



# Chambal Fertilisers and Chemicals Limited

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Seventeenth Annual Report  
2001-2002

**DIRECTORS**

Dr. K. K. Birla  
*Chairman*

H.S. Bawa  
*Vice Chairman*

H.C. Grover  
*Managing Director*

Mohd. Y.A. Al-Roomi  
*(Alternate: P.J. Batavia)*

Dr. Padmakar Asthana  
*UTI/LIC/GIC Nominee*

R.N. Bansal

Dipankar Basu

Shyam S. Bhartia

D.B. Engineer

B. Jitender  
*IDBI Nominee*

P.K. Kaul

M.D. Locke  
*(Alternate: C.S. Nopany)*

S.K. Poddar

A.J.A. Tauro

Marco Wadia

**SENIOR EXECUTIVES**

D.L. Birla  
*Executive President (BTM)*

Anil Kapoor  
*Vice President (Strategic Planning)*

R.D. Mall  
*Vice President (Operations)*

S.M. Nadgir  
*Vice President (Agri-Business)*

S.K. Patra  
*Vice President (Marketing)*

Yash Sahni  
*President (ISG)*

Sunil Sethy  
*Vice President (Finance)*

V.K. Topa  
*Vice President (Corporate - HR)*

**COMPANY SECRETARY**

M.S. Rathore

**REGISTERED OFFICE**

Gadepan,  
Distt. Kota, Rajasthan  
PIN - 325 208

**CORPORATE OFFICE**

International Trade Tower  
E-Block, 14th Floor,  
Nehru Place,  
New Delhi - 110019

**LEGAL ADVISORS**

Crawford Bayley & Co.,  
Mumbai

**AUDITORS**

S.R. Batliboi & Co.  
Chartered Accountants

**BANKERS**

Bank of Baroda  
Punjab National Bank  
State Bank of India  
Allahabad Bank  
State Bank of Indore  
State Bank of Patiala  
State Bank of Hyderabad  
State Bank of Bikaner & Jaipur



## NOTICE

NOTICE is hereby given that the Seventeenth Annual General Meeting of the members of the Company will be held at Gadepan, Distt. Kota, Rajasthan, at 1030 hours on Thursday, September 12, 2002 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2002, Profit & Loss Account for the year ended on that date and reports of Directors and Auditors thereon;
2. To consider declaration of dividend on equity shares;
3. To appoint a director in place of Dr. K. K. Birla, who retires by rotation and is eligible for re-appointment;
4. To appoint a director in place of Mr. H. S. Bawa, who retires by rotation and is eligible for re-appointment;
5. To appoint a director in place of Mr. R. N. Bansal, who retires by rotation and is eligible for re-appointment;
6. To appoint a director in place of Mr. Marco Wadia, who retires by rotation and is eligible for re-appointment;
7. To consider and if thought fit, pass with or without modification(s), the following resolution as an ordinary resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s. S. R. Batliboi & Co., Chartered Accountants, the retiring auditors be and are hereby re-appointed as auditors of the Company, to hold the office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company, at such remuneration as may be fixed by the Board of Directors and reimbursement of out-of-pocket expenses incurred by them for carrying out the audit."

**By order of the Board**

Gadepan  
May 4, 2002

**M. S. Rathore**  
Company Secretary

### Notes:

#### 1. Proxy

**A member entitled to attend and vote is entitled to appoint proxy to attend and vote in his / her stead and a proxy need not be a member of the Company. Proxies, in order to be effective, must be received by the company not less than 48 hours before the scheduled time of the meeting. A blank proxy form is annexed to the annual report.**

#### 2. Book Closure

The Register of Members and Share Transfer Books of the Company shall remain closed from Thursday, August 1, 2002 to Tuesday, August 6, 2002 (both days inclusive).

#### 3. Payment of Dividend

The dividend for the financial year 2001-02 will be paid on September 17, 2002, if declared at this meeting, to those members whose names appear on the Register of Members of the Company as on August 6, 2002.

#### 4. Transfer cum Demat facility

As per the directives of the SEBI, your Company has been offering a facility of transfer cum demat of shares. Under this facility, the shares received for transfer are dematerialized after taking confirmation from the investors through their Depository Participant.

#### 5. Company on the Net

Your Company has launched a website [www.zuari-chambal.com/isc](http://www.zuari-chambal.com/isc) where you can visit and find details of various services being provided to the investors, guidance and procedure to be followed by the investors in respect of transfer, transmission and transposition of shares and debentures, dematerialisation and rematerialisation of shares, quarterly, half yearly and annual results, etc.

6. Members who are holding shares in identical order of names in more than one folio, are requested to write to the Company enclosing their share certificates to enable the Company to consolidate their holdings in one folio.

7. Investors holding physical shares are advised to forward the particulars of their bank account,

name, branch and address of the bank immediately, if not sent already.

8. In view of the advantage available through ECS, you are advised to opt for it and return the Mandate Form accurately filled in and signed alongwith a zerox copy of a leaf of your cheque book bearing your bank account number to the Investor Service Centre at the earliest. A blank ECS Mandate Form is attached herewith.
9. Members are requested to:
  - a) send their queries, if any, to reach the Company's Head Office at New Delhi at least 10 days before the date of the meeting so that information can be made available at the meeting,
  - b) bring their copy of the Annual Report at the meeting, and
  - c) send their e-mail address to us for prompt communication.

#### 10. Pick-up Coach Facility

For the convenience of members desirous of attending the Company's Annual General Meeting scheduled on September 12, 2002 at 1030 hours, the Company will provide transport from Kota to Gadepan and back. The pick-up coach will leave from "Sahyog Bhavan" No. 1, Aerodrome Circle, Kota, at 0900 hours on that date to reach Gadepan (venue of the AGM) in time for the meeting and leave for Kota after the meeting.

Members wishing to avail of this facility may kindly be present in time at the pick-up point at Kota.

**By order of the Board**

Gadepan  
May 4, 2002

**M. S. Rathore**  
Company Secretary

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## Directors' Report

To

The Members,

Your Directors have pleasure in presenting the 17th Annual Report together with audited accounts for the financial year ended March 31, 2002.

### 1. Financial Results and Appropriations

(Rs. in crores)

Particulars	2001-2002	2000-2001
Turnover	1921.27	1803.75
Gross Profit after interest but before Depreciation and Tax	294.75	263.14
Depreciation	139.51	136.22
Profit before tax	155.24	126.92
Provision for taxation (MAT)	11.82	10.76
Provision for Deferred Tax	66.24	-
Profit after tax	77.18	116.16
Balance of Profit brought forward	196.45	188.05
Less: Deferred Tax Liability as on 1 <sup>st</sup> April 2001 adjusted	(137.18)	-
Transferred from Debenture Redemption Reserve	68.36	-
Profit available for appropriation	204.81	304.21
Debenture Redemption Reserve	13.75	0.10
Debt Redemption Reserve	17.76	17.61
Capital Redemption Reserve	25.00	-
General Reserve	25.00	25.00
Interim dividend on Cumulative Redeemable Non Convertible Preference Shares	1.96	1.96
Tax on Preference Dividend	0.20	0.45
Proposed Dividend on Equity Shares	60.90	56.84
Tax on proposed dividend	-	5.80
Balance carried forward to Balance Sheet	60.24	196.45

The Company achieved sales turnover of around 2 Million MT and Rs. 1921.28 Crores up 14% and 6.51%, from the previous year, respectively. The Profit before Tax of the Company is higher at Rs. 155.24 crores in 2001-02 compared to Rs. 126.92 crores in 2000-01 due largely to higher sales. The profit for the year has been arrived at after considering downward revision in the revised Provisional Retention Price of Gadepan I plant due to revision in consumption norms, re-assessment of capacity of Gadepan II, Interest claim based on the recent Govt. notifications, recognizing Internal Accruals as equity and the likely downward impact of 7th and 8th pricing periods on Gadepan I.

Profit after tax is lower than that of the previous year on account of the provision for deferred taxation made in accordance with the requirement of Accounting Standard 22 as prescribed by the Institute of Chartered Accountants of India. The provision for deferred taxation is applicable from the current year. The adjustment upto the previous year has been made in the General Reserves and Profit and Loss account, in line with the Accounting Standard 22.

### 2. Redemption of Preference Shares

Your Company had allotted 9.40% - 2,50,00,000 Cumulative Redeemable Non-Convertible Preference Shares of Rs. 10 each aggregating to Rs. 25 crores, to HDFC on private placement basis on May 31, 2000. These Preference shares were redeemed by the Company on January 31, 2002. The Company has created a Capital Redemption Reserve as required under the Companies Act, 1956.

### 3. Dividend

During the year the Board of Directors at its meeting held on January 16, 2002 approved the payment of interim dividend as per the fixed dividend rate of 9.40% on pro-rata basis on 2,50,00,000 Cumulative Redeemable Non-Convertible Preference Shares of Rs. 10 each. The outgo including dividend tax on this account was Rs. 2.16 crores.

The Board recommends dividend of Rs. 1.50 per equity share on 40,60,00,000 equity shares of Rs. 10 each (Previous year Rs. 1.40 per share). The total outgo on this account will be Rs. 60.90 crores. This year the dividend is taxable in the hands of the shareholders.

### 4. Retention Price

#### Gadepan - I

Urea price is regulated by the Government of India through fixation of uniform Consumer Price and Ex-Factory Retention Price for each manufacturing unit under the Retention Price Scheme. During the year, the Retention Price for Gadepan - I plant was accounted on the basis of Revised Provisional Retention Price which has considered the recent interim changes in the consumption norms effective 1st April, 2000 and further adjusted to the price escalation/ de-escalation of inputs and dual fuel facilities. The interest rate concession claim has been accounted based on the recent notification dated November 29, 2001, which extended the original scheme that had lapsed on December 31, 1998, until the final repayment of the loans.

As a prudent measure, the Company has accounted for the likely downward impact of the 7th and 8th Pricing Policy recommendations, being considered by the Government.

The Final Retention Price is expected to be finalized before the Price under 7th and 8th Pricing Policy is notified.

#### Gadepan - II

The Retention Price for Gadepan II plant has been

accounted on the basis of notified Ad-hoc Retention Price including claims for escalation/de-escalation of input prices, the recent notification on interim re-assessment of capacity of the plants effective April 1, 2000, in line with that of gas based plants and the recognition of Internal Accruals as Equity for purposes of calculating return on equity in the Retention Price. The Company does not expect significant financial impact of 7th and 8th Pricing on the Retention Price of Gadepan - II as it had started commercial production in October 1999.

With the finalisation of the current year's Accounts, the Company will be approaching FICC with the financial and technical data for 2 completed financial years in respect of Gadepan II so that the Final Retention Price for Gadepan II can be computed without further delay. The Company expects the Final Retention Price to be higher than what has been considered for the year under review.

## 5. Accounting Standards

The Institute of Chartered Accountants of India has introduced various Accounting Standards in the year under review, to make the financial statements and disclosures in line with the International accounting practices and disclosures. Most of these Accounting Standards are of mandatory in nature and the Company has incorporated them in the accounts accordingly.

Of the various Accounting Standards, the main Accounting Standards implemented during the year by the Company are : Accounting Standard 17 - Segment Reporting, Accounting Standard 18 - Related Party Disclosure and Accounting Standard 22 - Accounting for taxes on income.

## 6. Joint Ventures

### (i) Indo Maroc Phosphore S.A., Morocco (IMACID)

IMACID is a 50:50 joint venture between Office Cherifien Des Phosphates, Morocco and your Company. During the year 2001, IMACID produced, 327,305 MT of Phosphoric Acid ( $P_2O_5$ ) with capacity utilization of 98% on a stream day basis. Sales of Phosphoric Acid during the year 2001 were 317,459 MT. The cash profit during the year was Moroccan Dirham (MAD) 190.6 million against MAD 107 million in the previous year.

### (ii) Chambal Agritech Limited (CAL)

CAL is a 50:50 joint venture between your Company and Technico Pty. Ltd., Australia. CAL has setup a project in Himachal Pradesh with an annual capacity of 18.05 million miniature potato seeds known as TECHNITUBER™ at a project cost of Rs. 55.29 crores. During the financial year 2001-02, CAL has produced 16.99 million TECHNITUBER™ Seeds, which is well ahead of expectations. Phase - III of the project involving production and sale of seed potatoes (Generation II) is expected to commence from October 2003. CAL is in the process of

finalizing the marketing arrangements. In addition to the retail sale of seed potatoes in the domestic market, the major marketing thrust will be on institutional sale in India and SAARC countries.

### (iii) Birla Home Finance Limited (BHFL)

BHFL is a 50:50 joint venture between your Company and BHW Holding AG, Germany. During the financial year 2001-02, BHFL has achieved a cumulative sanction and disbursement of Rs. 207.58 crores and Rs. 141.44 crores respectively as against Rs. 85.97 crores and Rs. 51.31 crores respectively during the year 2000-01. The Company's sanction figures have increased during the above period despite the intense competition and price cuts in this industry. The Company has built a strong customer base of over 7300 customers.

The Company pursues its marketing efforts by directly marketing to prospective clients.

During the year 2001-02, the Company has earned Profit before Tax (provisional) of Rs. 1.35 crores as compared to previous year's loss of Rs. 0.94 crore.

### (iv) NovaSoft Information Technology Corporation (NovaSoft)

Your Company has acquired stake in US based NovaSoft through subscription of convertible preferred stock to the extent of US\$ 6 million. Subject to the valuation of the Company based on pre-defined criterion, it is proposed to acquire minimum 51% stake in the capital of NovaSoft in 2003 through conversion of preference shares and acquisition of equity shares from the existing promoters of NovaSoft, if so required.

For the year ended December 2001, the provisional income and net profit of Novasoft were US\$ 26.47 million and US\$ (0.53) million, respectively. The company has been in a growth mode in the last two years and had committed expenses towards infrastructure and human resources. The operations in the US suffered on account of September 2001 events, which led to lower income.

The management has taken effective steps in the last two quarters and operations have now become cash positive.

## 7. Environmental Protection and Safety

Your Company is committed to environmental protection, pollution control & maintenance of ecological balance. The Company has provided "state of the art" environmental protection facilities. Both Gadepan-I & II plants have been accredited with ISO-14001 for Environment Management Systems by an internationally reputed organization M/s Det Norske Veritas, Netherlands.

All through these years, significant efforts have been made towards continuous improvement of ecology with a focused thrust towards tree plantation, landscaping



and development of green belt in and around the plant area. As on date, as many as 2.58 lac trees of different species have been planted in the Gadepan complex and neighbouring villages resulting in significant improvement in the quality of environment.

#### 8. Conservation of Energy

Your Company strives to make the plants energy efficient to the extent possible and continually reviews various schemes to conserve energy.

The requisite information with regard to conservation of energy, technology absorption and foreign exchange outgo and earnings in terms of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is set out in separate statements attached hereto (Annexure A & B) and forms part hereof.

#### 9. Investor Service Centre

The In-house Investor Service Centre (ISC) of your Company located at New Delhi, continues to provide prompt investor service through quick resolution of investor grievances, dematerialization of securities and 'Over the Counter' transfer of securities. ISC aims and strives to provide the most efficient and best possible services to its over 325,000 investors through a high level of professionalism and a fully computerized environment.

During the year, the Company has redeemed second tranche of Rs. 33 per debenture on 2,12,00,000 NCDs. The final tranche of redemption @ Rs. 33 per NCD will be made in July and September 2002.

The securities of your Company are listed at National Stock Exchange, BSE and other stock exchanges situated at Calcutta, Delhi, Hyderabad and Jaipur. The Company has paid the annual listing fee to these stock exchanges for the year 2002-03.

The members are requested to refer general shareholders information given in Annexure - "E" relating to Corporate Governance.

#### 10. Fixed Deposits

As on March 31, 2002, your Company had 4950 deposit-holders with fixed deposits of Rs. 9.23 crores. 51 deposit-holders did not claim FD amount of Rs. 9.01 lacs as on that date. Such deposit-holders have been advised to claim their deposits.

#### 11. Personnel

Your Company's continued belief in its core asset of Human capital is the mainstay of its growth. Your Company stands committed to develop the core strength of the individuals and help them grow not only as competent professionals but also as better citizens.

To support the objectives of the growth of human capital, various initiatives including the training programmes were organized for all level of employees, which were highly appreciated and found fruitful by all

section of the organization specially the programmes initiated for the non - management employees. These training programmes strengthen the technical skill of the individuals as well as help them harness the inner potential to be a better and more effective individual, which in turn improves the environment in the organization. These programmes further strengthened the prevailing harmonious employee's relations.

Information in accordance with section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, forms part of the Directors' Report for the year ended March 31, 2002 as given in Annexure "C" to this report.

The Board Places on record its highest appreciation for the efforts and contribution made by all the employees for continued high level of performance.

#### 12. Social Work and Rural Development

Your Company's commitment of care for the community in which it is based and operates, has been evolved out of its culture. It has a commitment to fulfill its social responsibility towards the community. For your Company, the community is not merely a stakeholder but the core of its values. Serving the community, it believes, sets a high standard of behavior expected of its employees. Working on lines of this philosophy, your Company respects the sentiments and the rights of individuals in the community in which it operates. Your Company is equally committed to protect the environment and natural resources.

Your Company had initiated the "Arogya Sewa Kendra" run by the ladies of the employees, to provide mobile health care service to the community in the vicinity of the unit. This has been an immense help to those who live in these villages and they now get a weekly visit by specialists at their doorsteps. About 30,000 patients were treated during the year and provided free medicines. Women and children were the main beneficiaries. Arogya Sewa Kendra constantly brings awareness and the importance of good health. Consequently, many have given up smoking and chewing tobacco and a habit of good hygiene has reduced skin ailments. Encouraged by this response your Company has now launched a crusade to prevent blindness in this area and to provide complete eye care. Cataracts are removed with the latest technology with hundred percent success. School children are now checked for vision and provided spectacles in case the vision needs to be corrected.

Water still remains scarce and the situation is getting critical by the year. Your Company believes in promoting efficient water management among the farmers. Whilst deepening of wells only adds to the crises whereas erecting small check dams help in recharging ground water. A watershed management project of the Company in Chittorgarh district of Rajasthan was completed before the rains and the water stored has been used for drinking, irrigation, recharging ground water and



vegetation. Water crises continued during the summer months in 2001 and your Company extended the 'Uttam Jal Sewa Program' to supply drinking water in rural areas. In addition, the Company installed tube wells and hand pumps to overcome critical situations.

Your Company is located in a rural area and its area of operations is primarily the rural countryside. Rural development therefore, has been the core area of your Company's corporate social responsibility. Your Company provides inputs that help the agriculture community to improve not just the use of farm land but also improve their economic well being. This has been carried out on a regular basis in a widespread geographical area all through the year. Initiatives such as soil testing, crop rotation, balanced use of fertilizers, high quality seeds, plant protection, farm demonstrations, farmer meetings, horticulture, animal husbandry and others have resulted in rural development as a whole.

### 13. Directors

Industrial Development Bank of India (IDBI) has appointed Mr. B. Jitender as its nominee on the Board of your Company in place of Mr. A.K. Doda. Information on the directors including those retiring by rotation is provided in the Annexure "E" on Corporate Governance.

### 14. Auditors

The Notes on Accounts appearing in Schedule 19 and referred to in the Auditors' Report are self explanatory and therefore, do not call for any further comments or explanations.

The Auditors M/s. S. R. Batliboi & Co., Chartered Accountants, retire at the conclusion of this Annual General Meeting and being eligible, offer themselves for re-appointment. Re-appointment, if made, will be in accordance with the provisions of section 224 (1B) of the Companies Act, 1956.

### 15. Corporate Governance

The members will be happy to note that the Institute of Chartered Accountants of India (Rajasthan Chapter) has conferred the "Best Annual Report Award - 2000-2001" on your Company in the category of Annual Report/ Management, which included practices adopted by the Company on the Corporate Governance.

Auditor's Certificate on compliance of conditions of corporate governance and separate notes on Corporate Governance are enclosed as Annexure - "D" & "E" and report on Management Discussion and Analysis is attached as Annexure - "F".

### 16. Directors Responsibility Statement

Your Directors hereby report:

- a) that in the preparation of annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures.
- b) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2002 and of profit and loss account for the period ended 31st March, 2002.
- c) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of The Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
- d) that the Directors have prepared the annual accounts on a going concern basis.

### 17. Acknowledgements

Your Directors wish to place on record their appreciation of the assistance and co-operation that your Company received from the Department of Fertilisers, Government of India, Government of Rajasthan, Financial Institutions, Commercial Banks, Shareholders and all others whose continued support has been a source of strength to the Company. Your Directors also wish to place on record their sincere appreciation of the devotion and dedicated efforts put in by the employees at all levels.

By order of the Board

New Delhi  
May 4, 2002

K. K. Birla  
Chairman





## Annexure "A" to Directors' Report

## FORM A

## Disclosure of Particulars with respect to Conservation of Energy

Particulars	Unit	Current year	Previous year
<b>A. POWER &amp; FUEL CONSUMPTION</b>			
<b>1. ELECTRICITY</b>			
a) Purchased			
Quantity	MWH	20206.11	11460.63
Total Amount	Rs. Lacs	726.14	448.60
[Incl. Minimum demand (MD) charges]			
Rate/Unit (Excl. MD charges)	Rs./KWH	3.59	3.91
b) Own Generation			
i) Through diesel generator			
Quantity	MWH	33377.874	27146.87
Unit per KL of Furnace Oil	KWH/KL	4.32	4.22
Unit per KL of HSD	KWH/KL	3.22	3.19
Cost/Unit	Rs./KWH	2.32	2.43
ii) Through steam turbine/generator			
Quantity	MWH	140890.85	130607.99
Unit per SM3 of Gas	KWH/SM3	2.30	2.23
Unit per Kg of Naphtha	KWH/KG	-	-
Cost/Unit	Rs./KWH	1.69	1.76
<b>2. NATURAL GAS (Ammonia- Fuel, Power &amp; Steam)</b>			
Quantity	1000 SM3	225667.98	224057.69
Total Cost	Rs. Lacs	8758.26	8805.72
Average Rate/Unit	Rs./1000 SM3	3881.04	3930.11
<b>3. NAPHTHA (Ammonia- Fuel, Power &amp; Steam)</b>			
Quantity	MT	242922.34	262000.51
Total Cost	Rs. Lacs	30083.09	38578.39
Average Rate/Unit	Rs./MT	12383.83	14724.55
<b>4. FURNACE OIL</b>			
Quantity	MT	7141.08	6100.00
Total Cost	Rs. Lacs	654.43	602.63
Average Rate/Unit	Rs./KL	9164.30	9879.18
<b>5. HSD</b>			
Quantity	KL	830.33	393.31
Total Cost	Rs. Lacs	128.17	57.16
Average Rate/Unit	Rs./KL	15436.11	14532.92
<b>B. CONSUMPTION PER MT OF UREA PRODUCTION:</b>			
1. ELECTRICITY [Incl. Internal consumption]	KWH/MT	86.21	79.38
2. Natural Gas (Ammonia -Fuel, Power & Steam)	SM3/MT	131.61	128.54
3. Naphtha (Ammonia - Fuel, Power & Steam)	KG/MT	141.67	150.31
<b>C. CONSUMPTION PER MT OF YARN PRODUCTION</b>			
1. ELECTRICITY [Incl. Internal consumption]	KWH/MT	5042.48	5474.45
2. Furnace Oil	KL/MT	0.78	1.08
3. HSD	KL/MT	0.08	0.07
<b>D. CONSUMPTION PER MT OF FROZEN VEGETABLES</b>			
1. ELECTRICITY [Incl. Internal consumption]	KWH/MT	356.95	-
2. HSD	KL/MT	0.06	-

## Annexure "B" to Directors' Report

## FORM "B"

## Disclosure of particulars with respect to Technology Absorption

## Research and Development (R &amp; D) :

The Company is a manufacturing organisation and is not engaged in any major Research and Development activity. However, continuous efforts are made to improve the quality & efficiency and to develop new product / product mix.

## Technology Absorption, Adaptation and Innovation :

- i) Efforts in brief, made towards technology absorption, adaptation and innovation.
- ii) Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc.
  - i and ii: Based on our continuous efforts made towards technology absorption and innovation, the Company could achieve smooth plant operation and better efficiency norm during the financial year 2001-02 as compared to the previous year.
- iii) In case of imported technology (Imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:
  - a) Technology Imported :
    - Fertiliser Division  
Gadepan II Plant based on Low Energy Ammonia process from M/s Kellogg of USA based on Naphtha and / or Gas as feedstock and ACES process for manufacture of Urea from M/s Toyo Engineering Corporation, Japan have been commissioned and commercial production has started from October 20, 1999. The year 2001-02 was a year of sustained operations for these plants.
      - 1. Year of Import : 1996
      - 2. Has technology been fully absorbed : Yes, Technology has been fully absorbed.
      - 3. If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action :  
Not Applicable
    - Textile Division  
The Company is not using any imported technology. However, the Company has imported and installed several machines with upgraded technology to improve quality of production and increase productivity.

## Foreign Exchange Earnings and Outgo

Foreign Exchange used : Rs. 127.84 crores  
Foreign Exchange earned : Rs. 21.56 crores

