

**CHAPTER THREE**

XX

**PROFILE OF SAMPLE UNITS**

### 3.1 INTRODUCTION:

Under the present study, the following six fertilizer manufacturing units were taken up for a detailed analysis of their financial performance during the period 1982 to 1991:

1. The Fertilizers & Chemicals Travancore Limited,
2. Zuari Agro Chemicals Limited,
3. Gujarat State Fertilizers Co.Limited,
4. Mangalore Chemicals & Fertilizers Limited,
5. Coromandel Fertilizers Limited,
6. Southern Petrochemicals Industries Corporation Limited.

A brief profile of each of these six units is being offered in the present Chapter.

### 3.2 THE FERTILIZERS & CHEMICALS TRAVANCORE LIMITED:

The Company was established in 1943 in Travancore. Its registered office is at Eloor, Udyogmandal, in Kerala State. The Company is listed on Cochin Stock Exchange and its accounting year ends on 31st March.

#### Objectives & Activities:

The Company has been established for manufacturing fertilizers and chemicals.

#### Capital Structure:

The company has an authorized equity capital of Rs.600 crores, which is divided into 60,00,00,000 shares of Rs.10 each. The paid-up capital stands at Rs.342,77,19,740.

History:

The Company was incorporated in 1943. In 1962, it entered into an agreement with Power Gas Corporation Limited of United Kingdom for the exchange of technical knowhow indigenously developed by the Company. According to this agreement, the Power Gas Corporation (PGC) Limited agreed to pay to the Company a royalty on percentage basis on all contracts made by the PGC anywhere in the world. In 1962-63, the Company started its own Research & Development Department.

Divisions of the Company:

The Company has following six divisions:

- Udyogmandal Division,
- FACT Engineering & Design Organization,
- Cochin Division,
- FACT Engineering Works,
- Marketing Division,
- ammonium Sulphate.

Operation:

In 1982-83, Company's total production of the fertilizers was 5.52 metric tonnes and the sales turnover registered at Rs.135 crores. In 1983-84, the production had increased to 6.02 lakh tonnes and the sales turnover had increased by 23% over the previous year. In 1984-85, production, sales and profits reached record levels. Total production of fertilizers, nutrient nitrogen and phosphate were 8,32,000 tonnes, 2,24,642 tonnes and 1,13,337 tonnes, respectively. The company sold the fertilizers valued totally at Rs.204 crores.

In 1985-86, the company produced 1,80,124 tonnes of nitrogen, while in 1986-87, the production reached 2,38,156 tonnes. Phosphate production

reached 1,20,187 tonnes from 1,02,125 tonnes of the previous year. For the years 1985-86 and 1986-87, sales turnover was Rs.300.15 crores and Rs.331.84 crores, respectively.

In 1986-87, production of nitrogen and phosphate increased over the previous year to 2,38,158 tonnes and 1,20,187 respectively. Sales also increased by 10% over the previous year.

During the years 1987-88 and 1988-89, production of nitrogen, phosphates and complex fertilizers were 2,27,124 tonnes, 1,23,629 tonnes and 1,35,329 tonnes, respectively. Sales turnover was Rs.371.30 crores and Rs.422.59 crores, respectively.

During 1990-91, production of phosphates and nutrient nitrogen improved to 1,20,884 tonnes and 2,37,553 tonnes, respectively. From the newly commissioned caprolactum plant, 6,248 tonnes molten lactum was produced. Sales turnover reached Rs.453.04 crores.

During 1991-92, production of phosphates, nutrient nitrogen and caprolactum improved to 1,50,000, 2,56,000 and 26,275 tonnes, respectively. Sales turnover increased to Rs.811 crores. Thus, the Company's overall working performance was quite satisfactory.

#### Expansion and Diversification:

A scheme for converting 450 TPD sulphuric acid plant to double-conversion, double-absorption process, costing about Rs.244 lakhs was completed in June 1981.

In April 1982, the Government approved the Company's proposal to set up facilities for the manufacture of 2,25,000 t.p.a. of ammonium sulphate and 50,000 t.p.a. of high sulphate, whose total capital outlay was Rs.260.22 crores. Four process collaboration agreements were signed with Stamicarbon b.v. of Netherlands and Chiyodu Chemicals Engineering and Construction Company Limited, Japan, during 1983-84.

Table 3.1

CAPACITY STATISTICS OF  
FERTILIZER & CHEMICALS TRAVANCORE LIMITED  
 (AS AT 31.3.1992)

Class of Goods	Capacity	
	Licensed m. tonnes	Installed m. tonnes
<u>UDYOGMANDAL DIVISION</u>		
Ammonia	1,18,800	85,800
Sulphuric Acid	2,78,800	3,79,500
Phosphoric Acid	33,000	33,000
ammonium Sulphate	3,90,880	3,24,000
Factmfose 20:20	1,81,020	1,48,500
Superphosphate	44,500	-
<u>COCHIN DIVISION</u>		
Ammonia	1,98,000	1,98,000
Sulphuric Acid	3,30,000	3,30,000
Phosphoric Acid	1,15,000	1,15,000
Urea	3,30,000	3,30,000
N.P.K.Fertilizers	4,85,000	4,85,000
<u>PETROCHEMICALS DIVISION:</u>		
Caprolactum	50,000	50,000
Nitric Acid	3,800	3,800
Soda Ash	4,750	4,750

Source:

During 1987-88, project cost was revised to Rs.315 crores from 260.22 crores. During 1989-90, Anone, Hyam, Lactam and ammonium plants were taken up for commissioning. During the year, the Company received approval for 900 TPD energy efficient ammonia plant at Udyogmandal from the Government of India. The project's estimated cost was Rs.575 crores. During 1990-91, first stage clearance received from the Government for a project of additional production facilities for sulphuric acid and phosphoric acid. In 1991-92, approval was received for 900 TPD ammonia replacement project.

Loans Outstanding:

As on 31st March 1992, the loans outstanding were: Rs.3000 lakhs received from the Rashtriya Chemicals and Fertilizers Limited, Rs.4953.36 lakhs from banks and Rs.10,618 lakhs received from the Government of India.

**3.3 ZUARI AGRO CHEMICALS LIMITED:**

The Company was incorporated on 12th May 1967 at Bombay. It was promoted by Birla Gwalior (Private) Limited and Armour Company of Chicago, U.S.A. Its registered office is at Zuarinagar, Goa, and the Company is listed on Bombay, Calcutta, Delhi and Madras Stock Exchanges. The Company's accounting year ends on 31st March and the book closure date is in July. The Company declares dividend on its shares in September.

Objects and Activities:

The Company has been established for manufacturing fertilizers and allied products.

Capital Structure:

The Company has authorized equity share capital of Rs.12,75,00,000, which is divided in 1,27,50,000 equity shares of Rs.10 each and a preference share capital of Rs.4,25,00,000 which is divided into 4,25,000 9.5% preference shares of Rs.100 each. The Company has issued equity shares of Rs.12,42,75,000 and preference shares of Rs.4,25,00,000, respectively; and has raised paid-up equity share capital of Rs.12,42,64,000 and paid-up preference share capital of Rs.4,02,18,000. Out of the total share capital, 40% shares were purchased by foreign holdings, 28.96% by the Government or the Government-sponsored financial institutions, 14.95% by corporate bodies, 0.63% by the Directors and their relatives, 2.55% by top 50 shareholders and the remaining 12.91% by others.

History:

The Company was incorporated on 12th May 1967 and was promoted by the Birla Group in association with American associates. A fresh collaboration agreement has since been signed with United States Steel Corporation, under which the activities of the Company were enhanced to include the manufacture of compound fertilizers. The agreement also includes arrangements for capital participation, know-how transfer and provision of technical services.

Operation:

In 1978-79, the Company introduced a new high phosphate in the market under the brand-name 'Saubhagya'. In 1979-80, the overall performance of the Company remained satisfactory, while in 1980-81, the demand for the Company's 'Jai-Kisan' fertilizers remained satisfactory. In 1982, the overall plant performance was highly satisfactory.

In 1983, utilization of ammonia and urea plants were lower due to the planned turnaround that took place in April/May. In 1984, the capacity utilization of the ammonia and urea plants improved to 90% and 94%, respectively. In 1985, ammonia and NPK plants' overall performance in capacity utilization improved to the levels of 95.87% and 116%, respectively. However, capacity utilization of urea plants was lower at 86.4%. In 1986, ammonia and urea plants' capacity utilization reached the levels of 106% and 107%, respectively. In the same year, the Company's sales increased by 33% over 1985 levels.

In 1987, capacity utilization of ammonia and urea plants were maintained at the previous year's level. However, production of ammonia and urea was marginally lower due to inadequate availability of phosphoric acid. Sales, however, declined to 6,39,286 metric tonnes. During 1988-89, sales improved to 9,18,227 tonnes. Overall, the Company maintained high capacity utilization in all plants.

During 1989-90, sales were lower compared to previous year at 6,81,974 tonnes due to lower opening inventory and limited phosphatic production. The Company, however, maintained high capacity utilization.

Expansion:

The Company received letter-of-intent for the manufacture of diammonia phosphate (DAP) in 1979-80. The project was completed on schedule and the production started on 24th December 1984. During 1983, debottlenecking programme was almost completed under which ways and means were suggested for achieving increase of 10% in the capacity. In 1985, a letter-of-intent was received for setting up cement plant with a capacity of 1 million tonnes per annum at Mandalgarh.



During 1984, a letter-of-intent was received to set up a fertilizer complex comprising of ammonia plant and urea plant with capacities of 1,350 tonnes and 2,250 tonnes per day. For this purpose, Aravali Fertilizers Limited (AFC) was promoted at Sawai Madhopur in Rajasthan State. AFC was incorporated on 7th May 1985 and the certificate of commencement of business was obtained on 18th July 1985.

The original contract with Snam-Progeti Company submitted for government approval has since been renegotiated because of the new guidelines fixed. The revised contract was submitted for government's approval. During 1988-89, as per the revised guidelines issued by the Ministry of Environment and Forests, AFL project was shifted to a new site near village Gadepan, which is about 35 kms. away from Kota. The name of the Company was also changed from Aravali Fertilizers Limited to Chemical Fertilizers and Chemicals Limited and the project was completed in January 1993.

Pollution Control:

During 1975-76, for water pollution control, short-term and medium-term measures were initiated, namely, neutralization and discharge of effluent into the sea through 2 km. long HDPE pipelines.

Capacity Statistics:

Table 3.2  
CAPACITY STATISTICS OF  
ZUARI AGRO CHEMICALS LIMITED  
(AS AT 31.3.1990)

Class of Goods	Capacity	
	Licensed m. tonnes	Installed m. tonnes
Ammonia	2,20,000	2,20,000
Urea	3,40,000	3,40,000
Compound Fertilizers	42,000	42,000

### 3.4 GUJARAT STATE FERTILIZERS COMPANY LIMITED:

The Company was established on 15th February 1962. Its registered office and factory are at Fertilizernagar, in Baroda district of Gujarat State. The Company is listed on Bombay, Calcutta, Madras, Delhi and Ahmedabad Stock Exchanges. The Company's accounting year ends on 31st March and the book closure date is in September. The Company declares dividend on shares in October.

#### Objectives and Activities:

The Company has been incorporated for manufacturing and distributing chemical fertilizers, petrochemicals, plastic materials, industrial gases, chemicals, etc.

#### Capital Structure:

The Company has an authorized equity share capital of Rs.97,00,00,000 which is divided into 9,70,00,000 shares of Rs.10 each and an 11% preference share capital of Rs.35,00,000 and \_\_% preference share capital of Rs.2,65,00,000. The nominal value of the shares is Rs.100 each. The Company has a paid-up capital of Rs.60,49,59,660, which is divided into 35,00,000 preference shares and 60,14,59,660 equity shares. Out of the total share capital, 0.69% shares were purchased by foreign holdings, 75.54% shares by the Government and Government-sponsored financial institutions, 1.22% shares by the corporate bodies, 0.20% shares by the top 50 shareholders and the remaining 22.35% shares by others.

#### History:

The Company was established on 15th February 1962. The first phase of ammonia, sulphuric acid, phosphoric acid, urea, ammonium sulphate and diammonia phosphate plants was commissioned in 1967. The second phase,

under which expansion of ammonia and urea plants was undertaken, was completed in 1969.

Operation:

In 1982, capacity utilization as also DAP and ammonium sulphate production reached record levels of 107% and 105%, respectively, from 80% and 82.4%, respectively, in the year 1981. The sales of the Company for the year amounted to Rs.180.07 crores. In 1982, production of fertilizers was satisfactory but two major mechanical failures in Ammonia-II Plant occurred. In 1984, fertilizer and melamine production reached satisfactory levels and caprolactum operations stabilized. In May 1984, certain major equipment failures and power disturbances affected the production activities.

During 1985, fertilizer production reached the capacity utilization rate of 108% as also the production of all other products reached record levels. Sales also increased by about 43%.

In 1986, fertilizer production increased by 6.5% over the previous year, the capacity utilization was 115%. The capacity utilization of phosphoric acid plant and DAP plant increased by 28% and 145%, respectively. Total sales for the year were amounted to Rs.355.31 crores. During 1987, fertilizer production increased by 5%, DAP and phosphoric plants capacity utilization reached to 151% and 150%, respectively. Total sales increased to Rs.357 crores and exports earning stood higher at Rs.113.20 lakhs.

During 1988-89, a capacity utilization was achieved 118% DAP plant reached capacity utilization of 98%, while caprolactum and nylon-6 plants achieved capacity utilization of 104% and 137%, respectively. Ammonia, sulphuric acid and phosphoric acid plant achieved capacity utilization of 101%, 105% and 159% respectively. During this period,

sales and exports amounted to Rs.676 crores and Rs.32.76 lakhs, respectively.

In 1989-90, the fertilizer unit achieved the capacity utilization of 131% while DAP production at Sikka plant utilized only 55% capacity due to the non-availability of imported raw materials. All other plants recorded a satisfactory performance. The overall turnover during the year improved by 26% over the previous year.

During 1990-91, capacity utilization improved to 133% due to the implementation of various programmes of replacement, renovation and modernization, etc.

During 1991-92, ammonia and urea plant achieved higher capacity utilization, i.e. 113% and 123%, respectively. Fertilizer plant achieved 132% capacity utilization. Caprolactum plant achieved 100% capacity utilization. ACH plant achieved capacity utilization of more than 100%. Nylon-6 plant achieved capacity utilization of 158%. Sales for the year amounted to Rs.985.75 crores as against Rs.739.03 crores in the previous year.

Expansion:

The first phase ammonia, sulphuric acid, phosphoric acid, urea, ammonium sulphate and diammonium phosphate plants were commissioned in 1967. All the plants started commercial production during June-September 1969. Four polymer blends and alloys of Nylon-6 and SAN were developed during 1985-86. Caprolactum plant was commissioned in 1974. In 1984, a letter-of-intent was received for the expansion of caprolactum plant for increasing the capacity from 30,000 to 50,000 tonnes per annum. In 1987, the Company selected Cora Engineering of Switzerland as the Licensors for the cyclohexanone plant. In 1982, the Company commissioned

melamine and fluorine recovery plant with annual capacity of 5,000 tonnes. In December 1981, the Company commissioned its sulphuric acid plant. During 1990-91, the Company proposed to set up 1350 metric tonnes per day ammonia plant at Fertilizernagar. In 1990-91, steam and power plants costing around Rs.135 crores were under implementation.

Amalgamation:

Polymer Corporation of Gujarat Limited was amalgamated with the Company from 1st January 1983.

Capacity Utilization:

Table 3.3  
CAPACITY STATISTICS OF  
GUJARAT STATE FERTILIZERS COMPANY LIMITED  
(AS AT 31.3.1992)

Class of Goods	Capacity	
	Licensed m. tonnes	Installed m. tonnes
All kinds of goods for which Licenses have been issued	47,84,650	1,28,09,000
Actual production		80,57,792

**3.5 MANGALORE CHEMICALS AND FERTILIZERS LIMITED:**

The Company was incorporated on 18th July 1966 as a Private Limited Company and was converted into a Public Limited Company in January, 1967. The Company is listed on Bombay, Calcutta, Madras, Delhi and Bangalore Stock Exchanges. The Company's registered office is situate at Bangalore and the factory is situate at Panambur, Mangalore, in Karnataka State. Its accounting year ends on 31st March and the book closure date is also in March.

Objects and Activities:

The Company was established for manufacturing naptha-based fertilizers like ammonia and urea.

Capital Structure:

The Company has authorised capital of Rs.1,30,00,00,000, which is divided into 13% preference shares of Rs.6,00,00,000 and equity shares of Rs.1,24,00,00,000. The nominal value of preference share is Rs.100 and of equity shares is Rs.10. The Company has issued Rs.2,99,85,200 worth preference shares and Rs.98,51,50,420 worth ordinary shares. The total paid-up capital is Rs.1,02,51,32,920. Out of the total equity capital, 0.21% shares were purchased by foreign holdings, 54.62% shares by the Government/Government-sponsored financial institutions, 30.70% by the corporate bodies, 1.54% shares by top 50 shareholders and the remaining 12.84% by others.

History:

The Company was incorporated on 18th July 1966 as a Private Limited Company under the name Malbar Chemicals and Fertilizers Private Limited, which was converted into a Public Limited Company in January 1967. The name was changed from Malbar Chemicals and Fertilizers Limited to Mangalore Chemicals and Fertilizers Limited on 25th August 1971.

The Company was promoted by Dugal Enterprises Private Limited, the Government of Mysore and the International Development and Investment Company Limited, Nassau, Bahamas. These were the promoters and the initial investors in the Company until June 1968, after which, the Mysore State Cooperative Marketing Federation Limited and the Mysore State Agro Industrial Corporation Limited joined as promoters. Rallis India Limited also purchased Rs.40 lakhs worth equity share capital.

Operation:

The ammonia plant started production on 15th March 1976. Because of power cut and demand recession, the performance was not well in 1982. Sales of 'Mangala' urea declined to 2,32,161 tonnes, whereas sales of diammonia phosphate increased by 200% over the previous year. The Company also handled distribution of 2,23,472 tonnes imported fertilizers on behalf of the Government of India.

During 1983, the Company sold 1,88,204 tonnes 'Mangala' urea and 2,24,229 tonnes 'Sumangala' DAP. Sales of ammonium bicarbonate amounted to 1,323 tonnes on behalf of the Government. The Company handled 1,03,889 tonnes of imported fertilizers.

In 1984, the Company's performance was good. The Company sold 'Mangala', 'Sumangala' and 'Sumangala' diammonia phosphate, 2,32,378 m.tonnes, 3,12,559 m.tonnes and 1,01,309 m.tonnes, respectively. The Company also handled 4,93,990 imported fertilizers.

During 1985, sales increased but the working results were adversely affected because of unfavourable market situation. During the year, 'Mangala', 'Sumangala' DAP and other fertilizers and ammonium bicarbonate sold amounted to 2,31,013 m.tonnes, 23,49,816 m.tonnes, 1,07,029 m.tonnes and 2,697 m.tonnes, respectively.

In 1986, production of urea and ammonium bicarbonate increased by 28% and 25%, respectively. However, the overall working of the Company was affected and the sales declined due to unfavourable market conditions. During 1987-88, due to a 72 days strike by the workmen, production and sales of urea and ammonium bicarbonate declined.

During 1988-89, capacity utilization of urea and ABC plants was 82% and 31%, respectively. During the same year, the Company sold 2.93 lakh

m.tonnes 'Mangala' urea, 2.93 lakh tonnes DAP, 3.040 lakh m.tonnes ammonium bicarbonate. In 1989-90, production of urea, DAP and ABC amounted to 3.17 lakh tonnes, 1.23 lakh tonnes and 4,626 tonnes, respectively. During 1990-91, sales amounted to Rs.78.39 crores, production of urea amounted to 1.40 lakh tonnes, DAP and ABC production amounted to 0.36 lakh tonnes and 2750 tonnes, respectively.

During 1991-92, sales increased to Rs.224.68 crores, production of DAP was 1.47 lakh tonnes and production of ABC amounted to 5,218 tonnes, achieving 145% of the installed capacity.

Expansion and Diversification:

In 1979, a letter-of-intent was received for setting up an ammonia bicarbonate plant, with estimated cost of Rs.35 lakhs. In 1980, a letter-of-intent was received for the manufacture of NPK/DAP with annual capacity of 63,500 tonnes and estimated cost of Rs.27.44 crores. For increasing the efficiency of urea and ammonia plants, Messrs.B.H.V.P. were selected for the contract of installing a purge gas recovery plant with estimated cost of Rs.2.50 crores.

In 1982, an ammonium bicarbonate plant and additional auxiliary boiler were commissioned. In 1983, the purge gas recovery plant was completed and the commercial production started in January 1984. During 1984, diammonia plant was completed. For the supply of captive power plant, the Company entered into an agreement with Messrs.O.Y.Wartsila, AB., Finland, in November 1984.

During 1985, Toyo Engineering Company Limited agreed to set up the second DAP plant with a capacity of 63,500 tonnes. It was based on conventional technology. In December, 1988, the DAP plant was commissioned. The DAP plant capacity utilization and production were 52.5% and 98,524 tonnes, respectively.



### 3.6 COROMANDEL FERTILIZERS LIMITED:

Coromandel Fertilizers Limited was established as a Private Limited Company on 18th October 1961 in Andhra Pradesh and was converted into a Public Limited Company on 10th April 1964. The Company was promoted by California Chemical Company (now called Chevron Chemical Company), International Minerals and Chemical Corporation of the USA and EID-Parry Limited of India. The Company's registered office is at Secunderabad and the factory at Malkaparam, Vishakapatnam in Andhra Pradesh. Its accounting year ends on 31st March.

#### Objectives and Activities:

The Company was established for manufacturing and selling complex fertilizers and urea.

#### Capital Structure:

The Company has an authorized capital of Rs.25,00,00,000, which is divided into 2,50,00,000 shares of Rs.10 each and issued and paid-up capital of Rs.24,31,96,560, which is divided into 2,43,19,656 shares of Rs.10 each.

Out of the total capital, 44.49% shares were purchased by foreign holdings, 27.25% shares by the Government/Government-sponsored financial institutions, 0.02% shares by the Directors and their relatives, 2.31% shares by top 50 shareholders and the remaining 4.62% by others.

#### History:

The Company was established on 18th October 1961 as a Private Limited Company and it was converted into a Public Limited Company on 10th April 1964. The Company was promoted by the C.C.Co.Limited, International Minerals and Chemicals Corporation of the USA and EID-Parry Limited of Madras. In April 1964, a collaboration agreement was

entered with the promoter companies, in consideration, the Company allotted 10,97,680 equity shares of Rs.10 each and also agreed to reimburse their expenses in terms of know-how agreement. The Company also made know-how agreement with EID-Parry Limited for the availability of their know-how relating to the Indian agronomy and agricultural practices. During 1985-86, phosphoric acid unit's modernization work was commenced.

Operation:

In 1982, production of complex fertilizers was the highest during the last decade. In 1983-84 also, the performance of the fertilizer plant was satisfactory. During the year 1985-86, the performance of the fertilizer division was satisfactory while cement plant achieved capacity utilization of 60%.

In 1986-87, though production and sales of the fertilizer division increased, profit of this division declined due to the reduced retention prices.

In 1987-88, the fertilizer and cement divisions achieved capacity utilization of 90.8% and 52.3%, respectively. During 1988-89, capacity utilization of the fertilizer and cement plants improved upto the level of 108.2% and 74.9%, respectively. However, both units suffered losses because the cement due to paucity of demand and the fertilizer unit on account of the revised capacity norm fixed by the Fertilizer Industry Coordination Committee. In 1989-90, turnover and profitability increased. In 1990-91, capacity utilization, turnover and profit improved over the previous year.

Expansion:

In 1976, two letters-of-intent were received, one for the manufacture of aluminium fluoride and another for manufacturing argon

gas recovered from the ammonia unit wash gases. These projects were estimated at Rs.10 crores. During 1985-86, phosphoric acid unit was modernized. During 1988-89, the company proposed to undertake debottling the sulphuric acid and phosphoric acid plants. In 1991-92, company took up complex plant, phosphoric acid plant and the debottle-necking jobs for implementation.

Table 3.4  
CAPACITY STATISTICS OF  
COROMANDEL FERTILIZERS LIMITED  
(AS AT 31.3.1991)

Class of Goods	Capacity		Actual Production m.tonnes
	Licensed m.tonnes	Installed m.tonnes	
ammonium Phosphate	3,56,000	3,56,000	1,86,819
<u>Plant Nutrients:</u>			
Nitrogeous	83,780	83,780	51,415
Phosphatic	1,04,080	84,600	52,757
Cement			97,592

### 3.7 SOUTHERN PETROCHEMICAL INDUSTRIES CORPORATION LIMITED:

The Company was incorporated on 18th December 1969 with its registered and head offices at Madras and the factories at Tuticorin and Manali. The Company is listed on Bombay, Calcutta, Madras, Delhi, Hyderabad, Bangalore and Cochin Stock Exchanges. The Company's accounting year ends on 31st March and the book closure date is in July. The Company declares dividend on its shares in September/October.

#### Objects and Activities:

The Company has been incorporated for manufacturing all kinds of fertilizers and chemicals, including petrochemicals and plastics.

Capital Structure:

The Company's share capital comprises 9,10,00,000 equity shares of Rs.10 each and 9,00,000 preference shares of Rs.100 each. It has a paid-up equity capital of Rs.42,21,10,000 and a preference share capital of Rs.9,00,00,000. Out of this total share capital, 1.42% shares have been purchased by foreign holdings, 37.65% by the Government/Government-sponsored financial institutions, 26.20% by corporate bodies, 0.10% by the Directors and their relatives, 2.47% by top 50 shareholders and 32.16% by others.

History:

The Company was incorporated on 18th December 1969. On 15th June 1975, ammonia plant in single stream with 1,100 metric tonnes capacity per day was commissioned for commercial production. Urea, sulphuric and phosphoric acid plants were completed during 1975-76.

Operation:

In 1981-82, production, sales and profits were significantly higher. Capacity utilization of ammonia, urea and DAP reached record levels. From 1st April to 15th June 1983, the Company's plants were shut down due to power cuts under the rotational plant of the Tamil Nadu Electricity Board. In 1983, capacity utilization of urea, DAP-I and DAP-II were 76%, 85% and 54%, respectively. The Company sold 8.37 m.tonnes of urea and 2.58 lakh tonnes of DAP.

In 1984, the Company achieved record production in all the items. The capacity utilization of urea, DAP-I and DAP-II plants was 100% while ammonia plant's capacity utilization was 90%. In 1985, the capacity utilization of urea, DAP-I and DAP-II plants crossed 100% capacity, while ammonia plant's capacity was 96%. Sales of urea increased to

12.48% lakh tonnes whereas sales of DAP declined to 5.49 lakh tonnes. In 1986, capacity utilization of urea and DAP plants was satisfactory. Total sales of fertilizers were 1.27 million tonnes, which included 8.28 lakh tonnes of urea and 4.36 lakh tonnes of DAP. From 1st April 1986, 'tender system' was introduced for handling imported fertilizers.

During 1986-87, urea plant crossed 100% capacity utilization whereas DAP plant failed in capacity utilization due to the non-availability of phosphoric acid. The Seed Division developed three new varieties of oilseeds, pulses and vegetables under the brandname of 'Golden Bloom'. During 1988-89, urea and ammonia production was satisfactory. On 1st July 1988, the first stream of DAP-I plant was started for production with increased capacity of 850 m.tonnes per day. During 1989-90, ammonia and urea plants achieved more than 100% capacity whereas aluminium fluoride plant achieved 74% capacity utilization.

In 1990-91, ammonia and urea plants achieved 95% and 111% capacity utilization, respectively. Ammonium fluoride plant achieved 104% capacity. The chlor-alkali division registered a capacity utilization of 87%. The total foreign exchange earned by the shipping division amounted to Rs.15.56 crores.

In 1991-92, turnover increased by about 19.7% over the previous year. The ammonia and urea plants achieved capacity utilization of 109% and 126%. Sulphuric acid and phosphoric acid plants' performance improved and these plants achieved capacity utilization of 109% and 126%, respectively. Ammonium chloride plant achieved capacity utilization of 90%. The Company achieved record in the sale of all items.

During 1992-93, the Company registered cent percent capacity utilization in all the divisions. Sales crossed Rs.1,000 crores and the Company registered improved profits.

Expansion:

The Company was incorporated on 18th December 1969 at Madras. Its ammonia plant was started for commercial production on 15th June 1975 and the production of urea was started on 2nd June 1975. The completion of 4 phosphoric acid group plants were completed during 1975-76.

In 1979-80, under the Fertilizer Industry Credit given by the International Development Association, two projects were undertaken: (1) Purge Gas Recovery Unit at a cost of Rs.200 lakhs; and (2) import of ammonia at a cost of Rs.590 lakhs.

In November, 1982, DAP plant was started for production. In 1983, a contract was made with Hitachi-Zosen for an aluminium fluoride project.

In 1985, a letter-of-intent was received for increasing the DAP-I plant's capacity from 500 to 850 tonnes. A new Research and Development Centre was set up to adapt imported technology and to develop indigenous technology for drug manufacturing. A letter of intent was received for the manufacture of 6-APA and Rifampicin during 1987.

In 1989-90, approval was received from the Government of India for a collaboration agreement with Messrs.CIPAN, Portugal, for the manufacture of 1000 MMU of Penicillin and 100 tonnes of Rifampicin at Cuddalore.

In September 1992, the unit was completed for commercial production for producing disposable devices for cardiothoracic surgery. In October 1992, construction of an agro-biotech centre was completed at Coimbatore for biotechnology and seeds division.

During 1992-93, the first phase of modernization of bagging plants and conversion of instrumentation system from pneumatic to electronic was completed. The brine purification system and the chloride drying system were completed.

Capacity Statistics:

Table 3.5  
CAPACITY STATISTICS OF  
SOUTHERN PETROCHEMICAL INDUSTRIES CORPORATION LIMITED  
(AS AT 31.3.1993)

Class of Goods	Capacity	
	Licensed	Installed
Ammonia	3,52,000	3,52,000
Urea	5,12,000	5,12,000
Complex Fertilizers (Potassic)	1,91,600	1,91,600
Aluminium Fluoride	2,560	2,560
Caustic Soda	66,000	66,000
Liquid Chlorine	40,000	40,000
Hydrochloric Acid	49,500	49,500
ammonium Chloride	21,000	21,000
Intermediate Products		
(a) Sulphuric Acid	1,50,000	1,50,000
(b) Posphoric Acid	52,800	52,800

**3.8 SUMMARY:**

Thus ends this presentation of the profiles of the fertilizer units taken up as samples under the present study. It is seen that invariably, these are high initial investment units needing equity participation from international investors, Government and financial institutions. Also, in majority cases, the initial technology has also had to be imported from abroad. The growth and development of the units, however,

once they were set up, was self-sustained because of the incentives being provided by the Government under its Five Year Plans to the agricultural sector. As a result, the country's fertilizer industry, in general, have shown a remarkable growth. The same has adequately been reflected in the progress recorded by the sample units as enumerated above.

REFERENCES:

The information and the details presented above have been extracted from the "Stock Exchange Directories" for the respective years as also from the Companies' press advertisements and publicity materials.

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