

NATIONAL FERTILIZERS LIMITED
Annual Report 1998-99



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Plant at NFL Panipat



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MANAGEMENT ORGANISATION

BOARD LEVEL

Scope Complex, Core-III
7, Institutional Area,
Lodhi Road, New Delhi-110003

DINESH SINGH
Chairman & Managing Director

A.C. Saini
Director (Technical)

R.N. Joshi
Director (Finance)

S.K. Patra
Director (Marketing)

REGISTERED OFFICE

Scope Complex, Core-III
7, Institutional Area,
Lodhi Road, New Delhi-110003

CORPORATE HEADQUARTERS

A-11, Sector-24
District Gautam Budh Nagar,
NOIDA (U.P.) 201301

Personnel, Industrial Relations, Administration & Public Relations	N.K. Gupta	Executive Director
Vigilance	Sukhcharan Singh	Executive Director
Marketing	O.P. Kaviraj	General Manager
Finance & Accounts	A.K. Singhal	General Manager
Corporate Planning	Y.K. Mattoo	Addl. General Manager
Safety, Environment & Pollution Control & Project	L.K. Sharma	Addl. General Manager
Computer Services	V.K. Chadha	Dy. General Manager
Industrial Product Division	B.R. Mittal	Dy. General Manager
Company Sectt. and Legal	A.K. Maitra	Company Secretary
NANGAL UNIT	B.M. Ritolia	General Manager
PANIPAT UNIT	P.S. Grewal	General Manager
BATHINDA UNIT	S.K. Mehta	General Manager
VIJAIPUR UNIT - I & II	N.N. Chitkara	General Manager

BANKERS

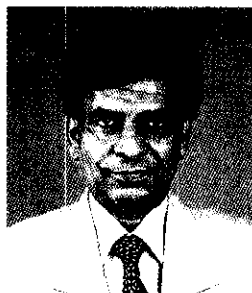
State Bank of India
Bank of India
State Bank of Patiala
State Bank of Hyderabad

AUDITORS

H.S. RUSTAGI & CO
New Delhi
V.C. GAUTAM & CO
New Delhi



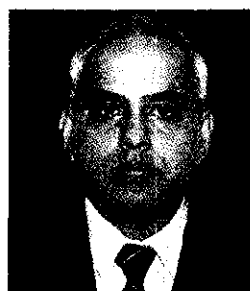
BOARD OF DIRECTORS (AS ON 31.3.99)



DINESH SINGH
CHAIRMAN & MANAGING DIRECTOR



D.K. SIKRI
JOINT SECRETARY (A&M)
DEPTT. OF FERTILIZERS



S. KABILAN
JOINT SECRETARY &
FINANCIAL ADVISOR
DEPTT. OF FERTILIZERS



H.S. KAMATH
CHAIRMAN & CHIEF EXECUTIVE
HEAVY WATER BOARD



K. SHANKAR NARAYANAN
AGRICULTURE PRODUCTION
COMMISSIONER
GOVT. OF MADHYA PRADESH



S.K. KAPUR
DIRECTOR
(NOMINEE OF IDBI)



A.C. SAINI
DIRECTOR (TECHNICAL)



R.N. JOSHI
DIRECTOR (FINANCE)



S.K. PATRA
DIRECTOR (MARKETING)



CORPORATE OBJECTIVES

NFL is an instrument of society. It has to service the needs of people within the scope of its basic objectives. To achieve this, NFL must :

- * Select capable people and improve their knowledge and skills on organised basis.
- * Motivate and enthuse the employees to achieve higher productivity with team spirit.
- * Lay down integrated objectives, define individual goals and maintain an atmosphere conducive to achievements of these goals.

The Corporate Objectives of NFL are:

BASIC CORPORATE OBJECTIVES

In terms of Memorandum of Association, NFL was set up to manufacture and market chemical fertilizers, other chemicals and-by products as well as to provide the allied services. In order to achieve and maintain a leading position in the production and marketing of fertilizers, the following Micro Objectives have been identified.

MICRO OBJECTIVES

1. Productivity

To achieve the best possible levels of production and economy in the use of inputs while ensuring safety and proper maintenance of plant and machinery and pollution control. More specifically (a) to strive to raise capacity utilisation and (b) to improve upon consumption norms consistently.

2. Research & Development

To carry out R&D activities for -

- a) increasing plant availability.
- b) saving use of energy in different forms,
- c) better recovery of saleable by-products,
- d) process improvement/development, and
- e) increasing utilisation efficiency on a sustained basis in the application of chemical fertilizers in combination with other agricultural inputs.

3. Profitability

To manage the assets, men and materials in most effective and efficient manner ensuring (a) reasonable return on investment commensurate with the principles laid down by the Government from time to time, and (b) generation of increasing internal resources.

4. Marketing & Consumer Services

- (a) To provide to the farmers high quality products in right time and in adequate quantities and with a package of modern agricultural practices, at the same time maintaining reputation for fair business practices.
- (b) To further intensify promotional efforts for increased use of fertilizers and to maximise distribution of Company's products within the areas covered by the Company, consistent with Government Policy.

5. Organisation

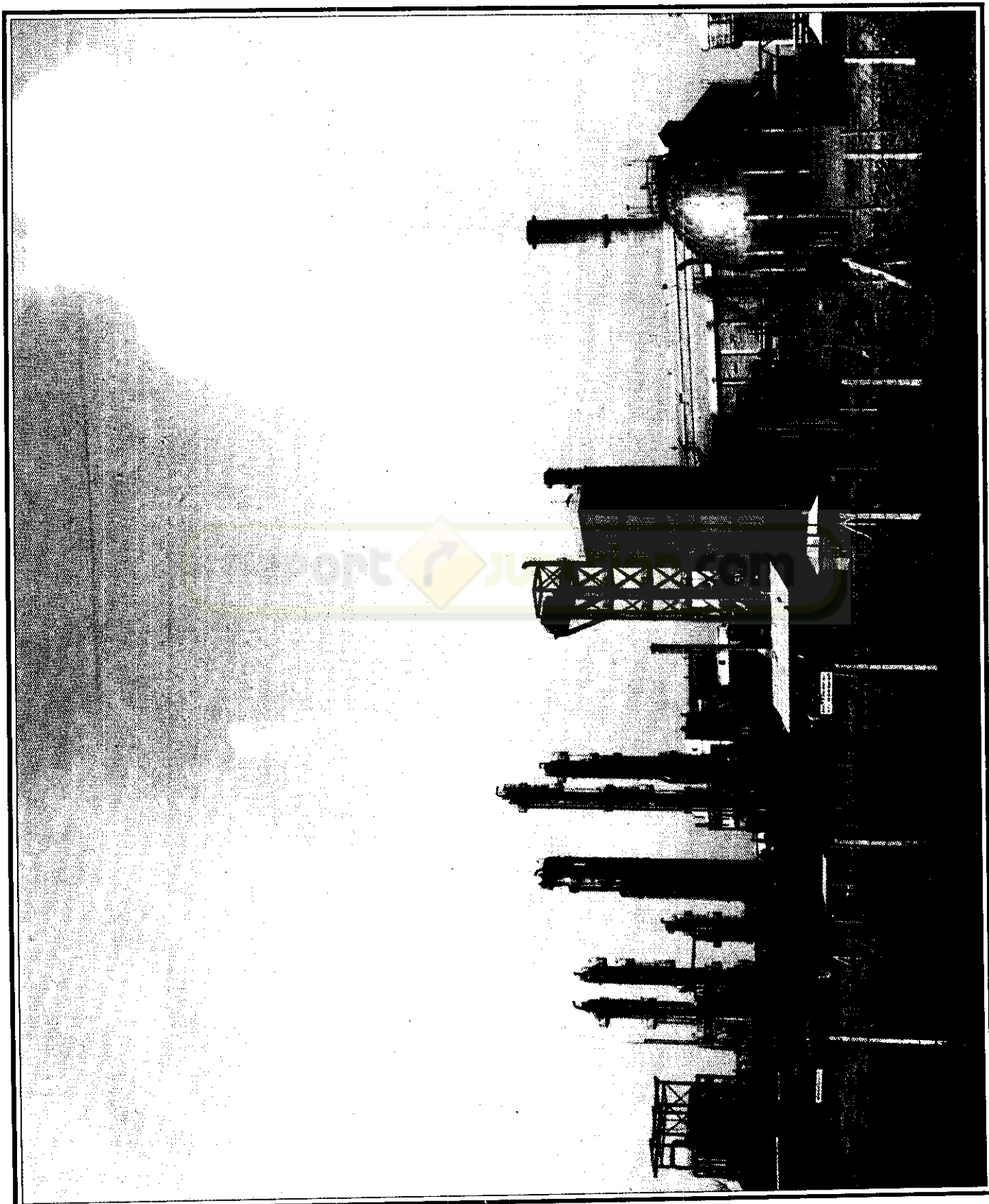
To develop and maintain an organisational environment for encouraging individual and group initiative, innovation and productivity and also sustain fair deal and humane approach.

6. Growth

- (a) To achieve reasonable and consistent growth in the business of manufacture and marketing of fertilizers and chemicals compatible with needs of the market.
- (b) To work out diversification/expansion schemes to increase profitability of the Company and meet the changing needs of the customers.

7. Obligations to Society

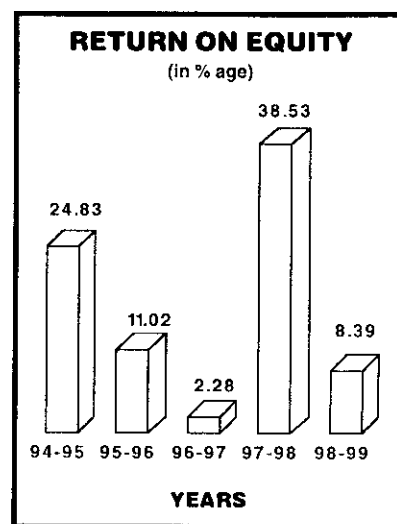
- a) To conduct the business of NFL in accordance with ethical and legal standards and to undertake socio-economic activities, consistent with Government policies, in order to generate good environment, in which the Company operates.
- b) To promote development of ancillary industries.





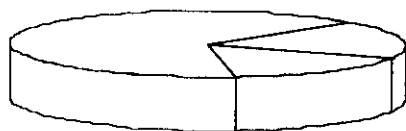
STRENGTHS OF NFL

- The Company with an excellent track record and high profits.
- An early starter - more than 25 years experience in the fertilizer industry.
- Highly motivated and dedicated workers and officers - no industrial relations problem.
- Plants situated amidst high fertilizers consumption areas in the States of Punjab, Haryana and Madhya Pradesh.
- Encouraging financial position - internal resources accounts for 65% of the investment in 1998-99.
- Lower Capital Cost - Plants at Bathinda, Panipat and Nangal fully depreciated - Vijaipur Plant with an investment of Rs. 533 crores and Vijaipur Expansion Plant with an investment of Rs. 1071 crores against the present grass-root plant cost of about Rs. 1500 crores.
- A well developed and efficient marketing network including private and institutional marketing arrangements.
- Only one nitrogenous fertilizer plant in Madhya Pradesh namely, NFL, Vijaipur with vast potentiality for growth.
- With the commissioning of Vijaipur Expansion Unit, the installed capacity touched 3 million tonnes per annum.



SOURCE-WISE TOTAL INVESTMENT

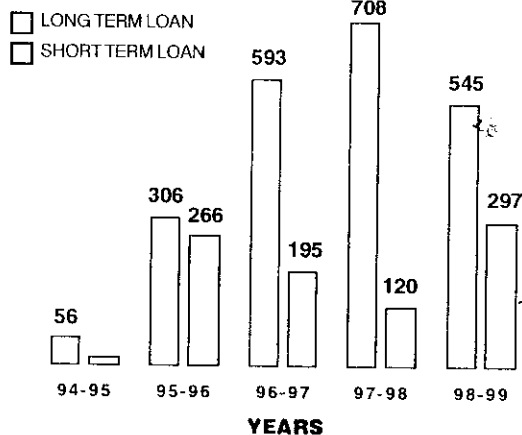
(As on 31.3.1999)



	Rs./Crores	%age
LOAN FUND	545	18.5
EQUITY	491	16.7
INTERNAL RESOURCES (AFTER DIVIDEND)	1911	64.8
TOTAL INVESTMENT	2947	

LONG/SHORT TERM LOAN

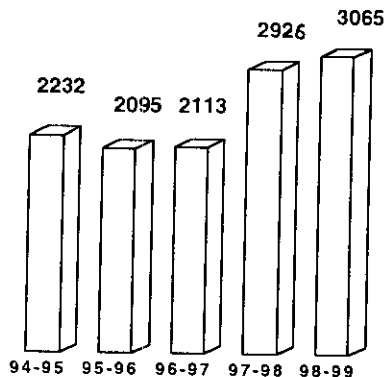
(Rs. in Crores)





FERTILIZERS HANDLED (UREA)

(In thousands MT)



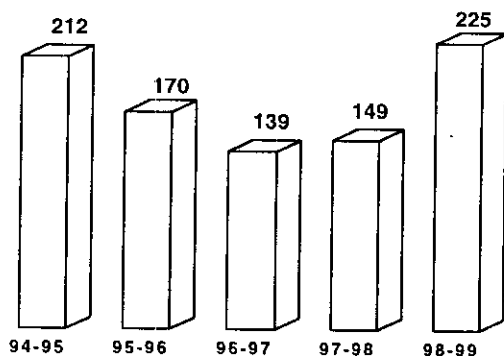
YEARS

- Bio-Fertilizers plant of 100 Tonnes capacity per annum at Indore in Madhya Pradesh.
- Excellent financial management - present debt equity ratio 0.43:1 Ratio of tangible net worth to long term liabilities 3:1.
- Excellent growth prospects with significant additions, modifications and replacements.
 - Proposed setting up of a Naphtha/LNG based Ammonia-Urea Complex at Panipat with a production capacity of 2200 TPD of Urea under consideration of Government of India.
 - Expansion of Urea Plant at Nangal with a capital outlay of Rs. 135.13 crores to expand the Urea capacity by 450 MTPD.



FERTILIZERS HANDLED (CAN)

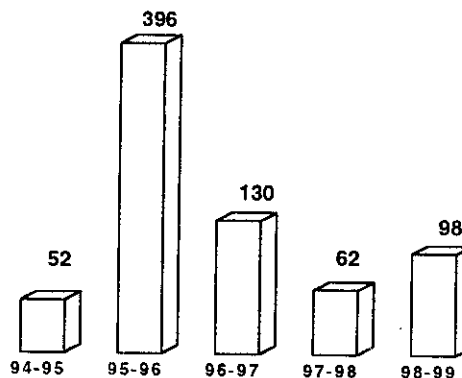
(In thousands MT)



YEARS

FERTILIZERS HANDLED (OTHERS)

(In thousands MT)



YEARS



EFFORTS FOR SOCIO-ECONOMIC DEVELOPMENT OF THE COUNTRY

NFL, no doubt, produces and markets fertilizers, but is also highly conscious of its role as a member of the society and is a forerunner in fulfilling its social obligations. In the matter of Socio-Economic Development of the country, it has always been an active partner.

NFL has a network of 10,000 sale points, including about 1800 dealers for distribution of its products; namely, Urea and CAN. The marketing strategy of the Company has the basic aim to keep all the farmers satisfied by making all out efforts to provide the products at their door step i.e. the nearest point at affordable uniform prices. The marketing efforts are also supported by a total service package under one roof so as to make the farmers equally loyal to the Company's products. In addition to the above, the Company also conducts programmes to educate the farmers on the use of fertilizers, use of agricultural equipment and machines, timely application of fertilizers in appropriate quantity, use of high quality and purity seeds, use of pesticides, fungicides and weedicides and also to provide guidance on other areas and related matters.

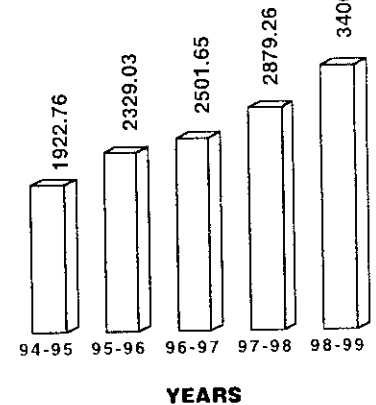
The Company has adopted number of villages in the States of Punjab, Haryana, Madhya Pradesh and Uttar Pradesh. It is further extending its activities for village adoption and other allied services for the improvement of rural masses in the distant areas of Bihar and under-developed parts of Madhya Pradesh in a big way. A Pilot Project on Sustainable Integrated Rural Development in Bastar District of Madhya Pradesh under the title 'Sulabh National Fertilizers Development Initiative for Tribal Areas (SUNADITA)' has been undertaken by the Company in commemoration of the 50th Anniversary of India's Independence. The mission of the Project is to help the farming communities in eradicating poverty and empowering people with self-sustaining process of economic well-being. The major areas of activities under the Project are as under:

- Sanitation and community health;
- Employment Generation through vocational training/functional literacy;
- Use of non-conventional sources of energy;
- Agricultural and horticultural development programme.

NFL has not hesitated to utilise a portion of its funds for the benefit of the poor, handicapped and down-trodden. The Company has been contributing to the noble causes, like rehabilitation of handicapped, in cash and in kind and has earned a name in this direction. It has held many camps for distributing items of the nature of wheel chairs, tricycles, hearing aids, spectacles etc, apart from providing necessary medical advice to the handicapped by holding various transit camps. A medical care scheme was also organised by the Rajiv Gandhi Foundation in the Guna Distt. of Madhya Pradesh under the sponsorship of NFL, whereby a 'Hospital on wheels' train was stationed at Guna for a month. This was a grand success wherein thousands of poor rural people had the opportunity to visit this medical camp and take advantage of the free services extended.

STAFF WELFARE & SOCIAL OVERHEADS

(Rs. in Lakhs)





Free Health Camp at NFL Hospital, Panipat

It may not be out of place to mention that a lot of developmental activities have also been undertaken by the Company in the remote areas by way of organising demonstration farms, agricultural melas, farmers get together programmes etc. The Company has also donated tractors, farmers kits, combine harvesters etc. to the State of Madhya Pradesh for day to day use for agricultural purposes. The Company has been aware of its social obligations and responsibilities to its employees and to outsiders alike on the social facilities alone. The Company spends a substantial portion of its income on welfare and social activities. From an expenditure of about

Rs. 10 crores incurred during 1989-90 on staff welfare and social activities, the Company at present spends around Rs. 34 crores on this account. This represents the expenditure on matters like education, township, medical facilities, transportation and many other activities like sports, recreational facilities etc.

The Company views pollution and environmental degradation seriously, which are extremely harmful for socio-economic development of the country. The Company has been according the highest priority to Pollution Control and Ecology Development in all its Plants. Sophisticated pollution control measures have been adopted to meet the prescribed standards. In this context, The Company has won many awards on account of pollution and environmental control. The Company has also played a very significant role in preservation of ecology by planting lacs of trees in and around its plants as a consequence of which, a lot of greenery has been developed which makes the environment fresh and healthy. The total land covered under the Tree Plantation Programme at NFL plants put together is around 925 acres.

Generally, NFL's philosophy has been based on attaining excellence in every sphere of activity whether it is production, profitability, socio economic development, environmental, pollution control or peripheral development. We feel, it is our duty to discharge our functions not merely as manufacturers and marketeers of fertilizers, but also as a useful tool instrumental for bringing out desirable socio economic development in the country and our objectives at Company level are tied up with the socio economic objectives of the Govt. of India, of which we are a part and to whom we owe our growth.