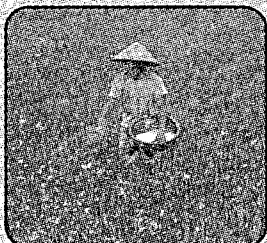
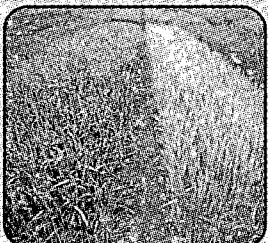




63<sup>rd</sup>  
वार्षिक रिपोर्ट  
Annual Report 2006-07



दि फ़र्टिलाइज़र्स एण्ड केमिकल्स ट्रावनकोर लिमिटेड  
THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED



**THE FERTILISERS AND  
CHEMICALS TRAVANCORE LIMITED**

Registered Office: Eloor, Udyogamandal, Kochi.

**NOTICE TO SHAREHOLDERS**

NOTICE is hereby given that the 63rd Annual General Meeting of the Company will be held on Friday the 28th day of September, 2007 at 10.30 AM at the Udyogamandal Club at Eloor, Udyogamandal, Kochi to transact the following business:

**Ordinary Business.**

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2007 and the Profit and Loss Account for the year ended on that date and Reports of the Directors and Auditors thereon.
2. To elect a Director in place of Shri. Vijay Chhibber, who retires at this Annual General Meeting and being eligible, offers himself for re-election.

By Order of the Board of Directors.

Sd/-

K.V.Balakrishnan Nair  
Company Secretary

Eloor, Udyogamandal

28.08.2007

**Note:**

1. The Register of Members will be closed from 21<sup>st</sup> September 2007 to 28<sup>th</sup> September 2007 both days inclusive.
2. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.

## THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

### BOARD OF DIRECTORS

**Dr. George Sleeba**  
Chairman & Managing Director

**Shri. D.N. Pradhan**  
Director (Finance)

**Shri. A. Asokan**  
Director (Marketing)

**Shri. Vijay Chhibber**  
Director

**Dr. J.S. Maini**  
Director

**Chief Vigilance Officer**  
Dr. R. Kannan

**Company Secretary**  
Shri. K.V. Balakrishnan Nair

### REGISTERED OFFICE :

Eloor, Udyogamandal,  
Kochi, Kerala.

### STATUTORY AUDITORS:

M/s. Balan & Co.  
Kochi.

### BRANCH AUDITORS:

M/s. S.R. Mohan & Co.  
Hyderabad.

M/s. L.U. Krishnan & Co.  
Chennai.

### COST AUDITORS:

M/s. Sukumaran & Co.,  
Thiruvananthapuram.

### BANKERS:

State Bank of Travancore

Bank of Baroda

State Bank of India

State Bank of Hyderabad

Bank of India

Canara Bank

Dena Bank

## DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the 63rd Annual Report of your Company together with the Audited Accounts and the report of the Auditors for the year 2006-07.

### PERFORMANCE

#### PRODUCTION, SALES AND PROFITABILITY

|   |  | 2006-2007   | 2005-2006   |
|---|--|-------------|-------------|
| 1 | Production / In Tonnes                 |             |             |
|   | Factamfos 20:20                        | 721202      | 745902      |
|   | Ammonium Sulphate                      | 183490      | 172986      |
|   | Caprolactam                            | 41327       | 38666       |
| 2 | Sales / In lakh Tonnes                 |             |             |
|   | Fertilisers                            | 9.47        | 9.83        |
|   | Caprolactam                            | 0.39        | 0.34        |
| 3 | Financial / Rs.lakh                    |             |             |
|   | Turnover                               | 149251      | 142249      |
|   | Operating Profit/Loss(-)               | (-)12773.86 | (-)11874.31 |
|   | Financial Relief                       | 0           | 35502.82    |
|   | Adjustments in respect of prior years  | 105.17      | 8.98        |
|   | Profit / Loss (-) before tax           | (-)12265.05 | 23619.53    |
|   | Provision for taxation –Earlier years  | 178.40      | 19.68       |
|   | Provision for Fringe benefit tax       | 29.13       | 34.07       |
|   | Profit/Loss (-) after tax              | (-)12472.58 | 23565.78    |
|   | Profit/Loss (-) b/f from previous year | (-)27062.45 | (-)50628.23 |
|   | Net deficit carried to Balance Sheet   | (-)39535.03 | (-)27062.45 |

During the year 2006-07, the overall performance of the company in the production and marketing front was satisfactory.

The turnover during the year under review posted slight improvement over previous year inspite of all adversities. During the year 2006-07 the production of Ammonium Sulphate registered an increase with a total output of 183490 MT as compared to 172986 MT during 2005-06. The Production of Caprolactam has also registered an increase with a total output of 41327 MT as compared to 38666 MT of the previous year. The company was also able to utilize 115% of its capacity in complex fertilizer plant at Cochin

Division. However, the Production of Factamfos has shown a marginal decrease with a total output of 721202 MT as compared to 745902 MT during the year 2005-06.

The financial performance of the company during the year 2006-07 has been seriously affected by the unprecedented increase in raw material prices. The financial restructuring sanctioned by the Government of India in April 2006 had only a limited impact on the day to day operations of the company as it did not result in infusion of any funds. The company could get the enhancement of cash credit facility from the consortium of banks only in December 2006. The limited availability of

working capital till that time affected the operations of the company.

Further, the unprecedented increase in the price of raw materials much above the levels taken for BRPSE projections and limited availability of intermediates also severely affected the financial performance and delayed the anticipated turnaround of the company. The additional impact on account of increase in prices of raw material for 2006-07 over 2005-06 is to the extent of Rs.93.50 crore.

All the above factors contributed to a negative working result of Rs.124.73 crore for the year 2006-07 as against a loss of Rs.118.74 crore for the year 2005-06, before considering financial restructuring benefit of Rs.355.03 crore in the year 2005-06.

During the first quarter of the financial year 2007-08, the performance of the company was comparatively better in terms of production, sales and profitability. The unprecedented increase in the prices of sulphur in international market has affected the smooth running of the plants in the second quarter. In order to reduce losses and maximize NP production, it was decided to temporarily suspend the operations of Caprolactam, Ammonium Sulphate and Ammonia Plants. The company is exploring various options such as arrangement of extra quantities of intermediate sulphuric acid and phosphoric acid so that Factamfos production can be maintained atleast at a reasonable level.

#### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A Management Discussion and Analysis Report covering the operational aspects during the year 2006-07 is enclosed.

#### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Sec.217(2AA) of the Companies Act, 1956, your Directors hereby state:

- a. that in the preparation of annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.

- b. that the directors had selected such accounting policies and applied them consistently and made judgments 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 March 31, 2007 and of profit and loss account for the year ended March 31, 2007.
- c. that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d. that the directors had prepared the annual accounts on a going concern basis.

#### REPORT ON CORPORATE GOVERNANCE

Your Directors are pleased to state that your Company has been practicing the principles of good Corporate Governance. The Board lays emphasis on transparency and accountability for the benefit of the stake-holders of the Company. Report on Corporate Governance in accordance with the listing agreement is annexed to this report.

#### STATUTORY AUDITORS, COST AUDITORS

M/s.Balan & Co., Chartered Accountants, Kochi, was appointed as Statutory Auditors of the Company for the year 2006-07 by the Comptroller and Auditor General of India. M/s.L.U.Krishnan & Co., Chartered Accountants, Chennai, was appointed as Branch Auditors for Tamilnadu and Kerala area and M/s.S.R.Mohan & Co., Chartered Accountants, Hyderabad, was reappointed as Branch Auditors for Karnataka and Andhra Pradesh area of the Company for the year 2006-07 by the Comptroller and Auditor General of India.

Statutory Auditors have not made any comments in their report for the year 2006-07.

M/s. Sukumaran & Co., Cost Accountants, Thiruvananthapuram, has been appointed as Cost Auditors of the Company for the year 2006-07 subject to the approval of the Government of India.

**DIRECTORS****RETIREMENT & APPOINTMENTS**

Government of India, Ministry of Chemicals & Fertilisers, Department of Fertilisers, vide order No.106/7/2005-HR-I dated 25.9.2006 notified appointment of Shri.A.Asokan, General Manager, Udyogamandal Complex as Director (Marketing).

Government of India, Ministry of Chemicals & Fertilisers, Department of Fertilisers, vide order No.106/3/2005-HR-I dated 22.11.2006 notified appointment of Dr.George Sleeba, Executive Director (Marketing) as Director (Technical).

Dr.G.C.Gopala Pillai, Chairman & Managing Director of the Company resigned with effect from 2<sup>nd</sup> January 2007. Government of India, Ministry of Chemicals & Fertilisers, Department of Fertilisers, vide order No.106/2/2005-HR-I dated 27.12.2006 entrusted the charge of the post of C&MD, FACT to Shri.G.S.Mangat, C&MD, National Fertilisers Ltd.

Government of India, Ministry of Chemicals & Fertilisers, Department of Fertilisers, vide order No.130/8/2003-HR-I dated 13.2.2007 notified the appointment of Dr.Jivtesh Singh Maini, Additional Secretary & Financial Adviser, Department of Fertilisers as Part-time official Director in place of Ms.Swatantra K. Sekhon, Director, on the Board of Directors of the company.

Government of India, Ministry of Chemicals & Fertilisers, Department of Fertilisers, vide order No.86/6/2006-HR-I dated 30.7.2007 notified the appointment of Dr.George Sleeba, Director (Technical) as the Chairman and Managing Director of the Company. Dr.George Sleeba assumed the charge of Chairman and Managing Director of the Company with effect from 31<sup>st</sup> July 2007.

Your Directors place on record their appreciation of the valuable services rendered by Dr.G.C.Gopala Pillai, Shri G.S.Mangat and Ms.Swatantra K.Sekhon.

**AUDIT COMMITTEE**

In line with the provisions of Section 292(A) of the Companies (Amendment) Act 2000, an Audit Committee of the Board has been constituted.

**PUBLIC DEPOSITS**

The total amount of Fixed Deposits as on 31<sup>st</sup> March 2007 was Rs.975.12 lakh. As on 31.03.2007, 8 Depositors have not claimed their deposits amounting to Rs.46 lakh.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

Information regarding the conservation of energy, technology absorption, adaptation & innovation and foreign exchange earnings and-outgo required as per Section 217(1)(e) of the Companies Act, 1956 is set out in a separate statement attached to this report and forms part of it.

**EMPLOYEES PARTICULARS, REMUNERATION ETC.**

During the year no employee had received remuneration within the purview of Section 217(2A) of the Companies Act, 1956.

**ACKNOWLEDGEMENT**

Your Directors gratefully acknowledge the valuable guidance and support extended by the Government of India, Department of Fertilisers and the State Governments of Kerala, Tamilnadu, Karnataka and Andhra Pradesh.

The Directors deeply appreciate the committed efforts put in by the employees and look forward to their dedicated services and endeavour in the years ahead to enable the Company to scale greater heights.

The Directors also acknowledge the continued support extended by the Shareholders, Depositors, Suppliers and Customers of the Company, the Press, AIR and Visual Media.

For and on behalf of the Board of Directors.

sd/-

**Dr. George Sleeba**  
Chairman and Managing Director

Udyogamandal

Date: 25.08.2007

## ANNEXURE TO DIRECTORS' REPORT

Particulars Required under Companies  
(Disclosure of Particulars in the Report of Directors) Rules 1988

### A. Conservation of Energy

- 1) The raw material/utilities consumption of all the products is monitored regularly by evaluating the critical parameters. The raw material consumption and energy efficiency are reviewed on a monthly basis to identify the weak areas and rectify the shortcomings.
- 2) In Cochin Division, provision has been made to supply the excess steam from Sulphuric Acid Plant to canteen and the expected annual saving is Rs.15.1 lakh.
- 3) Boiler tubes were cleaned as part of annual maintenance and steam leaks rectified as and when noticed to prevent energy loss.
- 4) Boiler-1 Air preheater in Udyogamandal Division cleaned to eliminate soot emission, if any, so that boiler efficiency is improved considerably.
- 5) The low energy consuming Howden SO<sub>2</sub> blower in the SO<sub>2</sub> / Acid Plant of Udyogamandal Division was continuously run during the year for supplying SO<sub>2</sub> to Petrochemical Division.

### B. Technology Absorption, Adaptation and Innovation

#### Efforts in brief

- 1) A fully welded Type Heat Exchanger was installed in Lactam Plant in 2006 replacing

the existing gasketed type plate Heat Exchanger.

- 2) A multiple period timer was installed for the industrial water booster pump in Captive Power Plant of Petro Chemical Division. The pump is now designed to run automatically during three time periods in a day and will be automatically switched off during the remaining period.
- 3) The Soda Ash fines from the economizer side of soda ash recovery boiler were diverted to the godown.
- 4) In Udyogamandal Division, a new Variable Speed Drive (VSD) is installed for the Dust Fan (75 KW motor) in 300 TPD Ammonium Phosphate Plant.

#### Benefits derived

- 1) The replacement of Heat Exchanger in Lactam Plant has resulted in ZERO down time.
- 2) The additional installation of multiple period timer in the industrial water booster pump has resulted in energy savings around 1.3 lakh units of electrical energy per annum i.e. Rs. 4.8 lakh at the current price of electric power.
- 3) The diversion of Soda Ash fines would result in reduction in effluent loading in Pollution Control Plant.

- 4) The installation of Variable Speed Drive has resulted in savings of around 1.66 lakh units of electrical energy per annum i.e. Rs. 6.1 lakh at the current price of electric power.

#### R & D Activities

Details of Research & Development (R&D) activities are given in Form B.

#### C. Foreign Exchange Earnings and Outgo

**Details of activities relating to export; Initiatives taken to increase exports; development of new export market**

FACT is holding Two Star Export House

status. During the financial year 2006-07, 11543 MT of Caprolactam was exported as against 7021 MT during 2005-06. The export was mainly to CHINA.

FACT Engineering and Design Organisation (FEDO) is negotiating with certain overseas companies like Galfar-Oman, PDNA-South Africa, Mott Mac Donald-U.K. for association with them in their projects. A project worth Rs.6 crore as engineering fee for engineering services for an Ammonia/Urea Complex for Dangote Industries Limited in Nigeria is in final stage.

Details of foreign exchange earning and outgo are given separately.

### FOREIGN EXCHANGE EARNINGS AND OUTGO

|  | Current Year<br>Rs. in lakh | Previous Year<br>Rs. in lakh |
|--|-----------------------------|------------------------------|
| Foreign Exchange Outgo                             |                             |                              |
| (i) C.I.F. Value of imports:                       |                             |                              |
| (a) Raw Materials                                  | 25154.95                    | 27997.79                     |
| (b) Spares and other materials                     | 8327.94                     | 675.39                       |
| (c) Capital Goods                                  | 0.00                        | 0.00                         |
|  | <b>33482.89</b>             | <b>28673.18</b>              |
| (ii) Expenditure in Foreign Currency (Cash Basis): |                             |                              |
| (a) Consultancy service                            | 0.00                        | 50.99                        |
| (b) Others   | 15.38                       | 14.22                        |
|  | <b>15.38</b>                | <b>65.21</b>                 |
| <b>TOTAL (i) + (ii)</b>                            | <b>33498.27</b>             | <b>28738.39</b>              |
| Foreign exchange earned                            | <b>11116.56</b>             | <b>6340.33</b>               |



**FORM - A**

Form for disclosure of particulars with respect to conservation of energy : 2006-2007

**(A) POWER AND FUEL CONSUMPTION**

| Particulars                             | Udyogamandal Division |          | Cochin Division |          | Petrochemical Division |          |
|---|-----------------------|----------|-----------------|----------|------------------------|----------|
|   | 2006-07               | 2005-06  | 2006-07         | 2005-06  | 2006-07                | 2005-06  |
| 1) ELECTRICITY                          |                       |          |                 |          |                        |          |
| (a) Purchased                           |                       |          |                 |          |                        |          |
| Unit:lakh KWH                           | 511.72                | 502.32   | 661.87          | 670.83   | 245.48                 | 315.71   |
| Amount Rs. in Lakh                      | 1671.63               | 1789.18  | 2183.25         | 2348.16  | 886.34                 | 1158.92  |
| Rate/Unit:Rs/KWH                        | 3.27                  | 3.56     | 3.30            | 3.50     | 3.61                   | 3.67     |
| (b) Own Generation                      |                       |          |                 |          |                        |          |
| (i) Through Steam Turbine/<br>Generator |                       |          |                 |          |                        |          |
| Unit:lakh KWH                           | 228.37                | 210.43   | -               | -        | 524.30                 | 419.89   |
| Unit per litre of fuel                  |                       |          |                 |          |                        |          |
| KWH/litre                               | 4.03                  | 3.59     | -               | -        | 3.56                   | 3.38     |
| Cost /Unit :Rs/KWH                      | 7.04                  | 7.88     | -               | -        | 7.75                   | 7.89     |
| (ii) Transfer from other<br>Divisions   |                       |          |                 |          |                        |          |
| Unit:lakh KWH                           | 0.54                  | 0.76     | -               | -        | 7.21                   | 22.80    |
| Unit per litre of fuel                  |                       |          |                 |          |                        |          |
| KWH/litre                               | 3.56                  | 3.38     | -               | -        | 4.03                   | 3.59     |
| Cost /Unit :Rs/KWH                      | 7.75                  | 7.89     | -               | -        | 7.04                   | 7.88     |
| 2) FURNACE OIL/LSHS                     |                       |          |                 |          |                        |          |
| Quantity:Tonnes                         | 43730.05              | 47410.37 | 11487.39        | 11774.53 | 52208.06               | 47256.32 |
| Total cost Rs.in Lakh                   | 7089.16               | 7787.81  | 1911.86         | 1967.46  | 8416.18                | 7087.47  |
| Average Rate Rs/MT                      | 16211.19              | 16426.39 | 16643.12        | 16709.46 | 16120.46               | 14997.93 |

**(B) CONSUMPTION PER UNIT OF PRODUCTION**

| Sl. No. | PRODUCT                | ELECTRICITY |         |         | NAPHTHA |         |         | FURNACE OIL / LSHS |         |         |
|---------|------------------------|-------------|---------|---------|---------|---------|---------|--------------------|---------|---------|
|         |                        | Unit        | 2006-07 | 2005-06 | Unit    | 2006-07 | 2005-06 | Unit               | 2006-07 | 2005-06 |
| 1.      | UDYOGAMANDAL DIVISION  |             |         |         |         |         |         |                    |         |         |
|         | Ammonia - new plant    | KWH         | 97      | 99      | MT      | 0.6895  | 0.6784  | MT                 | 0.1646  | 0.1666* |
|         | Sulphuric acid         | KWH         | 58      | 57      |         |         |         |                    |         |         |
|         | Phosphoric acid        | KWH         | 1214    | 441     |         |         |         |                    |         |         |
|         | Ammonium sulphate      | KWH         | 43      | 46      |         |         |         |                    |         |         |
|         | Factamfos 20:20        | KWH         | 48      | 52      |         |         |         | MT                 | 0.0219  | 0.0206  |
| 2       | COCHIN DIVISION        |             |         |         |         |         |         |                    |         |         |
|         | Sulphuric acid         | KWH         | 18      | 18      |         |         |         | MT                 | 0.0010  | 0.0009  |
|         | Phosphoric acid        | KWH         | 189     | 221     |         |         |         |                    |         |         |
|         | Factamfos 20:20        | KWH         | 56      | 55      |         |         |         | MT                 | 0.0185  | 0.0182  |
| 3       | PETROCHEMICAL DIVISION |             |         |         |         |         |         |                    |         |         |
|         | Caprolactam            | KWH         | 1853    | 1963    |         |         |         | MT                 | 1.2550  | 1.2820* |

\* Includes fuel oil used for power generation

## FORM B

### RESEARCH AND DEVELOPMENT (R&D)

FACT R&D centre functions with the aim of carrying out in-depth research, to provide specialized services to other divisions of the Organisation, and also involved in the production of Environment friendly Bio fertilizers.

#### 1. Specific Areas on which R&D is carried out by the Company.

##### i) Bio-fertilizer production:

The Biofertiliser Plant at R&D centre is capable of producing three kinds of Biofertilisers namely Rhizobium, Azospirillum and Bacillus Megatherium under the trade name BIOFACT. Owing to the short shelf life, production of these Biofertilisers is based on specific demands of Marketing Division. Efforts are underway to changeover to a new carrier material (Lignite) that conforms to the recently laid down FCO regulations.

##### ii) Quality Control Cell

As per the directive from Ministry of Agriculture, Government of India, a Quality Control Cell has been set up in R&D centre, for efficiently monitoring the quality of fertilizer products at the despatch and selling points.

#### 2. Benefits derived

During the year 2006-07, R&D centre has produced 3.91 MT of Bio-fertilisers and supplied to various Agro Service Centres thereby meeting the entire requirement of the Marketing Division.

Functioning of Quality Control Cell enabled to maintain good quality of products and to reduce considerably the P<sub>2</sub>O<sub>5</sub> loss due to extra nutrient content in NP 20:20.

#### 3. Future Plan of Action

i) R&D centre plans to conduct research to know the effect of particle size of vermiculite, a carrier material, on the growth of bio-fertiliser inoculants.

ii) R&D centre plans to conduct studies on the incorporation of Zinc as Micronutrient in NP fertilizers.

#### 4. Expenditure on R&D

Details of expenditure on R&D are given separately.

| EXPENDITURE ON R & D |         |         |       |                        |
|----------------------|---------|---------|-------|------------------------|
| Rs. in Lakh          |         |         |       |                        |
| Year                 | Capital | Revenue | Total | As % of total Turnover |
| 2004-2005            | 0.00    | 31.85   | 31.85 | 0.026                  |
| 2005-2006            | 0.00    | 31.17   | 31.17 | 0.022                  |
| 2006-2007            | 0.00    | 29.77   | 29.77 | 0.020                  |

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### Fertiliser Industry

Fertiliser industry has to play a key role in the overall economic development of the country and achieving self sufficiency in food grains to feed a rapidly growing population.

Agriculture which accounts for one fifth of GDP provides sustenance to 2/3 of our population. In view of the limited scope for increasing the land area under cultivation, further increase in agricultural production can be achieved only through more extensive and balanced use of fertilizers.

The consumption of chemical fertilizers witnessed a surge in growth in the past 3 years and is expected to grow further in the coming years. Against this, the growth in production has remained marginal to modest which has caused increasing gap between consumption and production, causing large scale import. Increasing dependence on imports will not only push up the prices, but it may also affect adequate supply of fertilizers to farming community.

Volatility in the prices of raw materials in international market, non-availability of Natural gas, High cost of Hydrocarbon etc., are affecting the continued sustenance of this vital industry in India.

### Industry Structure and Development

The Fertilisers And Chemicals Travancore Limited (FACT) was incorporated in 1943. In 1947 FACT started production of Ammonium Sulphate with an installed capacity of 10,000 MT per annum at Udyogamandal, near Cochin. In the year 1960,

FACT became a PSU and towards the end of 1962, Government of India became the major shareholder.

From a modest beginning, FACT has grown and diversified into a multi-division/multi-function Organisation with basic interest in manufacture and marketing of Fertilisers and Petrochemicals, Engineering Consultancy and Design and in Fabrication and Erection of Industrial Equipments.

FACT's mission is to be a market leader in Fertilisers/Petrochemicals and a significant player in all its other businesses including Engineering/Technology services, providing maximum customer satisfaction and reasonable reward to shareholders, adhering to business ethics and professionalism with adequate concern for the community and the environment.

FACT's objectives are :

- a. To produce and market Fertilisers and Caprolactam and other products efficiently and economically, besides achieving a reasonable and consistent growth.
- b. To effectively manage the assets and resources of the Company to ensure a reasonable return on investment.
- c. To focus on cost reduction and technology upgradation in order to become competitive in its line of business.
- d. To constantly innovate and develop new products and services to satisfy customer requirements.

- e. To invest in new business lines, where profit can be made on a sustainable basis over the long run.
- f. To provide services to the farming community by organizing technical training, soil testing and other productivity improvement services in agriculture.

**Performance highlights during the Year 2006-2007**

**Udyogamandal Division:** During the year 2006-07 Udyogamandal Division produced 147102 MT of Factamfos 20:20 and 183490 MT of Ammonium Sulphate. During the financial year 2005-06, production of Factamfos and Ammonium Sulphate were 143502 MT and 172986 MT respectively.

Nutrient wise the production during 2006-07 was 67219 MT of N and 29420 MT of  $P_2O_5$  as against 64336 MT of N and 28700 MT of  $P_2O_5$  during the previous year.

**Petrochemical Division:** The production of Caprolactam for the year 2006-07 was 41327 MT as against 38666 MT during the year 2005-06.

**Cochin Division:** During the financial year 2006-07 Cochin Division produced 574100 MT of Factamfos 20:20 as against 602400 MT during the year 2005-06.

The production of Nutrient nitrogen and Nutrient  $P_2O_5$  was 114820 MT as against 120480 MT during the last year.

**Marketing Division:** Fertiliser sales during 2006-07 was 9.47 Lakh MT as against 9.83 lakh MT during last year. Sale of Facatmfos during the year was 6,95,103 MT as compared to 7,89,049 MT during 2005-06. The reduction in Sales volume is due to supply constraints. During the year 2006-07, 1,81,624 MT of Ammonium Sulphate was sold which is an increase of 7% over the previous years' sales of 1,69,243 MT. Total sales of Caprolactam

during 2006-07 was 39,435 MT as against 34,236 MT during 2005-06. The Caprolactam sales during 2006-07 improved mainly due to increase in exports.

The division imported 26,356 MT of MOP and 25,033 MT of Ammonium Sulphate during the year 2006-07. The Division also traded 28,928 MT of KRIBHCO Urea. The Mixture sales also was increased by 46% to 15,954 MT, over the previous years sales of 10,916 MT. All Sales were on Cash and Carry basis and against Trade Advances.

FACT is planning to sell 12.6 Lakh MT of Fertilisers during 2007-08 with 8.25 Lakh MT of Factamfos, 2.25 Lakh MT of Ammonium sulphate and 0.50 Lakh MT of Mixture. It is also planned to import and trade 1,00,000 MT of Urea and 50,000 MT of MOP during the year 2007-08.

**FEDO & FEW:** During the year 2006-07, FEDO has orders on hand worth Rs.1408 lakh compared to Rs.1230 lakh in 2005-06. FEDO has considerably improved its order position in comparison to the previous year. One of the major projects which FEDO has undertaken is the Single Point Mooring Facility of BPCL- Kochi Refinery.

To improve the turnover, FEDO is planning to take up small turnkey projects. Active discussions with certain overseas companies is also in progress for taking up engineering jobs which are likely to be outsourced by these companies.

The turnover of FEW for the year 2006-07 was Rs.685 lakh as against Rs.362 lakh for the year 2005-06. During the year FEW has bagged orders for a value of Rs.1,066 lakh as against 538 lakh for the year 2005-06.

FEW is making efforts to penetrate into areas of defence and space research applications as well as to other high potential areas of marine vessel fabrication and infrastructure development.

## Opportunities and Threats

### Opportunities

- Premium product in the complex fertilizer segment containing sulphur.
- Strong Marketing network in Southern India.
- 2170 acres of land and infrastructure facilities.
- Operational efficiency and high capacity utilisation of plants.
- Scope for expansion and diversification.

### Threats

- Steep rise in the prices of Hydrocarbon and other raw materials like sulphur, rock phosphate, etc.
- Inadequate compensation for Factamfos under the present price concession scheme.
- Inadequate realization from the sale of Ammonium Sulphate.
- Fluctuations in the price of Caprolactam and static demand from domestic customers.

### Segmentwise or Productwise Performance

Details of Unit-wise/Product-wise performance furnished separately in the Annual Report.

### Risk and Concern

- Temporary shut down of Caprolactam/ Ammonium sulphate plants due to increase in sulphur price in International market.
- Lack of product differentiation.
- Loss on Caprolactam on account of price de-control of the co-product Ammonium Sulphate.

- High cost of Captive Ammonia due to alarming price of Petroleum products.

### Internal Control Systems and their adequacy

The Company has adequate internal control system with its size and nature of business. FACT has evolved a system of internal control to ensure that assets are safeguarded and transactions are authorized, recorded and correctly reported. The internal control system is subjected to periodical review by the Audit Committee of the Board.

### Industrial Relations

The Industrial Relations situation was generally peaceful during the year 2006-07. There was no work stoppage affecting the normal operations of the Company.

### Human Resources Development

During the year greater emphasis was given to educate and train employees on subjects like Environmental Management & Legislation, ISO 9001 & 14001, Safety & Health. Energy Conservation & Refresher Courses in various functions were imparted to the workers and Managers in different levels of the organization. Training was imparted based on identified training needs. A total of 2740 man days of training was imparted during the year 2006-07.

### Development of Scheduled Castes/Scheduled Tribes (SCs/STs)

Employment of reserved categories

|                      | TOTAL | SC  | ST  | OBC  | PH  | EX-SER | TOTAL |
|----------------------|-------|-----|-----|------|-----|--------|-------|
| No. of employees     | 3920  | 549 | 106 | 1200 | 60  | 68     | 1983  |
| % of total employees |       | 14  | 2.7 | 30.6 | 1.5 | 1.7    | 50.6  |

### Steps taken for welfare of SCs/STs

#### 1) Employment / fresh recruitment

The Company has taken all measures for reservation of SCs/STs in employment in accordance with the Presidential directives. Reservation is maintained for direct recruitment and promotions based on the prescribed rosters for reservation. The backlog vacancies in promotion reserved for SC/ST were filled wherever there were eligible candidates. Steps have also been initiated to fill the backlog vacancies reserved for SC/ST in recruitment.

#### 2) Training

Inservice training to company employees is arranged through the Training Department of the company. Maximum representation is ensured for SC/ST employees to attend in-house training programmes. Of the total number of 549 SC employees, 205 employees had undergone training and out of the 106 ST employees, 32 had undergone training this year.

For engagement of Apprentices under the Apprentices Act, reservation as per rules is provided. The representation for SC/ST in apprentices as on 31.03.2007 is as follows:

| Total No. of Apprentices | SC | ST |
|--------------------------|----|----|
| 160                      | 40 | 4  |

#### 3) SC/ST Grievance Cell

An SC/ST Grievance Cell is functioning at Corporate level with the Head of Human Resources Department as Chairman, Liaison Officers of the Divisions of the company and two officers belonging to SC/ST, as Members. The grievances received are examined in detail by the Cell and appropriately redressed. The

employee concerned is informed of the decision/action taken on the grievances by the Grievance Cell.

#### 4) Dealership:

In the Marketing front, development of SC/ST dealers is taken up diligently and the present strength of SC/ST dealers is 615 numbers which is about 10% of general dealer strength.

#### 5) Other Welfare measures:

A certain number of Merit Scholarships are earmarked for children of SC/ST employees.

As a participating company in the scheme implemented by the Scheduled Caste Development Department of the Government of Kerala, the Company is imparting on the job training of one year duration to technically qualified persons belonging to SC sponsored by the Scheduled Caste Development Department.

#### Official Language

FACT gives top priority for implementation of the provisions of the Official Language Act and Rules and the related instructions of the Government of India. Circulars, Administrative and other reports to Government of India, which has to be laid on the table of both the houses of Parliament, operation manuals etc., were prepared in bilingual form. Regular meetings of Official Language Implementation Committee were held under the chairmanship of the Chairman and Managing Director to review the progress in the use of Hindi. FACT is providing attractive incentives for encouraging employees who turn out to be excellent in Hindi work. The company is also providing training in Hindi/Hindi Typewriting/Hindi Stenography to the employees as per the decision of the Official Language Department, Ministry of Home Affairs.

### **Pollution Control Activities**

Production units of FACT are ISO 14001 certified units which always gives top priority to ensure clean air and better living environment to the inhabitants around the factory. The computerized Ambient Air quality monitoring stations installed in our area monitor the quality of the air around the factory and ensure a clean environment in the locality.

The Company ensures that the treated liquid effluent and gaseous emissions from plants conform to the standards prescribed by the Kerala State Pollution Control Board. The guidelines specified by the Kerala State Pollution Control Board are followed in the disposal of all hazardous waste generated.

### **Short Term Strategies/Plans**

#### **Optimization of production**

The Company is making all efforts to optimize production and reduce losses. Steps are being taken to enhance the procurement of sulphuric acid as well as phosphoric acid. Steps are also being taken to explore the possibility to import sulphuric acid, provided the economics permits the same.

#### **Sale of Gypsum**

Another area where the Company is concentrating is sale of gypsum. The demand for gypsum has gone up recently primarily because of demand from cement industry. As the supply is limited, FACT is able to command a good price for this by-product.

#### **Joint Venture**

FACT is planning to set up Joint Venture Projects for manufacture of value added products using phospho gypsum.

### **Collaboration with Infrastructures Kerala Limited**

FACT is planning to collaborate with Infrastructures Kerala Limited, a Government of Kerala, company for setting up of product specific Industrial Parks at Cochin Division at Ambalamedu.

### **Long Term Policies**

FACT has formulated certain ambitious projects for its expansion/diversification. These are aimed at establishment of own facilities for production of intermediates which are at present being outsourced, expansion of production capacities of end products and diversification into other areas. Since we are facing shortage of funds for the projects, we are planning to set up these projects either as Joint Venture or on Build, Own, Operate and Transfer (BOOT) basis. The Board of Directors of the Company has given in-principle approval for these projects and they are under different stages of evaluation at various levels.

The main proposals under the consideration of the Company are given below:

#### **1. Food Processing Industrial Park**

Food processing is a sector that has got enormous potential for growth. With a view to capitalizing this potential while serving the farmer community, FACT has conceptualized an Agro Food Processing Park in its Udyogamandal Complex. The Board of Directors of the Company has given in-principle approval for the project and detailed project report has been finalized and it is at different stages of discussion/approval by the Ministry/Departments, Government of India.

## 2. Expansion of Caprolactam Production facility

FACT is planning for expansion of Caprolactam Production facility from the present 50,000 TPA to 1.5 lakh TPA with technical assistance from the process licensors DSM of Netherlands. Complementary to the Caprolactam expansion project, FACT is also planning to set up a downstream nylon project which will give an assured off-take of a fixed quantity of caprolactam with value addition. With the availability of LNG in Kochi by 2010-11 these projects will enhance the profitability of the company. These projects were included in the Eleventh Plan proposal and announced by the Hon'ble Minister for Chemicals & Fertilisers and Steel during his visit to FACT.

## 3. Re-vamp of Cochin Division Ammonia/Urea Plant

The Production of the Ammonia/Urea Complex of FACT Cochin Division Phase-I had been stopped from April, 2003 onwards as the operation had become unviable consequent to the implementation of Group Pricing Scheme by Government of India.

The country is now facing acute shortage and high international price of Urea and the Government is favouring a policy of encouraging indigenous Urea production. With the availability of LNG in Cochin by 2010-11, the Cochin Division Phase-I Plants can be made productive again, subject to

the plants being revamped using state of the art technology.

FEDO has prepared a Feasibility Report proposing replacement of the Ammonia Plant with a state of the art 1350 TPD Plant and revamp of the Urea Plant to 2200 TPD capacity, with a total outlay of Rs.1742 crores. This is a very attractive proposal as it would be cheaper by around Rs.500-700 crore compared to a Greenfield Project of identical capacity.

### Outlook for the future

Government of India is considering a special dispensation for the sustenance of the operations of FACT till the availability of LNG at Cochin. The key components of the proposed package are:-

- a) Adoption of the actual cost of Factamfos production for the nutrient 'N' & 'P' and conversion cost as per the working of the Tariff Commission, from 2006-07 onwards for payment of price concession.
- b) Compensation for the actual contribution loss of Naphtha based Ammonium sulphate till LNG is available.
- c) Support for ensuring availability of LNG requirement of FACT to changeover from Naphtha, from the proposed Petronet Terminal at Kochi.

By implementing various projects relating to expansion and modernization coupled with the change in feedstock, the Company expects a quantum jump in the operating result by the year 2010-11.



## REPORT ON CORPORATE GOVERNANCE

### 1. Philosophy on Code of Governance

A self disciplinary code to achieve the highest standards of Corporate Governance to safeguard the interest of shareholders and other stake holders.

All matters of policy are placed before the Board. The Board accords prime importance to transparency and the long term interest of the Company.

### II Board of Directors

| Sl.No. | Name                | Nature of Directorship                         |
|--------|---------------------|--|
| 1      | Dr. George Sleeba   | Chairman and Managing Director                 |
| 2      | Shri D.N.Pradhan    | Director (Finance)                             |
| 3.     | Shri A.Asokan       | Director (Marketing)                           |
| 4.     | Shri Vijay Chhibber | Part-time Director (Nominee of Govt. of India) |
| 5.     | Dr. J.S.Maini       | Part-time Director (Nominee of Govt. of India) |

### Board Meetings

| Sl.No. | Date of the Board Meeting | Venue     | Filled strength | Directors present |
|--------|---------------------------|-----------|-----------------|-------------------|
| 1      | 14-06-2006                | New Delhi | 5               | 5                 |
| 2      | 07-07-2006                | New Delhi | 4               | 4                 |
| 3      | 19-09-2006                | New Delhi | 4               | 4                 |
| 4      | 23-10-2006                | New Delhi | 5               | 5                 |
| 5      | 30-11-2006                | New Delhi | 6               | 6                 |
| 6      | 25-01-2007                | New Delhi | 6               | 5                 |

### Attendance in Board Meetings

| Sl. No. | Name of Director            | Period                  | No.of Meeting held | No.of Meeting attended | No.of Director-Ship in other Boards |
|---------|-----------------------------|-------------------------|--------------------|------------------------|-------------------------------------|
| 1       | Shri G.S.Mangat             | 02-01-2007 / 31-03-2007 | 1                  | 1                      | 1                                   |
| 2       | Shri D.N.Pradhan            | 01-04-2006 / 31-03-2007 | 6                  | 6                      | 0                                   |
| 3       | Shri A.Asokan               | 27-09-2006 / 31-03-2007 | 3                  | 3                      | 0                                   |
| 4       | Dr.George Sleeba            | 22-11-2006 / 31-03-2007 | 2                  | 2                      | 0                                   |
| 5       | Shri Vijay Chhibber         | 01-04-2006 / 31-03-2007 | 6                  | 6                      | 0                                   |
| 6       | Dr.G.C.Gopala Pillai        | 01-04-2006 / 02-01-2007 | 5                  | 5                      | 6                                   |
| 7       | Shri D.C.Sorte              | 01-04-2006 / 30-06-2006 | 1                  | 1                      | 0                                   |
| 8       | Ms.Swatantra K.Sekhon       | 27-06-2006 / 04-03-2007 | 5                  | 4                      | 2                                   |
| 9       | Shri Tejinder Singh Laschar | 01-04-2006 / 27-06-2006 | 1                  | 1                      | 6                                   |

**III. Particulars of new Directors and Directors retiring by rotation and being re-appointed.**

| Sl. No. | Name                | Age | Date of Directorship | Remarks  |
|---------|---------------------|-----|----------------------|--|
| 1       | Shri Vijay Chhibber | 51  | 05-09-2005           | Director retiring by rotation and being re-appointed |

**IV. Particulars of Director under III above**

Shri Vijay Chhibber, MA belongs to 1978 batch of Indian Administrative Service Manipur-Tripura Cadre. He is an alumni of the National Defence College. He is the Joint Secretary to Government of India, Ministry of Chemicals & Fertilisers. Held a number of key positions in Cabinet Secretariat, Ministry of Health and Ministry of Commerce.

**V Audit Committee**

| Sl. No. | Name                              | Nature of Directorship      |
|---------|-----------------------------------|-----------------------------|
| 1       | Shri Vijay Chhibber               | Part-time Official Director |
| 2       | Dr. J.S.Maini                     | Part-time Official Director |
| 3       | Shri A.Asokan                     | Director (Marketing)        |
| 3       | Director (Finance)                | Permanent Invitee           |
| 4       | Chief Vigilance Officer           | Permanent Invitee           |
| 5       | Head of Internal Audit Department | Permanent Invitee           |

Terms of reference of the Audit Committee are as per the Provisions of Section 292(A) of the Companies Act 1956 and Clause 49 of the Listing Agreement.

| Date of Audit Committee Meeting | Number of Directors/Members | Number of Directors/ Members Attended |
|---------------------------------|-----------------------------|---------------------------------------|
| 07-07-2006                      | 3                           | 2                                     |
| 25-01-2007                      | 3                           | 2                                     |

**VI Remuneration Committee**

FACT is a Government Company in terms of Section 617 of the Companies Act 1956. The remuneration of Chairman and Managing Director and other whole-time functional Directors are fixed by the Government of India. The Company is not paying any remuneration to part time official Directors (the nominees of the Government of India). Remuneration of the below Board level

officers and employees are fixed on the basis of agreements and Government guidelines in this regard with the approval of the Board of Directors and Government of India. Hence no remuneration committee has been constituted.

Details of remuneration paid to Functional Directors are separately shown in the Annual Report.

## VII Shareholders/Investors Grievance Committee

The Board of Directors of the Company has constituted a Shareholders/investors Grievance Committee to look into the complaints/grievances of Shareholders.

A Share Transfer Committee consisting of Chairman and Managing Director and Director(Finance) is constituted to approve the Share Transfer request and to provide excellent service to members/shareholders in the matter of Transfer/Transmission of shares.

The Committee meets once in 15 days provided there is any share transfer request

to approve. As on 31-3-2007 there is no valid share transfer request pending for approval.

The complaints of Investors/Shareholders are promptly attended to either by the share transfer agents or the Company directly and no genuine complaints of Shareholders remain unattended. During the year the Company attended to 13 complaints of Shareholders/Investors.

Shri K.V. Balakrishnan Nair, Company Secretary is the Compliance Officer and the activities of the Share transfer/Depository Agent are under the supervision of the Compliance Officer.

## VIII General Body Meetings

| Year          | Date, Time & Venue                  | Details of Special Resolution  |
|---------------|-------------------------------------|--|
| 2003-2004 EGM | 27-02-2004 10.00 AM<br>Udyogamandal | Resolution Under Section 23 of the SICK Industrial Companies (Special Provision ) Act 1985 |
| 2003-2004 AGM | 30-12-2004 10.00AM<br>Udyogamandal  | Nil  |
| 2004-2005 AGM | 30-12-2005 10.00AM<br>Udyogamandal  | Nil  |
| 2005-2006 AGM | 29-09-2006 10.00AM<br>Udyogamandal  | Enhancement of Authorised Capital  |

No resolution was put through postal ballot in the last Annual General Meeting. We have evolved suitable procedures to pass Resolution through postal ballot in accordance with the Provisions of The Companies Act and Rules/Regulations in this regard.

Dr.G.C.Gopala Pillai, Chairman and Managing Director, Shri D.N.Pradhan, Director(Finance) and Shri A.Asokan, Director(Markting) attended the last Annual General Meeting.

## IX. Disclosure

During the year 2006-07, the Company has

not entered into any transactions of material nature with Directors and/or relatives that may have a potential conflict with the interest of the Company at large.

The Company has complied with requirements of listing agreement and guidelines of the Stock Exchanges/SEBI/ Other Statutory authorities. The Company was not imposed with any penalties/ strictures by Stock Exchanges or SEBI or any Statutory authority on matters related to Capital Markets, during the last three years.

The shares of the Company are very

scarcely traded and hence a broad based comparison with the NSE, Sensex, etc. is not found feasible.

month of the end of the respective quarter. The financial results are also posted in Company's website [www.fact.co.in](http://www.fact.co.in)

**X Means of communications**

The quarterly Un-audited Financial Results of the Company are announced within a

Un-audited financial results are sent to the Stock Exchange where the Company's shares are listed.

**XI General Shareholders Information**

Information relating to the Annual General Meeting & Financial Calendar for 2007-2008 are given below:

| <b>63<sup>rd</sup> Annual General Meeting</b> |  |
|---|--|
| Day   | Friday   |
| Date  | 28 <sup>th</sup> September 2007                                    |
| Time  | 10.30 AM   |
| Venue   | Udyogamandal Club, Eloor, Udyogamandal                             |
| <b>Financial Calendar for 2007-08</b>         |  |
| 1st Quarter Financial Results                 | Published on 21 <sup>st</sup> July 2007                            |
| 2nd Quarter " "                               | 4 <sup>th</sup> week of October 2007                               |
| 3rd Quarter " "                               | 4 <sup>th</sup> week of January 2008                               |
| 4th Quarter " "                               | 4 <sup>th</sup> week of April 2008                                 |
| 1st Half yearly " "                           | 4 <sup>th</sup> week of November 2007                              |
| 2nd Half yearly " "                           | 4 <sup>th</sup> week of May 2008                                   |
| <b>Dates of Book Closure</b>                  | 21 <sup>st</sup> September 2007 to 28 <sup>th</sup> September 2007 |
| <b>Dividend Payment date</b>                  | No dividend is being declared                                      |

**Listing**

The shares of the Company is listed in the National Stock Exchange of India Ltd., Mumbai . Listing fee has been paid to the Stock Exchange up to the year 2007-08

**Stock Code**

| Name of Stock Exchange                       | Stock Code |
|--|------------|
| National Stock Exchange of India Ltd, Mumbai | FACT       |

**XII Market Price**

The high-low market price during each month in last financial year 2006-07 as available from the National Stock Exchange of India Limited are given below:

| Month     | High (Rs.) | Low (Rs.) |
|-----------|------------|-----------|
| April     | 33.85      | 28.35     |
| May       | 34.00      | 27.50     |
| June      | 27.50      | 21.25     |
| July      | 30.90      | 23.00     |
| August    | 27.35      | 21.70     |
| September | 26.80      | 24.70     |
| October   | 26.15      | 24.10     |
| November  | 23.90      | 22.15     |
| December  | 24.80      | 21.75     |
| January   | 26.85      | 23.75     |
| February  | 26.40      | 23.75     |
| March     | 23.00      | 20.55     |

**XIII Share transfer / Depository Agent:**

M/s. Cameo Corporate Services Limited,  
'Subramanian Building' No.1, Club House  
Road, Chennai-600002

**XIV Share Transfer System**

The shares of FACT are compulsorily traded in De-mat form. All the transfer forms received are processed by the Share Transfer Agents of the Company and approved by the Share Transfer Sub-committee of the Board.

**XV Distribution of shareholding as on 31-03-2007**

| Shareholding of nominal value of Rs. | Shareholders |            | Amount(Rs) |
|--------------------------------------|--------------|------------|------------|
|                                      | Number       | % to Total |            |
| Upto 5000                            | 11586        | 87.95      | 15392260   |
| 5001 - 10000                         | 874          | 6.63       | 7601140    |
| 10001 - 20000                        | 357          | 2.71       | 5655580    |
| 20001 - 30000                        | 135          | 1.02       | 3463960    |
| 30001 - 40000                        | 41           | 0.31       | 1500310    |
| 40001 - 50000                        | 61           | 0.46       | 2879880    |
| 50001 - 100000                       | 80           | 0.61       | 5669780    |
| 100001 and above                     | 41           | 0.31       | 3505556830 |
| Total                                | 13175        | 100.00     | 3547719740 |

**XVI De-materialisation of shares and liquidity**

In accordance with the Direction of SEBI, trading of FACT shares have been brought under Compulsory De-mat segment for all categories of investors with effect from 26<sup>th</sup> June 2001. The Company has executed tripartite agreement with both the Depositories ie NSDL and CDSL and the share transfer agents of the Company. As on 31-3-

2007, 6240217 Equity shares have been dematerialized.

**XVII Outstanding GDRs/ADRs/Warrants or any convertible instruments conversion date and likely impact on equity.**

The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments and hence there would not be any impact on the equity.

**XVIII Plant Locations**

| Sl.No. | Activity                    | Locations                        |
|--------|-----------------------------|----------------------------------|
| 1      | Fertiliser                  | Udyogamandal & Ambalamedu, Kochi |
| 2      | Petrochemical - Caprolactam | Udyogamandal, Kochi.             |
| 3      | Engineering Works           | Palluruthy, Kochi                |

**XIX Address for Correspondence by Shareholders:** The Company Secretary, The

Fertilisers And Chemicals Travancore Limited,  
Udyogamandal-683501 Kerala.

### DECLARATION ON COMPLIANCE OF CODE OF BUSINESS CONDUCT AND ETHICS

Members of the Board of Directors and Senior Executives of FACT have complied with the provisions of the Code of Conduct and Ethics applicable to Directors and Senior Executives of the Company.

Sd/-  
Dr. George Sleeba  
Chairman and Managing Director

Udyogamandal  
Date: 25-8-2007

**BALAN & CO****Chartered Accountants**

39/181 D, 'Anantha', Mahakavi 'G' Road  
Karikkamuri, Kochi – 682 011

Phone: 0484- 2360663,  
2360773  
Fax: 2360773  
A.Mohanan: 3950630  
E-mail: balanandco@vsnl.net

**The Members****The Fertilisers And Chemicals Travancore Limited  
Udyogamandal**

We have examined the compliance of conditions of the Corporate Governance by The Fertilisers And Chemicals Travancore Limited, for the year ended on 31<sup>st</sup> March 2007, as stipulated in Clause 49 of the Listing Agreement of the said company with Stock Exchange.

The compliance of conditions of the Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the management and subject to:

1. Audit Committee of the Board does not include independent directors other than Government nominees.
2. Board of Directors of the Company consists of no independent directors other than two Government nominees out of a total of six directors.

We certify that the Company has complied with the conditions of the Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investors Grievances Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **BALAN & CO.**  
**Chartered Accountants**

Sd/-

**A. MOHANAN**, B.Sc, F.C.A.,DISA  
Partner (M.No.20627)

Place : Kochi - 11  
Date : 21st July 2007

**BALAN & CO****Chartered Accountants**

39/181 D, 'Anantha', Mahakavi 'G' Road  
Karikkamuri, Kochi – 682 011

Phone: 0484- 2360663,  
2360773  
Fax: 2360773  
A.Mohanani: 3950630  
E-mail: balanandco@vsnl.net

**AUDITORS' REPORT**

To the Members

The Fertilisers and Chemicals Travancore Limited,  
Udyogamandal

1. We have audited the attached Balance sheet of the Fertilisers and Chemicals Travancore Limited, Udyogamandal, as at 31<sup>st</sup> March, 2007 and the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibilities of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) Amendment Order, 2004 issued by the Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraph # 4 and 5 of the said order.
4. Further to our comments in the Annexure referred above, we report that:
  - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b. In our opinion proper books of account as required by law have been kept by the Company in so far as appears from our examination of those books and proper returns adequate for the purposes of our Audit have been received from the area/regional offices not visited by us. The area/regional Auditors' Report(s) have been forwarded to us and have been appropriately dealt with in preparing our report.
  - c. The Balance sheet, Profit and Loss account and Cash Flow statement dealt with by this report are in agreement with the books of account and with the audited returns from the area/regional offices.
  - d. The Balance sheet and Profit and Loss account and Cash Flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - e. The provisions of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 is not applicable to the Company as per Notification No. GSR 829 (E) dated 21-10-2003 issued by the Department of Company Affairs, Government of India.
  - f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    1. In the case of the Balance sheet, of the 'State of affairs' of the Company as at 31<sup>st</sup> March '07.
    2. In the case of the Profit and Loss account, of the loss of the Company for the year on that date, and
    3. In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **BALAN & CO.**  
**Chartered Accountants**

Sd/-

**A. MOHANAN, B.Sc, F.C.A., DISA**  
Partner (M.No.20627)

Place : Kochi - 11  
Date : 21st July 2007

## Annexure to the Auditors' Report of The Fertilisers And Chemicals Travancore Limited, Udyogamandal

(Referred to in paragraph 3 of Auditors' Report of even date)

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.  
(b) The fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.  
(c) No substantial part of the fixed assets was disposed off during the year.
2. (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.  
(b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
(c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stock and the book records were not material and have been properly dealt with in the books of account.
3. The Company has not granted or taken any loan to or from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Hence matters regarding rate of interest, terms, and conditions, repayments and overdue amount more than rupees one lakh are not applicable.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and nature of its business for the purchase of inventory and fixed asset and for sale of goods and services. There is no continuing failure to correct any major weaknesses in internal control.
5. According to the Information and explanations given to us, there are no contracts or arrangements, which need to be entered in the register maintained under Section 301 of the Act.
6. In our opinion and according to the information and explanations given to us, the Company has complied with directives issued by RBI, the provisions of section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposit accepted from the public.
7. On the basis of the test checks conducted by us and as per the explanations given to us the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books and records maintained by the Company pursuant to the order of the Central Government u/s 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima-facie the prescribed accounts and records have been made and maintained. We have however not made a detailed examination of the records with a view to determining whether these records are accurate or complete.
9. (a) According to the information given to us and



on the basis of the checks conducted by us we report that the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty and Excise Duty, Cess and any other statutory dues with appropriate Authorities during the year.

- (b) According to the information and explanations given to us and the records of the company examined by us, the particulars of dues towards Sales Tax, Income Tax, Wealth Tax, Customs Duty, Excise Duty, Service Tax and Cess as at 31<sup>st</sup> March 2007, which have not been deposited on account of dispute are furnished in Appendix 1.
10. The Company has accumulated loss more than fifty percent of its net worth at the end of the financial year and has incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
  11. In our opinion and according to the information and explanation given to us the Company has not defaulted in repayment of dues to financial institution or bank or debenture holders.
  12. The Company has not granted loan and advance on the basis of security by way of pledge of shares, debentures and other securities.
  13. The Company is not a chit fund or a nidhi or mutual benefit fund/Society. Therefore, provisions of clause (xiii) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
  14. The Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, provisions of clause (xiv) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
  15. According to the information and explanations given to us the Company has not given any guarantee for loan taken by others from banks or financial institutions.
  16. To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that, the term loans availed by the Company were prima-facie applied for the purpose for which the loans were obtained.
  17. According to the information and explanations given to us and overall examination of the Balance Sheet of the Company, we are of the opinion that the funds raised by the company on short-term basis has not been used for long term investments.
  18. Company has not made any preferential allotment of shares during the year.
  19. The Company has not issued any debentures during the year.
  20. The Company has not raised any money by Public Issues during the year.
  21. To the best of our knowledge and belief and according to the information given to us no fraud on or by the Company was noticed or reported during the year.

For **BALAN & CO.**  
Chartered Accountants  
Sd/-  
**A. MOHANAN, B.Sc, F.C.A., DISA**  
Partner (M.No.20627)

Place : Kochi - 11  
Date : 21st July 2007

## APPENDIX - 1

**Referred to paragraph 9 (b) of Annexure a statement on the matters specified in the Companies (Auditor's Report) Order, 2003 of  
The Fertilisers And Chemicals Travancore Limited, Udyogamandal**

| Sl. No. | Name of the Statutes  | Nature of Dues   | Amount of Dispute (Rs. Lakh) | Period to which the dispute relates | Forum where the dispute is pending                                  |
|---------|---|--|------------------------------|-------------------------------------|---|
| 1.      | Income Tax Act  | Disallowances contested by the Company   | 10.49                        | 1997-98                             | High Court of Kerala  |
| 2.      | Income Tax Act  | Additional tax and interest demanded on payments to foreign technicians contested by the Company | 50.98                        | 1994-95 to 1997-98                  | High Court of Kerala  |
| 3.      | Service Tax Act   | Demand of tax, penalty and interest disputed by the Company                                      | 9.53                         | 2003-04 to 2005-06                  | Commissioner of Central Excise, Customs and Service Tax             |
| 4.      | Customs Act   | Differential duty disputed by the Company.   | 39.36                        | 1991-92                             | CESTAT, Chennai   |
| 5.      | Central Excise Act  | Duty with interest and equal penalty on shortages written off                                    | 52.31                        | 2003-04                             | Addl. Commissioner of Central Excise, Cochin                        |
| 6.      | Kerala Panchayat Raj (Dangerous & Offensive Trade) Rules 1996 | D&O License fees.  | 132.90                       | 1997-98 to 2005-06                  | High Court of Kerala  |
| 7.      | Madhya Pradesh Entry Tax Act                                  | Entry Tax demanded disputed by the Company   | 3.67                         | 1980 to 1984                        | Board of Revenue (Commercial Tax Tribunal), Gwalior, Madhya Pradesh |
| 8.      | Sales Tax Act, Orissa   | Sales Tax demanded disputed by the Company   | 63.00                        | 1985 to 1992                        | High Court of Orissa  |
| 9.      | Sales Tax and Central Sales Tax Act, Punjab                   | Sales Tax demanded disputed by the Company   | 341.68                       | 2000-01                             | High Court of Punjab and Hariyana                                   |
| 10.     | Kerala General Sales Tax Act                                  | Penalty levied disputed by the Company (Net of Rs.50 lakh deposited)                             | 349.66                       | 1996-97                             | High Court of Kerala  |
| 11.     | Kerala General Sales Tax Act                                  | Penalty levied disputed by the Company   | 438.52                       | 1997-98                             | High Court of Kerala.   |

## SIGNIFICANT ACCOUNTING POLICIES

### 1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared on historical cost convention.

### 2 REVENUE AND EXPENDITURE RECOGNITION

- a Revenue is recognised and expenditure is accounted for on accrual basis.
- b Interest on overdues from debtors, where the recovery of principal amount/ interest is uncertain, is recognised on receipt.

### 3 CONTRACT OPERATIONS

- a In contract operations revenue is recognised on percentage of completion method. The stage of completion is ascertained on the basis of physical evaluation of respective contract activity on the reporting date.
- b Foreseeable losses on contract activities are recognised fully irrespective of the progress of work.

### 4 RECEIPTS UNDER RETENTION PRICE SCHEME

As Retention Price scheme is applicable on Urea, subsidy is accounted on clearance from the factory as per the procedure prescribed by the Government of India. Price concession for Complex fertilisers and Muriate of Potash are accounted on sales basis.

### 5 FIXED ASSETS

- a Fixed Assets are stated at cost of acquisition/construction less depreciation and adjustment for impairment.
- b All expenditure (other than for process know-how) incurred during construction upto the date the plant is ready for commercial production is capitalised.
- c Income approach is adopted for accounting Government grants related to

depreciable fixed assets. Grants utilised for acquisition of depreciable Fixed Assets are treated as Deferred Government Grants and the same is recognised in the Profit and Loss account on a systematic and rational basis over the useful life of the assets.

- d Depreciation is charged on Plant and Machinery on straight-line method and on other assets (excluding land) on written down value method at the rates specified in Schedule XIV of the Companies Act subject to adjustment for impairment, if any, except in the case of roads, culverts, bridges, dams and godowns (factory) for which depreciation has been charged at 10% as against 5% prescribed in the Companies Act. On additions to assets, depreciation is charged from the month of such addition and on sale or discarding of assets upto the date of such sale or discarding.

### 6 IMPAIRMENT OF ASSETS

An asset is treated as impaired when the carrying amount of assets exceeds its recoverable value. Impairment loss is charged to the Profit and Loss account in the year in which an asset is identified as impaired. When the recoverable amount of previously impaired assets exceeds its carrying amount, the value of asset is reinstated by reversing the impairment loss considered in prior years limited to lower of its recoverable value or carrying amount at the depreciated historical cost.

### 7 BORROWING COST

Borrowing Costs that are specifically identified to the acquisition or construction of qualifying assets are capitalised as part of such asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to Profit and Loss Account.

**8 VALUATION OF INVESTMENTS**

All investments are of long term nature and are valued at cost.

**9 INVENTORY VALUATION**

(i) Raw materials and stores and spares are valued at or below cost. Cost being ascertained on monthly weighted average method for Raw materials, Furnace oil, LSHS and moving weighted average method for Stores and Spares.

(ii) Materials- in- process are not valued.

(iii) Finished/trading products are valued at lower of cost or net realisable value in the aggregate, product-wise, excluding receipts under Retention Price Scheme. Intermediate products are valued at cost and saleable by-products at realisable value. Cost of Finished/Semi Finished/ Intermediate products are determined based on annual average cost excluding interest and head office & administrative overheads. Cost of Finished goods in warehouse include freight and handling charges.

(iv) Materials-in-transit/under inspection are valued at cost.

(v) Loose Tools are taken at cost less write-off.

**10 DEFERRED REVENUE EXPENDITURE**

Deferred Revenue Expenditure is written off in five equal annual instalments. Payment on account of Voluntary Retirement Scheme, net of grant from the Government of India is treated as Deferred Revenue Expenditure.

**11 SUBSIDIES/GRANTS**

Subsidies/Grants related to revenue expenditure are deducted from the respective expenses.

**12 RETIREMENT BENEFITS**

a Gratuity contribution is made to the approved Gratuity Fund under the Group Gratuity-cum-Life Assurance Scheme of the Life Insurance Corporation of India on the basis of actuarial valuation done at the year end.

b Leave Encashment Benefit on retirement is provided on the basis of actuarial valuation done at the year end.

c Provident Fund contribution is paid over to recognised Provident Fund Trusts.

**13 RESEARCH AND DEVELOPMENT**

The expenditure for Research and Development except on Fixed Assets is charged to revenue.

**14 ACCOUNTING FOR THE EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES**

Receivables and payables in foreign currency as on the reporting date including forward exchange contracts are restated at the rate prevailing on that date.

The Premium in respect of forward exchange contracts is recognised over the life of the contracts.

Variations arising on account of fluctuations in foreign exchange rates are treated as revenue [gain/loss(-)] except relating to fixed assets, which are adjusted in the carrying cost of the respective assets.

**15 PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

Provision is made based on a reliable estimate when it is probable that an outflow or resources embodying economic benefits will be required to settle an obligation. Contingent Liabilities are not recognised but are disclosed in the Notes on Accounts. Contingent Assets are neither recognised nor disclosed in the Financial Statements.

**16 PRIOR PERIOD ADJUSTMENTS**

Individual items of Income and Expenditure relating to a prior period and exceeding Rs.1,00,000/- is accounted as a prior period item and disclosed accordingly.

**17 CLAIMS BY COMPANY**

Claims on underwriters, carriers and on Customs and Central Excise Departments are taken into account on acceptance.

## BALANCE SHEET AS AT 31ST MARCH 2007

|                                 |   | As at<br>31-03-2007<br>Rs. in Lakh. |                  | As at<br>31-03-2006<br>Rs. in Lakh. |                 |
|---------------------------------|---|-------------------------------------|------------------|-------------------------------------|-----------------|
| <b>I SOURCES OF FUNDS:</b>      |   |                                     |                  |                                     |                 |
| 1                               | Shareholders' Funds                         |                                     |                  |                                     |                 |
| a)                              | Share Capital                               | 1                                   | 64707.20         | 64707.20                            |                 |
| b)                              | Reserves & Surplus                          | 2                                   | 95.16            | 99.33                               |                 |
|                                 |   |                                     | 64802.36         |                                     | 64806.53        |
| 2                               | Loan Funds:                                 |                                     |                  |                                     |                 |
| a)                              | Secured Loans                               | 3                                   | 43007.75         | 23847.31                            |                 |
| b)                              | Unsecured Loans                             | 4                                   | 8475.12          | 5200.81                             |                 |
|                                 |   |                                     | 51482.87         |                                     | 29048.12        |
|                                 | <b>TOTAL</b>                                |                                     | <b>116285.23</b> |                                     | <b>93854.65</b> |
| <b>II APPLICATION OF FUNDS:</b> |   |                                     |                  |                                     |                 |
| 1                               | Fixed Assets                                |                                     |                  |                                     |                 |
| a)                              | Gross Block                                 |                                     | 145847.49        | 145505.30                           |                 |
| b)                              | Less: Depreciation and Impairment loss      |                                     | 101084.56        | 94679.16                            |                 |
| c)                              | Net Block                                   | 5                                   | 44762.93         | 50826.14                            |                 |
| d)                              | Capital Work-in-progress                    | 6                                   | 1267.84          | 627.57                              |                 |
|                                 |   |                                     | 46030.77         |                                     | 51453.71        |
| 2                               | Investments                                 | 7                                   | 54.50            |                                     | 54.50           |
| 3                               | Current Assets, Loans and Advances          |                                     |                  |                                     |                 |
| a)                              | Inventories                                 | 8                                   | 34615.62         | 25530.00                            |                 |
| b)                              | Sundry Debtors                              | 9                                   | 19233.92         | 14817.40                            |                 |
| c)                              | Cash & Bank Balances                        | 10                                  | 7781.95          | 3462.62                             |                 |
| d)                              | Other Current Assets                        | 11                                  | 730.39           | 370.39                              |                 |
| e)                              | Loans & Advances                            | 12                                  | 9668.21          | 9969.59                             |                 |
|                                 |   |                                     | 72030.09         | 54150.00                            |                 |
| 4                               | Less: Current Liabilities & Provisions      | 13                                  |                  |                                     |                 |
| a)                              | Liabilities                                 |                                     | 39098.07         | 37091.66                            |                 |
| b)                              | Provisions                                  |                                     | 2282.53          | 1939.89                             |                 |
|                                 |   |                                     | 41380.60         | 39031.55                            |                 |
|                                 | Net Current Assets                          |                                     | 30649.49         |                                     | 15118.45        |
| 5                               | a) Miscellaneous expenditure                | 14                                  | 15.44            |                                     | 165.54          |
|                                 | (to the extent not written off or adjusted) |                                     |                  |                                     |                 |
|                                 | b) Profit and loss account                  |                                     | 39535.03         |                                     | 27062.45        |
|                                 | <b>TOTAL</b>                                |                                     | <b>116285.23</b> |                                     | <b>93854.65</b> |
|                                 | Notes on Accounts                           | 25,26 & 27                          |                  |                                     |                 |

The Significant Accounting Policies and the Schedules referred to form an integral part of the Balance Sheet and Profit and Loss Account

Sd/-  
**K.V. BALAKRISHNAN NAIR**  
Secretary

Sd/-  
**VIJAY CHHIBBER**  
Director

Sd/-  
**D.N. PRADHAN**  
Director (Finance)

Sd/-  
**G.S. MANGAT**  
Chairman & Managing Director

As per our report of even date attached.

For **BALAN & CO**  
Chartered Accountants  
Sd/-

**A. MOHANAN**, B.Sc, FCA, DISA.  
Partner (M.No.20627)

Place : Kochi  
Date : 21st July 2007

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2007**

|  |                 | 2006-07<br>Rs.in Lakh. | 2005-06<br>Rs.in Lakh. |
|--|-----------------|------------------------|------------------------|
| <b>INCOME</b>  | <b>SCHEDULE</b> |                        |                        |
| Sales  |                 | 110209.27              | 106566.16              |
| Less Excise Duty   |                 | 4708.31                | 4649.55                |
| Net Sales  | 15              | 105500.96              | 101916.61              |
| Subsidy/Concession on fertilisers                          | 16              | 40215.71               | 36577.68               |
| Gross Income from contracts and other services             |                 | 1088.55                | 468.37                 |
| Other Income   | 17              | 2050.08                | 1203.12                |
| Services for own units                                     |                 | 133.72                 | 381.14                 |
| <b>Total Income</b>  |                 | <b>148989.02</b>       | <b>140546.92</b>       |
| <b>EXPENDITURE</b>   |                 |                        |                        |
| Cost of Materials Consumed                                 | 18              | 100931.75              | 92031.08               |
| Cost of Purchased products sold                            | 18              | 5664.11                | 547.21                 |
| Repairs and Maintenance                                    | 19              | 2791.06                | 2742.37                |
| Employees Remuneration and Benefits                        | 20              | 10899.10               | 10153.83               |
| Other expenses   | 21              | 36566.02               | 36491.71               |
| Materials and other direct charges on contracts            |                 | 540.00                 | 185.45                 |
| Interest & Financing charges                               | 22              | 5339.80                | 3984.76                |
| Depreciation and Impairment loss                           |                 | 6380.86                | 6526.65                |
| Increase(-) / Decrease in stock                            | 23              | -7349.82               | -241.83                |
| <b>Total Expenditure</b>                                   |                 | <b>161762.88</b>       | <b>152421.23</b>       |
| <b>Operating Profit / Loss (-)</b>                         |                 | <b>-12773.86</b>       | <b>-11874.31</b>       |
| Extraordinary items:                                       |                 |                        |                        |
| Financial Restructuring                                    |                 | 0.00                   | 35502.82               |
| Profit on sale of land                                     |                 | 613.98                 | 0.00                   |
| Adjustments in respect of prior years :Net Debit/Credit(-) | 24              | 105.17                 | 8.98                   |
| <b>Profit / Loss (-) before Tax</b>                        |                 | <b>-12265.05</b>       | <b>23619.53</b>        |
| Provision for Taxation - Current                           |                 | 0.00                   | 0.00                   |
| Provision for Taxation - Earlier years                     |                 | 178.40                 | 19.68                  |
| Provision for Fringe Benefit Tax                           |                 | 29.13                  | 34.07                  |
| <b>Profit /-Loss (-) after Tax</b>                         |                 | <b>-12472.58</b>       | <b>23565.78</b>        |
| Profit/Loss (-) brought forward from previous year         |                 | -27062.45              | -50628.23              |
| <b>Net deficit carried to Balance sheet</b>                |                 | <b>-39535.03</b>       | <b>-27062.45</b>       |
| <b>Earnings per Share- Basic (Rs)</b>                      |                 | <b>-1.93</b>           | <b>6.64</b>            |
| <b>Diluted (Rs)</b>  |                 | <b>-1.93</b>           | <b>3.64</b>            |

Sd/-  
**K.V. BALAKRISHNAN NAIR**  
Secretary

Sd/-  
**VIJAY CHHIBBER**  
Director

Sd/-  
**D.N. PRADHAN**  
Director (Finance)

Sd/-  
**G.S. MANGAT**  
Chairman & Managing Director

As per our report of even date attached.

For **BALAN & CO**  
Chartered Accountants

Sd/-  
**A. MOHANAN, B.Sc, FCA, DISA.**  
Partner (M.No.20627)

Place : Kochi  
Date : 21st July 2007

## SCHEDULES TO BALANCE SHEET

|   | As at<br>31-03-2007<br>Rs. in Lakh. | As at<br>31-03-2006<br>Rs. in Lakh. |
|---|-------------------------------------|-------------------------------------|
| <b>1 SHARE CAPITAL</b>  |                                     |                                     |
| <b>Authorised:</b>  |                                     |                                     |
| 100,00,00,000 (previous year 50,00,00,000) Equity Shares of Rs.10/-each   | 100000.00                           | 50000.00                            |
| <b>Issued, Subscribed and Paid up:</b>  |                                     |                                     |
| Equity Shares of Rs.10/- each fully paid up 35,47,71,974 (Previous year 35,47,71,974)   | 35477.20                            | 35477.20                            |
| Equity shares to be allotted to the Government of India - Conversion of loan into equity ( note no. 4 )   | 29230.00                            | 29230.00                            |
|   | <b>64707.20</b>                     | <b>64707.20</b>                     |
| <b>2 RESERVES AND SURPLUS</b>   |                                     |                                     |
| <b>Capital Reserves:</b>  |                                     |                                     |
| Subsidy from Kerala State Government under Industrial Housing Scheme  | 2.64                                | 2.64                                |
| <b>Deferred Government Grant :</b>  |                                     |                                     |
| Indo EEC Fertiliser Education Project   | 79.41                               | 82.63                               |
| Bio Fertiliser Project  | 13.11                               | 14.06                               |
|   | <b>95.16</b>                        | <b>99.33</b>                        |
| <b>3 SECURED LOANS</b>  |                                     |                                     |
| <b>From Banks:</b>  |                                     |                                     |
| Cash Credit:  | 31603.36                            | 22053.31                            |
| Foreign Currency Demand Loan :  | 1742.80                             | 1794.00                             |
| Term Loan from Banks  | 9661.59                             | 0.00                                |
| (Secured by (a) hypothecation of stocks of raw materials, book debts, stores and spares and finished goods (b) first charge on 533.608 acres of land and buildings in the states of Kerala, Tamilnadu and Karnataka (c) first charge on certain Plant and Machinery in Udyogamandal and Petrochemical Divisions). |                                     |                                     |
|   | <b>43007.75</b>                     | <b>23847.31</b>                     |
| <b>4 UNSECURED LOANS</b>  |                                     |                                     |
| Fixed Deposit from Public   | 975.12                              | 1200.81                             |
| (including Rs. 636.11 Lakh due for repayment within a year Previous Year Rs.497.67 lakh)  |                                     |                                     |
| From Government of India  | 7000.00                             | 4000.00                             |
| (including Rs. Nil due for repayment within a year Previous Year Nil)   |                                     |                                     |
| Interest accrued and due  | 500.00                              | 0.00                                |
|   | <b>8475.12</b>                      | <b>5200.81</b>                      |

## SCHEDULES TO BALANCE SHEET

### 5 FIXED ASSETS

Rs. in Lakh

|                              | GROSS BLOCK (AT COST) |                           |   |                  | DEPRECIATION    |                |  |                 | IMPAIRMENT LOSS | NET BLOCK        |                  |
|------------------------------|-----------------------|---------------------------|---|------------------|-----------------|----------------|--|-----------------|-----------------|------------------|------------------|
|                              | As at 01-04-2006      | Additions during the year | Deductions/ Adjustments during the year | As at 31-03-2007 | Upto 31-03-2006 | For the year   | On sales & adjustments during the year | Upto 31-03-2007 | Upto 31-03-2007 | As at 31-03-2007 | As at 31-03-2006 |
| Land Free hold               | 1676.11               | 0.00                      | 32.38                                   | 1708.49          | 0.00            | 0.00           | 0.00                                   | 0.00            | 0.00            | 1708.49          | 1676.11          |
| Roads & Culverts             | 1034.84               | 0.00                      | 0.00                                    | 1034.84          | 690.72          | 28.46          | 0.00                                   | 719.18          | 0.00            | 315.66           | 344.12           |
| Buildings                    | 6498.60               | 0.00                      | -7.81                                   | 6490.79          | 4510.59         | 155.09         | -6.27                                  | 4659.41         | 29.59           | 1801.79          | 1958.42          |
| Railway Sidings              | 312.32                | 0.00                      | 0.00                                    | 312.32           | 293.57          | 1.03           | 0.00                                   | 294.60          | 0.00            | 17.72            | 18.75            |
| Plant & Machinery            | 127580.09             | 272.68                    | -66.04                                  | 127786.73        | 78527.01        | 5502.48        | -45.56                                 | 83983.93        | 4067.87         | 39734.93         | 45581.50         |
| Furniture & Office Equipment | 1626.21               | 86.97                     | -7.81                                   | 1705.37          | 1452.26         | 48.80          | -5.37                                  | 1495.69         | 0.00            | 209.68           | 173.95           |
| Vehicles                     | 375.48                | 0.00                      | 0.00                                    | 375.48           | 340.41          | 7.03           | 0.00                                   | 347.44          | 0.00            | 28.04            | 35.07            |
| Service Equipment            | 6060.81               | 48.08                     | -17.65                                  | 6091.24          | 5111.63         | 131.86         | -13.05                                 | 5230.44         | 2.61            | 858.19           | 946.57           |
| Minor Assets                 | 163.40                | 1.39                      | 0.00                                    | 164.79           | 163.40          | 1.39           | 0.00                                   | 164.79          | 0.00            | 0.00             | 0.00             |
| Plant & Machinery- Retired   | 6.77                  | 0.00                      | 0.00                                    | 6.77             | 0.00            | 0.00           | 0.00                                   | 0.00            | 0.00            | 6.77             | 6.77             |
| <b>Total (A)</b>             | <b>145334.63</b>      | <b>409.12</b>             | <b>-66.93</b>                           | <b>145676.82</b> | <b>91089.59</b> | <b>5876.14</b> | <b>-70.25</b>                          | <b>96895.48</b> | <b>4100.07</b>  | <b>44681.27</b>  | <b>50741.26</b>  |
| Indo EEC project:-           |                       |                           |   |                  |                 |                |  |                 |                 |                  |                  |
| Land Free hold               | 20.91                 | 0.00                      | 0.00                                    | 20.91            | 0.00            | 0.00           | 0.00                                   | 0.00            | 0.00            | 20.91            | 20.91            |
| Buildings                    | 133.27                | 0.00                      | 0.00                                    | 133.27           | 70.27           | 3.16           | 0.00                                   | 73.43           | 0.00            | 59.84            | 63.00            |
| Furniture & Office Equipment | 4.66                  | 0.00                      | 0.00                                    | 4.66             | 4.41            | 0.02           | 0.00                                   | 4.43            | 0.00            | 0.23             | 0.24             |
| Service Equipment            | 11.83                 | 0.00                      | 0.00                                    | 11.83            | 11.11           | 0.04           | 0.00                                   | 11.15           | 0.00            | 0.68             | 0.73             |
| <b>Total (B)</b>             | <b>170.67</b>         | <b>0.00</b>               | <b>0.00</b>                             | <b>170.67</b>    | <b>85.79</b>    | <b>3.22</b>    | <b>0.00</b>                            | <b>89.01</b>    | <b>0.00</b>     | <b>81.66</b>     | <b>84.88</b>     |
| <b>Grand Total (A+B)</b>     | <b>145505.30</b>      | <b>409.12</b>             | <b>-66.93</b>                           | <b>145847.49</b> | <b>91175.38</b> | <b>5879.36</b> | <b>-70.25</b>                          | <b>96984.49</b> | <b>4100.07</b>  | <b>44762.93</b>  | <b>50826.14</b>  |
| Previous year                | 145345.47             | 418.97                    | -259.14                                 | 145505.30        | 85057.67        | 6369.27        | -251.56                                | 91175.38        | 3503.78         | 50826.14         | 56941.40         |

|  | 2006-07 | 2005-06 |
|--|---------|---------|
| Depreciation for the year                                      | 5879.36 | 6369.27 |
| Less prior year adjustment                                     | -94.79  | 0.00    |
| Impairment loss adjusted during the year (Plant and Machinery) | 596.29  | 157.38  |
| Amount charged to Profit & Loss A/c                            | 6380.86 | 6526.65 |

|  | 2006-07   | 2005-06  |
|--|-----------|----------|
| Cumulative Depreciation up to the year | 96984.49  | 91175.38 |
| Cumulative Impairment loss             | 4100.07   | 3503.78  |
| Amount deducted from Gross Block       | 101084.56 | 94679.16 |

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| <b>SCHEDULES TO BALANCE SHEET</b>   |  | As at<br>31-03-2007<br>Rs. in Lakh. | As at<br>31-03-2006<br>Rs. in Lakh. |
|---|--|-------------------------------------|-------------------------------------|
| <b>6 CAPITAL WORK - IN - PROGRESS</b>   |  |                                     |                                     |
| Working-in-progress   |  | 795.45                              | 514.51                              |
| Goods in transit/Material pending inspection  |  | 472.39                              | 113.06                              |
|   |  | <b>1267.84</b>                      | <b>627.57</b>                       |
| <b>7 INVESTMENTS (AT COST)</b>  |  |                                     |                                     |
| <b>Longterm Investments</b> <span style="float: right;">Rs.Lakh</span>  |  |                                     |                                     |
| In Government Securities:   |  |                                     |                                     |
| Quoted : Face Value <span style="float: right;">0.35</span>   |  |                                     |                                     |
| Market Value <span style="float: right;">0.35</span>  |  | <b>0.35</b>                         | 0.35                                |
| In Trade Investments (Unquoted)   |  |                                     |                                     |
| (i) 6,81,820 Equity Shares of Rs.10/- each in Travancore Cochin Chemicals Ltd., including 3,40,910 Bonus shares.  |  | <b>34.09</b>                        | 34.09                               |
| (ii) 15 Equity Shares of Rs.1000/- each fully paid-up in Capexil Agencies Ltd.                                    |  | <b>0.15</b>                         | 0.15                                |
| (iii) 3,24,000 Equity Shares of Rs.10/- each fully paid-up in Indian Potash Ltd., including 1,35,000 Bonus Shares |  | <b>18.90</b>                        | 18.90                               |
| Others (Unquoted)   |  |                                     |                                     |
| (i) 10,001 shares of Rs.10/- each fully paid-up in FACT Co-operative Society Ltd.                                 |  | <b>1.00</b>                         | 1.00                                |
| (ii) 7 shares of Rs.100/- each fully paid-up in Meherabad Co-operative Housing Society Ltd.                       |  | <b>0.01</b>                         | 0.01                                |
| (iii) 10 shares of Rs.50/- each fully paid-up in Good Earth Housing Society Ltd. (Rs.500)                         |  |                                     |                                     |
|   |  | <b>54.50</b>                        | <b>54.50</b>                        |
| <b>8 INVENTORIES</b>  |  |                                     |                                     |
| (As taken, valued and certified by the Management)  |  |                                     |                                     |
| Machinery Spares  |  | <b>2804.49</b>                      | 2837.32                             |
| General Stores  |  | <b>5866.76</b>                      | 5519.88                             |
|   |  | <b>8671.25</b>                      | 8357.20                             |
| Less: Provision towards obsolescence and storage losses   |  | <b>1747.07</b>                      | 1745.22                             |
|   |  | <b>6924.18</b>                      | 6611.98                             |
| Loose Tools   |  | <b>3.62</b>                         | 5.27                                |
| Raw Materials (including stock intended for sale)   |  | <b>6710.49</b>                      | 4408.80                             |
| Stock of Finished /Semi Finished/ Intermediate products   |  | <b>20691.32</b>                     | 13341.50                            |
| Materials-in -transit/ Materials-at- site pending inspection  |  | <b>286.01</b>                       | 1162.45                             |
|   |  | <b>34615.62</b>                     | <b>25530.00</b>                     |

| <b>SCHEDULES TO BALANCE SHEET</b>  | <b>As at<br/>31-03-2007<br/>Rs. in Lakh.</b> | <b>As at<br/>31-03-2006<br/>Rs. in Lakh.</b> |
|--|--|--|
| <b>9 SUNDRY DEBTORS</b>  |  |  |
| a Debts outstanding for a period exceeding six months  |  |  |
| (i) Considered good:   |  |  |
| Secured  | 4.69   | 10.75  |
| Unsecured  | 261.10                                       | 711.75                                       |
| (ii) Debts considered doubtful   | 1173.92                                      | 1151.63                                      |
| b Other Debts : Considered good  |  |  |
| Secured  | 2.82   | 18.34  |
| Unsecured  | 18965.31                                     | 14076.56                                     |
|  | <b>20407.84</b>                              | <b>15969.03</b>                              |
| Less: Provision for doubtful debts   | -1173.92                                     | -1151.63                                     |
|  | <b>19233.92</b>                              | <b>14817.40</b>                              |
| <b>10 CASH AND BANK BALANCES</b>   |  |  |
| 1 Cash, Cheques and Stamps on hand   | 3532.26                                      | 229.77                                       |
| 2 With Scheduled Banks:  |  |  |
| Current Account  | 3873.55                                      | 2798.35                                      |
| 3 With Post Office/Treasury Savings Account  | 14.86  | 15.80  |
| Includes lodged with the Assistant Educational Officer,<br>Alwaye, towards security for running the school (Rs.0.33 lakh)<br>and with Kerala Water Authority towards security deposit. (Rs.10.80 lakh) |  |  |
| 4 Short Term deposits with scheduled banks   | 306.91                                       | 115.14                                       |
| 5 Remittance-in-transit  | 54.37  | 303.56                                       |
|  | <b>7781.95</b>                               | <b>3462.62</b>                               |
| <b>11 OTHER CURRENT ASSETS</b>   |  |  |
| Interest accrued on investments and deposits   | 3.19   | 7.13   |
| Other accrued income   | 414.80                                       | 363.26                                       |
| Others   | 312.40                                       | 0.00   |
|  | <b>730.39</b>                                | <b>370.39</b>                                |
| <b>12 LOANS AND ADVANCES</b>   |  |  |
| Advances recoverable in cash or in kind or for value<br>to be received:  |  |  |
| Considered Good-Secured:   |  |  |
| Advance for purchase of conveyance to employees  | 3.20   | 7.62   |
| Considered Good-Unsecured:   |  |  |
| i ) Other Loans and Advances *   | 4008.32                                      | 3812.78                                      |
| ii ) Advance Income tax (net of provision for income tax)  | 81.95  | 140.81                                       |
| iii ) Income tax deducted at source  | 16.32  | 5.61   |
| iv ) Materials given on loan   | 0.00   | 41.15  |
| Considered Doubtful  | 94.64  | 94.64  |
| Less : Provision   | -94.64                                       | -94.64                                       |
| Balance with Customs, Port Trust etc.  | 1998.59                                      | 801.96                                       |
| Kerala VAT Refund receivable   | 2694.93                                      | 4272.20                                      |

| <b>SCHEDULES TO BALANCE SHEET</b>                           | <b>As at<br/>31-03-2007<br/>Rs. in Lakh.</b> | <b>As at<br/>31-03-2006<br/>Rs. in Lakh.</b> |
|---|--|--|
| Cenvat credit deferred                                      | 58.05  | 37.98  |
| Kerala VAT credit deferred                                  | 17.31  | 17.31  |
| Deposits  | 629.94                                       | 626.37                                       |
| Prepaid expenses  | 159.60                                       | 205.80                                       |
|   | <b>9668.21</b>                               | <b>9969.59</b>                               |
| * Includes amount due from Directors/Officer of the Company | Nil  | 0.01   |
| Maximum amount due at any time during the year              | Nil  | 0.03   |
| <b>13 CURRENT LIABILITIES AND PROVISIONS</b>                |  |  |
| <b>a Liabilities:</b>                                       |  |  |
| Creditors:-   |  |  |
| For Supplies and Services                                   | 18316.66                                     | 19625.15                                     |
| Liabilities against Acceptances (Bills Payable)             | 6231.19                                      | 3856.28                                      |
| Dues to Employees   | 82.52  | 65.46  |
| Other Liabilities   | 14126.33                                     | 13277.57                                     |
| Unpaid dividend   | 0.00   | 1.08   |
| Interest accrued but not due on loans                       | 341.37                                       | 266.12                                       |
|   | <b>39098.07</b>                              | <b>37091.66</b>                              |
| <b>b Provisions:</b>  |  |  |
| Provision for Leave encashment                              | 2282.53                                      | 1939.89                                      |
|   | <b>41380.60</b>                              | <b>39031.55</b>                              |
| <b>14 MISCELLANEOUS EXPENDITURE</b>                         |  |  |
| (to the extent not written off or adjusted)                 |  |  |
| Ex-gratia under Voluntary Retirement Scheme                 |  |  |
| At the beginning of the year                                | 165.54                                       | 2594.71                                      |
| Addition during the year                                    | 0.00   | 25.74  |
| Less Written off during the year under Salaries & Wages     | -150.10                                      | -150.10                                      |
| Less Written off during the year as Extraordinary items     | 0  | -2304.81                                     |
| Balance carried to Balance Sheet                            | <b>15.44</b>                                 | <b>165.54</b>                                |

| <b>SCHEDULES TO PROFIT &amp; LOSS ACCOUNT<br/>FOR THE YEAR ENDED 31-03-2007</b> |   |  | 2006-07<br>Rs. in Lakh. | 2005-06<br>Rs. in Lakh. |
|---|---|--|-------------------------|-------------------------|
|   | <b>SCHEDULE</b>   |  |                         |                         |
| <b>15</b>   | <b><u>SALES</u></b>   |  |                         |                         |
|   | Own Products  | 26.5.B 1   | 103396.20               | 104193.00               |
|   | (net of excise duty- Rs.4708.31lakh)<br>(Previous year - Rs.4649.55 lakh) |  |                         |                         |
|   | Purchased Products  | 26.5.B 2   | 4415.87                 | 629.07                  |
|   | Total   |  | 107812.07               | 104822.07               |
|   | Less: Sales Discount/Dealers Margin                                       |  | 2311.11                 | 2905.46                 |
|   | Net Sales   |  | 105500.96               | 101916.61               |
| <b>16</b>   | <b><u>SUBSIDY/CONCESSION ON FERTILISERS</u></b>                           |  |                         |                         |
|   | Complex fertilisers   |  |                         |                         |
|   | Factamfos 20:20   |  | 38738.17                | 36577.68                |
|   | Muriate of Potash (M O P)   |  | 1477.54                 | 0.00                    |
|   |   |  | 40215.71                | 36577.68                |
| <b>17</b>   | <b><u>OTHER INCOME</u></b>  |  |                         |                         |
|   | Income from investments:  |  |                         |                         |
|   |   | Current      Previous<br>Year          Year<br>(Rs. in lakh) |                         |                         |
|   | Government Securities   | 0.04      0.04   |                         |                         |
|   | Others  | 4.86      3.89   | 4.90                    | 3.93                    |
|   | Tax deducted at source  | 0.00      0.00   |                         |                         |
|   | Provision for doubtful debts written back                                 |  | 42.29                   | 89.48                   |
|   | Write back of provisions no longer required                               |  | 38.32                   | 0.00                    |
|   | Sundry Receipts   |  | 1016.29                 | 841.98                  |
|   | Interest receipts:  |  |                         |                         |
|   | a) On deposits with banks   |  | 4.63                    | 9.90                    |
|   | b) On loans, advances, claims, overdues etc.                              |  | 387.39                  | 246.65                  |
|   | Gain on exchange rate variation (net)                                     |  | 541.06                  | 6.79                    |
|   | Excess on verification of products & stores(net)                          |  | 11.03                   | 0.04                    |
|   | Transfer from deferred govt. grants:                                      |  |                         |                         |
|   | a) On EEC project   |  | 3.22                    | 3.40                    |
|   | b) On Bio-Fertiser project  |  | 0.95                    | 0.95                    |
|   |   |  | 2050.08                 | 1203.12                 |
| <b>18</b>   | <b><u>MATERIALS CONSUMED</u></b>  | 26.5.<br>A 1 & A2  |                         |                         |
|   | Materials consumed :  |  |                         |                         |
|   | Opening Stock including trading products                                  |  | 4408.80                 | 1411.00                 |
|   | Purchases including trading products                                      |  | 108897.55               | 95576.09                |
|   |   |  | 113306.35               | 96987.09                |
|   | Less : Closing Stock including trading products                           |  | 6710.49                 | 4408.80                 |
|   |   |  | 106595.86               | 92578.29                |
|   | Less : Cost of purchased materials sold-shown separately                  | 26.5.A2  | 5664.11                 | 547.21                  |
|   |   |  | 100931.75               | 92031.08                |

| <b>SCHEDULES TO PROFIT &amp; LOSS ACCOUNT<br/>FOR THE YEAR ENDED 31-03-2007</b> |  | 2006-07<br>Rs. in Lakh. | 2005-06<br>Rs. in Lakh. |
|---|--|-------------------------|-------------------------|
| <b>19</b>   | <b><u>REPAIRS AND MAINTENANCE</u></b>  |                         |                         |
|   | Plant and Machinery  | 2321.25                 | 2299.48                 |
|   | Roads and Buildings  | 55.98                   | 52.98                   |
|   | Other Assets   | 413.83                  | 389.91                  |
|   |  | <b>2791.06</b>          | <b>2742.37</b>          |
| <b>20</b>   | <b><u>EMPLOYEES' REMUNERATION AND BENEFITS</u></b>   |                         |                         |
|   | Salaries, Wages and Bonus  | 8611.56                 | 8148.37                 |
|   | Amortisation of Ex-Gratia on Voluntary Retirement Scheme   | 150.10                  | 150.10                  |
|   | Contribution to Provident Fund   | 845.50                  | 805.34                  |
|   | Gratuity   | 550.16                  | 336.92                  |
|   | Other Welfare Expenses   | 741.78                  | 713.10                  |
|   | <b>TOTAL</b>   | <b>10899.10</b>         | <b>10153.83</b>         |
| <b>21</b>   | <b><u>OTHER EXPENSES</u></b>   |                         |                         |
|   | Power and Fuel   | 22435.46                | 22422.18                |
|   | Operating Supplies   | 912.21                  | 1009.07                 |
|   | Packing Materials  | 2499.30                 | 2235.17                 |
|   | Factory General Charges  | 962.69                  | 1005.24                 |
|   | Transporting charges - intermediate products   | 317.17                  | 307.67                  |
|   | Factory Licence Fee  | 2.40                    | 2.40                    |
|   | Rent and Hire  | 216.21                  | 222.48                  |
|   | Insurance  | 281.63                  | 309.49                  |
|   | Bank Charges   | 427.53                  | 150.58                  |
|   | Postage, Telegrams and Telephones  | 73.21                   | 75.35                   |
|   | Printing and Stationery  | 53.76                   | 49.22                   |
|   | Travelling Expenses (including Directors travel Rs 19.38 lakh)   | 351.46                  | 347.84                  |
|   | Directors' sitting fee   | 0.00                    | 0.47                    |
|   | Legal Expenses   | 38.96                   | 20.90                   |
|   | General Charges  | 130.23                  | 164.58                  |
|   | Auditors' Fees and Expenses (including for Branch Auditors)  |                         |                         |
|   | For Audit  | 4.27                    | 4.18                    |
|   | For Expenses   | 2.35                    | 3.48                    |
|   | For Certification  | 1.86                    | 1.69                    |
|   | Cost Auditors' Fees and Expenses   |                         |                         |
|   | Cost Audit Fees  | 0.51                    | 0.51                    |
|   | Cost Audit Expenses  | 0.08                    | 0.08                    |
|   | Entertainment  | 1.83                    | 0.80                    |
|   | Rates and Taxes  | 350.46                  | 648.57                  |
|   | Freight, Handling and other charges  | 6852.74                 | 6550.04                 |
|   | Advertisement and Sales Promotion  | 17.05                   | 12.11                   |
|   | Provision for excise duty on closing stock - Finished goods  |                         | 1321.47                 |
|   | Less: Provision for excise duty on opening stock - Finished goods  | 816.57                  |                         |
|   | Bad debts written off  | 1.33                    | 46.23                   |
|   | Provision for doubtful debts/advances  | 64.57                   | 236.88                  |
|   | Loss on sale/retirement of assets (net)  | 16.27                   | 21.13                   |
|   | Provision for obsolescence of stores   | 44.47                   | 60.54                   |
|   | Research and Development Expenditure<br>(Includes depreciation of Rs.1.42 lakh on Research and Development Assets) | 29.77                   | 31.17                   |
|   |  | <b>36594.68</b>         | <b>36526.02</b>         |
|   | Less : Allocated Expenses  | 28.66                   | 34.31                   |
|   |  | <b>36566.02</b>         | <b>36491.71</b>         |

| <b>SCHEDULES TO PROFIT &amp; LOSS ACCOUNT<br/>FOR THE YEAR ENDED 31-03-2007</b> |  | 2006-07<br>Rs. in Lakh. | 2005-06<br>Rs. in Lakh. |
|---|--|-------------------------|-------------------------|
| <b>22</b>   | <b><u>INTEREST &amp; FINANCING CHARGES</u></b>   |                         |                         |
|   | On loans from the Government of India  | 591.44                  | 103.25                  |
|   | Cash Rebate  | 433.73                  | 604.78                  |
|   | On Cash Credit/Loans from banks  | 3461.06                 | 2089.28                 |
|   | Others   | 853.57                  | 1187.45                 |
|   |  | <b>5339.80</b>          | <b>3984.76</b>          |
| <b>23</b>   | <b><u>INCREASE(-)/DECREASE IN STOCK</u></b>  |                         |                         |
|   | <b>Opening Stock :</b>   |                         |                         |
|   | Finished/Semi Finished/Intermediate Products<br>(Includes excise duty Rs.816.57 lakh)  | 13341.50                | 13099.67                |
|   |  | <b>13341.50</b>         | <b>13099.67</b>         |
|   | <b>Closing Stock :</b>   |                         |                         |
|   | Finished/Semi Finished/Intermediate Products<br>(Includes excise duty Rs.1321.47 lakh) | 20691.32                | 13341.50                |
|   |  | <b>20691.32</b>         | <b>13341.50</b>         |
|   | <b>NET INCREASE(-)/ DECREASE</b>   | <b>-7349.82</b>         | <b>-241.83</b>          |
| <b>24</b>   | <b><u>ADJUSTMENTS IN RESPECT OF PRIOR YEARS :</u></b>                                  |                         |                         |
|   | <b>Debit</b>   |                         |                         |
|   | Depreciation   | 94.79                   | 0.00                    |
|   | Bank charges   | 1.24                    | 0.00                    |
|   | Rates and Taxes  | 2.42                    | 0.00                    |
|   | Rent and Hire  | 6.28                    | 0.00                    |
|   | Cash rebate  | 2.01                    | 0.00                    |
|   | Repairs and Maintenance  | 0.00                    | 8.98                    |
|   | <b>Debit total</b>   | <b>106.74</b>           | <b>8.98</b>             |
|   | <b>Credit</b>  |                         |                         |
|   | Rates and Taxes  | 1.57                    | 0.00                    |
|   | <b>Credit total</b>  | <b>1.57</b>             | <b>0.00</b>             |
|   | <b>Net Debit / Credit (-)</b>  | <b>105.17</b>           | <b>8.98</b>             |

## SCHEDULES TO ACCOUNTS

| 25 Notes on Accounts |  | Rs in Lakh |            |
|----------------------|--|------------|------------|
|                      |  | 31-03-2007 | 31-03-2006 |
| 1                    | Contingent Liabilities not provided for :  |            |            |
| (i)                  | Claims against the company pending before various legal/ statutory authorities and not acknowledged as debts in respect of:  |            |            |
| a                    | Excise Duty  | 52.31      | 49.47      |
| b                    | Service Tax  | 9.53       | 22.64      |
| c                    | Sales Tax / Entry tax  | 1274.75    | 1276.98    |
| d                    | Customs Duty   | 40.04      | 40.04      |
| e                    | Income Tax   | 234.23     | 507.61     |
| f                    | ESI  | 14.42      | 12.59      |
| g                    | Power  | 182.30     | 160.50     |
| h                    | Supplies and contractors   | 5898.66    | 4550.25    |
| j                    | Others   | 903.58     | 455.35     |
| (ii)                 | Excise duty demand of Rs.20.76 lakh on purchase of Raw material, pending appeal, has not been considered since the liability rests with supplier as per order terms.(Pre.Year Rs.18.56 lakh).  |            |            |
| (iii)                | Guarantees given to various Clients/Statutory Authorities for performance of contracts/obligations are not included, as the money value thereof cannot be ascertained  |            |            |
| 2                    | Estimated amount of contracts remaining to be executed on capital account and not provided for   | 309.41     | 170.01     |
| 3                    | Fixed Assets include:  |            |            |
| a)                   | Out of the total 2170.70 acres of land held by the Company, 161.80 acres are held under leasehold right.   |            |            |
| b)                   | Land for Rs.880.26 lakh (Previous year Rs.837.06 lakh) in respect of which the title deeds are yet to be registered / received. Certain land owners have since preferred extra compensation claims which are pending before Courts. The liability on this account is not ascertainable. Interest and legal expenses incurred on land acquisition cases are charged to Profit and Loss account of the year. |            |            |
| c)                   | Cost of Railway siding includes Rs 85.43 lakh (Previous year Rs.85.43 lakh),written down value Rs.6.36 lakh (Previous year Rs.7.40 lakh), held jointly with M/s.Bharat Petroleum Corporation Limited (Kochi Refinery).   |            |            |
| 4                    | Allotment of Equity Share capital towards conversion of Government of India loan of Rs. 29230.00 lakh (Previous year 29230.00 lakh) is pending. As per GOI order, a Credit Rating Agency is being appointed for fixing the issue price of the Equity Shares.   |            |            |
| 5                    | (i) The Duty Free Replenishment Certificate (DFRC) on export of Caprolactam held by the company pending utilisation/sale as on 31.03.07 are 25 Nos. ( Previous year : 33 No's ) which are accounted based on actual sales/utilisation.   |            |            |
| (ii)                 | The Duty Free Credit Entitlement (DFCE) on export of Caprolactam used for duty free import of Rawmaterials, Stores and Spares etc. is Rs. 696.55 lakh. The balance DFEC amount available as on 31.03.2007 for duty free import of such materials is Rs. 71.32 lakh.  |            |            |
| (iii)                | On the export of Caprolactam during 2006-07, 3% of the export amounting to Rs. 333.50 lakh is eligible for adjustment against payment of duty for imports under Duty Entitlement Pass Book (DEPB) scheme.  |            |            |
| 6                    | Loans and Advances unsecured considered good includes Rs.61.25 lakh being amount paid against demands disputed pending appeals (Previous year Rs.86.74 lakh) and Rs. NIL lakh being expenses incurred on bids submitted by the Company to clients, not charged to revenue pending decision on such bids (Previous year Rs.5.04 lakh )  |            |            |

## SCHEDULES TO ACCOUNTS

| 25 Notes on Accounts |   | Rs in Lakh |            |
|----------------------|---|------------|------------|
|                      |   | 31-03-2007 | 31-03-2006 |
| 7                    | Loans and advances classified as "unsecured and considered good" include advances paid covered by Bank Guarantees and interest accrued.   | 1714.46    | 1428.24    |
| 8                    | Amount paid for materials supplied but rejected by the Company pending settlement.  | 43.22      | 45.21      |
| 9                    | The contract for the barge transportation of Ammonia has been cancelled void ab initio during 2004-05. Accordingly the shortfall charges has not been provided in the accounts. The contractor's claim for shortfall charges and damages which is pending before the arbitrator has been included under contingent liabilities. Interest of Rs.287.05 lakh for 2006-07 receivable from the contractor on the outstanding mobilisation advance has been provided in the accounts (previous year Rs.238.99 lakh). |            |            |
| 10 a)                | The physical verification of raw materials and finished products has been carried out on or around 31st March 2007. The differences over book figures in the case of raw material has been adjusted in consumption [Excess/Shortage(-)].  | 336.89     | 377.99     |
| b)                   | Physical verification of stores and spares was carried out at all divisions as per the procedures laid down in the Stores Management Manual and the differences [Excess/Shortage(-)] over book figures has been adjusted in the accounts.   | 15.96      | 4.41       |
| 11                   | Sundry debtors shown as unsecured and considered good include Rs.16.01 lakh covered by Bank Guarantees (Previous Year Rs.49.62 lakh).   |            |            |
| 12                   | Cash and Bank balances include Rs.391.02 lakh (Previous Year Rs.131.80 lakh) being the balance of amount received from clients for execution of jobs on Total Responsibility basis lying in a specified account for meeting matching liabilities under Current Liabilities and Rs.1.63 lakh ( Previous year Rs.1.53 lakh ) deposited in pursuance of court orders.  |            |            |
| 13 a)                | Contract revenue recognised in the period.  | 1088.55    | 468.38     |
| b)                   | Aggregate amount of cost incurred and recognised profit (less recognised loss) on contracts in progress upto the reporting date.  | 1563.71    | 1273.01    |
| c)                   | Advance received against contract in progress.  | 0.00       | 17.50      |
| d)                   | Retention by customers against contract in progress.  | 45.19      | 84.40      |
| e)                   | Gross amount due from customers for contract work as an asset.  | 970.13     | 555.47     |
| f)                   | Gross amount due to customers for contract work as a liability.   | 36.05      | 27.09      |
| g)                   | Income under services for own units reckoned by the Engineering and Consultancy Division (FEDO) and the Fabrication Division (FEW) is accounted by respective units under revenue expenditure Rs.93.70 lakh ( Previous year Rs.362.52 lakh ), and capital Rs.40.02 lakh ( Previous year Rs.18.62 lakh ).  |            |            |
| h)                   | Excise duty on own division jobs is ascertained based on Cost Accounting Standard 4.  |            |            |



## SCHEDULES TO ACCOUNTS

| 25 Notes on Accounts   | Rs in Lakh |            |
|--|------------|------------|
|  | 31-03-2007 | 31-03-2006 |
| <p>14 a) Long Term Agreement with unionised category of workers has expired on 31st December 2006. No provision has been made for possible increase in wages from 1st January 2007 being not ascertainable at this stage. In respect of managerial employees also, no provision has been made for estimated increase in salaries from 1st January 2007.</p> <p>b) The Company as on date is not liable to provide for the arrears of salaries and wages (net of interim relief paid) for the period 01.01.1997 to 30.06.2001 and perquisites and other allowances for the period 20.10.2000 to 30.06.2001, in respect of its managerial and unionised employees, in view of the conditions in the directives of the Government of India while implementing the wage revision.</p> <p>c) The Company had paid an amount of Rs.750/- per employee as part of festival advance during 1996-97, and is being recovered at the time of separation from company's service.</p> | 25.92      | 26.65      |
| 15 The Company has received an amount of Rs 2400.00 lakh towards refund of input tax credit under the KVAT Rules against submission of Bank Guarantee for an equal amount.   |            |            |
| 16 Remuneration to Chairman and Managing Director, Director (Marketing), Director (Finance) and Director (Technical)   |            |            |
| i Salary and Perks   | 17.49      | 19.65      |
| ii Provident Fund Contribution   | 1.84       | 2.12       |
| iii Production Incentive   | 0.07       | 0.08       |
| <p>Sri G S Mangat, Chairman and Managing Director, National Fertilisers Ltd is holding additional charge of Chairman and Managing Director of the company from 02.01.2007 onwards and no remuneration was paid.</p> <p>The whole time Directors have been allowed the use of company car and for private journey upto a ceiling of 9000 kms. per year, on payment as prescribed by the Government.</p> <p>Gratuity payable to the Directors has not been disclosed as the contribution payable has been provided in the accounts and separate figures are not ascertainable.</p>   |            |            |
| 17 Possession of 50 acres of land in Cochin Division was handed over to the Government of Kerala for Common Hazardous Waste Treatment Storage and Disposal Facility (TSDF) Project in May 2006 for which 50% consideration, Rs 312.40 lakh has been received in cash. The title deed for sale of this land is yet to be executed. Allotment of shares of Kerala Enviro Infrastructure Limited towards 50% balance consideration of Rs 312.40 lakh on the sale of 50 acres of land is yet to be received and accordingly the amount is classified under other current assets-others.  |            |            |
| 18 Unfunded Gratuity liability is included under Other Liabilities   | 3095.90    | 2555.54    |
| 19 Effect of change in Foreign Exchange rates :  |            |            |
| a) The net additional gain/loss(-) on account of exchange rate differences included in the Profit and Loss Account.  | 541.07     | 6.79       |
| b) The amount of exchange difference in respect of forward exchange contracts (unexpired portion of forward exchange premium) to be recognised in the profit or loss of the next accounting year.  | 23.96      | 22.90      |

### SCHEDULES TO ACCOUNTS

| 25 Notes on Accounts  | Rs in Lakh |            |
|---|------------|------------|
|   | 31-03-2007 | 31-03-2006 |
| <p>20 a) Sundry creditors include Rs 2.79 lakh payable to Small Scale Industrial Undertakings to the extent such parties have been identified from the available documents/ information (Previous year Rs.0.68 lakh). There are no dues (Previous year-NIL) owed by the Company to Small Scale Industrial Undertakings exceeding Rs.1 lakh which is outstanding for more than 30 days.</p> <p>b) No amount is due to any unit covered under The Micro Small and Medium Enterprises Development Act, 2006.</p> <p>21 The Company has deferred tax asset as on 31st March 2007 because of unabsorbed depreciation and accumulated loss. However as a prudence the deferred tax asset is not considered in the Accounts.</p> <p>22 The Company has a system of obtaining confirmation of balances from third parties. Some of the parties have confirmed the balances.</p> <p>23 Information available upto 25th April 2007 has been considered in finalising the accounts.</p> <p>24 Figures for the previous year have been regrouped and recast wherever necessary to conform with the current year classification.</p> <p>25 RELATED PARTY DISCLOSURES (ACCOUNTING STANDARD 18)</p> <p>List of related Parties</p> <p><u>Key Management Personnel</u></p> <p>Shri.G S Mangat, Chairman and Managing Director (from 02.01.2007),<br/>           Dr.G.C. Gopala Pillai Chairman &amp; Managing Director (up to 02.01.2007),<br/>           Shri.D.N.Pradhan, Director (Finance),<br/>           Shri. A Asokan, Director (Marketing) (from 27.09.2006),<br/>           Dr George Sleeba, Director (Technical) (From 22.11.2006 ),<br/>           Shri. D C Sorte, Director (Technical) (up to 30.06.2006).</p> <p>Transactions with related parties:</p> <p>Remuneration to key management personnel : Rs.19.40 lakh</p> |            |            |
| <p>26 EARNINGS PER SHARE (ACCOUNTING STANDARD - 20)</p> <p>i) Earnings (Loss) Rs.12472.58 Lakh</p> <p>ii) Number of Shares</p> <p>a. Issued, Subscribed and Paid up - 354771974</p> <p>b. Pending Allotment (presumed @ Rs 10 per share) - 292300000</p> <p>iii) Earning Per Share (-)Rs.1.93<br/>(Basic and Diluted)</p>   |            |            |

## SCHEDULES TO ACCOUNTS

| 25. Notes on Accounts   |                                 |                               |  |                                 |
|---|---------------------------------|-------------------------------|--|---------------------------------|
| 27. SEGMENTAL REPORTING   |                                 |                               |  |                                 |
| Segment Information for the year ended 31st March 2007<br>Information about Primary Business Segments |                                 |                               |  |                                 |
|   | Rs. in lakh<br>Fertiliser       | Rs. in lakh<br>Petrochemical  | Rs. in lakh<br>Others<br>(Unallocated) | Rs. in lakh<br>Total            |
| <b>REVENUE</b>  |                                 |                               |  |                                 |
| External Revenue  | 106852.85<br>(105487.99)        | 40372.14<br>(33908.32)        | 1238.29<br>(512.92)                    | 148463.28<br>(139909.23)        |
| Inter Segment Revenue   | 0.00<br>(0.00)                  | 0.00<br>(0.00)                | 133.72<br>(381.14)                     | 133.72<br>(381.14)              |
| <b>TOTAL REVENUE</b>  | <b>106852.85</b><br>(105487.99) | <b>40372.14</b><br>(33908.32) | <b>1372.01</b><br>(894.06)             | <b>148597.00</b><br>(140290.37) |
| <b>SEGMENT RESULTS</b>  |                                 |                               |  |                                 |
| Profit before interest, taxation and before Exceptional items   | -8741.47<br>(-8877.89)          | 2403.43<br>(3026.13)          | -79.68<br>(-972.23)                    | -6417.72<br>(-6823.99)          |
| Unallocated Corporate Expense   |                                 |                               | 1513.53<br>(1331.09)                   | 1513.53<br>(1331.09)            |
| Operating Profit  | -8741.47<br>(-8877.89)          | 2403.43<br>(3026.13)          | -1593.21<br>(-2303.32)                 | -7931.25<br>(-8155.08)          |
| Interest Expense  | 0.00<br>(0.00)                  | 0.00<br>(0.00)                | 5339.80<br>(3984.76)                   | 5339.80<br>(3984.76)            |
| Interest Income   | 0.00<br>(0.00)                  | 0.00<br>(0.00)                | 392.02<br>(256.55)                     | 392.02<br>(256.55)              |
| Income Tax  | 0.00<br>(0.00)                  | 0.00<br>(0.00)                | 207.53<br>(53.75)                      | 207.53<br>(53.75)               |
| Exceptional item-Income   | 0.00<br>(0.00)                  | 0.00<br>(0.00)                | 613.98<br>(35502.82)                   | 613.98<br>(35502.82)            |
| Profit after Interest, Taxation and Exceptional items   | -8741.47<br>(-8877.89)          | 2403.43<br>(3026.13)          | -6134.54<br>(29417.54)                 | -12472.58<br>(23565.78)         |
| <b>OTHER INFORMATION</b>  |                                 |                               |  |                                 |
| Segment Assets  | 85616.78<br>(83914.45)          | 24571.13<br>(18572.55)        | 47477.92<br>(30399.20)                 | 157665.83<br>(132886.20)        |
| Segment Liabilities   | 28447.25<br>(25776.47)          | 6240.42<br>(7595.04)          | 122978.16<br>(99514.69)                | 157665.83<br>(132886.20)        |
| Depreciation  | 4308.72<br>(4433.87)            | 1426.02<br>(1893.79)          | 49.83<br>(41.61)                       | 5784.57<br>(6369.27)            |
| Capital Expenditure   | 236.24<br>(206.22)              | 101.70<br>(176.37)            | 71.18<br>(36.38)                       | 409.12<br>(418.97)              |

The business segments are:-

| <u>Segment</u> | <u>Products</u>  |
|----------------|--|
| Fertiliser     | Ammonium Phosphate, Ammonium Sulphate, Mixtures, MOP, Urea |
| Petrochemical  | Caprolactam  |

Segments have been identified taking into account the organisation structure.

Segment assets and liabilities represents assets and liabilities in respective segments. Share capital, Secured and Unsecured loans, Investments and Accumulated loss are classified as Unallocated.

Figures given in brackets pertains to previous year.

| RECONCILIATION OF REVENUE              | Rs. in Lakh |
|--|-------------|
| Segment Revenue as above               | 148597.00   |
| Add Interest Income                    | 392.02      |
| Revenue as per Profit and Loss Account | 148989.02   |

**SCHEDULES TO ACCOUNTS**
**26. INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPHS 3 & 4 OF PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956 FOR THE YEAR ENDED 31.03.2007**
**1 Value of imported and indigenous raw materials and spare parts consumed and percentage thereof to total consumption.**

|                                       | Current year     | Percentage    | Previous year   | Percentage    |
|---------------------------------------|------------------|---------------|-----------------|---------------|
|                                       | Rs.in lakh       |               | Rs.in lakh      |               |
| <b>A Raw Materials:</b>               |                  |               |                 |               |
| Imported                              | 22066.73         | 21.86         | 27708.46        | 30.11         |
| Indigenous                            | 78865.02         | 78.14         | 64322.62        | 69.89         |
|                                       | <b>100931.75</b> | <b>100.00</b> | <b>92031.08</b> | <b>100.00</b> |
| <b>B Spare Parts &amp; Components</b> |                  |               |                 |               |
| Imported                              | 124.08           | 7.35          | 149.93          | 8.52          |
| Indigenous                            | 1564.97          | 92.65         | 1609.68         | 91.48         |
|                                       | <b>1689.05</b>   | <b>100.00</b> | <b>1759.61</b>  | <b>100.00</b> |

**2 CIF Value of Imports**

|                                 | Current year    | Previous year   |
|---------------------------------|-----------------|-----------------|
|                                 | Rs.in lakh      | Rs.in lakh      |
| (i) Raw Materials               | 25154.95        | 27997.79        |
| (ii) Spares and other materials | 8327.94         | 675.39          |
| (iii) Capital Goods             | 0.00            | 0.00            |
|                                 | <b>33482.89</b> | <b>28673.18</b> |

**3 A Expenditure in foreign currency (Cash Basis) \***

|                         |              |              |
|-------------------------|--------------|--------------|
| (i) Consultancy service | 0.00         | 50.99        |
| (ii) Others             | 15.38        | 14.22        |
|                         | <b>15.38</b> | <b>65.21</b> |

**B Earnings in foreign currency**

|                                 |                 |                |
|---------------------------------|-----------------|----------------|
| (i) Export of goods (FOB Basis) | 11116.56        | 6340.33        |
| (ii) Others                     | 0.00            | 0.00           |
|                                 | <b>11116.56</b> | <b>6340.33</b> |

\* Including tax deducted at source

## SCHEDULES TO ACCOUNTS

## 26. INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPHS 3 &amp; 4 OF PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956 (Contd.)

## 4 Capacities and Production:

|                                 | Licenced Capacity | Installed Capacity<br>(as certified by the Management) | Actual Production |           |        |
|---------------------------------|-------------------|--|-------------------|-----------|--------|
|                                 |                   |  | 2006-2007         | 2005-2006 |        |
|                                 | MT                | MT   | MT                |           | MT     |
| <b>1 Udyogamandal Division</b>  |                   |  |                   |           |        |
| Sulphuric Acid @                | 402550            | 379500   | 296771            |           | 288394 |
| Phosphoric Acid                 | 33000             | 33000  | 510               |           | 5983   |
| Ammonium Sulphate               | 225000            | 225000   | 183490            |           | 172986 |
| Factamfos 20:20                 | 181020            | 148500   | 147102            |           | 143502 |
| Ammonia(900 TPD plant) #        | 326700            | 326700   | 257182            |           | 260066 |
| Bio Fertiliser                  | 150               | 150  | 4                 |           | 8      |
| <b>2 Cochin Division:</b>       |                   |  |                   |           |        |
| Ammonia                         | 198000            | 198000   | 0                 |           | 0      |
| Sulphuric Acid                  | 330000            | 330000   | 365100            |           | 380000 |
| Phosphoric Acid                 | 115000            | 115000   | 89050             |           | 87000  |
| Urea                            | 330000            | 330000   | 0                 |           | 0      |
| Complex Fertilisers :           | 485000            | 485000   |                   |           |        |
| Factamfos 20:20                 |                   |  | 574100            |           | 602400 |
| <b>3 Petrochemical Division</b> |                   |  |                   |           |        |
| Caprolactam                     | 50000             | 50000  | 41327             |           | 38666  |
| Nitric Acid                     | 3800              | 3800   | 4159              | +         | 4345   |
| Soda Ash                        | 4750              | 4750   | 5419              |           | 4275   |
| <b>4 Marketing Division</b>     |                   |  |                   |           |        |
| Mixed Manures                   |                   |  | 15469             |           | 8418   |

@ Includes Sulphur Dioxide and Oleum expressed in terms of Sulphuric Acid

# Includes Synthesis gas expressed in terms of Ammonia

+ At 55 % concentration

## SCHEDULES TO ACCOUNTS

| 26.5 PARTICULARS OF OPENING AND CLOSING STOCKS, PURCHASES, SALES AND CONSUMPTION |                          |               |         |               |         |           |           |          |          |             |           |          |          |
|--|--------------------------|---------------|---------|---------------|---------|-----------|-----------|----------|----------|-------------|-----------|----------|----------|
|  |                          | OPENING STOCK |         | CLOSING STOCK |         | PURCHASES |           |          |          | CONSUMPTION |           |          |          |
|  |                          |               |         |               |         | 2006-07   |           | 2005-06  |          | 2006-07     |           | 2005-06  |          |
|  |                          | Quantity      | Value   | Quantity      | Value   | Quantity  | Value     | Quantity | Value    | Quantity    | Value     | Quantity | Value    |
| A.1  | RAW MATERIALS            | M T           | Rs/lakh | M T           | Rs/lakh | M T       | Rs/lakh   | M T      | Rs/lakh  | M T         | Rs/lakh   | M T      | Rs/lakh  |
| 1  | Naphtha                  | 1876          | 471.27  | 1830          | 507.49  | 177135    | 48350.66  | 176440   | 40529.60 | 177181      | 48314.44  | 176420   | 40436.97 |
| 2  | Sulphur - Imported       | 31105         | 1326.48 | 26802         | 990.69  | 202913    | 7250.73   | 245150   | 11466.60 | 207216      | 7586.52   | 218028   | 10314.75 |
| 3  | Rock Phosphate-Imported  | 20271         | 689.97  | 11065         | 395.94  | 297061    | 10927.68  | 323032   | 11314.18 | 306267      | 11221.71  | 315224   | 11056.82 |
| 4  | Phosphoric Acid-Imported | 4771          | 1009.68 | 7557          | 1620.80 | 14994     | 3235.80   | 22744    | 4864.44  | 12209       | 2624.68   | 18570    | 3967.47  |
| 5  | Ammonia - Imported       |               |         | 3011          | 396.67  | 7187      | 957.14    |          |          | 4176        | 560.47    |          |          |
| 6  | Phosphoric Acid          | 711           | 145.89  | 422           | 89.80   | 45662     | 9963.24   | 42798    | 8757.77  | 45951       | 10019.33  | 42113    | 8616.47  |
| 7  | Benzene                  | 1931          | 713.62  | 4833          | 2273.07 | 42636     | 19758.56  | 34685    | 13241.23 | 39734       | 18199.11  | 33478    | 12850.38 |
| 8  | Caustic Soda             | 186           | 32.12   | 222           | 42.88   | 5548      | 1065.00   | 4598     | 807.85   | 5511        | 1054.24   | 4468     | 784.46   |
| 9  | Anone-Imported           |               |         |               |         |           |           | 3641     | 2368.73  |             |           | 3641     | 2368.73  |
| 10   | Anone                    |               |         |               |         |           |           | 496      | 356.78   |             |           | 496      | 356.78   |
| 11   | Sulphuric Acid           |               |         |               |         | 62373     | 1178.00   | 68372    | 1271.74  | 62373       | 1178.00   | 68372    | 1271.74  |
|  | <b>TOTAL</b>             |               | 4389.03 |               | 6317.34 |           | 102686.81 |          | 94978.92 |             | 100758.50 |          | 92024.57 |

## SCHEDULES TO ACCOUNTS

| 26.5 PARTICULARS OF OPENING AND CLOSING STOCKS, PURCHASES, SALES AND CONSUMPTION (Continued) |                                  |       |               |       |           |       |           |       |             |       |           |       |                    |       |          |       |         |
|--|----------------------------------|-------|---------------|-------|-----------|-------|-----------|-------|-------------|-------|-----------|-------|--------------------|-------|----------|-------|---------|
| A.2  | OPENING STOCK                    |       | CLOSING STOCK |       | PURCHASES |       |           |       | CONSUMPTION |       |           |       | COST OF GOODS SOLD |       |          |       |         |
|  |                                  |       |               |       | 2006-07   |       | 2005-06   |       | 2006-07     |       | 2005-06   |       | 2006-07            |       | 2005-06  |       |         |
|  | Quantity                         | Value | Quantity      | Value | Quantity  | Value | Quantity  | Value | Quantity    | Value | Quantity  | Value | Quantity           | Value | Quantity | Value |         |
| PURCHASED PRODUCTS   |                                  | MT    | Rs/lakh       | MT    | Rs/lakh   | MT    | Rs/lakh   | MT    | Rs/lakh     | MT    | Rs/lakh   | MT    | Rs/lakh            | MT    | Rs/lakh  | MT    | Rs/lakh |
| 1  | Mixtures / Fertilisers           | 108   | 4.43          | 52    | 2.18      | 1801  | 75.78     | 2536  | 105.04      |       |           | 1     | 0.02               | 1857  | 78.03    | 2441  | 101.07  |
| 2  | M.O.P.-Imported                  |       |               | 3242  | 369.63    | 24887 | 2837.83   | 5     | 0.34        | 643   | 73.35     | 10    | 0.69               | 21002 | 2394.85  |       |         |
| 3  | M O P RCF                        |       |               |       |           |       |           |       |             |       |           | 270   | 11.95              |       |          | 41    | 1.80    |
| 4  | M.O.P.-IPL                       | 35    | 1.48          |       |           | 2078  | 90.16     | 1020  | 43.67       | 2113  | 91.64     | 985   | 42.19              |       |          |       |         |
| 5  | Ammonium Sulphate (imported)     |       |               |       |           | 24979 | 1679.91   |       |             |       |           |       |                    | 24979 | 1679.91  |       |         |
| 6  | Urea-SPIC                        |       |               |       |           |       |           | 2214  | 97.09       |       |           |       |                    |       |          | 2425  | 106.41  |
| 7  | Urea-KRIBHCO                     |       |               |       |           | 28928 | 1324.78   | 4508  | 213.95      |       |           |       |                    | 28928 | 1324.78  | 4508  | 213.95  |
| 8  | Ultrafos                         | 344   | 13.06         | 421   | 18.22     | 4389  | 191.70    | 3545  | 134.62      |       |           |       |                    | 4312  | 186.54   | 3264  | 123.98  |
| 9  | Others                           |       | 0.80          |       | 3.12      |       | 10.58     |       | 2.46        |       | 8.26      |       | 3.62               |       |          |       |         |
|  | <b>TOTAL</b>                     |       | 19.77         |       | 393.15    |       | 6210.74   |       | 597.17      |       | 173.25    |       | 58.47              |       | 5664.11  |       | 547.21  |
|  | <b>TOTAL (A1+A2)</b>             |       | 4408.80       |       | 6710.49   |       | 108897.55 |       | 95576.09    |       | 100931.75 |       | 92083.04           |       | 5664.11  |       | 547.21  |
|  | Less VAT credit on Opening Stock |       |               |       |           |       |           |       |             |       | 0.00      |       | -51.96             |       |          |       |         |
|  | <b>NET TOTAL</b>                 |       | 4408.80       |       |           |       |           |       |             |       | 100931.75 |       | 92031.08           |       |          |       |         |

## SCHEDULES TO ACCOUNTS

| 26.5 PARTICULARS OF OPENING AND CLOSING STOCKS, PURCHASES, SALES AND CONSUMPTION |                                     |                |                     |                |                     |                |                     |                |                     |
|--|-------------------------------------|----------------|---------------------|----------------|---------------------|----------------|---------------------|----------------|---------------------|
|  |                                     | OPENING STOCK  |                     | CLOSING STOCK  |                     | SALES          |                     |                |                     |
|  |                                     | Quantity<br>MT | Value<br>Rs. / lakh | Quantity<br>MT | Value<br>Rs. / lakh | 2006-07        |                     | 2005-06        |                     |
|  |                                     |                |                     |                |                     | Quantity<br>MT | Value<br>Rs. / lakh | Quantity<br>MT | Value<br>Rs. / lakh |
| <b>B1</b>  | <b>FINISHED PRODUCTS</b>            |                |                     |                |                     |                |                     |                |                     |
| 1  | Ammonium Sulphate                   | 8109           | 490.75              | 28535          | 1924.06             | 156645         | 11209.66            | 172590         | 11056.77            |
| 2  | Factamfos 20-20                     | 28502          | 3294.24             | 53248          | 6371.75             | 695103         | 50603.51            | 789049         | 57441.87            |
| 3  | Mixed Manures                       | 392            | 20.71               | 1692           | 100.53              | 14175          | 966.71              | 8490           | 544.24              |
| 4  | Caprolactam                         | 5769           | 6030.31             | 7661           | 8747.98             | 39435          | 39604.98            | 34236          | 34175.44            |
| 5  | Nitric acid                         | 381            | 19.94               | 45             | 2.35                | 4495           | 202.26              | 4075           | 184.91              |
| 6  | Soda Ash                            | 274            | 27.40               | 126            | 12.33               | 5567           | 498.48              | 4119           | 347.50              |
| 7  | Others<br>(including intermediates) |                | 3458.15             |                | 3532.32             |                | 310.60              |                | 442.27              |
|  | <b>TOTAL</b>                        |                | 13341.50            |                | 20691.32            |                | 103396.20           |                | 104193.00           |
| <b>B2</b>  | <b>PURCHASED PRODUCTS</b>           |                |                     |                |                     |                |                     |                |                     |
| 1  | Mixtures / Fertilisers              |                |                     |                |                     | 1857           | 103.12              | 2441           | 130.33              |
| 2  | M.O.P.-Imported                     |                |                     |                |                     | 21002          | 935.64              |                |                     |
| 3  | M O P RCF                           |                |                     |                |                     |                |                     | 41             | 1.90                |
| 4  | Urea-SPIC                           |                |                     |                |                     |                |                     | 2425           | 121.99              |
| 5  | Ammonium Sulphate (imported)        |                |                     |                |                     | 24979          | 1798.10             |                |                     |
| 6  | Urea-KRIBHCO                        |                |                     |                |                     | 28928          | 1354.66             | 4508           | 218.37              |
| 7  | Ultrafos                            |                |                     |                |                     | 4312           | 224.35              | 3264           | 156.48              |
|  | <b>TOTAL</b>                        |                |                     |                |                     |                | 4415.87             |                | 629.07              |

Sd/-  
**K.V. BALAKRISHNAN NAIR**  
Secretary

Sd/-  
**VIJAY CHHIBBER**  
Director

Sd/-  
**D.N. PRADHAN**  
Director (Finance)

Sd/-  
**G.S. MANGAT**  
Chairman & Managing Director

As per our report of even date attached.  
For **BALAN & CO**  
Chartered Accountants  
Sd/-  
**A. MOHANAN, B.Sc, FCA, DISA.**  
Partner (M.No.20627)

Place : Kochi  
Date : 21st July 2007





**CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2007**

| PARTICULARS  | For the year<br>ended 31-3-2007<br>(Rs. in Lakh) | For the year<br>ended 31-3-2006<br>(Rs. in Lakh) |
|--|--|--|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>            |  |  |
| Net Profit before Tax and Extraordinary items            | -12773.86  | -11874.31  |
| Adjustments for:   |  |  |
| Depreciation/Impairment loss /Deferred Rev. Expenditure  | 6526.79  | 6667.25  |
| Provision for Obsolescence/Bad & Doubtful Debts (Net)    | 24.14  | 207.93   |
| Income from Investments                                  | -4.90  | -3.93  |
| (Profit)/Loss on sale of assets (Net)                    | 16.27  | 21.13  |
| Interest   | 5339.80  | 3945.23  |
| <b>Operating Profit before Working Capital changes</b>   | <b>-871.76</b>                                   | <b>-1036.70</b>                                  |
| Adjustments for:   |  |  |
| Trade and Other Receivables                              | -4185.03   | -9310.68   |
| Deferred Rev. Expenditure carried over                   | 0.00   | -20.59   |
| Inventories  | -9087.47   | -3168.09   |
| Trade and Other Payables                                 | 1757.61  | 9997.25  |
| <b>Cash generated from Operations</b>                    | <b>-12386.65</b>                                 | <b>-3538.81</b>                                  |
| Direct Taxes   | -207.53  | -53.75   |
| <b>Cash Flow before extraordinary items</b>              | <b>-12594.18</b>                                 | <b>-3592.56</b>                                  |
| Prior Period - (excluding non cash)                      | -10.38   | -8.98  |
| <b>Net Cash from Operating Activities</b>                | <b>-12604.56</b>                                 | <b>-3601.54</b>                                  |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>            |  |  |
| Purchase of Fixed Assets/Capital Work-in-Progress        | -1092.59   | -497.48  |
| Sale of Fixed Assets                                     | 637.59   |  |
| Less : Shares to be received                             | 312.40   |  |
|  | 325.19   | 1.01   |
| Interest Received  | 0.04   | 0.69   |
| Dividend Received  | 4.86   | 3.24   |
| <b>Net cash used in Investing Activities</b>             | <b>-762.50</b>                                   | <b>-492.54</b>                                   |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>            |  |  |
| Proceeds from Long Term Borrowings (Net)                 | 3274.31  | 2930.89  |
| Increase/Decrease in Cash credit with Banks              | 19160.44   | 6190.02  |
| Interest   | -4748.36   | -3841.98   |
| Dividend paid  | 0.00   | 0.00   |
| <b>Net cash used in Financing Activities</b>             | <b>17686.39</b>                                  | <b>5278.93</b>                                   |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b> | <b>4319.33</b>                                   | <b>1184.85</b>                                   |
| <b>CASH AND CASH EQUIVALENTS</b>                         |  |  |
| <b>AS AT 01.04.2006 (Opening Balance)</b>                | <b>3462.62</b>                                   | <b>2277.77</b>                                   |
| <b>AS AT 31.03.2007 (Closing Balance)</b>                | <b>7781.95</b>                                   | <b>3462.62</b>                                   |

Sd/-  
**K.V. BALAKRISHNAN NAIR**  
Secretary

Sd/-  
**VIJAY CHIBBER**  
Director

Sd/-  
**D.N. PRADHAN**  
Director (Finance)

Sd/-  
**G.S. MANGAT**  
Chairman & Managing Director

As per our report of even date attached.

For **BALAN & CO**  
Chartered Accountants

Sd/-  
**A. MOHANAN, B.Sc, FCA, DISA.**  
Partner (M.No.20627)

Place : Kochi  
Date : 21st July 2007

**THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED**

**DETAILS OF CAPITAL EXPENDITURE INCURRED ON TOWNSHIP AND OTHER SOCIAL OVERHEADS AS REQUIRED BY O.M. No. BPE - 1 (17) / ADV (F) / 69 DATED 5-3-69 FROM THE MINISTRY OF FINANCE (BUREAU OF PUBLIC ENTERPRISES) UPTO 31st MARCH 2007**

Rs. / lakh

|                                 | Gross Block as at 31-3-2006 | Written down value as at 31-3-2006 | Additions / adjustments 2006-2007 | Depreciation for the year 2006-2007 | Depreciated value as at 31-3-2007 |
|---------------------------------|-----------------------------|------------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|
| Land (Estimated)                | 191.97                      | 191.97                             | 0.00                              | 0.00                                | 191.97                            |
| Staff Quarters etc. in Township | 1311.53                     | 546.16                             | -1.54                             | 27.26                               | 517.36                            |
| Sewers & Drains                 | 280.85                      | 111.90                             | 0.00                              | 5.69                                | 106.21                            |
| Hospitals                       | 61.81                       | 21.20                              | 0.00                              | 1.06                                | 20.14                             |
| Schools                         | 93.43                       | 40.56                              | 0.00                              | 2.03                                | 38.53                             |
| Shops                           | 12.08                       | 3.26                               | 0.00                              | 0.16                                | 3.10                              |
|                                 | 1951.67                     | 915.05                             | -1.54                             | 36.20                               | 877.31                            |

**DETAILS OF MAINTENANCE AND OTHER REVENUE EXPENDITURE ON TOWNSHIP AND OTHER SOCIAL OVERHEADS AS REQUIRED BY O.M. No. BPE-1(17)/ADV. (F)/69 DATED 5-3-69 FROM THE MINISTRY OF FINANCE (BUREAU OF PUBLIC ENTERPRISES) DURING THE YEAR ENDED 31st MARCH 2007**

Rs. / lakh

| Particulars   | Expenditure | Income | Net Expenditure |
|---|-------------|--------|-----------------|
| Staff Quarters  | 454.03      | 123.84 | 330.19          |
| Schools   | 2.03        | 17.31  | -15.28          |
| Medical facilities  | 474.97      | 54.10  | 420.87          |
| Other Welfare Expenses  | 316.68      | 92.87  | 223.81          |
| Estate Establishment  | 29.81       | 0.00   | 29.81           |
| Notional interest at 6 % p.a. on capital outlay on Township and overheads | 117.10      | 0.00   | 117.10          |
|   | 1394.62     | 288.12 | 1106.50         |

**STATEMENT SHOWING EXPENDITURE ON PUBLIC RELATIONS AND PUBLICITY (AS REQUIRED BY BPE O.M No. BPE / GL / 042 / 78 BPE (IR) 21 (1)/78 DATED 18-12-1978) FOR THE YEAR ENDED 31st MARCH 2007**

| Particulars   | Rs. /Lakh |
|---|-----------|
| Salaries and Wages including Provident Fund   | 8.14      |
| Advertisement Charges   | 3.73      |
| Propoganda and Publicity  | 10.56     |
| Exhibition  | 0.29      |
| Demonstration, Sign Boards, Cost of Fertilisers, Village adoption, Soil Testing and Agronomy Services | 2.47      |
| Audio-visual film, Slides production, Projection charges and equipment                                | 0.00      |
| Running and Maintenance Expenses of Publicity vehicles and Travel Expenses                            | 0.02      |
|   | 25.21     |

| <b>SUMMARISED ACCOUNTS</b>                                    |               |               |               |
|---|---------------|---------------|---------------|
|   | Rs. in lakh   |               |               |
|   | 2006-07       | 2005-06       | 2004-05       |
| <b>RESOURCES</b>  |               |               |               |
| Net Worth   | 25157         | 37479         | -17746        |
| Borrowings and Deferred Credits                               | 50983         | 29048         | 81867         |
| Capital Reserve   | 95            | 99            | 104           |
|   | <b>76235</b>  | <b>66626</b>  | <b>64225</b>  |
| <b>UTILISATION OF RESOURCES</b>                               |               |               |               |
| Fixed Assets  | 145847        | 145505        | 145345        |
| Less: Depreciation & Impairment loss                          | 101084        | 94679         | 88404         |
|   | <b>44763</b>  | <b>50826</b>  | <b>56941</b>  |
| Capital-work-in progress                                      | 1268          | 627           | 450           |
| Investments   | 55            | 55            | 55            |
| Net Current Assets  | 30149         | 15118         | 6779          |
|   | <b>76235</b>  | <b>66626</b>  | <b>64225</b>  |
| <b>EARNINGS</b>   |               |               |               |
| Sale of products and services (net)                           | 146805        | 138963        | 118075        |
| Accretion/decretion(-) to work in progress and finished goods | 7350          | 242           | 1231          |
| Jobs done for internal use                                    | 134           | 381           | 342           |
| Other Income  | 2050          | 1203          | 2779          |
|   | <b>156339</b> | <b>140789</b> | <b>122427</b> |
| <b>OUT GOINGS</b>   |               |               |               |
| Direct Materials & inputs                                     | 133300        | 118738        | 99643         |
| Employees' remuneration and benefits                          | 10899         | 10154         | 11433         |
| Other expenses  | 13193         | 13259         | 9906          |
| Depreciation / Impairment loss                                | 6381          | 6527          | 6318          |
| Interest  | 5340          | 3985          | 8423          |
|   | <b>169113</b> | <b>152663</b> | <b>135723</b> |
| Profit/Loss(-) for the year                                   | -12774        | -11874        | -13296        |
| Income/Expenses(-) in respect of prior years                  | -105          | -9            | -3480         |
| Extraordinary items (Income)                                  | 614           | 35503         | 0             |
| Profit/Loss(-) before tax                                     | -12265        | 23620         | -16776        |
| Provision for Taxation  | 208           | 54            | 20            |
| Profit/Loss(-) after tax                                      | -12473        | 23566         | -16796        |

**CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED 31ST MARCH 2007**

Rs. in lakh

|   | 2006-07      | 2005-06      | 2004-05      |
|---|--------------|--------------|--------------|
| <b>SOURCES OF FUNDS</b>   |              |              |              |
| Funds generated from operations:  |              |              |              |
| Profit after tax  | 0            | 23566        | 0            |
| Depreciation and Impairment loss  | 6401         | 6271         | 6127         |
| Conversion of the Government of India loan into capital   | 0            | 29230        | 0            |
| Long term loan  | 3000         | 4000         | 4494*        |
| Short term loan   | 18935        | 5121         | 0            |
|   | <b>28336</b> | <b>68188</b> | <b>10621</b> |
| <b>APPLICATION OF FUNDS</b>   |              |              |              |
| Loss for the year   | 12473        | 0            | 16796        |
| Capital expenditure (net)   | 982          | 337          | -92          |
| Repayment of short term loans   | 0            | 0            | 40           |
| Reduction in Liability towards the Government of India loan on account of conversion into capital | 0            | 29230        | 0            |
| Reduction in Liability towards the Government of India loan on account of write off               | 0            | 32710        | 0            |
| Reduction in liability towards interest due on the Govt. of India loan written off                | 0            | 4869         | 0            |
| Miscellaneous Expenditure not written off (net)   | -151         | -2429        | -496         |
| Increase/decrease(-) in Working capital   | 15032        | 3471         | -5627        |
|   | <b>28336</b> | <b>68188</b> | <b>10621</b> |

\* Including Interest converted into GOI loan

**STATEMENT OF CHANGES IN WORKING CAPITAL**

Rs. in lakh

|   | 2006-07      | 2005-06      | 2004-05      |
|---|--------------|--------------|--------------|
| Cash and bank balance                   | 4319         | 1185         | -188         |
| Inventories                             | 9086         | 2641         | 3203         |
| Sundry debtors                          | 4417         | 4820         | -12818       |
| Other current assets                    | 360          | 334          | -5           |
| Loans and advances                      | -301         | 4369         | 2602         |
|   | <b>17881</b> | <b>13349</b> | <b>-7206</b> |
| Creditors and other liabilities         | 2849         | 9878         | -1579        |
| Increase/decrease(-) in Working capital | 15032        | 3471         | -5627        |
|   | <b>17881</b> | <b>13349</b> | <b>-7206</b> |

**VALUE ADDED STATEMENT**

Rs. in lakh

| PARTICULARS                                       | 2006-07      |            | 2005-06      |            | 2004-05      |            |
|---|--------------|------------|--------------|------------|--------------|------------|
|   | Rs. lakh     | %          | Rs. lakh     | %          | Rs. lakh     | %          |
| Value of production *<br>(Including other income) | 156339       |            | 140789       |            | 122427       |            |
| Less: Cost of Direct materials & inputs           | 133300       |            | 118738       |            | 99643        |            |
| Value Added                                       | 23039        |            | 22051        |            | 22784        |            |
| <b>TOTAL</b>                                      | <b>23039</b> |            | <b>22051</b> |            | <b>22784</b> |            |
| Applied in the following way :                    |              |            |              |            |              |            |
| Employee remuneration and benefits                | 10899        | 47         | 10154        | 46         | 11433        | 50         |
| Other operating expenses                          | 13193        | 57         | 13259        | 60         | 9906         | 44         |
| Depreciation                                      | 6381         | 28         | 6527         | 30         | 6318         | 28         |
| Interest  | 5340         | 23         | 3985         | 18         | 8423         | 37         |
| Adjustment in respect of prior years              | 105          | 0          | 9            | 0          | 3480         | 15         |
| Provision for Income Tax                          | 208          | 1          | 54           | 0          | 20           | 0          |
| Extraordinary items: Expense/Income (-)           | -614         | -2         | -35503       | -161       | 0            | 0          |
| Retained profit/loss (-)                          | -12473       | -54        | 23566        | 107        | -16796       | -74        |
|   | <b>23039</b> | <b>100</b> | <b>22051</b> | <b>100</b> | <b>22784</b> | <b>100</b> |

\* Net of sales discount/dealer margin

# 10 YEARS FINANCIAL HIGHLIGHTS

(Rs. in lakh)

|  | 2006-07       | 2005-06       | 2004-05       | 2003-04       | 2002-03       | 2001-02       | 2000-01       | 1999-00       | 1998-99       | 1997-98       |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 1. Sales                                     | 105501        | 101917        | 98055         | 76751         | 92718         | 94682         | 118071        | 104557        | 109709        | 105456        |
| 2. Subsidy                                   | 40216         | 36578         | 19712         | 15230         | 16616         | 23055         | 55219         | 50467         | 11586         | 15166         |
| 3. Total(1+2)                                | 145717        | 138495        | 117767        | 91981         | 109334        | 117737        | 173290        | 155024        | 121295        | 120622        |
| 4. Income from Contracts & Services          | 1222          | 850           | 650           | 1021          | 2348          | 1991          | 2931          | 1787          | 1835          | 2299          |
| 5. Other Income                              | 2050          | 1203          | 2779          | 1276          | 2021          | 2468          | 2236          | 1847          | 1686          | 1518          |
| 6. Stock:Accretion(+)/Decretion(-)           | 7350          | 241           | 1231          | 6726          | -9415         | 389           | -1241         | 9608          | -2032         | -3606         |
| 7. Interest waived by Government of India    | 0             | 0             | 0             | 0             | 1310          | 16717         | 0             | 0             | 0             | 0             |
| 8. <b>Total Income</b>                       | <b>156339</b> | <b>140789</b> | <b>122427</b> | <b>101004</b> | <b>105598</b> | <b>139302</b> | <b>177216</b> | <b>168266</b> | <b>122784</b> | <b>120833</b> |
| 9. Material Consumed                         | 104343        | 95275         | 79545         | 57298         | 58785         | 66318         | 97744         | 86818         | 65230         | 64235         |
| 10. Salaries & Allowances                    | 10157         | 9441          | 10728         | 14820         | 15389         | 16156         | 12765         | 12596         | 11377         | 10291         |
| 11. Repairs & Maintenance                    | 2791          | 2742          | 2416          | 2409          | 3815          | 3850          | 4210          | 4719          | 4687          | 3782          |
| 12. Power & Fuel                             | 22435         | 22422         | 18587         | 17209         | 18088         | 18041         | 33699         | 27900         | 16918         | 16769         |
| 13. Other Manufacturing Expenses             | 17666         | 12271         | 9706          | 16092         | 18950         | 24268         | 24455         | 26242         | 15509         | 15162         |
| 14. Past period Expen/Income(-)              | 105           | 9             | 3480          | 8             | -40           | 31            | 10            | -17           | 5             | -143          |
| 15. <b>Total Expenditure</b>                 | <b>157497</b> | <b>142160</b> | <b>124462</b> | <b>107836</b> | <b>114987</b> | <b>128664</b> | <b>172883</b> | <b>158258</b> | <b>113726</b> | <b>110096</b> |
| 16. Gross Margin (8-15)                      | -1158         | -1371         | -2035         | -6832         | -9389         | 10638         | 4333          | 10008         | 9058          | 10737         |
| 17. Extraordinary Items (Income)             | 614           | 35503         | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             |
| 18. Interest                                 | 5340          | 3985          | 8423          | 3281          | 3972          | 3892          | 9878          | 7646          | 8267          | 1528          |
| 19. Depreciation / Impairment loss           | 6381          | 6527          | 6318          | 6609          | 6632          | 6683          | 9650          | 6342          | 6233          | 3147          |
| 20. Profit/Loss (-) before taxation          | -12265        | 23620         | -16776        | -16722        | -19993        | 63            | -15195        | -3980         | -5442         | 6062          |
| 21. Provision for taxation/Refund of tax (-) | 208           | 54            | 20            | 0             | 0             | 6             | 0             | 0             | -616          | 668           |
| 22. <b>Net profit / Loss (-)</b>             | <b>-12473</b> | <b>23566</b>  | <b>-16796</b> | <b>-16722</b> | <b>-19993</b> | <b>57</b>     | <b>-15195</b> | <b>-3980</b>  | <b>-4826</b>  | <b>5394</b>   |
| 23. Proposed Dividend                        | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 1774          |
| 24. Tax on Proposed Dividend                 | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 177           |
| 25. Net block                                | 44763         | 50826         | 56941         | 66333         | 71968         | 76016         | 79125         | 81416         | 85903         | 84379         |
| 26. Capital work-in-progress                 | 1268          | 627           | 450           | 627           | 1111          | 2114          | 2808          | 1783          | 2077          | 7800          |
| 27. Current assets, Loans & Advances         | 72030         | 54150         | 40802         | 48009         | 53031         | 60996         | 72585         | 83878         | 61783         | 57102         |
| 28. Current Liabilities & Provisions         | (1) 41881     | 39032         | 34023         | 35603         | 33996         | 30303         | 43339         | 40353         | 31652         | 23583         |
| 29. Investments                              | 55            | 55            | 55            | 55            | 55            | 55            | 65            | 65            | 65            | 65            |
| 30. Misc.expenditure to the extent not w.off | 15            | 166           | 2595          | 3091          | 579           | 0             | 0             | 0             | 0             | 0             |
| 31. Accumulated Loss                         | 39535         | 27062         | 50628         | 30561         | 13839         | 0             | 0             | 0             | 0             | 0             |
| 32. <b>Total Utilisation</b>                 | <b>115785</b> | <b>93854</b>  | <b>117448</b> | <b>113073</b> | <b>106587</b> | <b>108878</b> | <b>111244</b> | <b>126789</b> | <b>118176</b> | <b>125763</b> |
| 33. <b>Working Capital (27-28)</b>           | <b>30149</b>  | <b>15118</b>  | <b>6779</b>   | <b>12406</b>  | <b>19035</b>  | <b>30693</b>  | <b>29246</b>  | <b>43525</b>  | <b>30131</b>  | <b>33519</b>  |
| 34. Long term borrowings                     | 7000          | 4000          | 61940         | 57446         | 50440         | 48795         | 47438         | 43962         | 43108         | 44441         |
| 35. Short term borrowings                    | 43983         | 25048         | 19927         | 19967         | 20482         | 18260         | 21523         | 25357         | 13613         | 15039         |
| 36. Share Capital (Incl. Pending allotment)  | 64707         | 64707         | 35477         | 35477         | 35477         | 35477         | 35477         | 35477         | 35477         | 35477         |
| 37. Reserves & Surplus                       | 0             | 0             | 0             | 0             | 0             | 6154          | 6608          | 21804         | 25784         | 30610         |
| 38. Capital Reserve                          | 95            | 99            | 104           | 183           | 188           | 192           | 198           | 189           | 194           | 196           |
| 39. <b>Total Sources</b>                     | <b>115785</b> | <b>93854</b>  | <b>117448</b> | <b>113073</b> | <b>106587</b> | <b>108878</b> | <b>111244</b> | <b>126789</b> | <b>118176</b> | <b>125763</b> |

|  |     | 2006-07       | 2005-06 | 2004-05 | 2003-04 | 2002-03 | 2001-02 | 2000-01 | 1999-00 | 1998-99 | 1997-98 |
|--|-----|---------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| 40. <b>Networth (36+37-30-31)</b>              |     | <b>25157</b>  | 37479   | -17746  | 1825    | 21059   | 41631   | 42085   | 57281   | 61261   | 66087   |
| 41. <b>Capital employed (25+33)</b>            | (2) | <b>74912</b>  | 65944   | 63720   | 78739   | 91003   | 106709  | 108371  | 124941  | 116034  | 117898  |
| 42. Finished Goods                             |     | <b>20691</b>  | 13341   | 13100   | 11836   | 5251    | 14510   | 14315   | 15345   | 5959    | 8231    |
| 43. Work in progress                           |     | <b>0</b>      | 0       | 363     | 396     | 255     | 412     | 217     | 428     | 205     | 291     |
| 44. Raw Materials                              |     | <b>6711</b>   | 4409    | 1463    | 961     | 4991    | 3501    | 4422    | 7514    | 5741    | 3865    |
| 45. Stores, Spares & Loose tools               |     | <b>6928</b>   | 6617    | 6337    | 6371    | 7838    | 8459    | 9645    | 14736   | 15151   | 14016   |
| 46. Materials in transit                       |     | <b>286</b>    | 1163    | 1626    | 123     | 357     | 2963    | 1131    | 566     | 1756    | 3362    |
| 47. Sundry debtors                             |     | <b>19234</b>  | 14817   | 9997    | 22815   | 29118   | 21284   | 28509   | 27764   | 22062   | 17413   |
| 48. Cash & bank balance                        |     | <b>7782</b>   | 3463    | 2278    | 2466    | 1649    | 4324    | 6372    | 10897   | 4820    | 4675    |
| 49. Loans & advances                           |     | <b>9668</b>   | 9969    | 5601    | 2999    | 3543    | 4874    | 6675    | 4452    | 6072    | 5239    |
| 50. Other Current Assets                       |     | <b>730</b>    | 371     | 37      | 42      | 29      | 669     | 1299    | 2176    | 17      | 10      |
| 51. <b>Total (42 to 50)</b>                    |     | <b>72030</b>  | 54150   | 40802   | 48009   | 53031   | 60996   | 72585   | 83878   | 61783   | 57102   |
| 52. Current Liabilities                        | (1) | <b>39598</b>  | 37092   | 32383   | 34178   | 32682   | 29231   | 43339   | 40333   | 31527   | 21341   |
| 53. Provisions                                 |     | <b>2283</b>   | 1940    | 1640    | 1425    | 1314    | 1072    | 0       | 20      | 125     | 2241    |
| 54. <b>Total (52+53)</b>                       |     | <b>41881</b>  | 39032   | 34023   | 35603   | 33996   | 30303   | 43339   | 40353   | 31652   | 23583   |
| 55. Net Working Capital (51-54)                |     | <b>30149</b>  | 15118   | 6779    | 12406   | 19035   | 30693   | 29246   | 43525   | 30131   | 33519   |
| 56. Gross Internal resources (19+22-17)        |     | <b>-6706</b>  | -5410   | -10478  | -10113  | -13361  | 6740    | -5545   | 2362    | 1407    | 8541    |
| 57. Installed Capacity (MT)                    |     |               |         |         |         |         |         |         |         |         |         |
| Ammonium Sulphate                              |     | <b>225000</b> | 225000  | 225000  | 225000  | 225000  | 225000  | 225000  | 225000  | 225000  | 225000  |
| Factamphos 20:20                               |     | <b>633500</b> | 633500  | 633500  | 633500  | 633500  | 633500  | 633500  | 633500  | 633500  | 633500  |
| DAP  |     |               |         |         |         |         |         |         |         |         |         |
| Urea   |     | <b>330000</b> | 330000  | 330000  | 330000  | 330000  | 330000  | 330000  | 330000  | 330000  | 330000  |
| Caprolactam                                    |     | <b>50000</b>  | 50000   | 50000   | 50000   | 50000   | 50000   | 50000   | 50000   | 50000   | 50000   |
| N  |     | <b>324450</b> | 324450  | 324450  | 324450  | 324450  | 324450  | 324450  | 324450  | 324450  | 324450  |
| P2O5   |     | <b>131900</b> | 131900  | 131900  | 131900  | 131900  | 131900  | 131900  | 131900  | 131900  | 131900  |
| 58. <b>Production (MT)</b>                     |     |               |         |         |         |         |         |         |         |         |         |
| Ammonium Sulphate                              |     | <b>183490</b> | 172986  | 200564  | 190268  | 182222  | 220945  | 238066  | 231286  | 179238  | 184556  |
| Factamphos 20:20                               |     | <b>721202</b> | 745902  | 560788  | 567678  | 673678  | 826119  | 838108  | 784515  | 737839  | 642719  |
| DAP  |     | <b>0</b>      | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       |
| Urea   |     | <b>0</b>      | 0       | 0       | 0       | 9590    | 22260   | 275170  | 265298  | 183065  | 274200  |
| Caprolactam                                    |     | <b>41327</b>  | 38666   | 44932   | 41794   | 40409   | 48865   | 52541   | 50723   | 38783   | 40451   |
| N  |     | <b>182039</b> | 184816  | 153474  | 152731  | 176685  | 220978  | 343241  | 326585  | 268701  | 292694  |
| P2O5   |     | <b>144240</b> | 149180  | 112158  | 113536  | 134736  | 165224  | 167622  | 156903  | 147568  | 128544  |
| 59. Capacity utilisation (%)                   |     |               |         |         |         |         |         |         |         |         |         |
| N  |     | <b>56.11</b>  | 56.96   | 47.30   | 47.07   | 54.46   | 68.11   | 105.79  | 100.66  | 82.82   | 90.21   |
| P2O5   |     | <b>109.36</b> | 113.10  | 85.03   | 86.08   | 102.15  | 125.26  | 127.08  | 118.96  | 111.88  | 97.46   |
| (1) Including Interest accrued and due.        |     |               |         |         |         |         |         |         |         |         |         |
| (2) Does not include capital work-in-progress. |     |               |         |         |         |         |         |         |         |         |         |



# THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

Registered Office : Eloor, Udyogamandal, Kochi

63rd Annual General Meeting  
Friday, 28th September 2007 at 10.30 a.m.  
at Udyogamandal Club, Eloor, Udyogamandal.

## Attendance Slip

Members or their proxies are requested to present this form for admission, duly signed in accordance with their specimen signature registered with the Company. Duplicate slip will not be issued at the entrance to the meeting hall.

Name of the shareholder.....

Reg. Folio No.....

No. of shares held.....

Whether member or proxy

Member

Proxy

I/We hereby record my/our attendance at the 63rd Annual General Meeting being held on 28th September 2007 and / or at any adjournment thereof.

Signature of the Shareholder or Proxy

## PROXY FORM

### THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

Regd. Office : Eloor, Udyogamandal, Kochi

I / We.....in the district of.....being a member of the above named Company (Folio No.....) hereby appoint Mr..... in the district of.....as my / our Proxy to vote for me / us on my / our behalf at the 63rd Annual General Meeting of the Company to be held on Friday the 28th September 2007 at 10.30 am at Udyogamandal Club at Eloor, Udyogamandal and at any adjournment thereof.

Signed this.....day of.....2007

FULL NAME.....FOLIO NO.....

| FOR OFFICE USE ONLY |  |
|---------------------|--|
| No. of Shares       |  |
| Proxy No.           |  |

|                                       |
|---------------------------------------|
| Affix 30<br>paise<br>Revenue<br>Stamp |
|---------------------------------------|

### IMPORTANT

1. Revenue stamp of 30 paise is to be affixed on this form.
2. The form should be signed across the stamp as per specimen signature registered with the Company.
3. The Companies Act, 1956 lays down that an instrument appointing a proxy filled in all respects shall be deposited at the Registered Office of the Company not less than Forty Eight Hours before the time fixed for holding the meeting.
4. A proxy need not be a member.





दि फ़र्टिलाइज़र्स एण्ड केमिकल्स ट्रावनकोर लिमिटेड  
(भारत सरकार का उद्यम)  
पंजीकृत कार्यालय: एलूर, उद्योगमंडल - 683 501  
कोचीन, केरल, भारत

**THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED**

(A Government of India Enterprise)

Regd. Office : Eloor, Udyogamandal-683 501,  
Cochin, Kerala, India.