

ANNUAL REPORT

2003 - 2004



KHAITAN CHEMICALS & FERTILIZERS LIMITED



KHAITAN CHEMICALS & FERTILIZERS LIMITED

ANNUAL GENERAL MEETING:

Date : 28th July, 2004
 Day : Wednesday
 Time : 1.00 P.M.
 Place : Registered Office

BOARD OF DIRECTORS:

Shailesh Khaitan : Chairman & Managing Director
 Anil Agrawal : Director
 O. P. Bagla : Director
 J. L. Jajoo : Director
 Dr. P. Goyal : Director

REGISTERED OFFICE:

A. B. Road, Village Nimrani,
 Tehsil Kasrawad,
 Dist. Khargone (M.P.)-451 569

PRESIDENT & SECRETARY:

R. S. Vijayvargiya

INDORE OFFICE:

301-308, Apollo Arcade,
 1/2, Old Palasia,
 Indore (M.P.)-452 018

AUDITORS:

S. S. Kothari Mehta & Co.
 8-D, Atmaram House, 1, Tolstoy Marg,
 New Delhi - 110 001

DELHI OFFICE:

201, Skipper House,
 62-63, Nehru Place,
 New Delhi-110 019

SOLICITORS:

Khaitan & Partners
 Himalaya House, 23, Kasturba Gandhi Marg,
 New Delhi-110 001

KOLKATA OFFICE:

46-C, Rafi Ahmed Kidwai Road,
 3rd Floor, Kolkata-700 016

BANKERS:

State Bank of India
 State Bank of Indore

WORKS:

Fertilizers & Chemical Division

1. A.B. Road, Village Nimrani,
 Tehsil Kasrawad,
 Dist. Khargone (M.P.) -451 569
2. Village Goramachia, Kanpur Road,
 Jhansi (U.P.) -248 001
3. Village Dhinva, Tehsil Nimbahera
 Dist. Chittorgarh (Rajasthan)

Soya Division (Khaitan Agro)

Dosigaon, Industrial Area, Ratlam (M.P.)

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KHAITAN CHEMICALS & FERTILIZERS LIMITED**NOTICE**

NOTICE is hereby given that the "22nd ANNUAL GENERAL MEETING OF KHAITAN CHEMICALS & FERTILIZERS LTD." will be held at the Registered Office of the Company at A. B. Road, Village NIMRANI, Tehsil Kasrawad, Dist. Khargone, Madhya Pradesh on Wednesday, the 28th day of July, 2004 at 1.00 P.M. to transact there at the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Accounts for the year ended 31st March, 2004 and the Reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Shri Anil Agrawal, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri J.L. Jajoo, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

To Consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to Section 31 of the Companies Act, 1956 the Article of Association of the Company be altered by inserting after the existing Article 44, the following new article 44A.

BUY BACK OF SHARES

44A. Subject to the provisions of Section 77A of the Act, the Company shall have the power to Buy back, from time to time, its own shares or other specified securities and to make payment towards such securities."

Registered Office:

A.B. Road, Village-Nimrani,
Dist. Khargone (M.P.)

By Order of the Board

S/d

(R. S. Vijayvargiya)
President & Secretary

Date: 27th day of April, 2004

Place: New Delhi

NOTES:

1. **A member entitled to attend and vote is entitled to appoint a proxy and vote instead of himself and such proxy need not be a member of the Company. Proxy Form must reach the Company's Registered Office at least 48 hours prior to the time of holding the meeting.**
2. Member(s)/Proxies should bring the attendance slip annexed herewith duly filled in for attending the meeting.
3. The Register of Members and Transfer Book of the Company will remain closed from 16th July, 2004 to 28th July, 2004 (both days inclusive) for payment of Dividend.
4. Members are requested to notify to the Company immediately, quoting Registered Folio No., Change in their Address, if any, with the pin code number.
5. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to send their queries to the President & Secretary at least seven days before the date of the meeting so that the required information can be made available at the meeting.
6. **EXCHANGE OF SHARES OF KHAITAN SOYA LIMITED (KSL) AND SHRINIWAS FERTILIZERS LIMITED (SFL) WITH SHARES OF KHAITAN CHEMICALS & FERTILIZERS LTD. (KCFL) DUE TO AMALGAMATION OF KSL AND SFL WITH THE COMPANY:**
Members who have not yet exchanged their Share Certificates of KSL and SFL, are required to send the Share Certificate of KSL and SFL at our Indore Office at 3rd Floor, Apollo Arcade, 1/2, Old Palasia, Indore (M.P.)-452018.
7. Explanatory Statement pursuant to the provisions of Section 173(2) of the Companies Act, 1956 is annexed.
8. Members who are holding shares in identical names in more than one folios, are requested to write to the Company/Ankit Consultancy Pvt. Ltd. the Registrar and share transfer agent, to consolidate their holding in one folio.



KHAITAN CHEMICALS & FERTILIZERS LIMITED

9. Shareholders who are still holding physical share certificates are advised to dematerialised their shareholding to avail benefit of dematerialisation.
10. The Company has already transferred unclaimed dividend for the financial year 1995-96 to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205 C of the Companies Act, 1956.

Explanatory Statement: pursuant to Section 173 (2) of the Companies Act, 1956.

Buy back of shares is permitted under section 77A of the Companies Act, 1956 read with SEBI (Buy-back of securities) Regulations 1998, the latter prescribes the procedure followed for the purpose by listed companies. The Articles of Association of the Company presently do not carry necessary provision and therefore it is proposed to alter the Articles with the inclusion of necessary Clause permitting Buy-back.

The proposal requires approval of members in general meeting by Special Resolution in terms of Section 31(1) of the Companies Act, 1956. The resolution placed before the members are commended for their approval.

None of the Directors is interested in the above resolution except in the capacity as Directors of the Company.

Details of Directors seeking re-appointment at the Annual General Meeting (In pursuance of Clause 49 of the Listing Agreement)

Name of Director	Shri Anil Agrawal	Shri J.L. Jajoo
Age	47 years	61 years
Qualification	B.Com (H)	C.A.
Date of Appointment	27th March, 1990	1st January, 1991
Expertise	An industrialist having extensive experience in Corporate Sector.	Rich and vast experience in the field of Management and finance.
Other Directorships (excluding Pvt. Companies) as on 31st March, 2004	Polar Industries Ltd. Polar Pharma India Ltd. Polar Marmo Agglomerates Ltd. Polar Software Ltd. Polar Forging & Tools Ltd. Heynen India Ltd. Sheffield Appliances Ltd. Tatva Biosis Ltd. Rubber Reclaim Company of India Ltd.	Nil
Chairman / Member of the Committees as on 31st March, 2004	1. Audit Committee Polar Pharma India Ltd. Polar Marmo Agglomerates Ltd. 2. Shareholder's/Investor's Grievances Committee Polar Pharma India Ltd. Polar Marmo Agglomerates Ltd.	Audit Committee : Khaitan Chemicals & Fertilizers Ltd.

Registered Office:

A.B. Road, Village-Nimrani,
Dist. Khargone (M.P.)

Date: 27th day of April, 2004

Place: New Delhi

By Order of the Board

S/d

(R. S. Vijayvargiya)
President & Secretary

KHAITAN CHEMICALS & FERTILIZERS LIMITED**DIRECTORS' REPORT**

To the members,

Your Directors have pleasure in presenting the 22nd Annual Report of the Company together with Audited Accounts for the year ended 31st March, 2004.

FINANCIAL RESULTS**(Rs. in lacs)**

	<u>2003-2004</u>	<u>2002-2003</u>
Surplus before interest and depreciation	2099.57	1084.91
Less: Interest	492.82	625.36
Cash Profit before tax	1606.75	459.55
Less: Depreciation	406.81	393.75
Misc. Expenses Written off	4.28	4.48
Surplus before tax	1195.66	61.32
Prior Period adjustments	3.05	10.67
Profit/(Loss) before taxation	1192.61	50.65
Provision for current tax	(98.75)	-
Deferred Tax	(441.26)	(143.76)
Profit/(Loss) after taxation	652.60	(93.11)
Income Tax of earlier year	(8.50)	(1.35)
Add: Transfer from Capital Subsidy	0.79	0.79
Net Profit/(Loss)	644.89	(93.67)
Add: Profit/(Loss) B/F from previous year	(339.27)	(245.60)
Less: Transfer to		
- General Reserve	35.00	-
- Proposed Dividend @ 15%	143.87	-
- Corporate Dividend Tax	18.43	-
Balance carried to Balance Sheet	108.32	(339.27)

DIVIDEND

Your Directors are pleased to recommend 15% Dividend on Equity Shares subject to approvals of the Financial Institutions/Banks.

PROJECT & FINANCE

Project for manufacturing 2,00,000 TPA Single Super Phosphate Fertilizer at Nimbahera is being commissioned. The Company expects to commission it by June, 2004.

The Project is being partially financed by Term Loan of Rs. 450 lacs from State Bank of India. The Company has also tied up the working capital Requirement of the Nimbahera unit from the existing bankers.

PERFORMANCE & FUTURE PLAN

There was good monsoon this year after three consecutive years of deficient rainfall resulting in bumper crop of Soybean with all time high prices of Soymeal and Edible Oil in international market, the Company was able to book good crushing Margin.

The Company's performance has been excellent and turnover has increased by 53.01% to Rs. 19340.93 lacs from Rs. 12640.51 lacs mainly on account of increased seed crushing. The PBITD has increased by 93.93% to Rs. 2095.29 lacs and cash accruals PBTD has increased by 252.14% to Rs. 1602.47 lacs and the PAT has increased by 788.47% to Rs. 644.89 lacs.

The good monsoon after 3 consecutive droughts had improved the demand of fertilizer in Rabi Season. However, there is continuous pressure on margin due to increased input cost and non revision of MRP by State Governments or Subsidy by Central Government. This disparity has led to low production in last quarter of the year. The Company expects that rational view shall be taken soon by the respective government in the matter.

The Company hopes that with the start up of its New unit at Nimbahera, it shall able to penetrate the Single Super Phosphate in its present operational area as well as new areas.

The Company also plans to put up a 1000 TPD Solvent Extraction Plant at its existing location at Ratlam, which is projected to commission well before 2005 season i.e. October, 2005.

The Company also hopes to achieve higher capacity utilization in its fertilizer units in the current year in view of expected normal monsoon.

KHAITAN CHEMICALS & FERTILIZERS LIMITED

Your directors are of the opinion that the Company's basic strength should be reflected in its financial performance continuously in years to come.

DIRECTORS

Shri Anil Agrawal & Shri J.L. Jajoo retires by rotation and being eligible offer themselves for re-appointment. Particulars of the retiring Directors are given in the notes forming part of the notice for the ensuing Annual General Meeting.

FIXED DEPOSITS

During the year under review Company has not accepted any deposits from the public, pursuant to the provisions of Section 58A of the Companies Act, 1956 and the Deposit Rules.

AUDITORS & AUDIT REPORT

M/s. S. S. Kothari Mehta & Co., Chartered Accountants, New Delhi, Auditors of the Company hold office till the conclusion of ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

The notes on accounts referred to and the Auditors' Report are self-explanatory and therefore do not call for any explanatory note.

M/s. M. P. Turakhia & Associates, Cost Accountants is appointed as Cost Auditors to conduct cost audit of the accounts maintained by the Company in respect of its Fertilizers and Sulphuric Acid products for the financial year 2004-2005.

GENERATION OF ENERGY AND TECHNOLOGY ABSORPTION

Information as specified U/S 217 (1) (e) of the Companies Act, 1956 is given in Annexure A in **Form-A**.

Your Directors are of the opinion that the Company has already opted for latest technology for producing Single Super Phosphate, Sulphuric Acid, Seed Processing & Oil Refinery. Hence, information specified to be given in **Form-B** is not applicable.

FOREIGN EXCHANGE EARNING AND OUTGO

The Company has earned Rs. Nil on export of goods (Previous year Rs. NIL) and incurred Rs. 506.12 lacs (Previous year Rs. 397.61 lacs) on import of Raw Materials, furniture & fixture, Fees & Subscription, Interest on Foreign Currency Loan and Foreign Travelling Expenses.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217 (2AA) of the Companies (Amendment) Act, 2000, your Directors confirm that:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so to give a true and fair view of the statement of affairs of the Company at the end of the Financial year ended 31.03.2004 and of the Profit or Loss of the Company for that period;
3. 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 fraud and other irregularities;
4. the Directors have prepared the annual accounts on a going concern basis.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In accordance with the listing agreement, the management discussion and analysis report is given in **Annexure - B**.

CORPORATE GOVERNANCE

Your Company attaches considerable significance to good Corporate Governance as an important step towards building investors' confidence, improve investors' protection and maximizing long-term shareholder's value. Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, a Compliance Report on Corporate Governance and Auditors' Certificate regarding compliance of conditions of Corporate Governance is given in **Annexure - C**.

LISTING OF SHARES

The shares of the Company are listed at The Stock Exchange Mumbai (BSE), which provides wider access to the investor nationwide. The Company has made all the compliances of Listing Agreement including payment of annual listing fees to the Stock Exchange BSE. The Company has delisted its equity shares from the following stock exchange viz. The Delhi Stock Exchange Association Ltd. (DSE), The Calcutta Stock Exchange Association Ltd., Kolkata and The M.P. Stock Exchange, Indore vide the special resolution passed by the shareholders in the last Annual General Meeting held on 16th day of July, 2003.

PARTICULARS OF EMPLOYMENT

Information as per the requirement of Section 217(2A) of the Companies Act, 1956 is given in **Annexure-A**.

ACKNOWLEDGEMENT

Your Directors would like to thank the IFCI, IDBI, the State Bank of India, State Bank of Indore, various Departments/ Agencies of Central/ State Govt., Shareholders, Employees and Business Associates of the Company for their continued cooperation received during the year.

For and on behalf of the Board

SHAILESH KHAITAN

CHAIRMAN & MANAGING DIRECTOR

Place: New Delhi
Date: 27.04.2004

KHAITAN CHEMICALS & FERTILIZERS LIMITED**Annexure - 'A'**

Form 'A' for disclosure of particulars with respect to conservation of energy and forming part of Directors Report:

A) Power & Fuel Consumption:

	Current Year	Previous Year
1. Electricity:		
a) Purchased Units	3317880	3001868
Total amount (Rs. in Lacs)	209.17	176.89
Rate/Unit (Rs.)	6.30	5.89
b) Own generation:		
i. Through diesel generator Units	2172383	1444315
Total amount (Rs. in Lacs)	115.81	81.94
Rate/Unit (Rs.)	5.33	5.67
ii. Through steam turbine Units *	12576323	10603434
Total amount	-	-
(* Net of Self Consumption in TG)		
2. Coal:		
Quantity (In MT)	4407	2071
Total Cost (Rs. in Lacs)	103.91	46.35
Rate/Unit (MT) (Rs.)	2358	2238
3. Furnace oil:		
Quantity (K. Lts.)	881.00	781.60
Total Amount (Rs. in lacs)	117.95	99.36
Average Rate /Lt.	13.39	12.71

B. Consumption per Unit of Production:

Item	Product	Current Year	Previous Year
Electricity (KWH/MT)	S.S.P./G.S.S.P.	23	27
	S.A./Oleum/Liquid So ₃	62	65
	Soya Oil/Doc	40	45
Coal (KG/MT)	Soya Oil/Doc	62	64
Furnace Oil (Ltr.)	G.S.S.P.	10	11

Statement Under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rule 1975 & Forming part of Directors' Report:

S. No.	Name of Employees/his Qualification/designation	Age/No. of years Experience	Date of Commencement of Employment	Remuneration (Rs. in Lacs)	Last Employment
A.	Employed through out the year.				
1.	Shri Shailesh Khaitan B.Com (Hons.) Chairman & Managing Director	48/24	01-09-84	31.42	Managing Director, M/s. Majestic Packaging (P) Ltd. Calcutta.

1. Remuneration includes salary, commission, leave travel assistance and expenditure incurred by the Company on other perquisites valued in accordance with the Income Tax Rules, 1962

2. Shri Shailesh Khaitan is having 398276 Nos. of Shares. No other employee is having any share in the Company.



KHAITAN CHEMICALS & FERTILIZERS LIMITED

Annexure - 'B'

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management of Khaitan Chemicals & Fertilizers Limited is pleased to present its analysis report covering segment-wise performance and outlook. The report contains expectations of the Company's businesses based on the current environment. Many unforeseen and uncontrollable external factors could alter these expectations.

BUSINESS ORGANISATION

The Company is mainly engaged in the manufacturing of Single Super Phosphate (Fertilizer) and Edible Oil. It has three plants of Single Super Phosphate situated at Nimrani (Madhya Pradesh), Jhansi (Uttar Pradesh) and Nimbahera (Rajasthan); (the Nimbahera plant is under construction). It also has a plant of Soya Solvent Extraction Plant/Refinery at Ratlam, (Madhya Pradesh). The Company has an extensive marketing network to support its business activities.

1. INDUSTRY STRUCTURE AND DEVELOPMENTS

Fertilizer Division:

India is the third largest producer and consumer of fertilizer in the world, as it is predominantly an agricultural country. The Government of India has already decontrolled the phosphatic & potashic fertilizers (including SSP) except allowing some adhoc subsidy.

The Govt. is well aware that the higher subsidy to Urea has led to imbalanced use of fertilizers, which need to be corrected. Thus the further reduction in subsidy to fertilizer industry, which should inter-alia aim to encourage balanced use of fertilizers, shall increase the consumption of phosphatic fertilizers including SSP. However, Govt. indecision to hike MRP of Urea and DAP is a matter of concern and hurdle in implementing the fertilizer policy.

SSP fertilizer is the cheapest source of phosphatic fertilizer with other inputs i.e. Sulphur, Calcium etc. and is poor man's fertilizer. The management feels that due to its lower economical value with high distribution cost, there should be no impact of "WTO" as well as "No Subsidy Era".

The gradual reduction of subsidy shall not affect the demand of SSP provided, there is simultaneous reduction of subsidy in other segment of fertilizer. The total subsidy outgo on SSP sector is marginal.

Soya Division

Your Company is engaged in the business of edible oil. Due to higher price of soya products in the international market, the Indian industry as well as farmers stood to gain in the last year, which is expected to continue in the coming years also. With the excellent crop realization to the farmers of its produce in the last year, there is every possibility that acreage and production of soybean shall increase in the current year, which shall certainly increase the capacity utilization of the soya industry as a whole.

Over the years, the NBOT (the future commodity exchange) has appeared as major market force in the edible oil sector. Your company also deals in the same to hedge its oil inventory due to high volatile market conditions.

2. OPPORTUNITIES AND THREATS

Fertilizer Division

There is a lot of scope for increased use of fertilizer and Government's emphasis for balance use of fertilizer to increase the Agriculture production will lead to higher consumption of phosphatic fertilizer.

SSP belongs to partial decontrolled segment and low cost fertilizer with other additional nutrients (i.e. Sulphur and Calcium) and present imbalanced use of fertilizers in favour of highly subsidized urea should lead to growth in SSP in coming years.

The consumption of fertilizer depends on the monsoon conditions. Further non-integrated decision of MRP & Subsidy in relation to cost of production, by State Govt. and Central Govt. respectively may affect the production & profitability of the industry/company.

Soya Division

The country is deficient in oil seed production to meet out the country's requirement. The Govt. is deeply concerned and trying to reach self-sufficiently in the edible oil sector.

KHATAN CHEMICALS & FERTILIZERS LIMITED

The higher international price of oil seed product has encouraged the farmers to divert towards oil seed production.

The company would like to increase its processing capacity to encash the opportunity.

3. SEGMENT-WISE BUSINESS REVIEW

The Company has two business segments viz. Fertilizer and Soya. Segment-wise details of the business are given in the foregoing paragraphs:

Fertilizer Division

The Company has largest SSP manufacturing facilities at one location in India with installed capacity of 400000 MT (Total installed capacity 532000 MT) and having manufacturing facility of Sulphuric Acid, Oleum and Liquid So3.

The summarised performance of Fertilizer Division is as under:

	<u>2003-2004</u>	<u>2002-2003</u>
		(Rs. In Lacs)
Sales	9512.08	8022.85
PBIDT	1045.76	926.39

Soya Division

The summarized performance of Soya Division is as under:

	<u>2003-2004</u>	<u>2002-2003</u>
		(Rs. In Lacs)
Sales & Other Income (Net of Excise duty)	9828.85	4617.66
PBIDT	1049.53	158.52

4. FUTURE OUTLOOK:

Fertilizer Division

Future outlook for Fertilizer Industry is linked with Government's strategic approach to self-sufficiency in Agro products. Additional production of foodgrain will have to come from increased productivity in the farming sector, resulting in higher demand for fertilizers and other Agri-inputs. The Company is of strong conviction that the resurgence of the Indian Economy can be sustained only upon the modernization and revival of the Agricultural sector.

The Company would like to become leader in the areas of its operation i.e. Madhya Pradesh, Rajasthan and Uttar Pradesh. It will also penetrate in the state of Chhattishgarh and Maharashtra.

The performance of the company expected to be better in coming year considering its basic strength.

Soya Division

The oil seed production for the current year 2004-05 is expected to be better in view of forecast of normal rainfall. This is likely to present a good opportunity for higher capacity utilization of the solvent extraction plant.

5. RISKS AND CONCERNS

The Industry is Agro based and therefore its performance shall always be dependent on vagaries of monsoon. The performance of last year was very good due to the normal rainfall. We hope to have normal monsoon in the current year and onwards as well.

We are continuously repositioning ourselves according to changing market scenario to strengthen our competitive position.

6. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has well-establish internal control systems at all levels. Boards take major decisions in all aspects of business. There is an elaborate internal audit system, which is catered to by Krishan Rakesh & Co. They are employing highly qualified and experienced professionals in all fields. The management is reasonably satisfied about the adequacy of these internal control systems. The Company has also put lot of emphasis in the systemization of the various plant operation and has also been accredited with the ISO 9001-2000 certification.

The Board of Directors has an Audit Committee, whose Chairman is an Independent Director. The Committee meets periodically to review internal control system, Audit Programmes and Results and Recommendations of the Auditors and Management's Replies to those recommendations.



KHAITAN CHEMICALS & FERTILIZERS LIMITED

7. OPERATIONAL AND FINANCIAL PERFORMANCE:

Fertilizer Division

Production and Sales

The summarized production performance of Fertilizer Division is as under:

		<u>2003-2004</u>	<u>2002-2003</u>
SSP	MT	267926	221751
Sulphuric Acid	MT	120804	112557
Oleum/Liquid So ₃	MT	6170	9369

The summarized Sales performance of Fertilizer Division is as under:

		<u>2003-2004</u>	<u>2002-2003</u>
SSP		8388.16	6826.87
Sulphuric Acid		847.49	972.59
Oleum/ Liquid So ₃		218.40	297.90
Others		38.01	58.60

The Company reaches out to the farmers through a strong marketing network of dealers in Madhya Pradesh, Uttar Pradesh & Maharashtra and ensure timely supply of fertilizers.

Soya Division

• Production and Sales

The summarized production performance of Soya Division is as under:

		<u>2003-2004</u>	<u>2002-2003</u>
Seed Crushing	MT	59731	27386
Refined Oil	MT	10027	5049

The summarized sales performance of Soya Division is as under:

		<u>2003-2004</u>	<u>2002-2003</u>
Soya Oil		4198.92	2087.68
De-Oiled Cake		5518.78	2160.37
Others		74.37	340.27

• Distribution Network

Fertilizer Division:

With a strong marketing network of 400 (approx.) dealers in M.P., Chhattishgarh, U.P. Rajasthan & Maharashtra and 12000 (approx.) village outlets the Company ensures timely supply of fertilizer.

Soya Division:

Soya division comprises two products i.e. De-Oiled cake (DOC) and Edible Oil (Oil). DOC is mostly exported either directly or through merchant Exporter and being sent to port on Rake Load basis. No distributor is involved in this process and it is sold directly to the bulk purchaser. Edible oil is mass consumption item and is sold directly to the repackers/vanapati manufacturers and other retailers on ex factory basis in tanker load in bulk. Hence no distributor /dealer is involved in this process as well.

8. MATERIAL DEVELOPMENT IN HUMAN RESOURCES/INDUSTRIAL RELATIONS:

The Company considers its highly motivated and well-maintained team as its most valuable asset. Both the divisions continue to have extremely cordial industrial relations.

CONCLUSION

Due to its basic strength, with the arrival of normal monsoon, the Company has shown excellent performance in the last year. Implementation of the Government's policy on the fertilizer sector will further strengthen the future outlook of the fertilizer industry.

In both the business segments, a focus on assets utilization, earning maximization, continuous growth and relentless strengthening of the internal efficiencies will enable the company to deliver superior value for its shareholders on a sustained basis in future.