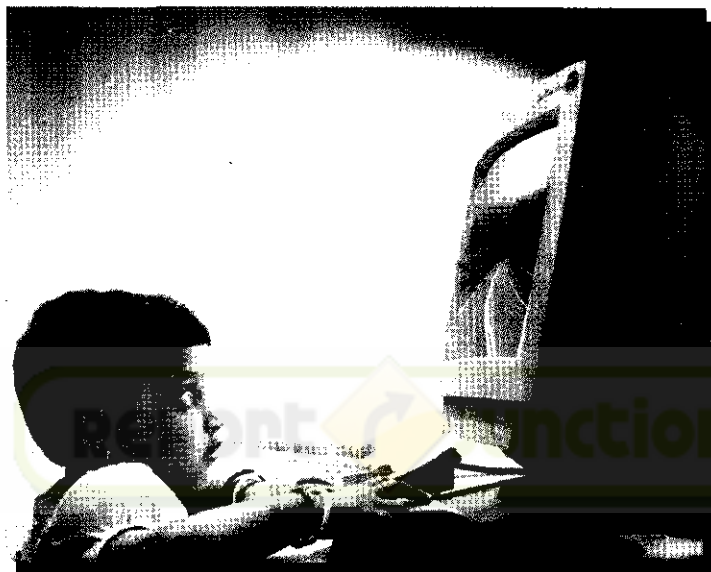




**Gujarat State Fertilizers  
& Chemicals Limited**

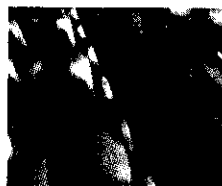
## **37th Annual Report 1998-99**



**Towards A Brighter Future**



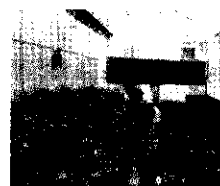
**Fertilizers**



**Nylon Yarns**

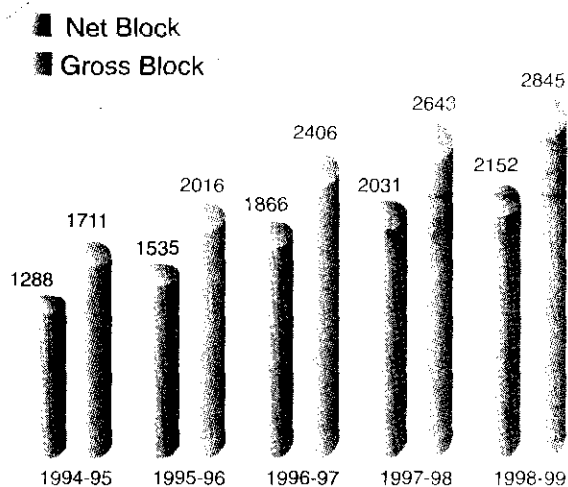


**Melamine**

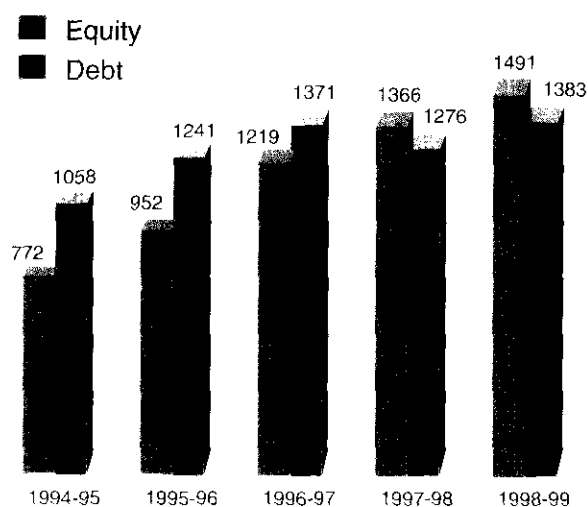


**Agri-Biotechnology**

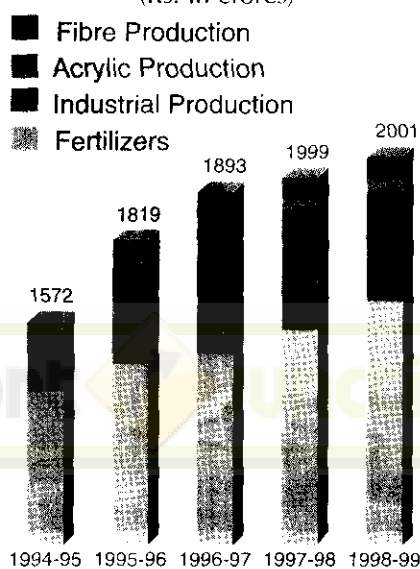
### Net & Gross Block (Rs. in crores)



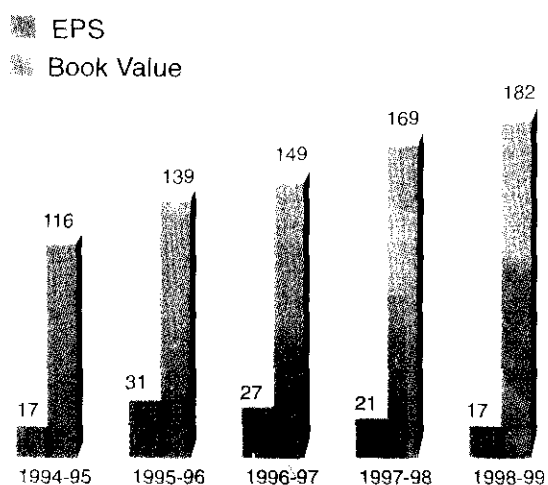
### Debt-Equity (Rs. in crores)



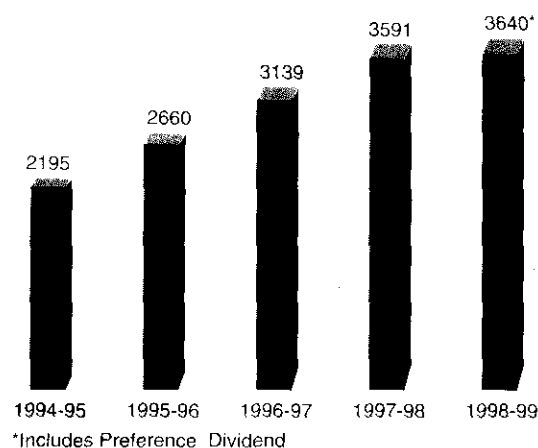
### Turnover (Incl. excise duty) (Rs. in crores)



### Book Value & EPS (Rupees)



### Dividend (Rs. in lakhs)



## Gujarat State Fertilizers & Chemicals Ltd.

### BOARD OF DIRECTORS

DR. K.D. JESWANI	<i>Chairman</i>
K.V. BHANUJAN	
A.M. BHARADWAJ	
VIJAY RANCHAN	
S.G. GULATI	<i>IDBI Nominee</i>
VIPIN MALIK	<i>UTI Nominee</i>
ASHOK P. BHAVSAR	
GURCHARAN SINGH	<i>Managing Director</i>

### EXECUTIVE DIRECTORS

DR. M.H. MEHTA  
H.V. SHAH  
A.K. RAI  
D.C. CHAUHAN

### GENERAL MANAGER (LEGAL) & COMPANY SECRETARY

S.W. PALNITKAR

### BANKERS

Bank of Baroda  
Bank of India  
State Bank of India  
Central Bank of India  
Dena Bank  
Indian Bank  
Vijaya Bank  
Bank of America  
HDFC Bank Ltd.  
Credit Lyonnais  
Punjab National Bank

### STATUTORY AUDITORS

M/s. C.C. Chokshi & Co., Ahmedabad

### BRANCH AUDITORS (Polymers & Fibre Units)

M/s. Haribhakti Shah & Co., Ahmedabad

### COST AUDITORS

S.V. Diwanji, Vadodara

### SOLICITORS

M/s. Bhaishanker Kanga & Girdharlai

### REGISTERED OFFICE

P O Fertilizernagar - 391 750  
District Vadodara, Gujarat

### PLANT LOCATIONS

Main Plants	:	Fertilizernagar, Vadodara District
Polymers Unit	:	Nandesari, Vadodara District
Sikka Unit	:	Moti Khavdi, Jamnagar District
Fibre Unit	:	Kuwarda, Surat District



## GUJARAT STATE FERTILIZERS & CHEMICALS LTD.

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### 37TH ANNUAL GENERAL MEETING

Date : 23rd September, 1999  
Day : Thursday  
Time : 11.00 a.m.  
Place : Fertilizernagar 391 750  
District Vadodara

### For Members' Attention

1. The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, the 8th September, 1999 to Thursday, the 23rd September, 1999 (both days inclusive) for the purpose of ascertaining the entitlement for payment of dividend.
2. Dividend, upon its declaration at the meeting, will be paid on and from Monday, the 11th October, 1999 to those members whose names shall appear on the Register of Members of the Company on Thursday, the 23rd September, 1999. In respect of shares held in Electronic form, dividend will be paid on the basis of beneficial ownership as per details furnished by the National Securities Depository Ltd.
3. Members are requested to quote Folio Number in all correspondence and also to bring with them the Attendance Card which may be submitted at the entrance duly signed.
4. Members who are registered under two or more Ledger Folios are requested to write to Company Secretary for consolidation, giving particulars of such Folios and send relevant Share/Debenture Certificates.
5. Those members who have not yet submitted their old shares of Rs. 100/- each for exchange of new equity shares of Rs. 10/- each are requested to send the said shares to the Registered Office of the Company.

6. Shareholders of erstwhile Gujarat Nylons Ltd., who have yet not surrendered their GNL equity share certificate/s are advised to surrender the same immediately to the Secretarial Department of the Company so as to enable the despatch of converted GSFC shares, etc. in exchange thereof at the earliest.
7. The Company's Equity Shares and 16% Partly Convertible Debentures of Rs. 150/- each are listed on the following 7 Stock Exchanges :
  1. Vadodara Stock Exchange Ltd.  
(Regional Stock Exchange)  
Fortune Tower, 3rd Floor, Sayajigunj  
Vadodara-390 005
  2. The Stock Exchange, Mumbai  
Phiroze Jeejeebhoy Towers, 25th Floor  
Dalal Street, Mumbai-400 001
  3. The Stock Exchange, Ahmedabad  
Kamdheni Complex  
Opp. Sahajanand College  
Ahmedabad-380 015
  4. The Calcutta Stock Exchange Association Ltd.  
7, Lyons Range, Calcutta-700 001
  5. The Delhi Stock Exchange Association Ltd.  
West Plaza, Indira Gandhi Stadium  
Indraprastha Estate, New Delhi-110 002
  6. Madras Stock Exchange Ltd.  
"Exchange Building", P.B. No. 183  
11, Second Line Beach, Chennai-600 001
  7. National Stock Exchange of India Ltd.  
Trade World, Senapati Bapat Marg  
Lower Parel, Mumbai-400 013

The Company has paid annual listing fees to each of the above Stock Exchanges for the financial year 1998-99.

8. Members are requested to send their queries, if any, at least seven days in advance of the meeting so that the information can be made available at the meeting.

## Notice

NOTICE is hereby given that the **Thirtyseventh Annual General Meeting** of the Members of the Company will be held at the Registered Office of the Company at 11.00 a.m. on Thursday, the 23rd September, 1999 to transact the following business :

### Ordinary Business

1. To receive, consider and adopt the Audited Accounts, Balance Sheet as at 31st March, 1999, Profit & Loss Account for the year ended on that date & the reports of Directors and Auditors.
2. To declare dividends.
3. To appoint Director in place of Shri Vijay Ranchan who retires by rotation and being eligible offers himself for re-appointment.

### Special Business

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

"RESOLVED that the Authorised Share Capital of the Company be and is hereby increased from Rs. 1,80,00,00,000/- (Rupees One hundred eighty crores) divided into 14,70,00,000/- (Fourteen crores seventy lacs) Equity Shares of Rs. 10/- each and 33,00,000 (Thirtythree lacs) Redeemable Cumulative Preference Shares of Rs. 100/- each to Rs. 3,60,00,00,000 (Rupees Three hundred sixty crores) divided into 20,00,00,000 (Twenty crores) Equity Shares of Rs. 10/- each and 1,60,00,000 (One crore sixty lacs) Redeemable Cumulative Preference Shares of Rs. 100/- each."

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

"RESOLVED that the existing Clause V of the Memorandum of Association of the Company be and is hereby altered by substituting the following :-

"The Authorised Share Capital of the Company is Rs. 3,60,00,00,000/- (Rupees three hundred sixty crores) divided into 20,00,00,000 (Twenty crores) Equity Shares of Rs. 10/- each and 1,60,00,000 (One crore sixty lacs) Redeemable Cumulative Preference Shares of Rs. 100/- each with the rights, privileges and conditions attaching thereto as may be provided by the Articles of Association of the Company for the time being, with power to increase and

reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, guaranteed, qualified or special rights, privileges and conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the Articles of Association of the Company."

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

"RESOLVED that the existing Article 3 of the Articles of Association of the Company be and is hereby substituted by the following :-

"The Share Capital of the Company is Rs. 3,60,00,00,000 (Rupees three hundred sixty crores) divided into 20,00,00,000 (Twenty crores) Equity Shares of Rs. 10/- each and 1,60,00,000 (One crore sixty lacs) Redeemable Cumulative Preference Shares of Rs. 100/- each."

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

"RESOLVED that pursuant to Sections 80, 81 and other applicable provisions, if any, of the Companies Act, 1956 (including any amendments to or re-enactments thereof), the relevant provisions of the Memorandum and Articles of Association of the Company and Listing Agreement entered into by the Company with the Stock Exchanges and subject to the approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies and subject to such conditions and alterations as may be prescribed by them while granting such approvals, consents, permissions and sanctions which the Board of Directors of the Company (hereinafter referred to as the "Board") thinks fit in the interest of the Company, the Board be and is hereby authorised to issue, offer and allot Redeemable Cumulative Preference Shares of the face value of Rs. 100/- each of an aggregate value of upto Rs. 127 crores (Rupees one hundred twentyseven crores), at such rate of dividend, premium, if any, as may be determined by the Board, in one or more private offerings including private placements, in Indian Markets to investors (whether financial institutions, banks, mutual funds, companies and/or any other body corporate,





## GUJARAT STATE FERTILIZERS & CHEMICALS LTD.

### Notice

trusts, local bodies and/or any other person) and whether or not such investors are Members of the Company, on such terms & conditions and in such tranches as may be decided by the Board in its absolute discretion."

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

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

"RESOLVED further that the Board be and is hereby authorised to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of the Preference Shares and utilisation of the issue proceeds as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the members or

otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution."

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

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

"RESOLVED that pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and is hereby altered by inserting the following Heading and Article as Article 32-A after Article 32.

#### Article 32-A Buy Back of Shares

Notwithstanding anything contained in these Articles, subject to the provisions of Sections 77A & 77B of the Companies Act, 1956, the Company may, when and if thought fit, buy back such of the Company's own shares or securities as it may think necessary, subject to such limits, upon such terms and conditions, and subject to such approvals, as may be permitted by the law."

By Order of the Board

**S.W. Palnitkar**

General Manager (Legal) &  
Company Secretary

Fertilizernagar  
30th July, 1999

### NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. The present Statutory Auditors Messrs C.C. Chokshi & Co., Chartered Accountants, Branch Auditors for Polymers & Fibre Units, M/s. Haribhakti Shah & Co., Chartered Accountants, appointed by the Central Government will retire at the conclusion of Thirtyseventh Annual General Meeting. The Auditors of the Company for the current financial year will also be appointed by the Central Government as the Company continues to attract provisions of Section 619-B read with the provision of Section 619(2) of the Companies Act, 1956.
3. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business is annexed hereto.
4. As required under the Rule 4A of the Companies Unpaid Dividend (Transfer to General Revenue Account of Central Government) Rules, 1978, the Company hereby informs its Members that all unpaid/unclaimed dividends declared for and upto the Financial Year ended 31st March, 1994 have been transferred to the General Revenue Account of the Central Government. Members who have not encashed the dividend warrants for the said period are requested to claim the amount from the Registrar of Companies (Gujarat), Housing Board Building, Opp. Roopal Park Society, Ankur Char Rasta, Naranpura, Ahmedabad - 380013.
5. Relevancy of questions and the order of speakers at the meeting will be decided by the Chairman.

**37TH ANNUAL REPORT 1998-99****Annexure to Notice****EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956**

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

**Item No. 4**

Your Company envisages expansion programmes necessitating upward revision of the Authorised Preference/Equity Capital. It is, therefore, considered desirable by your Directors to increase the Authorised Capital of your Company from Rs. 180 crores to Rs. 360 crores subject to your consent and approval under the provisions of the Companies Act, 1956. The resolution is accordingly proposed. Your Directors recommend you to pass the resolution.

None of the Directors is in any way concerned or interested in passing this resolution.

**Item Nos. 5 & 6**

Consequent upon the increase in the Authorised Share Capital of the Company, the provisions of Capital Clause as contained in the Memorandum of Association and in the Articles of Association of the Company are accordingly proposed to be altered. Resolution Nos. 5 & 6 are recommended for your approval.

None of the Directors is concerned or interested in these resolutions.

**Item No. 7**

With a view to augmenting the resources of the Company, it is proposed to raise an amount of upto Rs. 127 crores through a further issue of Redeemable Cumulative Preference Shares of the face value of Rs. 100/- each. Detailed terms and conditions of the issue will be determined by the Board depending on the prevailing market conditions. In terms of the proposed resolution, approval is being sought to empower the Board to issue and allot

Preference Shares to investors who may not be the Members of the Company. Consent of the Members in General Meeting would therefore, be necessary pursuant to Section 81 of the Companies Act, 1956 and the listing agreement with the Stock Exchanges.

The Board of Directors recommend the resolution for your approval.

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

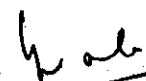
**Item No. 8**

With the amendment of the Companies Act, 1956, Sections 77A, 77AA & 77B have been inserted after Section 77 of the principal Act, enabling a Company to purchase its own shares or other specified securities subject to the provisions of Sub-section 2 of Section 77A and 77B. In order to buy-back its own shares, there should be a provision available in the Articles of Association of the Company. The resolution No. 8 is therefore proposed to amend the Articles of Association of your Company to enable it to buy-back its own shares at any time in future.

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

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

By Order of the Board



**S.W. Palmikar**  
General Manager(Legal) &  
Company Secretary

Fertilizernagar  
30th July, 1999



## GUJARAT STATE FERTILIZERS & CHEMICALS LTD.

### Directors' Report

To

The Members,

Your Directors are happy to present the Thirtyseventh Annual Report together with the Audited Accounts of your Company for the financial year ended 31st March, 1999.

#### FINANCIAL RESULTS AND APPROPRIATIONS

##### Summarised Results

	FOR THE YEAR ENDED	
	31-3-1999	31-3-1998
	(Rupees in lakhs)	
Gross Operating Revenue & Other Income	2,09,140.44	2,06,798.88
Gross profit for the year after meeting all expenses, but before providing for Depreciation and Taxation and transferring to Debenture Redemption Reserve is	23,228.65	26,135.45
From which is deducted :		
a) Depreciation	8480.37	7,263.48
b) Provision for taxation	1527.00	1,877.00
c) Debenture Redemption Reserve	1260.00	1,490.00
d) Capital Redemption Reserve	1100.00	—
	12,367.37	10,630.48
Leaving a balance of profit for the year	10,861.28	15,504.97
Excess provision for Taxation of earlier years	1.17	—
Balance of Profit & Loss Account brought forward	4,468.75	4,054.74
	15,331.20	19,559.71
Out of which your Directors have proposed appropriation and transfer as under :		
a) Proposed dividend on		
(i) Equity shares	3,590.87	3,590.87
(ii) Preference Shares (Interim/Final)	49.56	—
b) Tax on proposed dividend	399.96	359.09
c) General Reserve	1,561.00	11,141.00
	5,601.39	15,090.96
Leaving a balance in the Profit & Loss Account of	9,729.81	4,468.75

#### DIVIDENDS

Your Directors are happy to recommend the payment of dividend for the year ended 31.3.1999 @ Rs. 4.50 per equity share of Rs. 10/- each. The aggregate equity dividend amount of Rs. 3,590.87 lacs, if approved by the shareholders at the Annual General Meeting, will be paid out of the profits for the year. The Company will also pay tax on dividend at applicable rate. During the year under review your Company had declared and paid Rs. 49.56 lacs as interim dividend @ 10.75% on prorata basis for the period from 9-2-1999 to 31-3-1999 on 33 lacs Redeemable Cumulative Non-Convertible Preference Shares of Rs. 100/- each. Tax at applicable rate was paid on the said interim dividend. Your Directors have recommended that interim dividend on the said Preference Shares be considered as final dividend for the year ended 31-3-1999 and be adjusted accordingly.

#### DEMATERIALISATION OF SHARES

Your Company has admitted its Equity Shares in the Depository System of National Securities Depository Ltd. and has offered the investors the facility to hold the shares in electronic form and scripless trading of the same. As on 31st March 1999, 2,80,78,321 Equity Shares of Rs. 10/- each (35.19%) were dematerialised.

#### REDEEMABLE CUMULATIVE PREFERENCE SHARES

Pursuant to the authority vested in the Board of Directors at the last AGM, your Company made an issue of Redeemable Cumulative Non-convertible Preference Shares aggregating to Rs. 33 crores by private placement in the month of February, 1999 to meet the need of funds for Anone Debottlenecking, renovation of Nylon-6 and other long term capital expenditure.



## Directors' Report

### TURNOVER

Members will be happy to know that your Company has crossed the two thousand crore turnover in the year 1998-99 which reached to Rs. 2001.28 crores as against Rs. 1999.31 crores in the previous year. This was despite the fact that production of DAP at Sikka Unit had to be suspended for 39 days due to effect of cyclone in June-July 1998.

### FIXED DEPOSITS

As on 31st March, 1999 the repayment/renewal of 842 deposits amounting to Rs. 69.59 lacs could not be made for want of instructions thereof from the depositors. Letters were sent to the concerned deposit holders seeking their instructions. Till the date of this report 202 deposits amounting to Rs. 19.92 lacs have been repaid/renewed.

### RETENTION PRICE

The extended period of the Sixth Retention Pricing Period ended on the 31st March, 1997. The Seventh Pricing period has commenced from April 1, 1997. The policy proposals for the Seventh Pricing period are yet to be announced. In this connection, the Government of India appointed a High Power Committee which submitted its report to the Government in March 1998. However, it is understood that since the report came in for severe criticism from the industry, the Government is contemplating a modified Retention Pricing Scheme to replace the existing Retention Price Scheme.

Your Company had commissioned Cogeneration of Steam and Power Plant Phase-I in 1989 and Phase-II in 1990. The said Plants were offered to Fertilizer Industries Coordination Committee (FICC) for coverage under the Retention Price Scheme. During the year under review, FICC has made downward adjustment in the retention prices of fertilizers manufactured by your Company with retrospective effect from 31-3-1989. The Company has submitted a representation to FICC in respect of the parameters adopted for adjusting retention prices.

### OPERATIONAL PERFORMANCE

During the year under review, production of fertilizers at Baroda was 7.66 lakh MTs which was higher by about 0.22 lakh MTs than the previous year. However, production of DAP at Sikka Unit decreased to 5.24 lakh MTs. This was mainly due to the unprecedented havoc brought about by the cyclone in June-July, 1998. Total fertilizer production including by-product Ammonium Sulphate at Polymers Unit, was marginally lower at 12.97 lakh MTs during the year as compared to 13.33 lakh MTs during 1997-98. Production performance of all industrial products generally remained better.

### CURRENT PERFORMANCE

All fertilizer and other plants producing industrial products are presently working normal. Progress on the Nylon-6 rehabilitation is about 89%. Basic engineering and detailed engineering is fully complete. Mechanical completion has been prolonged due to delay

in completing civil and structural work as well as in procurement. Efforts are on to remove the constraints.

### EXPORT

Export of Caprolactam and MEK Oxime during the year was higher than the previous year. Export of Caprolactam was almost double from 3069 MTs in previous year to 5876 MTs during 1998-99. Similarly, export of MEK Oxime also registered an appreciable rise from 550 MTs in 1997-98 to 796 MTs during the year. Export turnover during the year under review was Rs. 29.67 crores as against Rs. 21.56 crores in the previous financial year.

### INSURANCE

All properties and insurable interests of the Company, including buildings, plant and machinery and stocks, have been insured. As required under the Public Liability Insurance Act, 1991, your Company has taken the necessary insurance cover.

### HEALTH, SAFETY AND ENVIRONMENT

Your Company continues to give priority in the field of safety, health and environment. During the year under review, your Company completed the action of procurement of an imported hydraulic platform. This will enhance the fire fighting resources available to your Company. Sustained efforts in the field of Safety for creating awareness among employees and the villagers in the surrounding villages are continuing. It is a matter of pride that during the year under review, your Company received two international awards in the field of safety. For operating the plants accident-free for more than 4.9 million manhours in the year 1998, National Safety Council, USA has given "Award of Honour" to your Company. British Safety Council, UK has also given an award for "Excellence in Safety".

All proceedings initiated by individuals and NGOs against your Company in the High Court of Gujarat and the Supreme Court have been dismissed after your Company was able to satisfy the Courts in respect of all allegations relating to deterioration in the quality of sub soil water, radio activity in the sub soil water, damage to crops, discharge of gaseous emissions and liquid effluents, etc. Your Company has also initiated effective steps to encapsulate the chalk storage on the basis of recommendation of the National Productivity Council, Gandhinagar and National Environmental Engineering Research Institute, Nagpur.

### WATER CHARGES

In July 1970, Government of Gujarat approached major industries of Baroda and the Baroda Municipal Corporation to participate in a scheme called PANAM PROJECT whereunder 100 MGD water was to be made available for irrigation purposes and 100 MGD to the participating industries who were supposed to pay the capital expenditure and water out of 100 MGD was to be shared by the participating industries viz. IPCL, IOC, GSFC & BMC in proportion to their capital cost contribution. Your Company had reserved a quantity of 17.83 MGD under the said



## Directors' Report

scheme and had paid the capital expenses. Under the scheme, no further charges, except the operation and maintenance charges, were to be borne by the participating industries. The arrangement leading to the said scheme was done through a draft agreement but inspite of protracted correspondence and meetings, the agreement was not executed. In May 1997 the Government issued a Notification imposing the water charges to be paid by the participating industries. Later the Government also unilaterally cancelled the participation by the industries. Thereafter several representations have been made to the Government. Your Company has shown utmost care and has adopted the process of re-representing to the Government to put forth its view in the matter.

### NEW PROJECTS & SCHEMES

#### 1350 MTPD Ammonia Expansion Plant

The 1350 MTPD Ammonia-IV plant is a modular construction having various sections like Reformer, Air Separation, Hydrogen, CO<sub>2</sub> Removal and Off-sites. After ensuring that all these sections are independently performing satisfactorily and that there are no process limitations, trial production commenced from the beginning of January 1999 and the plant has been running at various incremental loads. During 100% plant load some problems were observed which are being analysed in consultation with process licensors and equipment manufacturers. After completing these consultations and obtaining their recommendations, it is expected that the Guarantee Test Run of the plant would be undertaken and then the commercial production would commence.

#### Engineering Plastics Compounding Facility at Fibre Unit - Kosamba

For achieving value addition of chips, a compounding unit with a production capacity of 2000 MTPA was established at the Fibre Unit, at an estimated project cost of Rs. 11 crores. The unit also utilizes about 350 MTs of chips produced from Nylon-6 filament waste. The project was commissioned on 30-3-1999 ahead of schedule and with substantial saving in the cost. More importantly, the commissioning was done by your Company's engineers without any help from foreign expatriates, thus saving valuable foreign exchange. After rectifying initial engineering problems, the compounding unit is now operating satisfactorily. In the first quarter of 1999-2000, 75 MTs of compounded chips were produced and market acceptance is good. These compounded chips are used for variety of applications like automobile, hand applications, machinery parts, etc.

#### DAP Expansion at Sikka

For the proposed capacity expansion of DAP Plant at Sikka, discussions have been concluded with the Bidders for the Project and decision will be taken soon.

#### Anone Debottlenecking Project

With a view to enhance the production of Cyclohexanone, your Company undertook a project for Anone Debottlenecking at an estimated cost of Rs. 32 crores. Basic and detailed engineering work, ordering of indigenous and imported material and supply has been fully completed. Mechanical completion has been achieved. Commissioning and guarantee test run of the Anone Plant will be taken up after commissioning of the Oxygen Compressor. Guarantee test run will be taken after the plant stabilises which is expected to take about 2 months.

#### Urea Capacity Re-orientation Programme

A comprehensive feasibility report for the Urea capacity re-orientation programme has been submitted to the Govt. of India for their consideration. One of the constituents of Urea capacity re-orientation is revamping of the existing U-I & U-II Plants so as to increase the capacity by incorporating necessary balancing equipment as well as to make the plants more Eco-friendly. The report from the technology supplier for revamping proposal has been received. Depending on the status of approvals by the Govt. of India regarding overall re-orientation of urea capacity, decisions on urea revamping on stand alone basis would be taken.

#### Sikka Shore Terminal

The project construction work of the chemical storage at Sikka consisting of 6 storage tanks having total capacity of 27,000 Kg. Ltr. has been completed in all respects including Dock line between Jetty and Storage Terminal. The statutory permission from the Chief Controller of Explosives has been obtained for storage of hydrocarbons in the tanks constructed. Actions are being initiated to rent out storage space to the prospective customers.

### RESEARCH & DEVELOPMENT

R & D activities are concentrated around value additions, environment control and waste management. Value added products such as flame retardant nylon, high impact nylon and coating grade nylon powder are developed for commercial exploitation. Drip compatible fertilizers, micro-nutrients coated urea formulations granulated sulphur are also developed as value added fertilizers. For environment control and waste management, processes for detoxification of poisonous arsenic bearing sludge, conversion of sulphur muck into valuable plant nutrient, recovery of amyl alcohol and dicarboxylic acids from waste streams of Caprolactam plant are developed. Utilization of by-product phospho-chalk for production of building materials such as bricks, masonry cement, wood substitute is progressing.