggregate of the investments, loans and guarantees so far made/given by the company, as well as investments and guarantees as are being approved at this General Meeting in other body/ies corporate may exceed 100 per cent of its free reserves."

"FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorised to determine the time and manner of such investment up to the above limit and to do all or any of the matters arising out of and incidental to the said investment."

"RESOLVED FURTHER that above investment shall not be made except with the prior approval of the public financial institutions referred to in Section 4A of the Companies Act, 1956, where any term loan is subsisting."

#### 9. As a Special Resolution :

"RESOLVED that pursuant to Section 372A and other applicable provisions, if any, of the Companies Act, 1956, the Board of Directors of the Company be and is hereby authorised to invest up to Rs.125 Lacs by subscribing to the share capital of Gujarat Agri Processing Co Ltd, a company registered under the Companies Act, 1956, in Gujarat, notwithstanding that such investment, togetherwith aggregate of the investments, loans and guarantees so far made/given by the company, as well as investments and guarantees as are being approved at this General Meeting in other body/ies corporate may exceed 100 per cent of its free reserves."

"FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorised to determine the time and manner of such investment up to the above limit and to do all or any of the matters arising out of and incidental to the said investment."

"RESOLVED FURTHER that above investment shall not be made except with the prior approval of the public financial institutions referred to in Section 4A of the Companies Act, 1956, where any term loan is subsisting."

**10. As a Special Resolution :**

"RESOLVED that pursuant to Section 372A and other applicable provisions, if any, of the Companies Act, 1956, the Board of Directors of the Company be and is hereby authorised to give guarantees/provide securities from time to time, not exceeding in the aggregate at any one time Rs. 7500 Lacs to the lenders of funds to Company's Subsidiary Company, Narmada Chematur Petrochemicals Ltd for securing repayment of borrowings/loans by NCPL, notwithstanding that such guarantees/securities togetherwith aggregate of the investments, loans and guarantees so far made/given by the company, as well as investments and guarantees as are being approved at this General Meeting may exceed 100 per cent of Company's free reserves."

"FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorised to determine the actual sum of guarantees/securities that may be provided to the lenders of funds to Narmada Chematur Petrochemicals Ltd within the above limit and to do all or any of the matters arising out of and incidental to the giving of guarantees/providing securities by the Company as aforesaid."

"RESOLVED FURTHER that the above guarantees/securities shall not be given/provided except with the prior approval of the public financial institutions referred to in Section 4A of the Companies Act, 1956, where any term loan is subsisting."

**NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. THE INSTRUMENT APPOINTING PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of Item Nos. 4 to 10 set out above is annexed hereto.

**By Order of the Board of Directors,**

**Registered Office :**  
P.O. Narmadanagar-392 015  
Dist. Bharuch.

**Dated :** 30th July, 1999.

**RB Panchal**  
*Company Secretary*

**ANNEXURE TO THE NOTICE**

AS REQUIRED BY SECTION 173(2) OF THE COMPANIES ACT, 1956, THE FOLLOWING EXPLANATORY STATEMENT SET OUT ALL MATERIAL FACTS RELATING TO THE BUSINESS MENTIONED UNDER ITEM NOS. 4 TO 10 OF THE ACCOMPANYING NOTICE DATED 30th JULY, 1999.

**Item No. 4**

Section 224A (1) of the Companies Act, 1956, provides for the appointment or re-appointment of an Auditor of a Company at each Annual General Meeting by a Special Resolution, if the Company is one in which not less than 25% of the subscribed share capital is held, whether singly or in any combination, by a Public Financial Institution or a Government Company or Central or State Government or any Financial or other Institution in which a State Government holds not less than 51% of the subscribed share capital or a Nationalised Bank or an Insurance Company carrying on general insurance business.

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

Your Directors commend this resolution for your approval.

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

**Item No. 5**

Shri KV Bhanujan, IAS was appointed as Director on the Board of the Company w.e.f. 17th January, 1998 in the casual vacancy caused by the resignation of Dr. VV Rama Subba Rao in accordance with Article 141 of the Company's Articles of Association. Pursuant to Section 262 of the Companies Act, 1956, Shri KV Bhanujan will hold office of Director up to the date of Annual General meeting when Dr. VV Rama Subba Rao would have retired had he continued as a Director. As required by Section 257 of the Companies Act, 1956, a notice togetherwith deposit of Rs.500/- has been received from Gujarat State Investments Ltd signifying its intention to propose Shri KV Bhanujan for the office of Director of the Company. Shri KV Bhanujan is the Principal Secretary to Government of Gujarat, Finance Department and he has a very rich experience in the field of Administration and Finance. The Board considers that it would be in the interest of the Company to appoint him as a Director and therefore, commends the resolution for his appointment.

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

**Item No. 6**

Shri Vijay Ranchan, IAS has been appointed as an Additional Director on the Board of the Company in accordance with Article 142 of the Articles of Association of the Company. Pursuant to Section 260 of



## GUJARAT NARMADA VALLEY FERTILIZERS COMPANY LIMITED

the Companies Act, 1956, he holds office up to this Annual General Meeting. As required under Section 257 of the Companies Act, 1956, notice together with deposit of Rs.500/- has been received from Gujarat State Investments Ltd signifying its intention to propose Shri Vijay Ranchan for the office of Director of the Company. Shri Vijay Ranchan is an Additional Chief Secretary to Government of Gujarat, Energy & Petrochemicals Department and he has a rich experience in the field of administration. The Board considers that it would be in the interest of the Company to appoint him as Director and therefore commends the resolution for his appointment.

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

### Item Nos. 7 to 10

The Companies (Amendment) Act, 1999 has introduced a new Section 372A, which, inter alia, provides that a company shall not be permitted to make inter-corporate loans or investments or give guarantees/ provide securities beyond 60% of the aggregate of company's paid-up share capital and free reserves or 100% of the company's free reserves, whichever is higher, except after obtaining prior approval from the public financial institutions where the term loan is subsisting and obtaining prior authorisation by way of a special resolution passed at the General Meeting of the shareholders of the Company.

The Company's paid-up Share Capital is Rs.146.48 Crores and free reserves on the basis of audited Annual Accounts as on 31st March, 1999 is Rs.478.76 Crores. Hence, as a result of the restriction imposed by new Section 372A, the Company can give loans, make investment or give guarantees/provide securities for an aggregate amount up to Rs.478.76 Crores without obtaining the prior approval of the shareholders and public financial institutions.

The making of Inter-corporate Investments and Inter-corporate Loans/ Guarantees, etc. were previously governed by the provisions of Sections 372 and 370 respectively of the Companies Act, 1956. The making of investment in the share capital of the subsidiary as also the giving of loans and providing of guarantees/securities to the lenders of the subsidiary were exempted from the compliance of the said provisions. However, with the introduction of new Section 372A, the said exemption has been removed, thereby further investments/ loans/ provision of guarantees and securities including further investment in subsidiary and loans to subsidiary have been brought into the network of the said Section. Before the Companies (Amendment) Act, 1999 came into force, the Company had already made the investment of Rs.69.55 Crores in the share capital of NCPL, the subsidiary of the Company as also had provided the guarantees to the lenders of NCPL to the extent of Rs.187 Crores. It is because of the withdrawal of the exemption earlier given, the limits as stipulated under Section 372A have been exceeded by the Company, necessitating passing of the Special Resolution and obtaining prior approval from the public financial institutions for the proposed further investments and providing guarantees/securities, etc.

The Board of Directors has unanimously approved making investments/providing guarantees/securities in/for the following bodies corporate to the extent mentioned against their respective names, subject to obtaining prior approval from public financial institutions and also obtaining authorisation by way of Special Resolutions as indicated against each company's name passed at the ensuing Annual General Meeting. These investments will be made from internal accruals.

Sl. No.	Name of the Body Corporate in which investment is proposed	Amount proposed to be invested (Rs.)	Resolution Number
1.	Gujarat State Fuel Management Co Ltd	50 Lacs	7
2.	Gujarat Informatics Ltd	100 Lacs	8
3.	Gujarat Agri Processing Co Ltd	125 Lacs	9
Total		275 Lacs	

Sl. No.	Name of the Body Corporate for which guarantee/s is/are to be given	Amount for which guarantee/s to be given (Rs.)	Resolution Number
1.	Narmada Chematur Petrochemicals Ltd, a subsidiary of the Company.	7,500 Lacs	10

The Memorandum & Articles of Association of the Company permits the Company making investment in other bodies corporate, giving loans, providing guarantees, etc. as well as to join hands as promoter for the establishment of new companies. The purpose of making investment/providing guarantee/security as aforesaid is mentioned hereunder :

- i) Gujarat State Fuel Management Co Ltd (GSFMCL) was formed with a view to aggregate the demand of Fuel Oil and LNG from user companies in the State of Gujarat and to bargain with the prospective suppliers so as to elicit good prices and better terms.

The Company has been using Fuel Oil as the feed stock for the manufacture of fertilizers and the Company as one of the promoters of GSFMCL and the user Company would be in a position to avail of the benefits of economies of scale and operation for the procurement of its requirement of Fuel Oil and LNG.

- ii) The Company's Electronics Division, which is engaged in the manufacture of RAX, MAX, Printed Circuit Boards, has over the years achieved the significant progress. In view of the fact that Information Technology (IT) is emerging as a field, which integrates hardware and software technologies, your Company was looking for some opportunities in the IT related areas. The Government of Gujarat has also realised the need to accelerate the development of IT Industry in the State, which in turn will help proliferating IT culture in the State. It has been the fastest growing segment of the economy and has created enormous potential for export and growth.

Gujarat Informatics Ltd (GIL) was incorporated by Government of Gujarat mainly with a view to implement its IT Policy and to formulate and implement Action Plan to carry out the objective/s of the said Policy. GIL also acts as a Nodal Agency for implementation of IT Policy of the Government of Gujarat and hence it has been considered expedient to make investment in the share capital of GIL as one of its promoters.

- iii) Gujarat Agri Processing Co Ltd (GAPCL) has been incorporated so as to encourage the entrepreneurs to undertake the projects of value addition to Agri Produce. The main object of GAPCL is to identify and promote the projects related to value addition by extending high-tech consultancy services. The Company is

engaged in the manufacture and sale of fertilizers. The activities proposed to be undertaken by GAPCL being associated with Agri Produce will help in the business of the Company. As such, it has been felt expedient to join GAPCL as one of the promoters by subscribing to its share capital.

- iv) Narmada Chematur Petrochemicals Ltd (NCPL) was promoted by the Company for manufacture and sale of Aniline and TDI. For financing the project cost, NCPL has availed of various term loans from the Financial Institutions as per the details given below, which have been secured by the corporate guarantee/s executed by the Company in its capacity as its promoter in favour of the lenders of NCPL :

Sl. No.	Name of the Financial Institution	Amount (Rs.)	Rate of Interest
1.	Industrial Development Bank of India	4,900 Lacs	19.641%
2.	ICICI Ltd	2,000 Lacs	20.308%
3.	Industrial Finance Corporation of India Ltd	1,960 Lacs	20.408%

NCPL has already stabilised the production of Aniline long back and TDI production has also been stabilised from 1st July, 1998. In view of the depressed market scenario in the chemical business prevailing in the national and international markets, NCPL has suffered a loss of Rs.11.75 Crores during the year 1998-99. NCPL has taken various measures to economise its operations so as to sustain in the competitive environment. As one of the measures, NCPL proposes to substitute high-cost borrowings as aforesaid by fresh borrowing at lower rate of interest. The interest benefit that would accrue by replacement of high-cost loans would result in a saving in the interest cost, which would indirectly benefit the Company. NCPL is in the process of tying-up the arrangement, for availing fresh borrowings at lower rate of interest. One of the conditions for

the term loans being extended to NCPL is that the same should be secured by way of a corporate guarantee/s by the Company in its capacity of the promoter thereof. The fresh guarantee/s would be in effect the substitution of guarantee/s executed by the Company earlier in favour of the existing lenders of NCPL.

Your Directors commend these resolutions for your approval.

Shri Vijay Ranchan who is the Director on the Board of GSFMCL and Shri AM Bhardwaj who is on the Boards of GSFMCL and NCPL may be regarded as concerned or interested in the respective resolutions.

No other Director of the Company is in any way concerned or interested in the aforesaid resolutions.

#### Inspection of Documents :

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

1. Memorandum & Articles of Association of the Company and of GSFMCL, GIL, GAPCL and NCPL.
2. Board Resolutions approving the investments/providing guarantees/ securities.
3. Register of Loans/Investments/Guarantees, etc.

By Order of the Board of Directors,

Registered Office :  
P.O. Narmadanagar- 392 015  
Dist. Bharuch.

Dated : 30th July, 1999.

RB Panchal  
Company Secretary



## GUJARAT NARMADA VALLEY FERTILIZERS COMPANY LIMITED

### DIRECTORS' REPORT

To  
The Members,

Your Directors have pleasure in presenting this 23rd Annual Report and Audited Statements of Accounts of the Company for the financial year ended 31st March, 1999. During the year under review, the economy world over remained under stress due to slowdown which also affected the industrial sector of India. The global recession only made us work harder which resulted in highly satisfactory performance of the Company during the year. Even with the planned shutdown for a period of 29 days undertaken by your Company during the year, the major Plants of the Company performed at levels of high capacity utilisation and in the process, established several new records.

#### 1.0 FINANCIAL HIGHLIGHTS

In comparison to the last year, the turnover of the Company declined only marginally despite substantial reduction in the volume of trading in imported Fertilizers to the tune of Rs.80.39 Crores because of cyclone in Kandla Port in June, 1998. The Members, however, will be happy to note that your Company has earned a Net Profit of Rs.78.78 Crores, which shows an appreciable growth of 14.22% as compared to the net profit of last year.

The financial highlights for the year under review are given below :

	(Rs. in Crores)	
	1998-99	1997-98
Gross profit for the year after meeting all expenses but before interest, depreciation and tax	234.01	219.54
Interest (Net)	72.92	72.94
Depreciation	56.46	51.63
Profit before tax	104.63	94.97
Provision for taxation	25.85	26.00
<b>Net Profit</b>	<b>78.78</b>	<b>68.97</b>
Less : Transferred to Investment Allowance Reserve	Nil	2.11
Less : Transferred to Debenture Redemption Reserve	15.59	15.59
Add : Transferred from Debenture Redemption Reserve	Nil	10.00
Add : Transferred from Investment Allowance (Utilised) Reserve	Nil	2.31
Add : Balance brought forward from previous year	63.68	42.55
<b>Amount available for appropriation</b>	<b>126.87</b>	<b>106.13</b>
Out of which, the Directors have decided to provide and transfer to -		
a) General Reserve	8.00	7.00
b) Proposed Dividend	32.22	32.23
c) Tax on Proposed Dividend	3.55	3.22
<b>Balance carried to Balance Sheet</b>	<b>83.10</b>	<b>63.68</b>

### 2.0 DIVIDEND

Your Company has maintained its uninterrupted record by rewarding shareholders for last 15 years. After considering the financial results as also keeping in view the Corporate Plan of the Company, your Directors have recommended payment of dividend @22%. Last year too, the Company paid dividend @ 22%. The dividend, if approved, will involve payment of a sum of Rs.32.22 Crores and will be payable to the shareholders registered in the Register of Members on Tuesday, the 31st August, 1999.

### 3.0 PRODUCTION

The year under review witnessed significant achievements and around excellent performance. The Company crossed many milestones and achieved several highestever records in terms of production and capacity utilisation.

The following are the highlights of production achieved by various plants of the Company :

#### 3.1 Ammonia-Urea

Ammonia Plant of the Company produced 4,95,019 MTs of Ammonia achieving capacity utilisation of 111.12%. The Urea Plant also registered an impressive performance by producing 6,60,894 MTs of Urea achieving capacity utilisation of 111.26%. Corresponding figures in the previous year were 4,69,463 MTs of Ammonia production with a capacity utilisation of 105% and 6,31,279 MTs of Urea production with a capacity utilisation of 106%. It is indeed gratifying to note that for the 8th successive year, your Company has achieved capacity utilisation of more than 100% in both Ammonia and Urea Plants.

You will be happy to note that on 24th July, 1998, Ammonia Plant of your Company achieved a milestone of 7 Million MTs of cumulative production of Ammonia. The Urea Plant also achieved a milestone of 10 Million MTs of cumulative production of Urea on 15th July, 1998.

#### 3.2 Methanol

Methanol-I Plant, with an outstanding performance, achieved highestever production of 32,656 MTs of Methanol registering capacity utilisation of 163.28%. Methanol-II Plant produced 1,07,103 MTs of Methanol with a capacity utilisation of 107.10%. Production of Methanol-II Plant is comparatively lower than last year due to low availability of Natural Gas in the first half of the year.

During the previous year, Methanol-I Plant produced 24,592 MTs of Methanol registering capacity utilisation of 122.96% and Methanol-II Plant produced 1,22,811 MTs of Methanol registering capacity utilisation of 122.81%.

#### 3.3 Formic Acid

Formic Acid Plant of the Company once again showed a very satisfactory performance by producing 9,055 MTs of Formic Acid with a capacity utilisation of 181.10%. Previous year, Formic Acid Plant had produced 9,314 MTs of Formic Acid with a capacity utilisation of 186%.



**3.4 Acetic Acid**

Acetic Acid Plant achieved highestever production of 65,098 MTs of Acetic Acid with a capacity utilisation of 130.20%. The corresponding figures in the previous year for production and capacity utilisation of Acetic Acid Plant were 62,186 MTs and 124% respectively.

**3.5 Nitrophosphate Group of Plants**

With excellent production performance, Nitrophosphate Group of Plants achieved higher production and higher capacity utilisation. The Weak Nitric Acid (WNA) Plant produced 2,26,100 MTs of WNA registering capacity utilisation of 109.72%. Ammonium Nitrophosphate (ANP) and Calcium Ammonium Nitrate (CAN) Plants of the Company produced 1,50,812 MTs of ANP and 1,52,689 MTs of CAN with capacity utilisation of 105.83% and 107.15% respectively. Your Directors are pleased to inform you that Concentrated Nitric Acid - II (CNA-II) Plant was completed and was commissioned on 24th January, 1999, well ahead of the scheduled completion with a saving of Rs.5 Crores in the capital cost.

**3.6 Captive Power Plants (CPP)**

The generation of Captive Power was adjusted to match in-house demand of the Company. The Captive Power Plants generated 2,82,024 MWH during the year under review as compared to 3,22,456 MWH power generated in the previous year. The CPP met 81.82% of the power requirement of the Company. Your Company drew 62,422 MWH power from Gujarat Electricity Board during the year under review due to a major breakdown in CPP-II Plant.

**3.7 Electronics Division****I) Printed Circuit Board (PCB)**

We are indeed happy to inform you that the PCB Plant made turnaround in the operations and for the first time earned a net profit of Rs.2.08 Crores. The PCB Plant of the Company showed a significant improvement in the production of PCBs at 33,285 Sq. Mtrs. as compared to 25,883 Sq. Mtrs. in the previous year. Production of PCBs during the year was highestever achieved by the PCB Plant.

**II) Digital Switching Systems (DSS) Unit**

On account of late finalisation of orders by Department of Telecommunication (DoT) as also the reduction in DoT prices and quantity, the production of DSS was restricted to only 31,285 Lines of SBM RAX as compared to 54,401 Lines of SBM RAX in the previous year. The DSS Unit of the Company received a prestigious ISO 9002 Certificate from NQAQSR.

**4.0 MARKETING**

Despite the domestic industrial slowdown and global recession in the Chemical business, the Company achieved significant progress in the marketing of its various products. The volume of trading in imported Urea was lower due to cyclone in the Kandla Port in the month of June, 1998. Your Company achieved export turnover of Rs.3.94 Crores by exporting 36

MTs of Acetic Acid, 1,726 MTs of Formic Acid and 1,013 Sq. Mtrs. of PCBs to various parts of the world.

The sales of the various products are as follows :

**4.1 Fertilizers**

During the year under review, the Company sold 6,62,364 MTs of 'NARMADA' Urea, 1,62,928 MTs of Imported Urea and 89,228 MTs of Single Super Phosphate (SSP). The sales of ANP and CAN were lower during the year as compared to the previous year. The Company sold 1,53,437 MTs of ANP and 1,57,960 MTs of CAN during the year as compared to 1,89,441 MTs of ANP and 1,68,277 MTs of CAN in the previous year. Besides, the Company also sold 14,449 MTs of imported DAP during the year.

**4.2 Industrial Products**

The sales of industrial chemicals were restricted due to global recession in the Chemical business. Despite this, your Company achieved impressive turnover of Rs.341.1 Crores as compared to previous year's turnover of Rs.364.8 Crores. During the year under review, the Company sold 1,06,221 MTs of Methanol, 64,629 MTs of Acetic Acid, 9,852 MTs of Formic Acid, 34,481 MTs of CNA, 28,818 MTs of WNA and 22,068 MTs of AN (Melt).

**4.3 Electronics Products**

The sales of Electronics Products showed a remarkable growth of 40.60% over the previous year, due to both increased volume and higher realisation per square meter of Printed Circuit Boards (PCBs). The sales of Electronics Products amounted to Rs.40.70 Crores as against Rs.28.95 Crores in the previous year.

**5.0 PROMOTIONAL ACTIVITIES**

Promotional activities by way of fertilizers' demonstration, farmers' meetings, crop seminars, night meetings, dealers'/retailers' programmes, mobile publicity van, plant visits, slide shows, TV, Radio and Press advertisements, soil and water test campaign, development and propagation of high-tech agriculture at Demonstration Farm of the Company, etc. were continued. During the year, the Company participated in various Kisan Melas by exhibiting attractive, useful and informative panels. The undertaking of the need based promotional programmes, with a view to educating and serving the farmers in a better way, has strengthened the bond of the Company with the farmers. Narmada brand fertilizers have been widely acclaimed by the farmers and we are happy to report that the same have remained a preferred brand among the farming community.

**6.0 CORPORATE PLAN - NEW PROJECTS****PROJECTS ON HAND**

The status of the various projects on hand is as follows :

**6.1 Weak Nitric Acid (WNA) Plant - Capacity Enhancement**

As reported last year, the Company is enhancing its nameplate capacity of the existing WNA Plant from 630 MTD to 750 MTD at an estimated investment of Rs.37 Crores to meet



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the additional requirement of WNA. The Project is on turnkey basis with Uhde India Ltd/Krupp Uhde GmbH. We hope to complete the revamp of WNA Plant ahead of the schedule and the commissioning of the enhanced capacity of WNA Plant is likely to take place in April, 2000.

### 6.2 Third Gasifier Train

With a view to improve the reliability of the Ammonia Plant as well as for producing 20,000 MTA additional Ammonia, the Third Gasifier Train is being set up in the Ammonia Plant of the Company with an estimated investment of Rs.91 Crores. While know-how will be supplied by M/s Texaco Development Corporation, engineering work will be carried out by M/s Krupp Uhde. The Project is slated to be completed by February, 2001.

### 6.3 Wet Scrubbing System

As a measure of pollution control, Wet Scrubbing System is proposed to be set up separately for each of ANP and CAN Plants, the estimated project cost of which will be about Rs.37 Crores. The Know-how and Basic Engineering will be supplied by M/s Krupp Uhde. The Project is expected to be completed by the end of 2001.

### 6.4 Acetic Acid Expansion

The licensor of existing Acetic Acid Plant of the Company, M/s BP Chemicals, UK, has agreed to provide improved catalyst technology for debottlenecking of existing Acetic Acid Plant by addition of some new equipment and modifying some equipment for increasing the capacity.

#### PROJECTS ON ANVIL

### 6.5 Ammonia - Urea Complex

The Government envisages doubling the foodgrain production in next decade which requires doubling the fertilizer availability to farmers. In the light of the suggestions made by the High Powered Fertilizers Pricing Policy Review Committee, your Company is considering to set up 1350 MTD Ammonia and 2330 MTD Urea Plants based on imported LNG within the existing premises. Government of India has been approached for relevant permission.

### 7.0 NARMADA CHEMATUR PETROCHEMICALS LTD. - SUBSIDIARY OF THE COMPANY

During the year under review, the Aniline Plant of Narmada Chematur Petrochemicals Ltd. (NCPL), produced 17,397 MTs of Aniline. The TDI plant commenced commercial production with effect from 1st July, 1998 and during the 9 months of commercial operation, 4,944 MTs of TDI was produced. The corresponding figure of production of Aniline for the previous year was 20,145 MTs. Despite the depressed domestic and international market during the year, NPCL sold 17,447 MTs of Aniline and 4,979 MTs of TDI. The total sales turnover (net of excise duty, sales tax and discounts) during the year was Rs.100.59 Crores as against Rs. 68.52 Crores in the previous year.

With a view to ensure the continuous power supply to the Aniline and TDI Plants, a Captive Power Plant of 6 MW is

being set up by NCPL at a total cost of about Rs.30 Crores. With the commissioning of Power Plant, NCPL would be able to improve the production of Aniline and TDI with uninterrupted supply of power and also economise on power cost.

Pursuant to the provisions of Section 212 of the Companies Act, 1956, the Annual Accounts for the year ended on 31st March, 1999 of M/s Narmada Chematur Petrochemicals Limited, a subsidiary of the Company are annexed.

### 8.0 FIXED DEPOSITS

The Company had an aggregate amount of Rs.8,041.44 Lacs as deposits from public, shareholders, employees and others, as on 31st March, 1999. Of the said deposits, a sum of Rs.124.91 Lacs from 1,426 depositors was due for payment as on 31st March, 1999, but remained unclaimed. The Company sent reminders to the depositors for complying with the procedural formalities for repayment of unclaimed deposits. Subsequently, Rs.40.42 Lacs were claimed by 515 depositors.

### 9.0 YEAR 2000 COMPLIANCE (Y2K)

For addressing the issue of Y2K compliance, your Company has taken all necessary steps to achieve compliance well before the year 2000. The work of making computer system Y2K compliant is expected to be over by 31st October, 1999 and your Company does not envisage any major problem in achieving Y2K compliance. The details regarding Y2K compliance, in accordance with Clause-32 of the Listing Agreements with the Stock Exchanges, are given in Annexure - "A".

### 10.0 LISTING AGREEMENT COMPLIANCE

The Company's securities have been listed at Ahmedabad, Vadodara, Mumbai, Delhi, Calcutta Stock Exchanges and National Stock Exchange, Mumbai and the company has already made payment of listing fees to each of the above Stock Exchanges.

### 11.0 DEPOSITORY SYSTEM

With a view to provide better investors' services, your Company has admitted its equity shares in the Depository System of National Securities Depository Limited (NSDL). Your Company's equity shares have been placed in the list of compulsory trading in dematerialised form announced by Securities & Exchange Board of India, effective from 31st May, 1999. Several members of the Company including the institutional investors have availed of the facility of trading in dematerialised form.

### 12.0 ENVIRONMENT & ENERGY CONSERVATION

Your Company strives hard for the protection and upkeep of environment and has focussed its attention on the minimisation of waste and thereby reducing the cost of effluent treatment. A study was undertaken through National Productivity Council, Delhi (NPC) on "Environment Impact Assessment" for the solid waste and its utilisation. As suggested by the NPC, your Company has been complying with various scientific methods for the storage, disposal, utilisation and