



# **TATA CHEMICALS**



**60<sup>th</sup> Annual Report .**  
**1998-99**


**TATA CHEMICALS**

Sixtieth annual report 1998-99

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**Tata Chemicals Limited**

## TATA CHEMICALS

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### Tata Chemicals Limited

**D. S. Seth** (*Chairman - Emeritus*)

### Board of Directors :

**Ratan N. Tata** (*Chairman*)

**R. Gopalakrishnan** (*Vice Chairman*)

(*Appointed Director on 30 Oct. 1998 and*

*Vice-chairman on 18 Jan. 1999*)

**Harshavadan Mangaldas**

**Keshub Mahindra**

**D. M. Ghia**

**Nusli N. Wadia**

**F. J. Heredia**

**R. C. Khanna**

**A. N. Lalbhai**

**Dr. Manu Seth** (*Managing Director*)

**Dr. D. V. Kapur**

**N. A. Soonawala**

**T. S. Srinivasan**

(*Nominee of IDBI*)

**Mrs. Lalita D. Gupte**

(*Nominee of ICICI upto 22 July, 1998*)

**U. Mahesh Rao**

(*Nominee of ICICI Appointed on 3 August, 1998*)

**G. N. Bajpai**

(*Nominee of LIC*)

### Registered Office :

Bombay House  
24, Homi Mody Street,  
Hutatma Chowk,  
Mumbai 400 001.

### Share Registrars :

Tata Share Registry Limited,  
Shalaka, 1st Floor,  
Plot No. 9, Queens Barrack Area,  
Near Cooperage Telephone Exchange,  
Maharshi Karve Road,  
Mumbai 400 021.

### Solicitors :

Messrs Mulla & Mulla and  
Craigie Blunt & Caroe, Mumbai

S. R. Vakil

### Auditors :

Messrs S. B. Billimoria & Co., Mumbai  
Chartered Accountants

Messrs N. M. Rajji & Co., Mumbai  
Chartered Accountants

### Works :

Chemicals Complex and Cement Plant — Mithapur, Gujarat

Fertiliser Complex — Babrala, Dist. Badaun, U.P.

Detergent Plant — Pithampur, Dist. Dhar, Madhya Pradesh

### Bankers :

Bank of Baroda

State Bank of India

State Bank of Bikaner & Jaipur

Citibank N. A.

Bank of America

HDFC Bank Limited



## Management :

**Ratan N. Tata** (Chairman)

**R. Gopalakrishnan** (Vice-chairman)

**Dr. Manu Seth** (Managing Director)

### MUMBAI

**B. R. Bahl** (Company Secretary)

**S. U. K. Menon** (Vice President — Finance & Accounts)

**V. K. Gondhalekar** (Vice President — Purchase)

**K. Mehan** (Vice President — Sales & Marketing)

**B. P. Chinoy** (Controller of Finance)

**J. D. Thanawalla** (Corporate Accounts Manager)

**F. M. Gotla** (Marketing Manager — Chemicals)

**S. C. Kalani** (Manager — Taxation, Insurance & Funds)

**S. V. Patankar** (Purchase Manager)

### MITHAPUR

**R. L. Kaul** (President — Chemicals Division)

**A. M. Valdyia** (Vice President — Projects)

**V. P. Damodaran** (Vice President — Services)

**M. Hariharaswamy** (Vice President — Production)

**C. Neelkantan** (Vice President — HRD & Administration)

**T. V. Rao** (Corporate Manager — MIS)

**I. L. Momin** (Manager — Cement Plant)

**G. J. Adroja** (Manager — Materials)

**P. M. Khanderia** (Manager — Research & Development)

**R. V. Chaudhary** (Manager — Soda Ash)

**H. P. Pota** (Manager — Administration & Personnel)

**S. K. Syan** (Manager — Power Plant)

**B. T. Gajjar** (Manager — Maintenance)

**H. A. Patel** (Manager — Procurement & Construction)

**Dr. A. M. Gandhe** (Chief-Medical Health Services)

**V. D. Sharma** (Manager-Chlor Caustic & Marine Group)

**K. M. Chauhan** (Manager — Process Equipment)

**D. D. Kumta** (Manager — Salt)

**I. A. Vayani** (Manager — Electrical & Instrumentation)

**S. Sain** (Manager — HRD)

**D. V. Gandhi** (Manager — Accounts)

### BABRALA

**S. Ganapathy** (President — Fertiliser Division)

**P. J. Parekh** (Vice President — Services)

**B. K. Bhatia** (Vice President — HRD & Administration)

**S. Mohan** (Corporate Manager — Electrical)

**K. V. Sundaravadanan** (Marketing Manager — Fertilisers)

**A. J. Gupta** (Manager — Ammonia)

**V. K. Bhatia** (Manager — Urea)

**C. P. Chhabra** (Manager — Maint. & Tech. Services)

**S. G. Chaudhuri** (Manager — Offsites and Utilities)

**O. P. Tripathi** (Manager — Instrumentation)

**S. Chandrashekharan** (Manager — Accounts)

### PITHAMPUR

**M. V. Rao** (Manager — Pithampur Operations)

### AHMEDABAD

**K. Garg** (Marketing Manager — Cement)

**TATA CHEMICALS**

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**Tata Chemicals Limited****TATA CHEMICALS LIMITED****NOTICE**

NOTICE is hereby given that the SIXTIETH ANNUAL GENERAL MEETING of TATA CHEMICALS LIMITED will be held at the Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Mumbai 400 020, on Tuesday, 24 August, 1999 at 4.00 P.M. to transact the following business:-

1. To receive and adopt the Directors' Report and Audited Profit and Loss account for the year ended 31st March 1999, and the Balance Sheet as at that date.
2. To declare a dividend on Ordinary Shares.
3. To appoint a Director in place of Mr. A. N. Lalbhai, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. R. C. Khanna, who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Dr. D. V. Kapur, who retires by rotation and is eligible for re-appointment.
6. To appoint a Director in place of Mr. R. Gopalakrishnan who was appointed an Additional Director of the Company by the Board of Directors pursuant to Article 133 of the Articles of Association of the Company on 30 October 1998; and who, under Section 260 of the Companies Act, 1956, holds office upto the date of the forthcoming Annual General Meeting, but who is eligible for appointment and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director under Section 257 of the Act.

**CREATION OF CHARGES**

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

"RESOLVED that the consent of the Company be and is hereby accorded to the Board of Directors of the Company in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to the creation by the Board of Directors of the Company of such mortgages, charges and hypothecations in addition to the existing mortgages, charges and hypothecations created by the Company in such form and manner as the Board may direct on such of the assets of the Company wherever situate, both present and future, together with power to take over the management of the Company in certain events, to or in favour of Central Bank of India or any other agency appointed as Trustees to secure borrowings aggregating Rs. 200 crores proposed to be raised from banks, financial institutions, mutual funds and other agencies at such rate of interest and on such other terms and conditions as may be approved by the Board of Directors together with interest, at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premia on pre-payment or on redemption, cost, charges, expenses and all other moneys payable by the Company to the lenders in terms of the Loan Agreement with the lenders and the Debenture Trust Deed to be entered into by the Company with the Debenture Trustees.

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to finalise the terms and conditions of the borrowings and the documents for creating the mortgages/charges/hypothecations and accepting or making any alterations, changes, variations to or in the terms and conditions, to do all such acts, deeds, matters and things and to execute all such documents and writings as it may consider necessary, for the purpose of giving effect to this Resolution."

**APPOINTMENT OF AUDITORS**

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

"RESOLVED that pursuant to the provisions of Section 224A and other applicable provisions, if any, of the Companies Act, 1956, Messrs S. B. Billimoria and Company and Messrs N. M. Rajji and Company, the retiring



auditors of the Company be and are hereby re-appointed Auditors of the Company to hold office from the conclusion of this Meeting upto the conclusion of the next Annual General Meeting of the Company and to examine and audit the accounts of the Company for the financial year 1999-2000 on a remuneration of Rs. 8.00 lacs each plus service tax, out-of-pocket, travelling, and living expenses in connection with the work of audit to be carried out by them."

#### **PAYMENT OF SERVICE TAX ON AUDIT FEES**

9. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:-

"RESOLVED that Messrs S. B. Billimoria & Company and Messrs N. M. Raiji & Company, Chartered Accountants each be paid an amount of Rs. 40,000/- being the amount representing the service tax on audit for carrying out the statutory audit of the accounts of the Company for the period 1st April 1998 to 31 March, 1999 as provided in the Annual Accounts of the Company for the year ended 31 March, 1999."

#### **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 SUCH PROXIES 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 MEETING.
2. Members are requested to immediately notify any change in their address to the Share Transfer Agents of the Company, Messrs Tata Share Registry Limited. In all correspondence with the Company, members are requested to quote their account/folio numbers.
3. A member desirous of getting any information on the accounts or operations of the Company is required to forward his/her queries to the Company at least seven days prior to the meeting so that the required information can be made available at the Meeting.
4. The Register of Members and the Transfer Books of the Company will be closed from Friday, 23 July, 1999 to Thursday, 19 August, 1999 both days inclusive for the purpose of payment of dividend to those members whose names stand on the Register of Members as on 19 August, 1999. The dividend in respect of shares held in the electronic form will be payable to the beneficial owners of the Shares as on 23 July, 1999 as per details furnished by the Depositories for this purpose.
5. Members/Proxies should bring the attendance slips sent herewith duly filled in, for attending the Meeting.
6. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies to the Meeting.

By Order of the Board of Directors

TATA CHEMICALS LIMITED

**R. N. TATA**  
Chairman

Mumbai, 26 May, 1999.

#### **Registered Office :**

Bombay House,  
24, Homi Mody Street,  
Fort, Mumbai 400 001.

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**Tata Chemicals Limited****EXPLANATORY STATEMENT as required by Section 173 of the Companies Act, 1956.**

The following Explanatory Statement sets out all material facts relating to the business mentioned under Item Nos. 6 to 9 of the accompanying Notice dated 26 May, 1999.

2. **Item No. 6 :** Mr. R. Gopalakrishnan was appointed an Additional Director of the Company by the Board of Directors of the Company with effect from 30 October 1998 in accordance with Section 260 of the Companies Act, 1956 and Article 133 of the Articles of Association of the Company. He holds office only upto the date of the forthcoming Annual General Meeting of the Company and is eligible for appointment.
3. The Company has received a Notice from a member under Section 257 of the Act, signifying his intention to propose the appointment of Mr. Gopalakrishnan as a Director of the Company.
4. Mr. R. Gopalakrishnan joined Tata Sons Limited as Executive Director and has rich and varied experience. Mr. Gopalakrishnan was the Vice-Chairman of Hindustan Lever Limited before joining on the Board of Tata Chemicals Limited.
5. The Board considers it desirable that the Company should continue to avail itself of the experience and guidance of Mr. R. Gopalakrishnan.
6. **Item No. 7 :** With a view to conserve and augment long term resources of the Company, the Company proposes to raise borrowings by way of loans and/or non-convertible debentures of the aggregate value not exceeding Rs. 200 crores from banks, financial institutions, mutual funds and other agencies on such terms and conditions as may be negotiated and found mutually acceptable between the lenders and the Company.
7. The said loans/debentures are proposed to be secured by a pari passu first mortgage/charge on the fixed assets of the Company and hypothecation of movables (subject to the prior charge of the Bankers for working capital arrangements).
8. As the documents to be executed for securing the above mentioned borrowings may contain the power to take over the management of the Company in certain events, it is necessary for the shareholders to pass a Resolution under Section 293(1)(a) of the Companies Act, 1956 for the creation of the mortgage/charge.
9. **Item Nos. 8 & 9:** Section 224A of the Companies Act, 1956, provides that in the case of a company of which not less than 25% of the subscribed capital is held either singly or in any combination by public financial institutions, Government companies etc., the appointment or re-appointment of an auditor of that Company has to be made by a Special Resolution.
10. Since the combined shareholding of LIC, UTI, GIC and its subsidiaries and nationalised banks in the Company exceeds 25% of the subscribed share capital of the Company, the re-appointment of Messrs S. B. Billimoria and Company and Messrs N. M. Rajji and Company as auditors of the Company is required to be made by a Special Resolution. It is proposed to re-appoint the Auditors on the same terms and conditions for the financial year 1999-2000 i.e. on a remuneration of Rs. 8 lacs each, plus service tax, out-of-pocket, travelling and living expenses in connection with the work of audit to be carried out by them.
11. As required under Section 224 of the Act, certificates have been obtained from them to the effect that their appointments, if made, will be in accordance with the limits specified in that Section.
12. At the Annual General Meeting of the Company held on 17 September, 1998, the members had approved the appointment of Messrs. S. B. Billimoria and Company, Chartered Accountants and Messrs N. M. Rajji & Company, Chartered Accountants as the statutory auditors of the Company to hold office from the close of that meeting to the conclusion of the next Annual General Meeting at a remuneration of Rs. 8.00 lacs per annum for each firm plus out of pocket and travelling expenses. However, subsequent to the members' approval, the applicability of service tax was extended by the Finance Act, 1998, to remuneration payable to the Auditors of the Company.
13. It is therefore proposed to obtain the approval of the members of the Company by a Special Resolution to pay, in addition to the remuneration, an amount of Rs. 40,000/- each to Messrs. S. B. Billimoria & Company and Messrs N. M. Rajji & Company, being the amount representing service tax on audit fees.
14. The Board commends the Resolutions at Item Nos. 8 & 9 of the Notice convening the Meeting.

By Order of the Board of Directors

TATA CHEMICALS LIMITED

Mumbai, 26 May, 1999.

**Registered Office :**  
Bombay House,  
24, Homi Mody Street,  
Fort, Mumbai 400 001.

**R. N. TATA**  
Chairman



## DIRECTORS' REPORT

### TO THE MEMBERS

The Directors present herewith the Sixtieth Annual Report together with the Audited Statement of Accounts for the year ended 31 March, 1999.

	Rs. in Crore	Previous Year Rs. in Crore
<b>Financial Results</b>		
2. The profit before Depreciation for the year ended 31 March 1999 was .....	334.14	447.26
Deducting therefrom Depreciation of .....	116.15	115.13
Profit before Extra-Ordinary Items was .....	217.99	332.13
After deducting loss on account of cyclone/rain .....	8.16	—
Profit before tax was .....	209.83	332.13
Deducting therefrom Taxes of .....	28.16	43.50
Profit After Tax was .....	181.67	288.63
Adding thereto balance in Profit and Loss Account .....	216.67	132.20
The amount available for Appropriation was .....	398.34	420.83
The proposed Appropriations are: .....		
(a) Dividends .....	90.32	117.42
(b) Tax on Dividend .....	9.94	11.74
(c) General Reserve .....	75.00	75.00
(d) Balance carried forward .....	223.08	216.67
	<u>398.34</u>	<u>420.83</u>
3. The Directors now recommend for approval of the Shareholders at the Annual General Meeting to be held on 24 August, 1999, of Rs. 5 per Ordinary Share (Previous Year Rs. 6.50 per Ordinary Share) on 18,06,38,651 Ordinary Shares .....	90.32	117.42
4. The total income for the year at Rs. 1,500.45 crores was 9.7% lower than the preceding year primarily on account of the reduced sale of Urea and Soda Ash. The Gross Profit before interest and depreciation was Rs. 520.49 crores against Rs. 662.56 crores last year, a decline of 21.4%. Despite reduction in interest expenses, and provision for tax, the net profit of the Company declined by 37.1% to Rs. 181.67 crores.		

### Dividend

5. The Directors have recommended a dividend of Rs. 5 per share, on the Share Capital of Rs.180.64 crores. The quantum of dividend at Rs. 90.32 crores, inclusive of tax is Rs. 100.26 crores.

### Retention Price

6. The results for the current year have been cast on the basis of the Provisional Retention Price for Urea declared by the Government as was done in 1996-97 and 1997-98. There was unfortunately little tangible progress in the fixation of the Final Retention Price during the year. Claims for escalation and input costs and interest subsidy amounting to Rs.31.25 crores have been accounted pending final issuance of Government notification in keeping with the normal industry practice.

### Tax Matters

7. In January 1999, the Income Tax Appellate Tribunal ruled in the Company's favour both on the matters relating to the deductibility of interest on borrowing for the Fertilizer Project and on the allocation of interest charged against income from tax free bonds. The Tribunal ruled that there was sufficient ground to exhibit the interdependence and interconnection between the Fertilizer and Chemicals businesses of the Company and consequently the Company was entitled to a deduction under Section 36 (1) (iii) for the interest on the borrowings for the Fertiliser Project even though the interest had been capitalised, during the construction period, in the books of Accounts.



**TATA CHEMICALS****Sixtieth annual report 1998-99****Tata Chemicals Limited**

8. The Order is for the assessment year 1992-93, and the decision will now apply to subsequent assessment years 1993-94, 1994-95 and 1995-96. The interest due from the tax authorities on the refund to be made for the year 1992-93 to which the Appellate Tribunal's ruling directly relates, has been assessed by the Tax Authorities at Rs. 18.58 crores and so has been accounted as extraordinary income in the year 1998-99.

**Provisions**

9. An expenditure of about Rs. 3.5 crores was incurred for repair and restoration to the damage caused by the unprecedented cyclone that hit the Saurashtra coast on 9 June, 1998. The cyclone was followed, three weeks later, by unexpected heavy rainfall which damaged Soda Ash and Salt stocks stored at Mithapur. The extent of the actual expenses to be incurred for reprocessing and product loss can only be estimated once all the product has been reprocessed, despatched or internally consumed. In the interim a conservative provision of Rs. 8.16 crores has been made. Savings, if any, will be adjusted in the subsequent year.

**OPERATIONS****Chemicals Division****Soda Ash and Sodium Bicarbonate**

10. Soda Ash demand declined by 3.5% during the year to 16.3 lac MT. The decline in Soda Ash demand was due primarily to reduction in inventory by consumers and to a lower growth in the detergent market, however there was higher demand from glass manufacturers. Exports were affected by the abundant availability of low cost Soda Ash from China both in South East Asia and the Middle East.
11. Imports of Soda Ash were slightly lower at 1.6 lac tonnes but still maintained their 10% share of the domestic market. Domestic production of Soda Ash consequently declined by 9% to 14.8 lac tonnes. The year witnessed a sharp drop in the landed prices of imported Soda Ash which dropped from US \$ 159-172 per MT 18 months ago to US \$ 116-118 MT towards the end of the year. This decline in prices severely affected the sales and gross margins of domestically produced Soda Ash. It has been clearly demonstrated that the low priced exports, almost entirely from China, are well below domestic Chinese prices and in some cases below the variable cost of Chinese producers. Despite the MRTP Commission's order restraining imports from China on the basis that Sinochem, the major Chinese export agency, was a cartel, Chinese imports continued unabated. The Alkali Manufacturers Association of India has now filed an application with the competent authorities for imposition of anti-dumping duties on Soda Ash. The application is under process.
12. In view of the low realisation, exports of the Company's Soda Ash dropped from 32,000 tonnes to a mere 3,000 tonnes. Domestic sales were lower by 0.78 lac tonnes or 12.3%. Our competitors could gain market share by entering into special contractual supply arrangements with two major customers resulting in a decline of the Company's market share by 4.7%. The Company is vigorously pursuing an increase in domestic sales and market share. In keeping with the reduced demand, production of Soda Ash was reduced by 23% to 6.14 lac tonnes. This also resulted in a decrease of about 15% in the inventory.
13. Demand for Sodium Bicarbonate reduced primarily due to the closure of leather tanneries in the Southern and Eastern parts of the country mainly on environmental grounds. The sale of Sodium Bicarbonate, as a consequence, was lower by 13% at 40,716 MT.

**Chlor-Caustic**

14. The chlor-caustic industry witnessed yet another difficult year with capacity utilisation rates declining to 62% from 70% in the previous year. Installed capacity continued to rise increasing by 9.8% even though total production declined by 2.6% to 13.8 lac tonnes during the year. The situation in Gujarat, where the Company sells most of its chlor-caustic products was worse with capacity utilisation rates coming down to 54% as against 63% during the previous year. The excess supply situation resulted in a predictable and steep decline in realisations and the Company operated the chlor-caustic facilities only to the extent necessary to use surplus power. Production of caustic soda at 12,335 tonnes was lower by 42.9% of which over two-thirds was due to restriction in the availability of surplus power due to the lower production of Soda Ash. Both Chlorine and Hydrochloric Acid, being co-products, followed a similar trend declining by 22% and 51.9% respectively.

**Vacuum Salt & Marine Chemicals**

15. The total consumption of edible salt in the country is estimated at 55 lac tonnes per year of which 18 lac tonnes is sold as packaged salt. Only about 55% of the total packaged salt is either nationally or regionally branded with



the three major national brands accounting for about 7 lac tonnes per year of sale. Tata Salt has maintained its leadership position in the branded salt market despite the aggressive posture adopted by new entrants. Retail sale of salt increased by about 5% to 3.06 lac tonnes per year increasing our market share, it is estimated, from 32 to 33%. As part of brand renewal the packing material, pack design and advertising for Tata Salt was changed during the year.

16. The production of Vacuum Salt (both iodised and non-iodised) increased marginally to 3.45 lac tonnes. The production of other marine chemicals primarily bromine and bromide generally followed demand.

#### **Raw Materials & Fuel**

17. The total requirement of fuels at Mithapur were met equally by coal and lignite. Over 85% of the coal used was imported based on its lower cost. Anti-dumping duty was imposed on coke, another important raw material, with the final ex-port price of coke being fixed in October 1998. The local coke producing unit near Mithapur, continued to meet the Company's entire requirements by matching the price of imported coke.
18. Damage to the electrical distribution system in the Salt Works, and minor breaches of bundhs as a consequence of the cyclone and rains were quickly repaired to ensure continued smooth functioning of the Solar Salt production facilities, and the supply of solar salt was steadily maintained throughout the year. Total salt production was over 10 lac tonnes as against 7.6 lac tonnes of the previous year.
19. The Chemical Works was supplied about 17 lac tonnes of limestone, the bulk of which came by rail.

#### **Steam & Power**

20. One of the major boilers was completely refurbished increasing its availability from 80% in previous year to over 85% in the current year. Stack emissions were further reduced by modification of existing equipment. The steam and power facilities in general worked smoothly throughout the year providing energy as needed for the Chemical Complex.

#### **Cement Division**

##### **Sales**

21. Sales of the Company's cement increased from 1.72 lac tonnes in the previous year to 2.94 lac tonnes because of higher production. The national demand for cement in 1998-99 (including exports) is reported to have grown by 7.9 % as compared to 8.4% in 1997-98. Exports of cement and clinker declined by nearly 20% to 3.5 million tonnes. The Company markets its entire cement production in Gujarat where production capacity is almost 1.8 times the market demand, resulting in pressure on cement realisations. Cement prices increased between November and February but dropped again at the end of the year. In order to partially mitigate lower realisations the Company sold larger quantities of cement in the nearby Saurashtra-Kutch region bringing down average freight charges.

##### **Production**

22. As reported last year, the main girth gear of the cement grinding mill cracked in mid- September 1997 and the repaired gear was put back into operation in April 1998. The repaired cement mill could be operated at only 60% of its capacity. A new girth gear will be installed by December 1999. The consumption of coal and power in the Plant has stabilised and was very similar to that achieved in the earlier years.
23. After further modifications to its composition, Masonry cement has now been fully accepted by users in our test marketing. The Company sold 4,500 tonnes of Masonry cement and based on the test market results expects to increase production and sale in the years ahead.

#### **Fertiliser Division**

##### **Sales**

24. The national demand for Urea grew by 3.2% during the year to 202 lac tonnes. Domestic production increased by 3.7% to 192 lac tonnes and coupled with a decline in imports from 24 lac tonnes to about 6 lac tonnes resulted in a reduction of the Industry's inventory levels from over 28 lac tonnes at the start of the year to 24 lac tonnes by year end.
25. The despatch and distribution of Urea is controlled by the Essential Commodities Act under which the Company's primary marketing areas are UP, Haryana and Punjab. In this region demand grew by 5.1% to over 82 lac tonnes