

**NATIONAL FERTILIZERS LIMITED  
(A GOVT. OF INDIA UNDERTAKING)**



**NOTICE OF ANNUAL GENERAL MEETING  
SEPTEMBER 27, 2000  
AT 3.00 P.M.**

**REGD.OFFICE:**

**SCOPE COMPLEX, CORE-III,  
7, INSTITUTIONAL AREA, LODI ROAD,  
NEW DELHI- 110003.**

**NATIONAL FERTILIZERS LIMITED**  
**REGD.OFFICE: SCOPE COMPLEX, CORE-III,**  
**7, INSTITUTIONAL AREA, LODI ROAD,**  
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**NOTICE OF ANNUAL GENERAL MEETING**

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**REGD.OFFICE: SCOPE COMPLEX, CORE-III,**  
**7, INSTITUTIONAL AREA, LODI ROAD,**  
**NEW DELHI- 110003**

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 26<sup>th</sup> Annual General Meeting of the Members of the National Fertilizers Ltd., will be held on 'Wednesday', the 27<sup>th</sup> September, 2000 at 3.00 P.M. at Mirza Ghalib Chamber, SCOPE Complex, Core-VIII, 7, Institutional area, Lodi Road, New Delhi, to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2000 and the Profit & Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To declare dividend.

**SPECIAL BUSINESS**

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

"RESOLVED THAT Shri Suresh Chandra, who was appointed as a Director of the Company pursuant to Article 76 (4) of the Articles of Association of the Company and Section 262 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a Notice in writing proposing his candidature for the office of a Director under the provisions of Section 257 of the Companies Act, 1956 and who is eligible for appointment to the office of a Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation".

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

"RESOLVED THAT Shri Aditya Vijay Singh, who was appointed as a Director of the Company pursuant to Article 76 (4) of the Articles of Association of the Company and Section 262 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting and in

respect of whom the Company has received a Notice in writing proposing his candidature for the office of a Director under the provisions of Section 257 of the Companies Act, 1956 and who is eligible for appointment to the office of a Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation".

By Order of the Board of Directors



(A.K.Maitra)  
Company Secretary

New Delhi  
Dated: 31<sup>st</sup> August, 2000

**Regd.Office**  
**SCOPE Complex, Core-III, 7, Institutional area, Lodi Road, New Delhi-3.**

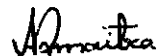
**Notes:**

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 OF THE COMPANY. PROXY FORM SHOULD BE LODGED WITH THE COMPANY AT ITS REGISTERED OFFICE NOT LATER THAN FORTY EIGHT HOURS (48 HOURS) BEFORE THE SCHEDULED TIME OF THE MEETING (BLANK PROXY FORM IS ENCLOSED).
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Special Business as set out above is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from Wednesday, the 20<sup>th</sup> September, 2000 to Wednesday, the 27<sup>th</sup> September, 2000 (both days inclusive).
4. Only Members carrying the Attendance Slips or holders of valid proxies registered with the Company will be permitted to attend the meeting. In case of joint holders, only first named shareholder or proxy appointed by him/her will be permitted to attend the meeting.
5. The Dividend on the Equity Shares as recommended by the Board of Directors for the year ended 31.3.2000 when sanctioned at the Annual General Meeting of the Company will be payable within forty-two days

from the date of declaration of Dividend by the members i.e. on or before 8<sup>th</sup> November, 2000 to those shareholders whose names appear on the Company's Register of Members as on Wednesday, the 27<sup>th</sup> of September, 2000.

6. Members are requested to notify immediately change in their address, if any, with Pin Code to the Registered Office of the Company, quoting their Folio Number, Banker's Name and Account Number, to ensure prompt and safe receipt of dividend warrants.
7. Members desirous of getting any information about the accounts and operation of the Company are requested to address their queries to the Company Secretary at least seven days in advance of the meeting so that the information required can be made readily available at the meeting.
8. Members are requested:
  - a) to bring their copies of Annual Report, Notice and attendance slip at the time of the meeting.
  - b) to quote their Folio Nos. in all correspondence.
  - c) To note that no gifts will be distributed in the AGM
9. The Company has listed its shares at Mumbai, Delhi, Calcutta and Madras Stock Exchange. Upto date listing fee of these exchanges has been paid.

By Order of the Board of Directors



(A.K.Maitra)

Company Secretary

To,

1. All Members of the Company.
2. Auditors of the Company.
3. Public Trustee, Deptt. of Company Affairs, New Delhi.

Copy to:

1. Executive Director, Stock Exchange, New Delhi, Mumbai, Calcutta, Chennai.
2. All the Directors.

## **ANNEXURE TO THE NOTICE**

### **EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956**

The following explanatory statement sets out the material facts relating to the business mentioned in items no. 3 & 4 of the accompanying Notice dated 31<sup>st</sup> August, 2000:

#### **ITEM NO.3**

Shri Suresh Chandra, aged about 54 years is the Joint Secretary & Financial Adviser, Department of fertilizers, Govt. of India, New Delhi. As per the recommendation of the Government of India, Shri Chandra was appointed as a Director of the Company with effect from 27.1.2000 to fill the vacancy caused due to the resignation of Shri S. Kabilan and holds office upto the date of 26<sup>th</sup> Annual General Meeting of the Company as provided under Section 262 of the Companies Act, 1956, read with Article 76(4) of Articles of Association of the Company and is eligible for reappointment.

Shri Chandra has rich and varied experience and is also a Director on the Board of Madras Fertilizers Ltd., KRIBHCO, ICI (India) Ltd., Hindustan Organics Chemicals Ltd.

In terms of Section 257 of the Companies Act, 1956, the Company has received a Notice proposing his candidature for the office of the Director of the Company.

None of the Directors of the Company except Shri Chandra is in any way concerned or interested in the Resolution.

#### **ITEM NO.4**

Shri Aditya Vijay Singh, aged about 56 years is the Agriculture Production Commissioner, Govt. of Madhya Pradesh, Bhopal. As per the recommendation of the Government of India, Shri Singh was appointed as a Director of the Company with effect from 28.5.2000 to fill the vacancy caused due to the resignation of Shri S. K. Ray and holds office upto the date of 26<sup>th</sup> Annual General Meeting of the Company as provided under Section 262 of the Companies Act, 1956, read with Article 76(4) of Articles of Association of the Company and is eligible for reappointment.

Shri Singh had been associated with the Company as Director and Managing Director during the period May 24, 1996 to August 24, 1996. He has rich and varied experience.

In terms of Section 257 of the Companies Act, 1956, the Company has received a Notice proposing his candidature for the office of the Director of the Company.

None of the Directors of the Company except Shri Singh is in any way concerned or interested in the Resolution.

**By Order of the Board of Directors**



**(A.K.Maitra)**

**Company Secretary**



**DIRECTORS' REPORT**

**Dear Members,**

Your Directors take pleasure in presenting the 26<sup>th</sup> Annual Report of your Company together with Audited Accounts for the year ended March 31, 2000.

**FINANCIAL REVIEW**

Your Company has completed yet another successful year in 1999-2000, despite operating in a highly competitive environment and sluggish fertilizer demand.

**Financial Performance :**

	(Rs./Crores)	
	1999-2000	1998-99
Sales Turnover	2452.66	2289.53
Profit before Interest & Depreciation	257.81	306.88
Interest	124.98	150.74
Depreciation	101.90	97.78
Profit before Tax	30.93	58.35
Provision for Taxation	3.25	17.21
Profit available for appropriation	34.89*	41.15
Proposed Dividend	10.47	12.34
Corporate Dividend Tax	2.30	1.23
Transfer to General Reserve	4.42	5.51
Profit carried forward to Balance Sheet	17.69	22.05

\*Includes Income tax refund of earlier year of Rs.7.21 crores.

1999-2000\* was a difficult period for the fertilizer industry as it faced glut situation in the domestic market resulting greater stress on margins. Negative variance in profits is attributable to curtailment of production due to insufficient movement orders because of sluggish demand, ad hoc recovery by FICC on sale of ammonia, increase in freight and marketing expenses.

Your Directors recommend for your approval **a dividend @ 2.13%** on the paid up equity capital as on 31<sup>st</sup> March, 2000 amounting to Rs. 10.47 crores. The company has also made a provision of Rs. 2.30 crores towards dividend tax.



## PRODUCTION REVIEW

Your Company has been able to achieve a good operating performance in a highly competitive business environment and subdued industrial climate in the country particularly in the fertilizer segment. Despite curtailment in production, Company could maintain the tradition of high capacity utilization achieving an overall capacity utilization of 109.96% during 1999-2000 (111.07% previous year). Company produced 31.37 lac MT of Urea against the target of 30.57 lac MT. In terms of nutrients including CAN, the company produced 14.82 lac MT fertilizer nitrogen.

Production Performance of the plants during the Year is as under:-

Unit	<u>Target</u>		<u>Actuals</u>	
	(MT)	Cap.Uti.(%)	(MT)	Cap.Uti.(%)
Nangal	220270	95.21	197225	85.25
Panipat	235290	100.00	245109	104.17
Bhatinda	235290	100.00	249939	106.23
Vijaipur-I	379500	113.64	374048	112.00
Vijaipur-II	389620	116.67	415450	124.40
Industrial N	25690	-	24551	
Total	1485660	108.46	1506322	109.96

During the year Vijaipur II made a record production of 9.03 lac MT of Urea, registering an increase of 4.8% over the last year. The production of Bhatinda Unit increased by 7.9% over the last year.

CAN Production at Nangal was on the lower side mainly on account of its cost viability. Urea production at Nangal, Panipat and Bhatinda had to be curtailed intermittently because of high silo stocks and insufficient movement orders from government resulting in a production loss of 65,804 tonnes of urea. Also the production of Industrial Products was affected on account of increase in the cost of inputs, mainly naphtha and cheap availability via imports.

Notwithstanding the constraints, the percentage share of the company towards production of nitrogenous fertilizer in the country for 1999-2000 is estimated at 13.6%.

## MARKETING REVIEW

There was sluggish market demand and glut situation for urea throughout the year. While strengthening the existing customer base, continuous improvements were made to serve the specific market segments. A concerted effort towards improving the product quality and packaging and effective rapport with the dealers, has helped the company in marketing around 30.16 lac tonnes of urea and 1.85 lac MT of CAN during the year. The sale of Industrial Products is at 89.00 crores .

### **MANPOWER EXPERTISE**

One of the areas identified for diversification is exploiting the potential for marketing of specialized technical services and manpower expertise wherein the company has been able to take up a number of assignments within India and abroad earning lots of appreciation and accolades from the borrowers.

During the year the Company has provided specialized technical services to IOC, Panipat, Hyundai Heavy Engineering & Construction Ltd. for HPCL Refinery Mumbai, Chambal Fertilizers Ltd., Kota in association with TEC, Japan, Haldia Petrochemicals Ltd., West Bengal in association with TEC, Japan, Hyundai Heavy Industries Co. Ltd. for HPCL Refinery Mumbai and Numaligarh Refinery, Assam. In the current year the company has taken up the assignment at Fertilizer Complex, Venezuela, Latin America in association with Snam Progetti, Italy,

### **ICC ARBITRATION PROCEEDINGS**

ICC Award in the arbitration proceedings between NFL and M/s Karsan had been delivered in favour of your company on December, 1998 thereby awarding US \$ 47.044 million inclusive of 5% interest upto 31.3.1999. The amount of Award including interest as at 31.3.2000 stands at Rs.214.77 crores. The counter claims of M/s Karsan were rejected. M/s Karsan have filed a petition with the District Court Amsterdam for setting aside the award. Your Directors have taken all possible steps to defend the Award. Simultaneously, vigorous efforts are being made to enforce the Award against already identified assets lying in various countries in the name of M/s Karsan, their executives and associates with close cooperation of various agencies.

### **MODERNISATION AND OTHER CAPITAL SCHEMES**

#### **Nangal Urea Revamp**