

//Certified Copy//
K. C. Prakash

K. C. PRAKASH
Company Secretary,
Rashtriya Chemicals & Fertilizers Ltd.
Bombay-400 022.

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21ST ANNUAL REPORT 1998-99

RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED



Rashtriya Chemicals and Fertilizers Limited
"Priyadarshini", Eastern Express Highway, Sion,
Mumbai - 400 022.

Annual Report 1998-99

Contents	Page No.
1. Board of Directors	3
2. Notice	4
3. Directors' Report	6
4. Auditors' Report	14
5. Comments and Review of the Accounts by the Comptroller and Auditor General of India	17
6. Balance Sheet as at 31st March, 1999	23
7. Profit & Loss Account for the year ended 31st March, 1999	25
8. Schedules to the Balance Sheet	27
9. Schedules to the Profit & Loss Account	36
10. Cash Flow Statement	60



RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED

Board of Directors

- | | |
|--|---|
| 1. Shri D. K. Varma
Chairman & Managing Director | 6. Shri Y. S. Bhawe
Secretary [Industries]
Government of Maharashtra
Mantralaya, Mumbai. |
| 2. Shri S. Balan
Director [Finance] | 7. Shri S.P. Mukherjee
[Chairman & Chief Executive]
Heavy Water Board
Vikram Sarabhai Bhavan
Anushakti Nagar, Mumbai 94.
[upto 30.9.98] |
| 3. Shri H.C.P. Sinha
Director [Technical] | 8. Shri H.S. Kamath
[Chairman & Chief Executive]
Heavy Water Board
Vikram Sarabhai Bhavan
Anushakti Nagar, Mumbai 94.
[w.e.f. 26.11.98] |
| 4. Shri U.S. Jha
Director [Marketing]
[w.e.f. 6.3.99] | 9. Shri D.K. Sikri
Joint Secretary,
Department of Fertilizers
New Delhi.
[w.e.f. 23.7.99] |
| 5. Shri Pradeep Singh
Executive Director,
Fertilizer Industry
Coordination Committee
Sewa Bhavan,
R.K. Puram, New Delhi. | |

Company Secretary

Shri K.C. Prakash

Bankers

State Bank of India
Mahul Road Branch
Chembur, Mumbai 400 0074.

Statutory Auditors:

M/s T.R. Chedha & Co., Mumbai
M/s K.S. Aiyar & Co., Mumbai
M/s Chandulal M. Shah & Co., Ahmedabad

Share Transfer Agent

M/s. Intime Spectrum Registry Pvt. Ltd.
Shree Ganesh Industrial House,
1st Floor, "B Wing",
Waman Tukaram Patil Marg,
Chembur, Mumbai 400 071.

Registered Office

"Priyadarshini"
Eastern Express Highway,
Sion, Mumbai 400 022.



RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED

RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED
 Registered Office, "Priyadarshini", Eastern Express Highway
 Sion, Mumbai 400 022.

NOTICE**TWENTY FIRST ANNUAL GENERAL MEETING**

NOTICE is hereby given that the TWENTY FIRST ANNUAL GENERAL MEETING OF THE MEMBERS OF RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED will be held at Sivaswamy Auditorium, The Fine Arts Cultural Centre, Plot No. 16 & 21, R.C. Marg, Near Railway Station, Chembur, Mumbai 400 071 on Thursday, the 23rd day of September, 1999 at 3 PM. to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 1999 and Balance Sheet as at that date together with the Reports of Directors and Auditors thereon.
2. To declare dividend if any.
3. To appoint a Director in place of Shri Pradeep Singh, Director, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri Y.S. Bhawe, Director, who retires by rotation and being eligible, offers himself for reappointment.

SPECIAL BUSINESS :

5. To appoint Shri H.S. Kamath, as Director, of the Company and to consider and, if thought fit, to pass with or without modification, the following resolution as Ordinary Resolution:
"RESOLVED THAT pursuant to Section 255, 257 and other applicable provisions of the Companies Act 1956, if any, Shri H.S. Kamath, be and is hereby appointed as Director of the Company who shall be liable to retire by rotation".
6. To appoint Shri U.S. Jha, as Director, of the Company and to consider and if thought fit, to pass with or without modification, the following resolution as Ordinary Resolution:

"RESOLVED THAT pursuant to Section 255, 257 and other applicable provisions of the Companies Act, 1956, if any, Shri U.S. Jha, be and is hereby appointed as Director of the Company who shall be liable to retire by rotation".

7. To appoint Shri D.K. Sikri, as Director of the Company and to consider and if thought fit, to pass with or without modification, the following resolution as Ordinary Resolution:

"RESOLVED THAT pursuant to Section 255, 257 and other applicable provisions of the Companies Act, 1956, if any, Shri D.K. Sikri, be and is hereby appointed as Director of the Company who shall be liable to retire by rotation".

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

"RESOLVED THAT pursuant to Section 293[1][a] and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals as may be needed from Government and other authorities, the Board of Directors be and is hereby authorised, to incorporate a Joint Venture Company in the name and style of RCF-UCB Chemicals Limited [or any name as closely resembling there to, hereinafter referred as JVC] and to sell, lease and/or transfer any of the assets of the Company to the JVC after its incorporation, to the extent not exceeding in a value of Rs. 25 crore against allotment to the Company, of equity shares at par by the JVC."

By order of the Board of Directors

K. C. Prakash
 Company Secretary

Place : Mumbai
 Date : 09-08-1999

Notes:

1. A Member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and on a poll to vote instead of himself and that the said proxy need not be a Member of the Company. The instrument appointing the proxy shall be deposited at the Registered Office of the Company not later than forty-eight hours before the time fixed for holding the meeting.
2. Explanatory Statement of material facts pursuant to Section 173[2] of the Companies Act, 1956 for Items No.5, 6, 7 and 8 is annexed hereto.
3. Register of Members and Share Transfer books will be closed from 9th September, 1999 to 23rd September, 1999 [both days inclusive].
4. Members are requested to notify immediately any changes in their address to the Company or its Transfer Agents.
5. Any clarifications needed by the members of the Company may be addressed to the Company Secretary atleast seven days prior to the date of Annual General Meeting.



RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED

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

The following Explanatory Statement sets out the material facts referred to in Items No. 5, 6, 7 and 8 of the Notice convening the 21st Annual General Meeting:

Item No. 5

Shri H.S. Kamath, who was appointed as Additional Director of the Company, in the 200th Board Meeting pursuant to Section 260 of the Companies Act, 1956 and Article 81 [5] of Articles of Association of the Company, will hold the office till the date of 21st Annual General Meeting.

Notice under Section 257 of the Companies Act, 1956 has been received by the Company, from a shareholder signifying his intention to propose the candidature of Shri H.S. Kamath, for the office of Director of the Company. Shri H.S. Kamath, is presently the Chairman and Chief Executive of Heavy Water Board. His vast range of knowledge and experience in the Government as well as on the Boards of several Companies would greatly benefit the Company if he is on the Board of Directors of your Company.

None of the Directors, other than Shri H.S. Kamath, is interested in the above resolution.

Item No. 6

Shri U.S. Jha, was appointed as Director [Marketing] of the Company, pursuant to Section 260 of the Companies Act, 1956 and Article 81(5) of the Articles of Association.

Notice under Section 257 of the Companies Act, 1956 has been received by the Company from a shareholder signifying his intention to propose the candidature of Shri U.S. Jha for the office of Director of the Company. Shri U.S. Jha has worked with Department of Fertilizers as Joint Commissioner and with the Railways as Executive Director [Freight & Marketing]. His vast range of knowledge and experience in the Railways and Department of Fertilizers would greatly benefit the Company if he is one the Board of Directors.

None of the Directors, other than Shri U.S. Jha, is interested in the above resolution.

Item No. 7

Shri D.K. Sikri, was appointed as Director of the Company, pursuant to Section 260 of the Companies Act, 1956 and Article 81(5) of the Articles of Association.

Notice under Section 257 of the Companies Act, 1956 has been received by the Company from a shareholder

signifying his intention to propose the candidature of Shri D.K. Sikri for the office of Director of the Company. Shri D.K. Sikri, is presently working as Joint Secretary, Department of Fertilizers, New Delhi. His vast range of knowledge and experience in the Ministry of Chemicals and Fertilizers, Department of Fertilizers, would greatly benefit the Company if he is on the Board of Directors.

None of the Directors, other than Shri D.K. Sikri, is interested in the above resolution.

Item No. 8

The Company is envisaging to set up a Joint Venture Company with UCB S.A. [Chemical Sector] Belgium with equity participation in the ratio of 50:50 for manufacturing and marketing Methylamines, Dimethyl Formamide [DMF] and other derivatives. UCB S.A. is a multinational Company having several manufacturing units around the world and are the global market leaders for Methylamines and derivatives.

RCF has existing facilities at Thal unit for manufacturing 5000 MT of Methylamines which needs to be increased substantially with latest technology to take advantage of the market demand.

UCB has agreed to supply technology and upgrade the existing facilities by contributing to equity in cash. The Company's contribution shall be about Rs. 22 to 24 crore by transferring the assets to JVC and leasing the land of about 31500 sq. metre on which the present Methylamines plant is situated. The Project when implemented is expected to yield a return of about 20% and would be a highly profitable venture.

Whilst this sale, transfer or lease does not constitute selling of the whole or substantially the whole of the undertaking of the Company and thus does not require the approval of the shareholders in strict sense, as an abundant caution the approval of the Company is being sought.

The detailed Feasibility Report, as also the draft Joint Venture Agreement and drafts of other legal documents are available for inspection by interested members at the registered office of the Company.

None of the Directors is interested in the above resolution.

By order of the Board of Directors

K.C. Prakash
Company Secretary

Place : Mumbai
Date : 09-08-1999



RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED

DIRECTORS' REPORT

The Directors of your Company have pleasure in presenting their 21st Annual Report on the working of the Company together with the Audited Accounts for the year ended 31st March, 1999.

1.0.0 GENERAL :

Your Company has turned into a Rs. 2,000 crore Company during the financial year 1998-99, having achieved the highest ever turnover of Rs.2,061 crore as compared to Rs. 1,747 crore achieved during the previous year. Your Company has thus maintained the same high growth rate achieved during the past three years and also recorded the highest turnover in Industrial Products Division at Rs. 216 crore against Rs.213 crore registered during the previous year, despite severe recession in the sector.

1.1.0 Mini Ratna Status :

Your Company has been given 'Mini Ratna' status by the Government of India and is entitled for greater autonomy in taking several major decisions including investment plans and setting up joint ventures. Government is in the process of appointing non-official Directors on the Board, in order to facilitate your Company avail of the benefits of the Mini Ratna Status. It is likely that the requisite Directors shall be appointed soon.

1.2.0 Corporate Governance :

Your Company has adopted Corporate Governance code and is committed to enhancing the value to the stake holders viz. Share holders, Government, employees, the Creditors and the Society in general. Your Company believes in meeting the social obligations as a PSU and stake holders aspirations. The Decision making process has been strengthened to take full advantage of opportunities created by economic liberalisation and at the same time to all that decisions are transparent.

The Board presently consist of eight Directors of whom four are part time Directors, coming with expertise in Administration and Industrial Management. In line with Mini Ratna Status, three more professional Directors are likely to join the Board shortly.

As per the policy of the Company, apart from the matters which are required to be statutorily decided by the Board, all other major decisions involving large investments and capital expenditure, mobilisation of resources, employee's compensation etc. are taken by the Board, which meets on an average in about 40 days.

The Board has constituted the following Committees comprising of functional and part time directors to take decisions, review policies and systematise management process.

- i] Management Committee
- ii] Audit Committee
- iii] Procurement Committee
- iv] Share Transfer Committee

The Board is considering setting up of a few more Committees in other areas of operation in order to ensure speedy decisions.

2.0.0 FINANCIAL PERFORMANCE :

2.1.0 Financial highlights for the year 1998-99 are as under :

During the financial year, your Company had registered a growth in turnover of 18%. The Gross Profit from the operations at Rs.355.99 crore registered an increase of 10.4% over previous year. The Profit Before Tax without adjusting extraordinary provision of Rs. 87.06 crore towards the Inter corporate loan indicated an increase of 5.5%. Your Company earned net operating profit of Rs.273.70 crore compared to Rs.258.86 crore earned in the previous year. This increase, has been achieved mainly due to the increase in the production of fertilizers, trading of imported fertilizers, savings in energy consumption, cost control measures and application of Total Quality Management techniques.

Summary:

	Rs. Crore	
	1998-99	1997-98
Turnover and other income	2090.71	1780.13
Less: Cost of Sales	1734.72	1458.97
Gross Profit	355.99	321.16
Less: Depreciation	39.10	31.91
Less: Interest [Net]	42.50	31.21
Profit after interest and depreciation	274.39	258.04
Prior year adjustments [(Dr)/Cr]	(0.69)	0.82
Net profit before tax [excluding Provision for extraordinary write-off]	273.70	258.86
Provision for extraordinary write-off	87.06	--
Provision for taxation	81.00	69.49
Net Profit/[Loss] after tax	105.64	189.37



RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED

2.2.0 Dividend :

In view of good performance of your Company, the Board of Directors recommended payment of dividend at the rate of 6% of the share capital, which would absorb Rs. 36.75 crore [including Rs.3.64 crore as tax on dividend] from the Net Profit.

2.3.0 Appropriation to General Reserves :

The Company's net profit after provision for the interest and depreciation works out to Rs. 273.70 crore, out of which a provision of Rs. 87.06 crore has been made towards the intercorporate loans. After making a provision for taxation to the extent of Rs.81.00 crore and setting aside Rs. 36.75 crore towards recommended dividend and tax thereon, the balance of Rs. 68.62 crore in the Profit and Loss Account is proposed to be transferred to the General Reserve.

2.4.0 Depository Scheme :

Your Company, has signed an agreement with Central Depository Services [India] Ltd.[CDSL] on 24.2.99 for trading the Company's shares in electronic form for the benefit of the Shareholders of the Company. This is in addition to NSDL and hence gives an option to Shareholders to operate either of the schemes as per convenience.

2.5.0 Disinvestment :

Government of India has decided to disinvest further equity of your Company and has referred to the Disinvestment Commission for further action as to the quantum, modalities, timings, etc. Government of India has appointed ICRA for this purpose, who have submitted their report to the Government.

2.6.0 Public Deposit Scheme :

During the year 1998-99, your Company has not accepted any deposits from Public. Presently, the Deposit scheme is open only for the employees, ex-employees and Institutions associated with the Company. As on 31.3.1999, Public Deposit stood at Rs.8.45 crore as against Rs.8.80 crore as on 31.3.1998. The Public Deposit Scheme continues to be administered to the satisfaction of Depositors.

2.7.0 Y2K Preparedness level :

Your Company took all precautions well in advance to ensure that all the business systems are Y2K complaint. The cost of remediation and other related efforts in replacing non complaint system is Rs. 5.25 crore. The embedded and distributed control systems shall be Y2K Complaint by October, 1999. The Company has put in place plans to ensure manual

processing for possible Y2K related contingencies. The systems will be continuously monitored to ensure that no failures of the nature related to non compliance of Y2K occurs. A high level contingency team has also been set up to monitor against the Y2K related problems. Your Company is also in the process of implementing "new enterprise wide Information Technology". Software development work is in progress and scheduled completion date is November, 1999. All software and hardware in this plan will be 100% Y2K complaint.

3.0.0 OPERATIONAL RESULTS AND HIGHLIGHTS.

3.1.0 Production :

3.1.1 Fertilizers :

During the Financial Year, the total fertilizer production was 23.09 lakh MT compared to 22.97 lakh MT in the previous year. The overall capacity utilization was 93.3%. The production at Trombay Plants during the year 1998-99 was 8.66 lakh MT [complex 5.96 lakh MT, Urea 2.70 lakh MT] as compared to 8.95 lakh MT during the previous year. The Trombay Unit achieved a capacity utilization of 87.4%. The Thal Unit produced 14.43 lakh MT of Urea during the year compared to 14.02 lakh MT of Urea produced in the last year, which amounted to 97.2% of the total installed capacity at the Unit. The production performance of your Company would have been even better but for severe gas limitation, particularly at Thal Unit.

3.1.2. Industrial Products :

The production of Industrial Products during the year was 92 thousand MT as compared to 89 thousand MT during the previous year. In terms of turnover, the division achieved sale of Rs.216 crore as against Rs.213 crore in the previous year.

3.2.0 Marketing Performance :

3.2.1 Fertilizers :

Your Company achieved a total sale of 27.29 lakh MT representing an increase of 3.8 lakh MT as compared to 1997-98, registering a 16% increase. The sales of Urea, including imported urea, was more by 3.31 lakh MT than last year's level, representing an increase of about 20%. The trading operations which commenced in 1997-98 grew during this year and your Company sold about 3.57 lakh MT of imported DAP, MOP and Urea, an increase of 425%. The sale of DAP was about 1 lakh MT more than the last year, which is again an increase of 150%. Keeping its commitment to providing more eco-friendly products, your Company has sold 127 MT of Bio-fertilizers during the year. Liquid micronutrients were launched during the year under the brandname



RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED

MICROLA and over 10,000 litres were sold in the state of Maharashtra.

3.2.2 Industrial Products :

The performance of the Industrial Products Division was also better than the previous years. During the year 1998-99, this division achieved a sales turnover of Rs.216 crore against Rs.213 crore registered during the previous year, despite severe recession in this sector. Your Company has introduced its new product Formic Acid in the market. Your Company is also planning to give major thrust to exports of Argon, Ammonium Bi-Carbonate, Formic Acid and Di-Methyl Acetate.

Under the prevailing policies of liberalisation, the products of your Company are facing global competition. The lower rate of customs duty coupled with low basic price is further likely to create stiff competition in future on certain products. The reduction on the custom duty on Methanol would mean lower price of Imported Methanol and the domestic manufacturer has to face the challenge. Maharashtra Government has revised rate of Sales Tax/Turn over Tax, etc. which would result into higher landed cost of material supplied by manufacturer in Maharashtra, which may also affect the sales of our products into the market as large market for Chemicals of your Company exist in the State.

3.2.3 Exports :

During the year, your Company exported products worth US \$ 2,60,019. For the first time, your Company has exported Ammonium Bicarbonate to West African markets, viz. Nigeria and Ghana. The growth of the export was restricted due to domestic requirement and the stiff competition from China in the Gulf and African markets.

3.2.4 Future Plan :

For the year 1999-2000, your Company has prepared an ambitious plan to increase its sales to over 30 lakh MT compared to 27.29 lakh MT achieved during the year 1998-99. The additional volume is expected to be met from Thal Retrofit and trading operations of imported DAP/MOP.

4.0.0 JOINT VENTURE IN INDIA AND ABROAD :

Your Company has signed an MOU with UCB S.A. Chemicals, Belgium, an internationally reputed Chemicals manufacturing and marketing company having units all over the world, to produce 20,000 MTPA, of Methylamines and its derivatives at Thal. The project will have equal equity

participation from RCF and UCB. OMIFCO the other joint venture Company, is undergoing review and restructuring in line with the changing business environment. Your company is also envisaging a joint venture project for manufacturing DAP at a suitable location in Rajasthan. The joint venture is likely to be with Hindustan Zinc Limited, Udaipur and Rajasthan State Mines and Minerals Limited, Udaipur.

5.0.0 MODERNISATION SCHEME, NEW PLANTS AND PROJECTS :

Your Company has successfully commissioned 10,000 MT Ammonia storage facility at a cost of Rs. 28 crore. Your Company also commissioned the 150 MTPA Bio-fertilizer Plant for producing BIOLA and MICROLA at Trombay and the Formic Acid Plant with an installed capacity of 10,000 MTPA at Thal. The other projects undertaken for expansion, modernisation and efficiency improvement are all progressing satisfactorily.

The major expansion of Thal Unit consisting of 1 x 1350 MTPD Ammonia and 1 x 2200 MTPD, Urea, submitted to the Government of India has been approved by the Cabinet. The estimated cost of this expansion project is Rs.1300 crore approximately which is being planned to be funded through internal accruals and borrowings. With the commissioning of this project, the total Urea production of your Company would come to 30 lakh MTPA, which will bring down the imports to a great extent.

6.0.0 RESEARCH AND DEVELOPMENT :

Your Company has undertaken several Research Programmes and during the year two products viz. Biola and Microla developed by R&D have been put into commercial production. Research is also being undertaken in the fields for increasing the crop yield, new weedicides etc. The statement in respect of Research & Development in Form-B is enclosed in Annexure-I.

7.0.0 CONSERVATION OF ENERGY :

Your Company is continuously taking all steps to conserve the energy, for which there have been several schemes, viz. replacement of RG and CG boilers, modifications of synthesis gas compressor/turbine, replacement of bonfield pumps etc. undertaken in the past which resulted in saving of energy consumption. The particulars with regard to Conservation of Energy, Technology Absorption, Foreign Exchange outgo as required under Section 217[i][e] of the Companies Act, 1956 are enclosed in Annexure-I.



RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED

8.0.0 ENVIRONMENT MANAGEMENT AND POLLUTION CONTROL :

Your Company is an environmental friendly mega fertilizer company, meeting all the stipulated environmental standards, laid down by the State and Central statutory authorities and efforts are continuously being made to improve upon them. Monitoring of ambient air quality, liquid effluent quality and emissions from production process is done round the clock and reported regularly to the State and Central Pollution Control Boards. During the year your Company has planted approx. 6500 tree saplings in and around Mumbai.

9.0.0 PUBLICITY AND PROMOTION.

9.1.0 Fertilizer Promotion Activities :

Your Company's publicity programme during the year focused on enhancing the brand image as well as creating awareness among customers about the new products introduced like Shriphala DAP, Imported MOP, Bio-fertilizers, micronutrients etc. Necessary publicity campaigns were undertaken to promote the balanced use of fertilizers through activities such as crop demonstration, soil testing, farmers' meeting, krishi melas, agricultural exhibitions etc.

9.2.0 Integrated Rural Development Programme :

Your Company is committed to improve the socio-economic conditions of the farming community and adopted 16 villages from eight States during the year. Various development programmes viz. farm labour training, agriculture need development programme, basic need development programme, public health programme, youth development programme etc. were conducted during the year.

Your Company continued various rural upliftment programmes started under the 50th anniversary of India's independence during 1998-99 in various States of the Country.

10.0.0 HUMAN RESOURCE DEVELOPMENT :

Your Company is giving great importance in the field of Human Resource and Development. Due to restructuring and rationalization of Human Resources by redeployment, the value addition per employee has been considerably improved. The Management Development Centre of your Company conducted several programmes to upgrade the Managerial, Technical and Organisational skills of the employees.

11.0.0 INDUSTRIAL RELATIONS :

Your Company maintained good industrial relation with all its employees. All the issues are settled through regular discussion, meetings and dialogues with the employees.

12.0.0 WELFARE AND SPORTS :

Your Company undertakes various types of welfare scheme like education, medical, transport, housing etc. according to the needs of the employees. In regards to sports, various teams of your Company have participated at District, State and National levels and won prizes.

13.0.0 EMPLOYMENT OPPORTUNITY TO WEAKER SECTIONS :

Your Company is having special scheme for the students belonging to weaker section and under this scheme education and training facilities has been extended to 135 students belonging to weaker sections of whom 115 have been absorbed as apprentices/employees. Presently there are 7 students availing the facility.

There are 654 Scheduled Caste and 282 Scheduled Tribe employees on the rolls of your Company. During the year, out of 70 persons recruited by your Company 13 belong to SC, 10 belong to ST, 10 belong to OBC, 4 belong to minority communities.

14.0.0 PARTICULARS OF EMPLOYEES :

As required under the provisions of section 217(2)(A) of the Companies Act, 1956, as amended from time to time, the particulars of such employees whose remuneration is not less than Rs.6,00,000/- in the year if the employee is engaged throughout the year or Rs.50,000/- per month if the employee is employed for part of the year, are given in **Annexure-II** as a part of this report. No such employee is related to any of the Directors.

In terms of Section 219(1) (b) (iv) of the Act, the Report and Accounts are being sent to the share holders excluding the aforesaid Annexure. Any share holder interested in obtaining a copy of the said annexure may write to the Company Secretary at the Registered Office of the Company.

15.0.0 IMPLEMENTATION OF OFFICIAL LANGUAGE POLICY :

Your Company continued to make efforts to fully implement the provisions of Official Language Act, 1963 and the policy of the Government. Publicity material and literature for employees and farmers were made available in Hindi and



RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED

other regional languages. A large number of employees have been trained to use "bi-lingual software" for correspondence and other official work. A news letter "RCF Bhasha Darpan" was also brought out to enhance the use of Hindi.

16.0.0 DIRECTORS :

Shri H.S. Kamath, Chairman and Chief Executive, Heavy Water Board, and Shri D.K. Sikri, Joint Secretary, Department of Fertilizers were appointed as Additional Directors of your Company w.e.f. 26.11.98 and 23.7.99 respectively, pursuant to section 260 of the Companies Act, 1956 and Articles of Association of the Company. Further, Shri U.S. Jha, was appointed as whole time Director [Marketing].

Notices under section 257 of the Companies Act, 1956 have been received proposing the candidatures of Shri H.S. Kamath, Shri D.K. Sikri and Shri U.S. Jha, as Directors of the Company.

As per section 256 of the Companies Act, Shri Pradeep Singh and Shri Y.S. Bhawe, Directors retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

17.0.0 AUDITORS :

The Central Government has appointed M/s. T.R.Chadha & Co., Mumbai, M/s. K.S.Aiyar & Co., Mumbai and M/s. Chandulal M. Shah & Co., Ahmedabad, firms of Chartered Accountants as Joint Statutory Auditors of your Company for the Financial Year 1998-99. The Auditors would be retiring at the conclusion of the Twenty-first General Meeting. The

Statutory Auditors for the Financial Year 1999-2000 will be appointed by the Central Government u/s 619[2] of the Companies Act, 1956.

18.0.0 ACKNOWLEDGMENT :

Your Directors wish to gratefully acknowledge the valuable guidance and continued support extended by the Government of India and in particular the Department of Fertilizers.

The Board also wishes to acknowledge with sincere gratitude, the help and unstinted support from the State Governments, MSEB, MIDC, various Media, Municipal Authorities, Maharashtra Pollution Control Board, Bankers to the Company, Dealers and Customers.

The Board also wishes to place on record the positive suggestions and guidance provided by the Statutory Auditors and the Office of the Principal Director of Commercial Audit.

Last but not the least, your Directors take pleasure in placing on record their deep appreciation of the excellent contribution made by the employees of the Company at all levels, without which the Company could not have achieved such good performance.

By order of the Board of Directors

D.K.Varma

Chairman and Managing Director.

Place : Mumbai

Date : 09-08-1999