

The Future is Promising!

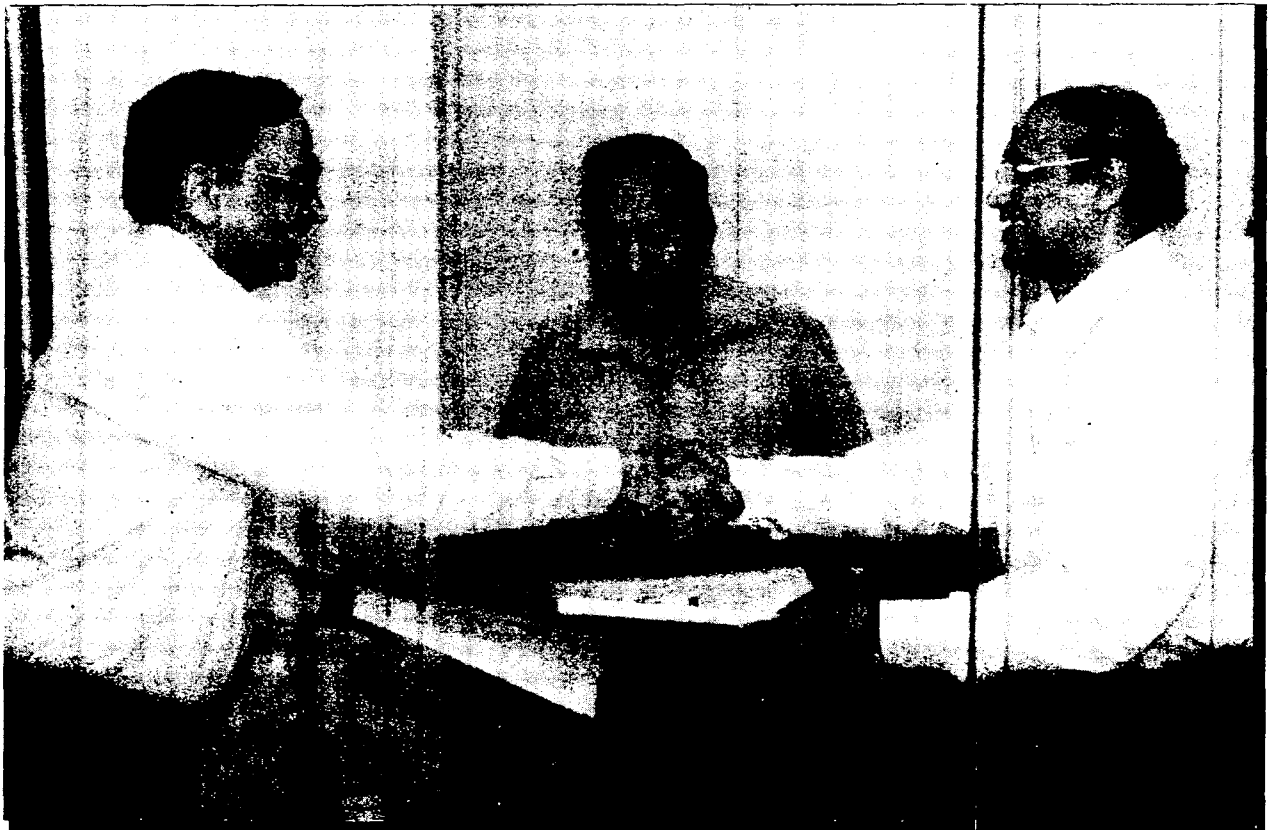


64th वार्षिक रिपोर्ट
ANNUAL REPORT
2007 - 08

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



▲ The Hon'ble Union Minister for Chemicals, Fertilizers and Steel, Shri. Ram Vilas Paswan, on his arrival to inaugurate FACT Rapid House, being received at Nedumbassery airport by Dr. George Sleeba, CMD, Shri. K. Chandran Pillai, MP and others.



▲ Dr. George Sleeba, CMD and Dr. P.S.Gahlunt, MD, IPL, exchange document after signing an MOU for supply of raw materials to FACT, at New Delhi in the presence of Dr. J.S. Sarma, IAS, secretary (Fertilizers).

THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

Registered Office: Eloor, Udyogamandal, Kochi.

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 64th Annual General Meeting of the Company will be held on Saturday the 27th day of September, 2008 at 11.00.A.M 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 31st March, 2008 and the Profit and Loss Account for the year ended on that date and Reports of the Directors and Auditors thereon.

Special Business

2. To elect Shri. Mathew C.Kunnumkal as Director of the Company.

The Company has received Notice in terms of Section 257 of the Companies Act, 1956 proposing Shri. Mathew C.Kunnumkal for election as a Director of the Company at this Annual General Meeting.

3. To elect Shri. Rajesh Agrawal as Director of the company.

The Company has received Notice in terms of Section 257 of the Companies Act, 1956 proposing Shri. Rajesh Agrawal for election as a Director of the Company at this Annual General Meeting.

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

RESOLVED that pursuant to the provisions of Section 293 (1) (d) and all other applicable provisions, if any, of the Companies' Act, 1956, approval be and is hereby accorded to the Board of Directors for raising borrowings through loans, overdraft, credit, etc. from the existing limit of Rs.750 crore to Rs.1750 crore, (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) from Banks, Financial Institutions and other sources for the purpose of financing working capital requirements as also for acquisition of capital assets and/or for the purpose of any other requirements of the company notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) will exceed the aggregate of the paid up capital of the company and its free reserves that is to say reserves not set apart for any specific purposes.

By Order of the Board of Directors.

Sd/-

K.V.Balakrishnan Nair
Company SecretaryEloor, Udyogamandal
25. 08.2008

Notes:

1. The Register of Members will be closed from 22nd September 2008 to 27th September 2008 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.
3. The relative explanatory statement required under Section 173 of the Companies Act, 1956 is given below:

Explanatory Statement Under Section 173 of the Companies Act, 1956 in respect of the Special Business to be transacted at the Meeting.**Item No.2**

Government of India, Ministry of Chemicals & Fertilisers, Department of Fertilisers, vide Order No.130/8/2003-HR-1 dated 31st January 2008 appointed Shri. Mathew C.Kunnumkal, Additional Secretary and Financial Adviser, Department of Fertilisers, Ministry of Chemicals and Fertilisers as a Part-time Official Director of the Company in pursuance of Article 80 (c) of the Articles of Association of the Company. To comply with the relative Company Law requirement, Shri. Mathew C.Kunnumkal was co-opted as additional Director of the Company with effect from 05.02.2008. For a fresh term from the close of the AGM, to meet the requirements under the Companies Act, he needs to be elected as a Director.

No Director other than Shri.Mathew C.Kunnumkal is interested in the resolution.

Item No.3

Government of India, Ministry of Chemicals & Fertilisers, Department of Fertilisers, vide Order No. 130/8/2003-HR-1 dated 31st January 2008 appointed Shri. Rajesh Agrawal, Deputy Secretary, Department of Fertilisers, Ministry of Chemicals and Fertilisers as a Part-time Official Director of the Company in pursuance of Article 80 (c) of the Articles of Association of the Company. To comply with the relative Company Law requirement, Shri. Rajesh Agrawal was co-opted as additional Director of the Company with effect from 05.02.2008. For a fresh term from the close of the AGM, to meet the requirements under the Companies Act, he needs to be elected as a Director.

No Director other than Shri.Rajesh Agrawal is interested in the resolution.

Item No.4

The shareholders of the company at the Extraordinary General Meeting held on 7th May 2001 authorised the Board of Directors for raising fund based and non-fund based loans, over-draft, etc. upto a limit of Rs.750 crore.

The prices of raw-materials have shown sharp rise over the last few months and are still ruling at very high levels. The prices of sulphur has increased from US\$ 80 per tonne during the last year to US\$ 800 per tonne as on May 2008. The price of Phosphoric acid has gone from US\$ 500 to US\$ 2000 per tonne. Cost of Naphtha, Furnace Oil, etc. has also increased substantially.

With the increase in the prices of petroleum products coupled with the other raw material prices, the fund requirements of the company has increased substantially to meet the working capital requirements. The borrowings of the company have also increased substantially over the period of time.

As per Section 293 (1)(d) of the Companies Act, 1956 read with Article 47 of the Articles of Association of the Company, the Board of Directors of the Company shall not, except with the consent of the Company in General Meeting, borrow moneys, where the moneys to be borrowed, together with the moneys already borrowed (apart from temporary loans obtained from Company's Bankers in the ordinary course of business) will exceed the aggregate of the paid up Capital of the Company and its free reserves that is to say the reserves not set apart for any specific purpose.

Therefore a need has arisen to increase the borrowing limit of the Company with the approval of the shareholders.

The Board of Directors of your company recommend the ordinary resolution as set out in the notice.

None of the Directors are concerned or interested in the resolution.

THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

BOARD OF DIRECTORS

Dr. George Sleeba
Chairman & Managing Director

Shri. A. Asokan
Director (Marketing)

Shri. Mathew C. Kunnumkal
Director

Shri. Rajesh Agrawal
Director

CHIEF VIGILANCE OFFICER

Dr. R. Kannan

COMPANY SECRETARY
Shri. K. V. Balakrishnan Nair

REGISTERED OFFICE

Eloor, Udyogamandal,
Kochi, Kerala- 683501

STATUTORY AUDITORS:

M/s. K. Varghese & Co, Kochi

BRANCH AUDITORS:

M/s. John Morris & Co., Chennai
M/s. S. R. Mohan & Co., Hyderabad.

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 64th Annual Report of your Company together with the Audited Accounts and the report of the Auditors for the year 2007-08.

Your Directors are happy to inform you that during the financial year 2007-08, your Company has recorded a profit of Rs.8.97 crore as against a loss of Rs.124.72 crore during the year 2006-07.

PERFORMANCE

PRODUCTION, SALES AND PROFITABILITY

		2007-2008	2006-2007
1	Production / In Tonnes		
	Factamfos 20:20	425530	721202
	Ammonium Sulphate	30478	183490
	Caprolactam	6759	41327
2	Sales / In lakh Tonnes		
	Fertilisers	6.03	9.47
	Caprolactam	0.14	0.39
3	Financial / Rs.lakh		
	Turnover	87714	149251
	Operating Profit/Loss(-)	(-)19081.15	(-)12773.86
	Grant in aid (non-plan) from GOI	20000.00	0
	Profit / Loss (-) before tax	917.61	(-)12265.05
	Profit/Loss after tax	896.81	(-)12472.58
	Profit/Loss b/f from previous year	(-)39535.03	(-)27062.45
	Employee Benefits – Transitional period	(-)879.07	0
Net deficit carried to Balance Sheet	(-)39517.29	(-)39535.03	

The Company's overall performance during the year 2007-08 was affected by the unprecedented increase in the prices and acute shortage of raw materials. The steep increase in the prices of sulphur from US\$ 80 to US\$ 700 per MT and limitations in its availability in international market caused the operations of Factamfos plants at restricted loads as well as periodic shutdown. Consequent to this, the Ammonia and Caprolactam plants had to be shut down for a period of more than 8 months from July 2007 onwards. The shut down of the caprolactam plant and

operations of the other plants at restricted load resulted in shortfall in production and sale of fertilizers and caprolactam and consequent decrease in turn over for the financial year 2007-08.

During the financial year 2007-08, Government of India has released a grant in aid of Rs.200 crore to sustain the operations of the company till 31.3.2008. The release of the grant has eased the working capital position of the company and enabled the re-start of the stopped plants by the end of March 2008.

Government of India has implemented a new pricing policy based on the recommendations of the Tariff Commission effective from 1.4.2008. Your Directors are happy to note that our long pending demand to consider the sulphur as a nutrient for subsidy has at last been recognised by the Tariff Commission and approved by the Government of India. Similarly, subsidy on Ammonium Sulphate was also restored. As a result of these measures, the company is expected to turn-around in the year 2008-09.

Performance of the company for the first quarter of the financial year 2008-09 is encouraging. The working results during the quarter shows a profit of Rs.112 lakh as against the loss of Rs.4636 lakh during the corresponding period of the previous year.

The availability of raw materials is still a constraint for the continuous full load operation of the plants. FACT has entered into an MOU with Indian Potesh Limited for supply of raw materials viz. Sulphur, Rockphosphate, Phosphoric Acid and Ammonia, to sustain production at optimum levels.

Power cut imposed by the Kerala State Electricity Board also pose a serious threat to the profitable operations of the Company for the year 2008-09.

Your Directors are pleased to inform you that FACT along with Rashtriya Chemicals & Fertilisers Limited has promoted a new company for the manufacture of load bearing panels and other value added products using phospho gypsum. A 50:50 Joint Venture company - 'FACT-RCF Building Products Limited' - was incorporated on 2nd May 2008. This is the first separate entity promoted by FACT for expanding its area of operation through Joint Ventures. The foundation stone of the Joint Venture was laid on 3rd May, 2008 by Hon'ble Union Minister for Chemicals and Fertilizers & Steel Shri Ram Vilas Paswan in the presence of Hon'ble Chief Minister of Kerala Shri V.S. Achuthanandan.

The Company has also signed Memorandum of Understanding with PSUs like Cochin Shipyard Limited, Indian Oil Corporation Limited and Container Corporation of India Limited for formation of Joint Ventures.

In order to exploit the potential of application of gypsum as an agricultural input and increase sales through our dealer net-work, bagged gypsum under the brand 'FACT Gypsum' was launched on 19th April, 2008.

As recommended by the Committee of Secretaries, Government of India, FACT entrusted M/s.Deloitte Touche Tohmatsu India Private Limited for a study on revival of FACT. M/s.Deloitte has submitted its report and the recommendations of the consultant are being implemented in a phased manner.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A Management Discussion and Analysis Report covering the operational aspects during the year 2007-08 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, 2008 and of profit and loss account for the year ended March 31, 2008.
- 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.K.Varghese & Co., Chartered Accountants, Kochi was appointed as Statutory Auditors of the Company for the year 2007-08 by the Comptroller and Auditor General of India. M/s. John Morris & 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 re-appointed as Branch Auditors for Karnataka and Andhra Pradesh area of the Company for the year 2007-08 by the Comptroller and Auditor General of India.

The Statutory Auditors in their report made certain comments on the Accounts of the company for the year 2007-08. The reply to the comments of Statutory Auditors are annexed to this report.

M/s.Sukumaran & Co., Cost Accountants, Thiruvananthapuram has been appointed as Cost Auditors of the Company for the year 2007-08 with the approval of the Government of India.

**DIRECTORS
RETIREMENT & APPOINTMENTS**

Government of India, Ministry of Chemicals & Fertilisers, Department of Fertilisers, vide order No. 130/8/2003-HR-1 dated 31st January 2008 notified the appointment of Shri Mathew C.Kunnumkal, Additional Secretary & Financial Adviser, Department of Fertilises and Shri Rajesh Agrawal, Deputy Secretary, Department of Fertilisers as part-time official Directors in place of Dr.Jivtesh Singh Maini, Director, and Shri Vijay Chhibber, Director, respectively, on the Board of Directors of FACT.

Your Directors place on record its appreciation of the valuable services rendered by Dr.Jivtesh Singh Maini and Shri Vijay Chhibber.

AUDIT COMMITTEE

In line with the Provision of Section 292(A) of the Companies (Amendment) Act 2000 and Clause 49 of the listing agreement with Stock Exchange, an Audit Committee of the Board has been constituted.

PUBLIC DEPOSITS

The total amount of Fixed Deposits as on 31st March 2008 was Rs.567.39 lakh. As on 31-03-2008, 5 Depositors have not claimed their deposits amounting to Rs.3.70 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
23.08.2008

Annexure to Directors' Report

Particulars Required under Companies
 (Discloser of particulars in the report of Directors) Rules 1988

A. Conservation of Energy

1. The raw materials/utilities consumption for all the products is monitored regularly. The Raw-material/Energy efficiency is reviewed on a monthly basis and corrective action is taken wherever essential.
2. In Udyogamandal division separate Transformers are introduced for lighting purpose to maintain voltage at an optimum value for conservation of energy. With the installation of the transformers exclusively for lighting in all plants savings in energy charges comes to about Rs.2.9 lakh per annum.
3. In Udyogamandal Division, lower energy consuming Howden SO₂ blower was operated during the year for supplying SO₂ to Petrochemical Division.
4. Use of lower capacity and rpm motor for ID Fan in 300 TPD Ammophos plant, resulted in savings of 69 – 79 KW energy and the annual savings on account of this modification comes to Rs.16.03 lakh.
5. In Petrochemical Division, a package cooling tower was installed in the Ammonia storage & Handling section to supply cooling water for the refrigeration compressors and ammonia condensers to condense vapor ammonia from ammonia tank during a shut down of the Main Cooling Tower. This has brought enormous savings by eliminating the flaring of at least 5 tonnes per day Ammonia due to cooling water non-availability.
6. Installation of a lower capacity pump in DM Plant of PD replacing a higher capacity pump has resulted in saving of 17 KW power.
7. In Cochin Division, the replacement of the Glycol pump motor in NPK plant with the turbine of Ammonia plant TG has resulted in considerable savings of energy by utilization of waste steam.

B. Technology Absorption, Adaptation and Innovation

Efforts in brief

1. For supplying Sulphuric acid to the 300TPD and 150TPD Ammophos plants, two separate pumps with a motor rating of 7.5 KW each were running earlier. By suitable modification of the

pipings arrangement, it is now possible to run a single pump so as to cater to the requirement of both Ammophos plants. This has helped reduced energy consumption.

2. During the year, a new smaller size sweet naphtha pump has been installed for improved reliability at 10% load operation for sweet naphtha service.
3. Installation of a common CO₂ blower in Ammonia plant for supply to PD and outside sales has been completed.
4. Commissioning of Ammonia Plant at low load (10%) and Benzene Hydrogenation plant using rich Hydrogen produced during the low load operation of Ammonia Plant.

Benefits derived

1. Power saving due to the modification of piping arrangement in Ammophos Plants is estimated as 3 KW.
2. Power savings in the range of 45-70 KW is expected when the sweet naphtha pump is put in service (during 10% load operation).
3. Installation of common CO₂ blower in Ammonia Plant has resulted in power savings of 22.5 KW.
4. The low load operation of Ammonia Plant has facilitated the better utilization of cheaper imported Ammonia as a cost reduction measure.

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.

During the financial year 2007-08, 3502 MT of Caprolactam was exported as against 11543 MT during 2006-07. The export was mainly to CHINA. FACT is holding Two Star Export House Status.

Details of foreign exchange earning and outgo are given separately.

FOREIGN EXCHANGE EARNINGS AND OUTGO		
	Current Year Rs.in Lakh	Previous Year Rs.in Lakh
Foreign Exchange Outgo		
(i) C.I.F.Value of Imports:		
(a) Raw Materials	42451.43	25154.95
(b) Spares and Other Materials	3681.85	8327.94
(c) Capital Goods	395.56	0.00
	46528.84	33482.89
(ii) Expenditure in Foreign Currency (Cash Basis)		
(a) Consultancy Service	38.86	0.00
(b) Others	14.81	15.38
	53.67	15.38
Total (i) + (ii)	46582.51	33498.27
Foreign exchange earned	3244.90	11116.56

FORM - A

Form for disclosure of particulars with respect to conservation of energy: 2007-2008

(A) POWER AND FUEL CONSUMPTION

Particulars	Udyogamandal Division		Cochin Division		Petrochemical Division	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
(1) ELECTRICITY						
(a) Purchased						
Unit: Lakh KWH	357.73	462.26	462.16	620.36	154.32	245.48
Amount Rs.in lakh	1336.19	1671.63	1692.33	2183.25	578.16	886.34
Rate/Unit: Rs/KWH	3.74	3.61	3.66	3.52	3.74	3.61
(b) Own Generation						
(i) Through Steam						
Turbine/Generator						
Unit: Lakh KWH	45.82	228.37	-	-	92.63	524.30
Unit per litre of fuel						
KWH/litre	3.92	4.03	-	-	3.30	3.56
Cost/Unit:Rs/KWH	7.06	7.04	-	-	7.84	7.75
at normative levels						
(ii) Transfer from other						
Divisions						
Unit: Lakh KWH	0.12	0.54	-	-	1.47	7.21
Unit per litre of fuel						
KWH/litre	3.30	3.56	-	-	3.92	4.03
Cost/Unit:Rs/KWH	7.84	7.75	-	-	7.06	7.04
at normative levels						
(2) FURNACE OIL/LSHS						
Quantity: Tonnes	8601.13	43730.05	9341.60	11487.39	13622.86	52208.06
Total Cost Rs.in Lakh	1335.55	7089.16	1522.20	1911.86	2347.12	8416.18
Average Rate Rs/MT	15527.61	16211.19	16294.85	16643.12	17229.27	16120.46

(B) CONSUMPTION PER UNIT OF PRODUCTION

Sl. No	PRODUCT	ELECTRICITY			NAPHTHA			FURNACE OIL/LSHS		
		Unit	2007-08	2006-07	Unit	2007-08	2006-07	Unit	2007-08	2006-07
1	UDYOGAMANDAL DIVISION									
	Ammonia – New Plant	KWH	585	97	MT	0.7689	0.6895	MT	0.3402	0.1646*
	Sulphuric Acid	KWH	80	58						
	Phosphoric Acid	KWH		1214						
	Ammonium Sulphate	KWH	57	43						
	Factamfos 20:20	KWH	44	48				MT	0.0199	0.0219
2	COCHIN DIVISION									
	Sulphuric Acid	KWH	24	18				MT	0.0073	0.0010
	Phosphoric Acid	KWH	250	189						
	Factamfos 20:20	KWH	72	56				MT	0.0198	0.0185
3	PETROCHEMICAL DIVISION									
	Caprolactam	KWH	3676	1853				MT	1.6486	1.2550*

* 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:

R&D has been producing Bio-fertilizers such as Rhizobium, Azosprillum, and Phosphate solubilising bacteria (Bacillus Magatherium) since the year 2000. The Fertilizer (Control) Order 1985 (FCO) has specified the Bio-fertilizer quality requirement first time in its amended version of 2006. After meeting all the production norms and regulations as stipulated in the FCO, R&D Centre resumed production of all the three Bio-fertilizers.

FACT R&D Centre has carried out required

research studies to use lignite as carrier materials in Bio-Fertilisers in the changed scenario.

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 center, for monitoring the quality of our fertilizer products at the dispatch and selling points.

iii) Zincated Factamfos

Research was conducted to explore the possibility of incorporating zinc upto 1% in Ammonium Phosphate Sulphate (20:20).

iv) Study on the effect of particle size of carrier material in shelf life of Bio-fertilisers.

Research was conducted on the effect of particle size of carrier materials used in bio-fertiliser production and its role in shelf life of the product based on the FCO specifications.

2. Benefits derived

- i) FACT R&D Centre has produced 3 MT Bio-fertilisers as per the FCO specifications.
- ii) The monitoring of quality of fertilizers enabled the company to reduce the P₂O₅ loss due to nutrient content in Factamfos 20:20:0:13.
- iii) R&D Centre ensured the production of bio-fertiliser with change of carrier materials as per FCO specifications to meet the marketing requirement.

3. Future Plan of Action

- i) R&D Centre is planning to complete study

on the effect of Phosphorus solubilising bacteria (PSB) on Rock phosphate and Study on the incorporation of zinc in NP fertilizers 16:20:0:13 grade.

ii) R&D centre plans to ensure quality control cell activities covering the entire Marketing Network.

iii) R&D centre plans to enhance the production of Bio-fertilisers in accordance with the demand.

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
2005-2006	0.00	31.17	31.17	0.022
2006-2007	0.00	29.77	29.77	0.020
2007-2008	1.13	26.83	27.96	0.032

COMMENTS OF THE STATUTORY AUDITORS AND COMPANY'S REPLIES ON THE ACCOUNTS FOR THE YEAR ENDED 31.03.2008

COMMENTS	REPLY
<p>1. The company has taken into credit Rs.3,44,78,178.00 during the year being interest @18.75% on mobilization advance given to M/s.Ardeshir B.Cursetjee And Sons Limited towards transportation contract awarded to transport of Liquified Ammonia Gas. However in view of the fact that contract between the company and the contractor had already been terminated and the dispute between the company and the transporting contractor is pending decision of arbitrator and invocation of the bank guarantee is pending before the Hon'ble High Court of Kerala and the transporting contractor has also raised a claim of Rs.172988.17 lakhs against the company, there is significant uncertainty regarding recovery of interest and consequently recognition of interest of Rs.3,44,78,178.00 in this regard is inconsistent with AS 9. (Revenue Recognition).</p>	<p>This is the advance given by the company and as per the terms and conditions of the contract the company is eligible to get interest. As in the past the interest income has been accounted in the current year also.</p>

COMMENTS	REPLY
<p>2. As per excise records, the company holds stock of (Accumulated over Years) of 6846139 MT of Gypsum on 31.03.2008. The company has not included the value of stock of Gypsum in the accounts on the plea that gypsum stock has not been physically verified and that the company has not valued the stock on a conservative basis consistent with the past practice (Refer note 13 of the notes on accounts).</p> <p>However at present gypsum has a realizable value and the company has entered into Memorandum of Understanding with India Cements Ltd., Madras Cements Ltd., Malabar Cements Ltd., Tancems Ltd. and has got ambitious schemes for marketing of gypsum on a large scale. Further the company has hypothecated stock of gypsum to State bank of Travancore indicating the value of Gypsum for Rs.391.44 crore computed @ Rs.575/- per unit for availing cash credit facilities. In the circumstances non-recognition of value of stock of gypsum in the accounts as on 31.03.2008 results in understatement of profit and understatement of current assets to the extent of the value of stock of gypsum which in our opinion is not quantifiable in the absence of availability of realistic estimate of quantity as well as value of stock of gypsum.</p>	<p>Gypsum is a by-product, produced along with Phos. Acid. During the year only the company could realize a reasonable amount and a ready market for the same.</p> <p>As stated by Audit a realistic estimate of the quantity and value cannot be derived while finalizing the accounts for the year 2007-08.</p>

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Fertiliser Industry

India today is one of the largest producer and consumer of Fertilisers in the world. The Fertiliser industry in India has played a pivotal role in facilitating the required increase in the use of plant nutrients for achieving the goal of self sufficiency in food grains production on one hand and sustained agricultural growth on the other.

Agriculture remains the key sector in terms of employment and livelihood of more than half of India's work force and fertilizer has been considered as a crucial input to Indian agriculture for improving crop productivity.

Even though the consumption of fertilisers in India has increased considerably during the last two to three years, there is no corresponding increase in the indigenous production capacity. As a result, the country has to depend on import of fertilizers to meet the increasing demand.

International prices of major fertilizers like Urea, DAP and MOP, as well as fertilizer intermediates have witnessed a surge during the current year. In spite of increase in the cost of fertilizers the Government of India has not increased the prices of fertilisers for the last several years. On the other hand, Government has decreased the prices of complex fertilizers by 19% on an average.

The steep increase in the prices of raw materials and its limited availability in the international market pose a serious threat to Fertiliser 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 10,000MT 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 2007-2008

UDYOGAMANDAL COMPLEX

Udyogamandal Division: During the year 2007-08 Udyogamandal Division produced 90800 MT of Factamfos 20:20 and 30478 MT of Ammonium Sulphate. During the financial year 2006-07, production of Factamfos and Ammonium Sulphate were 147102 MT and 183490 MT respectively.

Nutrient wise the production during 2007-08 was 24438 MT of N and 18160 MT of P2O5 as against 67219 MT of

N and 29420 MT of P2O5 during the year 2006-07.

Due to the scarcity of raw material like sulphur, phosphoric acid and Ammonium sulphate liquor, most of the times the plants were closed down or operated with low load. This has resulted in lower capacity utilization and decrease in production.

Petrochemical Division: The production of Caprolactam for the year 2007-08 was 6759 MT as against 41327 MT during the year 2006-07.

The caprolactam plant remained shut down from 1st July 2007 to the last week of March 2008 due to the unprecedented increase in the prices of sulphur and its scarcity in the international market making the operation of the plant economically unviable.

Cochin Division: During the financial year 2007-08 Cochin Division produced 334730 MT of Factamfos 20:20 as against 574100 MT during the year 2006-07.

The production of Nutrient nitrogen and Nutrient P2O5 was 66846 MT as against 114820 MT during the last year.

The shortfall in production of nutrient nitrogen and P2O5 was mainly due to the shortage of raw materials like sulphuric acid and phosphoric acid required for the complex fertilizer production.

Marketing Division: Fertiliser sales during 2007-08 was 6.03 Lakh MT as against 9.47 lakh MT during previous year.

Low availability of Ammonium Sulphate and Factamfos was a major constraint during the year under review. During the year, the entire fertiliser sales was on a cash and carry basis. Considering the need to reduce transportation cost, major portion of available production was distributed to the nearest locations.

During the year 2007-08, 27500 MT of Urea was imported through MMTC.

During the year Marketing Division carried out various fertilizer promotion activities like seminars, demonstrations, dealer meets, group campaigns, etc.

During 2008-09 the Division proposes to sell 12.55 lakh MT of fertilizers.

FEDO & FEW: The turnover of FEDO for the year 2007-08 was Rs.494 lakh as compared to Rs.383 lakh during 2006-07. During the year 2007-08, FEDO had orders on hand worth Rs.1846.48 lakh compared to Rs.1408 lakh in 2006-07.

The turnover of FEW for the year 2007-08 was Rs.607.37 lakh as against Rs.685 lakh for the year 2006-07.

During the year FEW has bagged orders for a value of Rs.1065 lakh as against 1066 lakh for the year 2006-07.

During the year 2008-09, FEW expect to sustain the turn over and generate profit. The sustained growth in the ship building industry is expected to generate demand for fabrication of ship components and FEW expect to service this demand by making use of its facilities. The process industry is also expected to generate more demand for pressure vessels and heat exchangers for replacement as well as for its capacity expansion.

Opportunities and Threats

Opportunities

- Premium product in the complex fertilizer segment containing sulphur
- Strong Marketing network in Southern India
- 2120 acres of land and infrastructure facilities
- Scope for expansion and diversification
- High demand for by-product gypsum
- Joint Ventures with other organizations for profitable business

Threats

- Steep rise in the prices of Hydrocarbon and other raw materials like sulphur, rock phosphate, naphtha etc.
- Scarcity of raw materials in the international market.
- Fluctuations in the price of Caprolactam and static demand from domestic customers.
- High cost of power.

Segmentwise or Productwise Performance

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

Risk and Concern

- Temporary shut down of plants due to non-availability of sufficient quantity of raw materials.
- Lack of product differentiation.
- Power cut imposed by the Kerala State Electricity Board.
- High cost of Captive Ammonia due to alarming price increase of Petroleum products.
- High Cost of Furnace Oil

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 2007-08. There was no work stoppage affecting the normal operations of the Company.

Human Resources Development

In view of the need for continued co-operation for maintaining higher levels of production, a Conciliation Settlement was entered for restoration of stagnation promotions to non-managerial employees which were not granted since 25.11.2002 in accordance with the directions from Department of Fertilisers as part of austerity measures. Managerial employees were also granted stagnation benefits. Existing vacancies in other cadres were also filled to the extent possible by regularizing employees already in the stagnation grades.

Training

During the year the Training Centre of the Company achieved a significant milestone of recognition from the Government of Kerala for conducting three week long statutory training to the supervisors. About 75 supervisors of the company were trained in-house. Greater emphasis was given to train the employees and the Officers in important subjects like Occupational Health & Onsite Emergency, Pollution Control, Reservation policy, Safety, Fire & Health etc. A total of 2997 man-days of training was imparted to the staff as a whole.

Training Centre embarked upon a new venture of skill development. By this effort, FACT proposes to fulfill its corporate social responsibility in a more meaningful way. The objective of this venture is to develop skill of the unemployed youth so as to make them employable which will ensure them a good future.

Development of SC/ST

Employment of reserved categories

	TOTAL	SC	ST	OBC	PH	EX-SER	TOTAL
No. of employees	3768	517	102	1155	60	65	1899
% of total employees		13.7	2.7	30.5	1.6	1.7	50.4

Steps taken for welfare of SCs/STs

- Employment / fresh recruitment

The Company has taken all measures for reservation of SCs/STs in employment in accordance with the Presidential directives. Though a ban on recruitment exists in the company, in view of the specific directions issued by the Government

of India to fill up backlog vacancies reserved for SC/ST in recruitment, a special recruitment drive was launched for filling 56 vacancies reserved for SC/ST.

2) Training

In service 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. 176 SC employees and 15 ST employees had undergone training this year. Two training programmes were arranged on reservation matters pertaining to SC/ST for the benefit of members of the SC/ST Grievance Cell, Office bearers of SC/ST Association and SC/ST employees.

For engagement of Apprentices under the Apprentices Act, reservation as per rules is provided. The representation for SC/ST in apprentices as on 31.03.2008 is as follows:

Total No. of Apprentices	SC	ST
154	27	1

3) SC/ST Grievance Cell

An SC/ST Grievance Cell is functioning in the Company to redress the grievance of SC/ST employees. 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. Further there are Associations representing SC/ST employees and these Associations also take up individual grievances of SC/ST employees with the management for direct redressal.

4) Allotment of Residential Quarters:

Due consideration is given for allotment of residential quarters to SC/ST employees.

Total number of employees

Occupying Quarters	SC	ST
834	189	32

5) Other Welfare measures:

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

The Company continued to give top priority for the implementation of the provisions of the Official Language Act and Rules and related instructions of the Government of India. 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 Rajabhasha and plan measures to speed up the implementation of Rajabhasha. FACT has been notified in the Gazette of India for achieving 80% of working knowledge in Hindi.

Parliamentary Committee

During the year under review Parliamentary Standing Committee on Labour visited FACT and held discussions with the representatives of Trade Unions and officials of FACT. The Committee on Official Language visited FACT Madurai Regional Office and inspected the progress of implementation of Official Language and held discussions with officials of FACT.

Pollution Control Activities

Production units of FACT are ISO 14001 certified units which always give top priority to ensure clean air and better living environment to the inhabitants around the factory. The effluent treatment plants were kept in operation and treated liquid effluent and gaseous emissions discharged from plants conform to the standards prescribed by the Kerala State Pollution Control Board.

To minimize SO² emission in Sulphuric Acid plants in Udyogamandal Division, start up Alkali Scrubber has been installed during 2007-08.

FACT has three computerized Ambient air quality monitoring stations installed in Udyogamandal area to monitor the quality of the air around the factory and to ensure a clean environment in the locality.

As directed by Kerala State Pollution Control Board, temporary storage facility has been set up to store hazardous wastes. Installation of a permanent landfill as per Central Pollution Control Board guidelines has been completed at FACT Cochin Division, Ambalamedu.

On-line Liquefied Petroleum Gas (LPG) detectors were installed in Main Tank Farm area and On-line ammonia detectors were installed in Ammonia Storage and Handling area for an early warning on LPG & Ammonia leaks at Petrochemical Division.

Short Term Strategies/Plans

Optimization of production

One of the major problems being faced by the company today is the skyrocketing of raw material prices and its non-availability. To ensure that the raw materials are available for un-interrupted production, FACT has entered into an MOU with M/s. Indian Potash Ltd. for procurement and supply of all major raw materials on credit basis on the strength of a letter of comfort issued by Department of Fertilisers. It is hoped that this arrangement will reduce the working capital strain on FACT and will help the company to achieve full production during 2008-09.

Sale of Gypsum

The Company has entered into MOU with Cement companies for sale of gypsum in bulk. The Company has launched bagged gypsum for use as soil conditioner in the alkaline soils of south India. FACT is planning to achieve a sales of 50,000 MT gypsum per month during the year, 2008-09.

Joint Venture with IOC

FACT is proposing to de-merge FEDO, and form a separate company with Indian Oil Corporation Ltd (IOC) as strategic partner with 51% equity holding by IOC. This would facilitate IOC to use the JV as a captive facility to award their jobs on a nominated basis, thereby assuring good turnover and reasonable return. IOC is planning to execute large number of projects during the 11th plan period which will ensure steady and assured growth of FEDO.

Joint Venture with CSL

FACT intend to de-merge FEW, and form a separate company with Cochin Shipyard Limited (CSL) as strategic partner with 51% equity holding by CSL. This would facilitate CSL to use the JV as a captive facility to award their jobs on a nominated basis, thereby assuring good turnover and reasonable return.

Joint Venture with RCF

FACT has promoted a Joint Venture company in the name & style "FACT-RCF Building Products Limited" to make value added products such as Glass Fiber reinforced Gypsum Building Panels utilizing Australian Technology, jointly with Rashtriya Chemicals & Fertilisers Ltd (RCF).

Joint Ventures for Container Freight Stations with PSUs

To increase the revenue generation, FACT proposes to diversify into profitable areas utilizing its land resources. Since the proposed link road from NH47 to ICTT is passing through FACT Township at Udyogamandal, the land on the side of this link road is ideal for establishing container freight station and related SEZs. To exploit this opportunity, FACT is planning to have Joint Ventures with strategic partners like Central Warehousing Corporation and Container Corporation of India Ltd., (both are Government of India Enterprises).

MMTC Limited have indicated their interest in the development of a Free Trade Warehousing Zone at Udyogamandal as a Joint Venture.

Long Term Policy

To make an assessment of the available land assets of the company and develop a strategy for its effective use, FACT is proposing to engage M/s. IL&FS (Infrastructure, Leasing and Financial Services), a consultant who has wide experience in working with Government projects. This consultant will also examine further profitable business opportunities for FACT by utilizing the available land at Udyogamandal, Cochin Division and at other places owned by the company. The need for establishing an integrated modern township in place of the existing old company quarters built about 50 years back and spread over vast area of land at Udyogamandal and Ambalamedu will also be studied by the consultant with a view to release more land for productive use. While developing the land owned by the company, the basic consideration is that the ownership will continue to be with FACT.

Outlook for the future

With the implementation of the new Tariff Commission recommendations, FACT expects a turn around in the year 2008-09. With the expected increased revenues from gypsum sales and the proposed Joint Ventures, FACT is expected to sustain its profitability in the years to come. The Profitability will increase substantially once FACT is able to switch over from Naphtha to LNG as feed stock which is expected by 2012-13.

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 A.Asokan	Director(Marketing)
3	Shri Mathew C.Kunnumkal	Part-time Director (Nominee of Govt. of India)
4	Shri Rajesh Agrawal	Part-time Director (Nominee of Govt. of India)

Board Meetings

Sl.No.	Date of the Board Meeting	Venue	Filled strength	Directors present
1	30-04-2007	New Delhi	6	6
2	21-07-2007	Udyogamandal	6	5
3	28-09-2007	Udyogamandal	5	4
4	24-10-2007	New Delhi	5	4
5	18-12-2007	New Delhi	5	3
6	24-01-2008	New Delhi	5	4
7	15-03-2008	Udyogamandal	5	4

Attendance in Board Meetings

Sl. No	Name of Director	Period	No.of Meeting held	No.of Meeting Attended	No.of Directorship in other Boards
1	Dr.George Sleeba	01-04-2007 / 31-03-2008	7	7	2
2	Shri A.Asokan	01-04-2007 / 31-03-2008	7	7	1
3	Mathew C.Kunnumkal	05-02-2008 / 31-03-2008	1	1	5
4	Shri Rajesh Agrawal	05-02-2008 / 31-03-2008	1	0	2
5	Shri G.S.Mangat	01-04-2007 / 31-07-2007	2	2	1
6	Shri D.N.Pradhan	01-04-2007 / 31-03-2008	7	6	0
7	Shri Vijay Chhibber	01-04-2007 / 05-02-2008	6	6	0
8	Dr.J.S.Maini	01-04-2007 / 05-02-2008	5	1	5

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

S.No.	Name	Age	Date of Directorship	Remarks
1	Shri Mathew C.Kunnumkal	57	05-02-2008	New Director
2	Shri Rajesh Agrawal	38	05-02-2008	New Director

IV. Particulars of Directors under III above are as follows:

Shri Mathew C.Kunnumkal

Shri Mathew C.Kunnumkal, a Post Graduate in Marine Biology and Business Administration belongs to 1976 Batch of Indian Administrative Service. At present he is the Financial Adviser and Additional Secretary in the Department of Fertilisers, Ministry of Chemicals and Fertilisers, Government of India. He is also a Director of Rashtriya Chemicals and Fertilisers Ltd, National Fertilisers Ltd, Hindustan Antibiotics Ltd, Hindustan Insecticides Ltd and Krishak Bharti Co-op.Ltd. He is the Chairman of the Audit Committee of the Board and Member of the Shareholders/Investors Grievance Committee.

Shri Rajesh Agrawal

Shri Rajesh Agrawal, a Post Graduate in Operations Research, belongs to 1994 Batch of Indian Administrative Service. At present he is the Deputy Secretary in the Department of Fertilisers, Ministry of Chemicals and Fertilisers, Government of India. He is also a Director of Hindustan Fertiliser Corporation Ltd and Brahmaputra Valley Fertiliser Corporation Ltd. He is a member of the Audit Committee of the Board and Shareholders/Investors Grievance Committee.

V. Audit Committee

Sl.No.	Name	Nature of Directorship
1	Shri Mathew C.Kunnumkal	Part-time Director
2	Shri Rajesh Agrawal	Part-time Director
3	Shri A.Asokan	Director (Marketing)
4	Director (Finance)	Permanent Invitee
5	Chief Vigilance Officer	Permanent Invitee
6	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
30-04-2007	3	3
21-07-2007	3	2
24-10-2007	3	2
24-01-2008	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 is 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 services 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 31-3-2008 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 30 complaints of Shareholders/Investors.

Shri K.V.Balakrishnan, 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
2004-2005 AGM	30-12-2005	10.00AM	Udyogamandal	Nil
2005-2006 AGM	29-09-2006	10.00AM	Udyogamandal	Enhancement of Authorised Capital
2006-2007 AGM	28-09-2007	10.30AM	Udyogamandal	Nil

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

Dr.George Sreeba, Chairman and Managing Director, Shri D.N.Pradhan, Director(Finance) and Shri A.Asokan, Director(Marketing) attended the last Annual General Meeting.

IX. Disclosure

During the year 2007-08, the Company has not entered into any transactions of material nature with Directors and/or relatives that may have a potential conflict with the interests 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.

X Means of communications

The quarterly Un-audited Financial Results of the Company are announced within a month of the end of the respective quarter. The financial results are also posted in Company's website www.fact.co.in. 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 2008-2009 are given below:

64 th Annual General Meeting			
Day	Date	Time	Venue
Saturday	27th September 2008	11.00 AM	Udyogamandal Club
Financial Calendar for 2008-09			
1st Quarter Financial Results		Published on 12 th July 2008	
2nd Quarter Financial Results		4 th week of October 2008	
3rd Quarter Financial Results		4 th week of January 2009	
4th Quarter Financial Results		4 th week of April 2009	
1st Half yearly Financial Results		4 th week of November 2008	
2nd Half yearly Financial Results		4 th week of May 2009	
Dates of Book Closure		22 nd September 2008 to 27 th September 2008	
Dividend Payment date		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 2008-2009.

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 2007-08 as available from the National Stock Exchange of India Limited are given below:

Month	High	Low
April	Rs.24.00	Rs.20.40
May	Rs.27.25	Rs.22.00
June	Rs.24.40	Rs.22.40
July	Rs.26.80	Rs.22.90
August	Rs.26.95	Rs.21.75
September	Rs.29.90	Rs.24.40
October	Rs.29.65	Rs.23.75
November	Rs.48.30	Rs.26.00
December	Rs.46.90	Rs.40.40
January	Rs.57.86	Rs.31.55
February	Rs.41.40	Rs.30.00
March	Rs.37.80	Rs.21.80

XIII Share transfer /Depository Agent:

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

De-mat form. All the share transfer forms received are processed by the Share Transfer Agents of the Company and approved by the Share Transfer Sub-committee of the Board.

XIV Share Transfer System

The shares of FACT are compulsory traded in

XV Distribution of shareholding as on 31-03-2008

Shareholding of nominal value of Rs.	Shareholders		Amount (Rs.)
	Number	% to total	
Upto 5000	12389	89.42	15677560
5001 - 10000	815	5.88	7194380
10001 - 20000	337	2.43	5472080
20001 - 30000	107	0.77	2773120
30001 - 40000	46	0.33	1690830
40001 - 50000	69	0.50	3289750
50001 - 100000	49	0.35	3570560
100001 and above	44	0.32	3508051460
Total	13856	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 26th 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 31-3-2008, 6250462 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 OF 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 Sreeba
CHAIRMAN AND MANAGING DIRECTOR

Place: Udyogamandal

Date: 25.08.2008

K.VARGHESE & CO.
CHARTERED ACCOUNTANTS
Sree Krishna Jyothi Baker Complex,
S.N.Womens College Road, KOLLAM 691 001

Phone : 0474-2746083
2761243
Fax : 2743902
E-mail : kollam@kvco.in

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 31st March 2008; 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 five 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 K.Varghese & Co.
Chartered Accountants

Sd/-

K.Varghese
Partner

Membership No.20674

Place: Kochi
Date: 12.07.08

K.VARGHESE & CO.
CHARTERED ACCOUNTANTS
Sree Krishna Jyothi Baker Complex
S.N.Womens College Road, Kollam - 691 001

Phone : 0474-2746083
2761243
Fax : 2743902
E-mail : kollam@kvco.in

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 31st March, 2008 the Profit Loss Account and also the Cash Flow statement 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 (Auditors' Report) Order, 2003, as amended by the Companies (Auditors' 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 accounts and with the audited returns from the area/regional offices.
 - d. In our opinion 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 except non compliance of AS 9 (Revenue Recognition) as stated below:
 1. The company has taken into credit Rs.3,44,78,178.00 during the year being interest @18.75% on mobilization advance given to M/s. Ardeshir B Cursetjee And Sons Limited towards transportation

contract awarded to transport of Liquefied Ammonia Gas. However in view of the fact that contract between the company and the contractor had already been terminated and dispute between the company and the transporting contractor is pending decision of arbitrator and invocation of the Bank guarantee is pending before the H'ble High Court of Kerala and the transporting contractor has also raised a claim of Rs.172988.17 lakhs against the company, there is significant uncertainty regarding recovery of interest and consequently recognition of interest of Rs. 3,44,78,178.00 in this regard is inconsistent with AS 9 (Revenue Recognition).

e. As per notification No. GSR 829 (E) dated 21.10.2003 issued by the Department of Company Affairs, Government of India, the provisions of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 is not applicable to the Company since it is a Government Company.

f. We further report that:-

1. As per excise records, the company holds stock of (Accumulated over years) of 6846139 MT of Gypsum on 31.03.2008. The company has not included the value of stock of Gypsum in the accounts on the plea that gypsum stock has not been physically verified and that the company has not valued the stock on a conservative basis consistent with the past practice (Refer note 13 of notes on accounts).

However at present gypsum has a realizable value and the company has entered into Memorandum Of Understanding with India Cements Ltd, Madras Cements Ltd, Malabar Cements Ltd, Tancems Ltd and has got ambitious schemes for marketing of gypsum on a large scale. Further the company has hypothecated stock of gypsum to State Bank of Travancore indicating the value of Gypsum for Rs.391.44 crores computed @ Rs.575/- per unit for availing cash credit facilities. In the circumstances non-recognition of value of stock of gypsum in the accounts as

on 31.03.2008 results in understatement of profit and understatement of current assets to the extent of the value of stock of gypsum which in our opinion is not quantifiable in the absence of availability of realistic estimate of quantity as well as value of stock of gypsum.

2. We also report that had the observations made by us in para (d) above been considered, the net profit before tax of the company would have been Rs. 572.83 lakhs against the reported profit of Rs. 917.61 lakhs and the net deficit carried to Balance Sheet would have been Rs.39862.07 lakhs against the reported amount of Rs. 39517.29 lakhs and the loans and advances would have been Rs.10723.56 lakhs against reported figure of Rs.11068.34 lakhs.

g. In our opinion and to the best of our information and according to the explanations given to us, and our observations in para (d) and (f) above 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 31st March 2008.
2. In the case of the Profit and Loss account, of the profit 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 K Varghese & CO.
CHARTERED ACCOUNTANTS

Sd/-

K. Varghese
Partner

Membership No.20674

Place: Kochi
Date: 12.07.08

K.VARGHESE & CO.
CHARTERED ACCOUNTANTS
Sree Krishna Jyothi Baker Complex
S.N.Womens College Road, Kollam - 691 001

Phone : 0474-2746083
2761243
Fax : 2743902
E-mail : kollam@kvco.in

**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 accounts.
- (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 requirements of reporting under subclasses (b), (c) and (d) of this clause do not apply.
- (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 purpose 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 according to the explanations given to us the Company has an internal audit system generally 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 31st March 2008, 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 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 funds raised 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 under audit.

For K.Varghese & Co.
CHARTERED ACCOUNTANTS
Sd/-
K.Varghese
Partner
Membership No.20674

Place : Kochi
Kochi : 12.07.08

K.VARGHESE & CO.
CHARTERED ACCOUNTANTS
 Sree Krishna Jyothi Baker Complex
 S.N.Womens College Road, Kollam - 691 001

Phone : 0474-2746083
 2761243
 Fax : 2743902
 E-mail : kollam@kvco.in,

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	Disallowances contested by the Company	0.10	2001-02	Income Tax Appellate Tribunal
3	Income Tax Act	Additional tax and interest demanded on payments to Foreign Technicians contested by the Company	78.21	1994-95 to 1997-98	High Court of Kerala
4	Service Tax Act	Tax, Penalty & Interest demanded - disputed by the Company	8.68	2003-04 to 2005-06	CESTAT, Bangalore
5	Service Tax Act	Tax, Penalty & Interest demanded - disputed by the Company	16.78	2005-06 to 2007-08	Commissioner of Central Excise, Kochi
6	Customs Act	Differential duty -Disputed by the Company.	39.36	1991-92 & 1992-93	CESTAT, Chennai
7	Central Excise Act	Duty with interest and penalty on shortages written off	55.16	2003-04	Adjudicating Authority
8	Madhya Pradesh Entry Tax	Entry Tax demanded disputed by the Company	3.67	1980 to 1984	Board of Revenue (Commercial Tax Tribunal), Gwalior, Madhya Pradesh
9	Sales Tax Act, Orissa	Sales Tax demanded disputed by the Company	63.00	1985 to 1992	High Court of Orissa
10	Sales Tax and Central Sales Tax Act, Punjab	Sales Tax demanded disputed by the Company	366.91	2000 to 2001	High Court of Punjab and Hariyana
11	Kerala General Sales Tax Act	Penalty levied disputed by the Company(Net of Rs.50 lakh deposited)	349.66	1996 to 1997	High Court of Kerala
12	Kerala General Sales Tax Act	Penalty levied disputed by the Company	438.52	1997 to 1998	High Court of Kerala.

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIACONFIDENTIALIndian Audit and Accounts Department
Office of the Principal Director of
Commercial Audit and Ex-officio
Member Audit Board, Chennai

No.PDCA/CA-Cord-II/FACT/4-190/2008-09/55

Dated 21.08.2008

To

The Chairman & Managing Director,
Fertilizers & Chemicals Travancore Limited,
Udyogamandal 683 501.

Sir,

Sub:- Comments of the Comptroller and Auditor General of India under Section 619 (4) of the Companies Act, 1956, on the accounts of Fertilizers & Chemicals Travancore Limited, Udyogamandal for the year ended 31st March 2008.

I forward herewith the Comments of the Comptroller and Auditor General of India under Section 619 (4) of the Companies Act, 1956, on the accounts of Fertilizers & Chemicals Travancore Limited, Udyogamandal for the year ended 31st March 2008.

The receipt of this letter may kindly be acknowledged.

Yours faithfully,

Sd/-

(LATA MALLIKARJUNA)

PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT AND
EX-OFFICIO, MEMBER AUDIT BOARD, CHENNAI

Encl: Nil Comment Certificate

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4)
OF THE COMPANIES ACT 1956 ON THE ACCOUNTS OF THE FERTILIZERS & CHEMICALS
TRAVANCORE LTD, UDYOGAMANDAL FOR THE YEAR ENDED 31 MARCH 2008**

The preparation of financial statements of Fertilizers & Chemicals Travancore Ltd, Udyogamandal for the year ended 31 March 2008 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619 (2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 12 July 2008.

I on the behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under Section 619 (3) (b) of the Companies Act, 1956 of the financial statements of Fertilizers & Chemicals Travancore Ltd., for the year ended 31 March 2008. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619 (4) of the Companies Act, 1956.

Sd/-

(LATA MALLIKARJUNA)

PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT AND
EX-OFFICIO, MEMBER AUDIT BOARD, CHENNAIPlace: Chennai
Date: 21.08.2008

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 ASSET

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

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

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

c. Variations arising on account of fluctuations in foreign exchange rates are treated as revenue (gain/loss(-))

15. PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provision is made based on a reliable estimate when it is probable that an outflow of 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 2008

SCHEDULE	As at 31.03.2008 Rs.in Lakh.		As at 31.03.2007 Rs.in Lakh.	
I SOURCES OF FUNDS:				
1 Shareholders' Funds				
a) Share Capital	1	64707.20	64707.20	
b) Reserves & Surplus	2	91.16	95.16	64802.36
2 Loan Funds:				
a) Secured Loans	3	36404.26	43007.75	
b) Unsecured Loans	4	10442.39	8429.20	51436.95
TOTAL		111645.01		116239.31
II APPLICATION OF FUNDS:				
1 Fixed Assets				
a) Gross Block		146501.61	145847.49	
b) Less: Depreciation and Impairment loss		104081.81	101084.56	
c) Net Block	5	42419.80	44762.93	
d) Capital Work-in-progress	6	907.80	1267.84	46030.77
2 Investments	7		54.50	54.50
3 Current Assets, Loans and Advances				
a) Inventories	8	31844.48	34615.62	
b) Sundry Debtors	9	7585.22	19233.92	
c) Cash & Bank Balances	10	6746.39	7782.67	
d) Other Current Assets	11	501.98	730.39	
e) Loans & Advances	12	11068.34	9667.49	
		57746.41	72030.09	
4 Less: Current Liabilities & Provisions	13			
a) Liabilities		25414.43	39143.99	
b) Provisions		3596.65	2282.53	
		29011.08	41426.52	
Net Current Assets		28735.33		30603.57
5 a) Miscellaneous expenditure (to the extent not written off or adjusted)	14	10.29		15.44
b) Profit and loss account		39517.29		39535.03
TOTAL		111645.01		116239.31
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.

For and on behalf of the Board

Sd/-
K.V. Balakrishnan Nair
Secretary

Sd/-
Mathew C. Kunnumkal
Director

Sd/-
A. Asokan
Director (Marketing)

Sd/-
Dr. George Sreeba
Chairman & Managing Director

Place: Udyogamandal
Date : 12th July, 2008

As per our report of even date attached.
For K. VARGHESE & Co.
Chartered Accountants

Kochi
12.07.08

Sd/-
K. Varghese
Partner (M.No.20674)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008

		2007-08 Rs. in Lakh.	2006-07 Rs. in Lakh.
INCOME	SCHEDULE		
Sales		57769.82	110209.27
Less Excise Duty		1472.85	4708.31
Net Sales	15	56296.97	105500.96
Subsidy/Concession on fertilisers	16	29236.09	40215.71
Gross Income from contracts and other services		783.77	1088.55
Other Income	17	3229.22	2048.98
Services for own units		305.93	133.72
Total Income		89851.98	148987.92
EXPENDITURE			
Cost of Materials Consumed	18	48016.02	100931.75
Cost of Purchased products sold	18	3330.00	5664.11
Repairs and Maintenance	19	3248.24	2791.06
Employees Remuneration and Benefits	20	11749.85	10899.10
Other expenses	21	16202.93	36564.92
Materials and other direct charges on contracts		465.82	540.00
Interest & Financing charges	22	6220.66	5339.80
Depreciation and Impairment loss		3545.19	6380.86
Increase(-) / Decrease in stock	23	16154.46	-7349.82
Total Expenditure		108933.17	161761.78
Operating Profit / Loss (-)		-19081.19	-12773.86
Extraordinary items			
Grant in aid (non-plan) from Government of India		20000.00	0.00
Profit on sale of land		0.00	613.98
Adjustments in respect of prior years :Net Debit/Credit(-)	24	1.20	105.17
Profit / Loss (-) before Tax		917.61	-12265.05
Provision for Taxation - Current		0.00	0.00
Provision for Taxation - Earlier years		0.00	178.40
Provision for Fringe Benefit Tax		20.80	29.13
Profit / Loss (-) after Tax		896.81	-12472.58
Profit/Loss (-) brought forward from previous year		-39535.03	-27062.45
Employee Benefits (AS 15) Transitional period		-879.07	0.00
Net deficit carried to Balance sheet		-39517.29	-39535.03
Earnings per Share- Basic (Rs)		0.14	-1.93
Diluted (Rs)		0.14	-1.93

For and on behalf of the Board

 Sd/-
K.V. Balakrishnan Nair
 Secretary

 Sd/-
Mathew C. Kunnumkal
 Director

 Sd/-
A. Asokan
 Director (Marketing)

 Sd/-
Dr. George Sreeba
 Chairman & Managing Director

 Place: Udyogamandal
 Date : 12th July, 2008

 As per our report of even date attached.
 For K. VARGHESE & Co.
 Chartered Accountants

 Kochi
 12.07.08

 Sd/-
K. Varghese
 Partner (M.No.20674)

SCHEDULES TO BALANCE SHEET	As at 31.03.2008 Rs.in Lakh.	As at 31.03.2007 Rs.in Lakh.
1 <u>SHARE CAPITAL</u>		
Authorised: 100,00,00,000 (previous year 100,00,00,000) Equity Shares of Rs.10/-each	100000.00	100000.00
Issued, Subscribed and Paid up: 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. 5)	29230.00	29230.00
	64707.20	64707.20
2 <u>RESERVES AND SURPLUS</u>		
Capital Reserves: Subsidy from Kerala State Government under Industrial Housing Scheme	2.64	2.64
Deferred Government Grant : Indo EEC Fertiliser Education Project	76.36	79.41
Bio Fertiliser Project	12.16	13.11
	91.16	95.16
3 <u>SECURED LOANS</u>		
From Banks:		
Cash Credit:	27402.13	31603.36
Foreign Currency Demand Loan :	1603.60	1742.80
Term Loan from Banks	7398.53	9661.59
(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.)		
	36404.26	43007.75
4 <u>UNSECURED LOANS</u>		
Fixed Deposit from Public (including Rs. 0.40 Lakh due for repayment within a year, Previous Year Rs.636.11 lakh)	567.39	929.20
From Government of India (including Rs.1100.00 Lakh due for repayment within a year, Previous Year Rs.400.00 lakh)	8500.00	7000.00
Interest accrued and due	1375.00	500.00
	10442.39	8429.20

Rs.in lakh

SCHEDULES TO BALANCE SHEET
5. FIXED ASSETS :

	GROSS BLOCK (AT COST)				DEPRECIATION				IMPAIRMENT LOSS	NET BLOCK	
	As at 01.04.2007	Additions during the year	Deductions/ Adjustments during the year	As at 31.03.2008	Upto 31.03.2007	For the year	On sales & adjustments during the year	Upto 31.03.2008	Upto 31.03.2008	As at 31.03.2008	As at 31.03.2007
Land Free hold	1708.49	0.00	1.41	1709.90	0.00	0.00	0.00	0.00	0.00	1709.90	1708.49
Roads & Culverts	1034.84	0.00	0.00	1034.84	719.18	25.91	0.00	745.09	0.00	289.75	315.66
Buildings	6490.79	0.00	-0.84	6489.95	4659.41	141.55	-0.55	4800.41	28.11	1661.43	1801.79
Railway Sidings	312.32	0.00	0.00	312.32	294.60	0.89	0.00	295.49	0.00	16.83	17.72
Plant & Machinery	127786.73	1135.01	-467.64	128454.10	83983.92	4453.75	-444.29	87993.38	2802.83	37657.89	39734.93
Data processing Equipments	1062.59	4.31	0.00	1066.90	914.86	42.98	0.00	957.84	0.00	109.06	147.74
Furniture & Office Equipment	642.78	0.87	-0.61	643.04	580.84	7.39	-0.52	587.71	0.00	55.33	61.94
Vehicles	375.48	2.64	-3.76	374.36	347.44	4.68	-3.49	348.63	0.00	25.73	28.04
Service Equipment	6091.24	80.06	-153.54	6017.76	5230.44	125.09	-145.66	5209.87	2.17	805.72	858.19
Minor Assets	164.79	0.53	-0.02	165.30	164.79	0.53	-0.02	165.30	0.00	0.00	0.00
Plant & Machinery- Retired	6.77	0.00	55.70	62.47	0.00	0.00	52.92	52.92	0.00	9.55	6.77
Total (A)	145676.82	1223.42	-569.30	146330.94	96895.48	4802.77	-541.61	101156.64	2833.11	42341.19	44681.27
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	73.42	2.99	0.00	76.41	0.00	56.86	59.84
Furniture & Office Equipment	4.66	0.00	0.00	4.66	4.43	0.02	0.00	4.45	0.00	0.21	0.23
Service Equipment	11.83	0.00	0.00	11.83	11.16	0.04	0.00	11.20	0.00	0.63	0.68
Total (B)	170.67	0.00	0.00	170.67	89.01	3.05	0.00	92.06	0.00	78.61	81.66
Grand Total (A+B)	145847.49	1223.42	-569.30	146501.61	96984.49	4805.82	-541.61	101248.70	2833.11	42419.80	44762.93
Previous year	145505.30	409.12	-66.93	145847.49	91175.38	5879.36	-70.25	96984.49	4100.07	44762.93	50826.14

	2007-08	2006-07
Depreciation for the year	4805.82	5879.36
Prior year adjustment	6.33	-94.79
Impairment loss adjusted during the year (Plant and Machinery)	-1266.96	596.29
Amount charged to Profit & Loss Account:	3545.19	6380.86

	2007-08	2006-07
Cumulative Depreciation up to the year	101248.70	96984.49
Cumulative Impairment loss	2833.11	4100.07
Amount deducted from Gross Block	104081.81	101084.56

SCHEDULES TO BALANCE SHEET		As at 31.03.2008 Rs.in Lakh.	As at 31.03.2007 Rs.in Lakh.
6 CAPITAL WORK - IN - PROGRESS			
Work - in - progress		574.78	795.45
Goods in transit / Material pending inspection		333.02	472.39
		907.80	1267.84
7 INVESTMENTS (AT COST)			
Longterm Investments			
In Government Securities:			
Quoted : Face Value		0.35	
Market Value		0.35	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.		34.09	34.09
(ii) 15 Equity Shares of Rs.1000/- each fully paid-up in Capexil Agencies Ltd.		0.15	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		18.90	18.90
Others (Unquoted)			
(i) 10,001 shares of Rs.10/- each fully paid-up in FACT Co-operative Society Ltd.		1.00	1.00
(ii) 7 shares of Rs.100/- each fully paid-up in Meherabad Co-operative Housing Society Ltd.		0.01	0.01
(iii) 10 shares of Rs.50/- each fully paid-up in Good Earth Housing Society Ltd. (Rs.500)			
		54.50	54.50
8 INVENTORIES			
(As taken , valued and certified by the Management)			
Machinery Spares		3012.66	2804.49
General Stores		8405.98	5866.76
		11418.64	8671.25
Less: Provision towards obsolescence and storage losses		2142.89	1747.07
		9275.75	6924.18
Loose Tools		3.87	3.62
Raw Materials (including stock intended for sale)		15568.75	6710.49
Stock of Finished /Semi Finished/ Intermediate products		4536.86	20691.32
Materials-in -transit/ Materials-at- site pending inspection		2459.25	286.01
		31844.48	34615.62

SCHEDULES TO BALANCE SHEET	As at 31.03.2008 Rs.in Lakh.	As at 31.03.2007 Rs.in Lakh.
9 SUNDRY DEBTORS		
a Debts outstanding for a period exceeding six months		
(i) Considered good:		
Secured	3.15	4.69
Unsecured	1074.59	261.10
(ii) Debts considered doubtful	1122.29	1173.92
b Other Debts : Considered good		
Secured	7.58	2.82
Unsecured	6499.90	18965.31
	8707.51	20407.84
Less: Provision for doubtful debts	-1122.29	-1173.92
	7585.22	19233.92
10 CASH AND BANK BALANCES		
1 Cash, Cheques and Stamps on hand	12.01	3532.26
2 With Scheduled Banks:		
Current Account	6718.30	3873.55
3 With Post Office/Treasury Savings Account Includes lodged with the Assistant Educational Officer, Alwaye, towards security for running the school (Rs.0.34 lakh) and with Kerala Water Authority towards security deposit (Rs.11.76 lakh).	12.10	15.58
4 Short Term deposits with scheduled banks etc.	3.98	306.91
5 Remittance - in - transit	0.00	54.37
	6746.39	7782.67
11 OTHER CURRENT ASSETS		
Interest accrued on investments and deposits	0.02	3.19
Other accrued income	188.88	414.80
Others	313.08	312.40
	501.98	730.39
12 LOANS AND ADVANCES		
Advances recoverable in cash or in kind or for value to be received:		
Considered Good - Secured:		
Advance for purchase of conveyance to employees	1.13	3.20
Considered Good - Unsecured:		
i) Other Loans and Advances *	5390.92	4008.32
ii) Advance Income tax (net of provision for income tax)	101.11	81.95

SCHEDULES TO BALANCE SHEET	As at 31.03.2008 Rs.in Lakh.	As at 31.03.2007 Rs.in Lakh.
iii) Income tax deducted at source	49.83	16.32
Considered Doubtful	94.73	94.64
Less : Provision	-94.73	-94.64
Balance with Customs, Port Trust etc.	1773.58	1998.59
Kerala VAT Refund receivable	2834.58	2694.93
Cenvat credit deferred	60.27	58.05
Kerala VAT credit deferred	19.05	17.31
Deposits	704.00	629.22
Prepaid expenses	133.87	159.60
	11068.34	9667.49
* Includes amount due from Directors / Officer of the Company	Nil	Nil
Maximum amount due at any time during the year	Nil	Nil
13. CURRENT LIABILITIES AND PROVISIONS		
a. Liabilities:		
Creditors:-		
For Supplies and Services	6887.24	18316.66
Liabilities against Acceptances (Bills Payable)	3003.24	6231.19
Dues to Employees	85.28	82.52
Other Liabilities	15148.32	14126.33
Unpaid matured deposit	3.70	45.92
Interest accrued but not due on loans	286.65	341.37
	25414.43	39143.99
b. Provisions:		
Provision for Leave encashment	3596.65	2282.53
	29011.08	41426.52
14. MISCELLANEOUS EXPENDITURE		
(to the extent not written off or adjusted)		
Ex-gratia under Voluntary Retirement Scheme At the beginning of the year	15.44	165.54
<u>Less</u> Written off during the year under Salaries & wages	-5.15	-150.10
Balance carried to Balance Sheet	10.29	15.44

SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2008		2007-08 Rs.in Lakh.	2006-07 Rs.in Lakh.
15. SALES	SCHEDULE		
Own Products	26.5.B 1	55346.09	108104.51
Less: Excise duty		1472.85	4708.31
		53873.24	103396.20
Purchased Products	26.5.B 2	3514.55	4415.87
Total		57387.79	107812.07
Less: Sales Discount/Dealers Margin		1090.82	2311.11
Net Sales		56296.97	105500.96
16. SUBSIDY/CONCESSION ON FERTILISERS			
Complex fertilisers			
Factamfos 20:20:0:13		29030.63	38738.17
Muriate of Potash (M O P)		205.46	1477.54
		29236.09	40215.71
17. OTHER INCOME			
Income from investments:			
	Current Previous Year Year (Rs.in lakh)		
Government Securities	0.04 0.04		
Others	5.83 4.86	5.87	4.90
Tax deducted at source	0.00 0.00		
Provision for doubtful debts written back		50.26	41.19
Write back of provisions no longer required		0.00	38.32
Sundry Receipts		1638.92	1016.29
Interest receipts:			
a) On deposits with banks		2.70	4.63
b) On loans, advances, claims, overdues etc.		375.81	387.39
Gain on exchange rate variation (net)		1135.44	541.06
Excess on verification of products & stores(net)		16.22	11.03
Transfer from deferred Govt. grants:			
a) On EEC project		3.05	3.22
b) On Bio-Fertiliser project		0.95	0.95
		3229.22	2048.98
18. MATERIALS CONSUMED	26.5. A 1 & A2		
Materials consumed :			
Opening Stock including trading products		6710.49	4408.80
Purchases including trading products		60204.28	108897.55
		66914.77	113306.35
Less : Closing Stock including trading products		15568.75	6710.49
		51346.02	106595.86
Less : Cost of purchased materials sold-shown separately	26.5.A2	3330.00	5664.11
		48016.02	100931.75

SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2008		2007-08 Rs.in Lakh.	2006-07 Rs.in Lakh.
19.	<u>REPAIRS AND MAINTENANCE</u>		
	Plant and Machinery	2599.86	2321.25
	Roads and Buildings	164.16	55.98
	Other Assets	484.22	413.83
		3248.24	2791.06
20.	<u>EMPLOYEES' REMUNERATION AND BENEFITS</u>		
	Salaries, Wages and Bonus	8975.75	8611.56
	Amortisation of Ex-Gratia on Voluntary Retirement Scheme	5.15	150.10
	Contribution to Provident Fund	907.57	845.50
	Gratuity	1062.04	550.16
	Other Welfare Expenses	799.34	741.78
	TOTAL	11749.85	10899.10
21.	<u>OTHER EXPENSES</u>		
	Power and Fuel	9018.29	22435.46
	Operating Supplies	725.10	912.21
	Packing Materials	1189.77	2499.30
	Factory General Charges	942.18	962.69
	Transporting charges - intermediate products	57.23	317.17
	Factory Licence Fee	2.40	2.40
	Rent and Hire	289.55	216.21
	Insurance	173.00	281.63
	Bank Charges	249.30	427.53
	Postage, Telegrams and Telephones	70.99	73.21
	Printing and Stationery	43.93	53.76
	Travelling Expenses (including Directors travel Rs 20.92 lakh)	338.77	351.46
	Legal Expenses	105.42	38.96
	General Charges	173.96	130.23
	Auditors' Fees and Expenses (including for Branch Auditors)		
	For Audit	4.18	4.27
	For Expenses	2.60	2.35
	For Certification	1.94	1.86
	Cost Auditors' Fees and Expenses		
	Cost Audit Fees	0.51	0.51
	Cost Audit Expenses	0.08	0.08
	Entertainment	1.88	1.83
	Rates and Taxes	234.63	350.46
	Freight, Handling and other charges	3459.03	6852.74
	Advertisement and Sales Promotion	15.69	17.05
	Provision for excise duty on closing stock - Finished goods	7.06	
	Less: Provision for excise duty on opening stock - Finished goods	1321.48	
		-1314.42	504.90
	Bad debts written off	0.43	0.23
	Provision for doubtful debts/advances	56.71	64.57
	Loss on sale/retirement of assets (net)	4.51	16.27
	Provision for obsolescence of stores	354.68	44.47
	Research and Development Expenditure	26.83	29.77
	(Includes depreciation of Rs 1.34 lakh on Research and Development Assets)		
		16229.17	36593.58
	Less : Allocated Expenses	26.24	28.66
		16202.93	36564.92

SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2008		2007-08 Rs.in Lakh.	2006-07 Rs.in Lakh.
22	<u>INTEREST & FINANCING CHARGES</u>		
	On loans from the Government of India	932.50	591.44
	Cash Rebate	91.85	433.73
	On Cash Credit/Loans from banks	4526.04	3461.06
	Others	670.27	853.57
		6220.66	5339.80
23	<u>INCREASE(-)/DECREASE IN STOCK</u>		
	Opening Stock :		
	Finished/Semi Finished/Intermediate Products (Includes excise duty Rs.1321.48 lakh)	20691.32	13341.50
		20691.32	13341.50
	Closing Stock :		
	Finished/Semi Finished/Intermediate Products (Includes excise duty Rs.7.06 lakh)	4536.86	20691.32
		4536.86	20691.32
	NET INCREASE(-)/ DECREASE	16154.46	-7349.82
24	<u>ADJUSTMENTS IN RESPECT OF PRIOR YEARS :</u>		
	Debit		
	Depreciation	0.00	94.79
	Freight and handling	7.64	0.00
	Others	0.27	11.95
	Debit total	7.91	106.74
	Credit		
	Rates and Taxes	0.00	1.57
	Depreciation	6.33	0.00
	Freight and handling	0.38	0.00
	Credit total	6.71	1.57
	Net Debit / Credit (-)	1.20	105.17

SCHEDULES TO ACCOUNTS

25 Notes on Accounts	Rs in Lakh	
	31.03.2008	31.03.2007
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	55.16	52.31
b) Service Tax	25.46	9.53
c) Sales Tax / Entry tax	1271.76	1274.75
d) Customs Duty	40.04	40.04
e) Income Tax	168.22	138.69
f) ESI	16.39	14.42
g) Power	196.71	182.30
h) Supplies and contractors	178288.04	5898.66
i) Others	768.11	999.12
(ii) Excise duty demand of Rs. 22.27 lakh on purchase of Raw material, pending appeal, has not been considered since the liability rests with supplier as per order terms (Previous Year Rs.20.76 lakh).	22.27	20.76
(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	66.16	309.41
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. 21.50 acres of land was handed over to Revenue Authorities for National Highway connectivity to the International Container Transshipment Terminal (ICTT) at Vallarpadam consequent to the advice from the Government of India vide letter No. 19041/4/2007-FCA-1 dated 04.01.2008. Pending ascertainment of compensation receivable, no adjustment has been made in the accounts.		
b) Land for Rs.485.12 lakh (Previous year Rs.880.26 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) 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		

SCHEDULES TO ACCOUNTS

25 Notes on Accounts	Rs in Lakh	
	31.03.2008	31.03.2007
<p>(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".</p>		
<p>4 Cost of Railway siding includes Rs 85.43 lakh (Previous year Rs.85.43 lakh) ,written down value Rs.5.48 lakh (Previous year Rs.6.36 lakh), held jointly with M/s.Bharat Petroleum Corporation Limited (Kochi Refinery)</p>		
<p>5 Allotment of Equity Share capital towards conversion of Government of India loan of Rs 29230.00 lakh (previous year 29230.00 lakh) is pending.</p>		
<p>6 (i) During 2007-08 the Company received certificates worth for Rs 494.91 lakh under Duty Entitlement Passbook Scheme (DEPB), on export of Caprolactam, used for duty free import of Rawmaterials, Stores and Spares etc. The balance DEPB amount available as on 31.03.2008 is NIL.</p> <p>(ii) The Duty Free Replenishment Certificate (DFRC) on export of Caprolactam held by the company pending utilisation / sale as on 31.03.08 are 9 Nos. (Previous year 25 Nos) which are accounted based on actual sales / utilisation.</p> <p>(iii) The Duty Free Credit Entitlement (DFCE) on export of Caprolactam used for duty free import of Rawmaterials, Stores and Spares etc. is Rs 60.57 lakh (previous year is Rs 696.55 lakh). The balance DFEC amount available as on 31.03.2008 for duty free import of such materials is Rs 10.75 lakh (previous year is Rs 71.32 lakh).</p>		
<p>7 As per terms of loans released by the Government of India, the Government reserves the right to raise the interest rate to a penal rate in case of default in payment of interest due and repayment of principal due. No order from the Government was received by the company towards raising the interest rate. Accordingly penal interest amounting to Rs 302.50 lakh is not considered in the accounts.</p>		
<p>8 Loans and Advances unsecured considered good includes Rs.64.33 lakh being amount paid against demands disputed</p>		

SCHEDULES TO ACCOUNTS

	Rs in Lakh	
	31.03.2008	31.03.2007
25 Notes on Accounts		
pending appeals (Previous Year Rs.61.25 lakh) and Rs.0.34 lakh being expenses incurred on bids submitted by the Company to clients, not charged to revenue pending decision on such bids (Previous Year Rs.NIL lakh).		
9 Loans and advances classified as "Unsecured and considered good" include advances paid covered by Bank Guarantees and interest accrued.	2059.24	1714.46
10 Amount paid for materials supplied but rejected by the Company pending settlement	37.23	43.22
11 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.344.78 lakh for 2007-08 receivable from the contractor on the outstanding mobilisation advance has been provided in the accounts (previous year Rs.287.05 lakh).		
12 a) The physical verification of raw materials and finished products has been carried out on or around 31st March 2008. The differences over book figures in the case of raw material has been adjusted in consumption { Excess/ Shortage(-)}	337.21	336.89
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.	16.26	15.96
13 As per Excise records, the Company holds a stock (accumulated over the years) of 6846139 MTs of Gypsum as on 31.03.2008. The stock of Gypsum has not been physically verified. The Company has not valued stock of Gypsum on a conservative basis consistent with past practice.		
14 Impairment of Assets (Accounting Standard 28)		
Impairment loss provided for Phase I plants in Cochin Division due to unviable operations (Fertiliser Segment) was reviewed as on 31.03.2008 on account of substantial increase in metal prices. Accordingly an amount of Rs 2833.11 lakh is retained as Impairment loss as on 31.03.2008 (as per class of assets as given in Scheule 5) and Rs1266.96 lakh has been reversed and credited to Profit and Loss account during the year. The recoverable		

SCHEDULES TO ACCOUNTS

25 Notes on Accounts	Rs in Lakh	
	31.03.2008	31.03.2007
amount of the asset is the net selling price which is worked out on the basis of scrap metal prices and estimated technical valuation.		
15 Sundry debtors shown as unsecured and considered good include Rs.9.20 lakh covered by Bank Guarantees (Previous Year Rs.16.01 lakh).		
16 Cash and Bank balances include Rs.400.01 lakh (Previous Year Rs.391.02 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.1.71 lakh (Previous year Rs.1.63 lakh) deposited in pursuance of court orders.		
17 a) Contract revenue recognised in the period.	783.77	1088.55
b) Advance received against contract in progress.	17.00	0.00
c) Aggregate amount of cost incurred and recognised profit (less recognised loss) on contracts in progress upto the reporting date.	1696.56	1563.71
d) Retention by customers against contract in progress.	75.43	45.19
e) Gross amount due from customers for contract work as an asset.	689.41	970.13
f) Gross amount due to customers for contract work as a liability.	50.06	36.05
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 179.14 lakh (Previous year Rs.93.70 lakh), and capital Rs.126.78 lakh (Previous year Rs. 40.02 lakh).		
h) Excise duty on own division jobs is ascertained based on Cost Accounting Standard 4.		
18 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.		
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.		

SCHEDULES TO ACCOUNTS

25 Notes on Accounts	Rs in Lakh	
	31.03.2008	31.03.2007
<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>	24.91	25.92
<p>19 Remuneration to Chairman and Managing Director, Director (Marketing), Director (Finance) and Director (Technical)</p>		
<p>i Salary and Perks</p>	18.31	17.49
<p>ii Provident Fund Contribution</p>	2.11	1.84
<p>iii Production Incentive</p>	0.04	0.07
<p>Sri G S Mangat, Chairman and Managing Director, National Fertilisers Ltd was holding additional charge of Chairman and Managing Director of the company from 02.01.2007 to 30.07.2007 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>		
<p>20 Effect of change in Foreign Exchange rates :</p>		
<p>a) The net additional gain/loss(-) on account of exchange rate differences included in the Profit and Loss Account.</p>	1135.44	541.06
<p>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</p>	5.51	23.96
<p>21 a) Sundry creditors include Rs 3.40 lakh payable to Small Scale Industrial Undertakings to the extent such parties have been identified from the available documents / information (Previous year Rs.2.79 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>22 The Company has a system of obtaining confirmation of</p>		

SCHEDULES TO ACCOUNTS

25 Notes on Accounts	Rs in Lakh	
	31.03.2008	31.03.2007
<p>balances from third parties. Some of the parties have conformed the balances.</p>		
<p>23 The Company has deferred tax asset of Rs 89782.63 lakh (previous year Rs. 89301.87 lakh) as on 31.03.2008 because of unabsorbed depreciation and accumulated losses. The deferred tax liability as on 31.03.08 is Rs 29350.35 lakh (previous year Rs. 32271.26 lakh) and there is net deferred tax asset as on 31.03.2008. However, as matter of prudence the deferred tax asset is not considered in the Accounts, since there is no reasonable certainty regarding generation of sufficient future taxable income.</p>		
<p>24 Information available upto 25th April 2008 has been considered in finalising the accounts.</p>		
<p>25 Figures for the previous year have been regrouped and recast wherever necessary to conform with the current year classification.</p>		
<p>26 The disclosure required under Accounting Standard 15 "Employee Benefits"</p> <p>Defined contribution plan Contribution to defined contribution plan recognised and charged off during the year are:-</p> <ol style="list-style-type: none"> 1 Employer's contribution to Provident Fund and Pension Scheme. 2 Employer's contribution to Superannuation Benefit Fund (Rs.100/-). 3 The Company's Provident Fund is exempted under section 17 of the Employees Provident Fund Act, 1952. Conditions for grant of exemption stipulates that the employer shall make good deficiency, if any. Based on the actuarial valuation, there is no deficiency in respect of two provident fund Trust constituted for the purpose. <p>Defined benefit plan Gratuity fund is managed under Group Gratuity (Cash Accumulation) policy by M/s Life Insurance Corporation of India. The present value of obligation is determined on the basis of actuarial valuation using projected unit credit method. The present value of obligations for leave encashment is recognised in the same manner.</p>	<p>907.57</p>	<p>845.50 0.00</p>

SCHEDULES TO ACCOUNTS

25 Notes on Accounts	Rs in Lakh	
	31.03.2008	31.03.2007
a. Changes in the present value of obligations (P V O)	Leave encashment (Unfunded)	Gratuity (Funded)
Present value of obligations at the beginning of the year	3161.60	4779.31
Interest cost	253.23	358.45
Current service cost	183.84	137.28
Benefits paid	-108.94	-355.07
Actuarial loss/(gain) on obligation	106.92	697.22
Present value of obligations at the end of the year	3596.65	5617.19
b. Changes in the fair value of plan assets		
Fair value of plan assets at the beginning of the year		1683.41
Expected return on investment		141.51
Employer's contribution	108.94	0.00
Benefits paid	-108.94	-355.07
Actuarial loss/(gain) on plan assets	0.00	0.00
Fair value of plan assets at the end of the year	0.00	1469.85
Actual return on investment	0.00	141.51
c. Amount recognised in Balancesheet		
Present value of obligations at the end of the year	3596.65	5617.19
Fair value of plan assets at the end of the year	0.00	1469.85
Unfunded net liability recognised in Balancesheet	3596.65	4147.34
d. Expenses recognised in Profit and Loss Account during the year		
Current service cost	183.84	137.28
Interest cost	253.23	358.45
Expected return on investment	0.00	141.51
Net actuarial (gain) / loss recognised during the year	106.92	697.22
Total Expenses recognised in Profit & Loss Account during the year	543.99	1051.44
e. Investment details	% invested as at 31.03.2008	
LIC Group Gratuity (Cash Accumulation) policy		100%
f. Actuarial assumptions	LIC (1994-96) Ultimate	
Mortality rate	8.00%	8.00%
Discount rate	5.00%	5.00%
Salary escalation rate	-	9.35%
Expected rate of return on plan assets	-	-

SCHEDULES TO ACCOUNTS

		Rs in Lakh	
25 Notes on Accounts		31.03.2008	31.03.2007
27	RELATED PARTY DISCLOSURES (ACCOUNTING STANDARD 18) List of related Parties <u>Key Management Personnel</u> Sri G S Mangat, Chairman and Managing Director (till 30.07.2007) Dr George Sreeba, Director (Technical) (till 30.07.2007) and Chairman and Managing Director (from 31.07.2007 onwards) Sri D.N.Pradhan, Director (Finance) Sri A Asokan, Director (Marketing) <u>Transactions with related parties:</u> Remuneration to key management personnel : Rs.20.46 lakh		
28	EARNINGS PER SHARE (ACCOUNTING STANDARD - 20) i) Earnings (Loss) Rs 896.81 Lakh ii) Number of Shares a. Issued, Subscribed and Paid up - 354771974 b. Pending Allotment (presumed @ Rs 10 per share) - 292300000 iii) Earning Per Share Rs 0.14. (Basic and Diluted)		
29	The disclosure of provisions movement as required under Accounting Standard 29 "Provisions, Contingent Liabilities and Contingent Assets"	Year ended 31.03.2008	Year ended 31.03.2007
	a. <u>Provision towards obsolescence and storage losses</u> Provision at the beginning of the year 1747.07 1745.23 Provisions made during the year 395.82 1.84 Utilisations during the year 0.00 0.00 Released during the year 0.00 0.00 Provision at the end of the year 2142.89 1747.07		
	b. <u>Provision for doubtful debts</u> Provision at the beginning of the year 1173.92 1151.63 Provisions made during the year 56.62 64.58 Written off during the year 57.99 1.10 Released during the year 50.26 41.19 Provision at the end of the year 1122.29 1173.92		
	c. <u>Provision for doubtful loans and advances</u> Provision at the beginning of the year 94.64 94.64 Provisions made during the year 0.09 0.00 Written off during the year 0.00 0.00 Released during the year 0.00 0.00 Provision at the end of the year 94.73 94.64		

SCHEDULES TO ACCOUNTS
25. Notes on Accounts
30. SEGMENTAL REPORTING (ACCOUNTING STANDARD 17)

Segment Information for the year ended 31st March 2008 Information about Primary Business Segments				
	Rs.in Lakh Fertiliser	Rs.in Lakh Petrochemical	Rs.in Lakh Others (Unallocated)	Rs.in Lakh Total
REVENUE				
External Revenue	73074.69 (106852.27)	15249.07 (40372.14)	843.78 (1237.77)	89167.54 (148462.18)
TOTAL REVENUE	73074.69 (106852.27)	15249.07 (40372.14)	843.78 (1237.77)	89167.54 (148462.18)
SEGMENT RESULTS				
Profit before interest, taxation and before Exceptional items	-7454.51 (-8741.47)	-3869.04 (2403.43)	-161.26 (-79.68)	-11484.81 (-6417.72)
Unallocated Corporate Expense			1755.43 (1513.53)	1755.43 (1513.53)
Operating Profit	-7454.51 (-8741.47)	-3869.04 (2403.43)	-1916.69 (-1593.21)	-13240.24 (-7931.25)
Interest Expense	0.00 (0.00)	0.00 (0.00)	6220.66 (5339.80)	6220.66 (5339.80)
Interest Income	0.00 (0.00)	0.00 (0.00)	378.51 (392.02)	378.51 (392.02)
Income Tax	0.00 (0.00)	0.00 (0.00)	20.80 (207.53)	20.80 (207.53)
Exceptional item-Income	0.00 (0.00)	0.00 (0.00)	20000.00 (613.98)	20000.00 (613.98)
Profit after Interest, Taxation and Exceptional items	-7454.51 (-8741.47)	-3869.04 (2403.43)	12220.36 (-6134.54)	896.81 (-12472.58)
OTHER INFORMATION				
Segment Assets	78400.39 (85616.78)	13305.51 (24571.13)	48950.19 (47477.92)	140656.09 (157665.83)
Segment Liabilities	18990.76 (28447.25)	1365.05 (6240.42)	120300.28 (122978.16)	140656.09 (157665.83)
Depreciation	4243.45 (4308.72)	516.09 (1426.02)	52.61 (49.83)	4812.15 (5784.57)
Capital Expenditure	731.67 (236.24)	477.94 (101.70)	13.81 (71.18)	1223.42 (409.12)

The business segments are:-

Segment

Fertiliser
Petrochemical

Products

Ammonium Phosphate, Ammonium Sulphate, Mixtures, MOP, Urea.
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	89167.54
Add Interest Income	378.51
Add Inter segment revenue	305.93
Revenue as per Profit and Loss Account	89851.98

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 31.03.2008
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	
A Raw Materials:				
Imported	29053.97	60.51	22066.73	21.86
Indigenous	18962.05	39.49	78865.02	78.14
	48016.02	100.00	100931.75	100.00
B Spare Parts & Components				
Imported	172.64	9.00	124.08	7.35
Indigenous	1745.62	91.00	1564.97	92.65
	1918.26	100.00	1689.05	100.00
2 CIF Value of Imports			Current year	Previous year
			Rs.in lakh	Rs.in lakh
(i) Raw Materials			42451.43	25154.95
(ii) Spares and other materials			3681.85	8327.94
(iii) Capital Goods			395.56	0.00
			46528.84	33482.89
3 A Expenditure in foreign currency (Cash Basis) *				
(i) Consultancy service			38.86	0.00
(ii) Others			14.81	15.38
			53.67	15.38
B Earnings in foreign currency				
(i) Export of goods (FOB Basis)			3244.90	11116.56
(ii) Others			0.00	0.00
			3244.90	11116.56

* Including tax deducted at source

SCHEDULES TO ACCOUNTS
26 INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPHS 3 & 4 OF PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956 (Contd.)
4 Capacities and Production :

	Licenced Capacity	Installed Capacity (as certified by the Management)	Actual Production	
			2007-08	2006-07
	M.T.	M.T.	M.T.	M.T.
1 Udyogamandal Division				
Sulphuric Acid @	402550	379500	110582	296771
Phosphoric Acid	33000	33000	0	510
Ammonium Sulphate	225000	225000	30478	183490
Factamfos 20:20	181020	148500	90800	147102
Ammonia(900 TPD plant) #	326700	326700	27121	257182
Bio Fertiliser	150	150	3	4
2 Cochin Division:				
Ammonia	198000	198000	0	0
Sulphuric Acid	330000	330000	187240	365100
Phosphoric Acid	115000	115000	46700	89050
Urea	330000	330000	0	0
Complex Fertilisers :	485000	485000		
Factamfos 20:20			334730	574100
3 Petrochemical Division				
Caprolactam	50000	50000	6759	41327
Nitric Acid	3800	3800	605	4159
Soda Ash	4750	4750	1134	5419
4 Marketing Division				
Mixed Manures			6989	15469

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

Includes Synthesis gas expressed in terms of Ammonia

+ At 55 % concentration

26.5 PARTICULARS OF OPENING AND CLOSING STOCKS, PURCHASES, SALES AND CONSUMPTION

		OPENING STOCK		CLOSING STOCK		PURCHASES				CONSUMPTION			
		Quantity	Value	Quantity	Value	2007-08		2006-07		2007-08		2006-07	
						Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
A.1	RAW MATERIALS	MT	Rs/lakh	MT	Rs/lakh	MT	Rs/lakh	MT	Rs/lakh	MT	Rs/lakh	MT	Rs/lakh
1	Naphtha	1830	507.49	1808	628.05	20834	6220.71	177135	48350.66	20856	6100.15	177181	48314.43
2	Sulphur - Imported	26802	990.69	35877	10411.71	99250	17638.46	202913	7250.73	90175	8217.44	207216	7586.52
3	Rock Phosphate-Imported	11065	395.94	8546	393.24	156258	7031.83	297061	10927.68	158777	7034.53	306267	11221.72
4	Phosphoric Acid-Imported	7557	1620.80	656	141.06		13.04	14994	3235.80	6901	1492.78	12209	2624.67
5	Ammonia - Imported	3011	396.67	7051	975.78	93057	12755.73	7187	957.14	89017	12176.62	4176	560.47
6	Phosphoric Acid	422	89.80	9	2.17	33765	8220.10	45662	9963.24	34178	8307.73	45951	10019.34
7	Benzene	4833	2273.07	331	167.12	2386	1299.32	42636	19758.56	6888	3405.27	39734	18199.12
8	Caustic Soda	222	42.88	133	25.69	873	168.02	5548	1065.00	962	185.21	5511	1054.23
9	Benzene -Imported			5183	2698.78	5245	2722.89			62	24.11		
10	Sulphur - Indigeneous					1547	240.57			1547	240.57		
11	Sulphuric Acid					33854	704.89	62373	1178.00	33854	704.89	62373	1178.00
	TOTAL		6317.34		15443.60		57015.56		102686.81		47889.30		100758.50

SCHEDULES TO ACCOUNTS

26.5 PARTICULARS OF OPENING AND CLOSING STOCKS, PURCHASES, SALES AND CONSUMPTIONS (Continued)																	
A.2		OPENING STOCK		CLOSING STOCK		PURCHASES				CONSUMPTION				COST OF GOODS SOLD			
		2007-08		2006-07		2007-08		2006-07		2007-08		2006-07		2007-08		2006-07	
		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	52	2.18			134	5.55	1801	75.78					186	7.73	1857	78.03
2	M.O.P.-Imported	3241	369.63	299	34.13			24887	2837.83	925	105.51	643	73.35	2017	229.99	21002	2394.85
3	M.O.P.- RCF			0	0.00	100	4.21			100	4.21						
4	Urea - MCF					27	1.24							27	1.24		
5	M.O.P-IPL			205	8.76	420	17.81	2078	90.16	215	9.05	2113	91.64				
6	Ammonium Sulphate (imported)							24979	1679.91							24979	1679.91
7	Urea-Imported			1830	75.94	27560	1143.82			71	2.96			25659	1064.92		
8	Urea-KRIBHCO	0				42530	1901.85	28928	1324.78	25	1.10			42505	1900.75	28928	1324.78
9	Ultrafos	421	18.23	19	1.01	2002	108.15	4389	191.70					2404	125.37	4312	186.54
10	Others		3.11		5.31		6.09		10.58		3.89		8.26				
TOTAL			393.15		125.15		3188.72		6210.74		126.72		173.25		3330.00		5664.11
TOTAL (A1+A2)			6710.49		15568.75		60204.28		108897.55		48016.02		100931.75		3330.00		5664.11
NET TOTAL			6710.49								48016.02		100931.75				



SCHEDULES TO ACCOUNTS

26.5 PARTICULARS OF OPENING AND CLOSING STOCKS, PURCHASES, SALES AND CONSUMPTION

	OPENING STOCK		CLOSING STOCK		SALES			
	Quantity MT	Value Rs/lakh	Quantity MT	Value Rs/lakh	2007-08		2006-07	
					Quantity MT	Value Rs/lakh	Quantity MT	Value Rs/lakh
B1 FINISHED PRODUCTS								
1 Ammonium Sulphate	28535	1924.06	163	12.17	56312	4236.14	156645	11209.66
2 Factamfos 20-20	53248	6371.75	13607	1721.95	465378	33879.55	695103	50603.51
3 Mixed Manures	1692	100.53	134	7.97	8533	636.38	14175	966.71
4 Caprolactam	7661	8747.98	41	53.92	14379	14858.45	39435	39604.98
5 Nitric acid	45	2.35	25	1.42	624	29.89	4495	202.26
6 Soda Ash	126	12.33	7	0.69	1253	112.80	5567	498.48
7 Others (including intermediates)		3532.32		2738.74		120.03		310.60
TOTAL		20691.32		4536.86		53873.24		103396.20
B2 PURCHASED PRODUCTS								
1 Mixtures / Fertilisers					186	10.32	1857	103.12
2 M.O.P.-Imported					2017	89.86	21002	935.64
3 Urea-Imported					25659	1239.31		
4 Urea-KRIBHCO					42505	2006.69	28928	1354.66
5 Urea - MCF					27	1.30		
6 Ammonium Sulphate (imported)							24979	1798.10
7 Ultrafos					2404	167.07	4312	224.35
TOTAL						3514.55		4415.87

For and on behalf of the Board

Sd/-
K.V. Balakrishnan Nair
Secretary

Sd/-
Mathew C. Kunnumkal
Director

Sd/-
A. Asokan
Director (Marketing)

Sd/-
Dr. George Sreeba
Chairman & Managing Director

Place: Udyogamandal.
Date : 12th July, 2008

As per our report of even date attached.
For K. VARGHESE & Co.
Chartered Accountants

Kochi
12.07.08

Sd/-
K. Varghese
Partner (M.No.20674)

SCHEDULES TO ACCOUNTS
**27. Information pursuant to Part IV of Schedule VI of the Companies Act, 1956
 BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**
Registration Details :

Registration No.	Date	Month	Year	State Code
371	31	03	2008	09
Balance Sheet Date				

Capital raised during the year (Amount in Rs. Thousands)

Public Issue	Rights Issue
Nil	Nil
Bonus Issue	Private Placement
Nil	Nil

Position of mobilisation and deployment of funds (Amount in Rs Thousands)

Total Liabilities	Total Assets
11164501	11164501

Sources of Funds:

Paid up Capital	Reserves and Surplus
3547720	9116
Shares pending allotment	
2923000	
Secured Loans	Unsecured Loans
3640426	1044239

Application of Funds:

Net Fixed Assets\ Capital work in progress	Investments
4332760	5450
Net Current Assets	Misc. Expenditure
2873533	1029
Accumulated Losses	
3951729	

Performance of Company (Amount in Rs. Thousands)

Turnover (incl. Other Income)	Total Expenditure
8985198	10893437
Extraordinary items (Income)	
2000000	
Profit/Loss Before Tax	Profit/Loss After Tax
91761	89681
Earnings per share (Rs.)	Dividend Rate
0.14	Nil

**Generic Names of 3 Principal Products/Services of Company
 (As per monetary terms)**

Item Code No.	31052000
Product Description	COMPLEX FERTILISERS
Item Code No.	29337100
Product Description	CAPROLACTAM
Item Code No.	31022100
Product Description	AMMONIUM SULPHATE

For and on behalf of the Board

 Sd/-
K.V. Balakrishnan Nair
 Secretary

 Sd/-
Mathew C. Kunnumkal
 Director

 Sd/-
A. Asokan
 Director (Marketing)

 Sd/-
Dr. George Sreeba
 Chairman & Managing Director

 Place: Udyogamandal
 Date : 12th July, 2008

 As per our report of even date attached.
 For K. VARGHESE & Co.
 Chartered Accountants

 Kochi
 12.07.08

 Sd/-
K. Varghese
 Partner (M.No.20674)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2008

PARTICULARS	For the year ended 31.3.2008 (Rs in lakh)	For the year ended 31.3.2007 (Rs in lakh)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and Extraordinary items	-19081.19	-12773.86
Adjustments For:		
Depreciation/Impairment loss /Deferred Rev. Expenditure	3546.34	6526.79
Provision for Obsolescence/Bad & Doubtful Debts (Net)	344.28	24.14
Income from Investments	-5.87	-4.90
(Profit)/Loss on sale of assets (Net)	4.51	16.27
Interest	6220.66	5339.80
Operating Profit before Working Capital changes	-8971.27	-871.76
Adjustments for:		
Trade and Other Receivables	10527.80	-4184.31
Deferred Rev. Expenditure carried over	0.00	0.00
Inventories	2375.32	-9087.47
Trade and Other Payables	-13352.01	2303.53
Cash generated from Operations	-9420.16	-11840.01
Direct Taxes	-20.80	-207.53
Cash Flow before extraordinary items	-9440.96	-12047.54
Prior Period - (excluding non cash)	-7.53	-10.38
Net Cash from Operating Activities	-9448.49	-12057.92
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets/Capital Work-in-Progress	-864.79	-1092.59
Sale of Fixed Assets	24.59	325.19
Interest Received	0.04	0.04
Dividend Received	5.83	4.86
Net cash used in Investing Activities	-834.33	-762.50
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long Term Borrowings (Net)	1138.19	2728.39
Increase/Decrease in Cash credit with Banks	-6603.49	19160.44
Interest	-5288.16	-4748.36
Grant in aid (non-plan) from Government of India	20000.00	0.00
Net cash used in Financing Activities	9246.54	17140.47
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	-1036.28	4320.05
CASH AND CASH EQUIVALENTS		
AS AT 01.04.2007 (Opening Balance)	7782.67	3462.62
AS AT 31.03.2008 (Closing Balance)	6746.39	7782.67

For and on behalf of the Board

 Sd/-
K.V. Balakrishnan Nair
 Secretary

 Sd/-
Mathew C. Kunnumkal
 Director

 Sd/-
A. Asokan
 Director (Marketing)

 Sd/-
Dr. George Sreeba
 Chairman & Managing Director

 Place: Udyogamandal
 Date : 12th July, 2008

 As per our report of even date attached.
 For K. VARGHESE & Co.
 Chartered Accountants

 Kochi
 12.07.08

 Sd/-
K. Varghese
 Partner (M.No.20674)

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 2008

	Rs./lakhs				
	Gross Block as at 31-3-2007	Written down value as at 31-3-2007	Additions/ adjustments 2007-2008	Depreciation for the year 2007-2008	Depreciated value as at 31-3-2008
Land (Estimated)	191.97	191.97	0.00	0.00	191.97
Staff Quarters etc. in Township	1303.72	517.36	-0.29	25.89	491.18
Sewers & Drains	280.85	106.21	0.00	5.40	100.81
Hospitals	61.81	20.14	0.00	1.01	19.13
Schools	93.43	38.53	0.00	1.93	36.60
Shops	12.08	3.10	0.00	0.15	2.95
	1943.86	877.31	-0.29	34.38	842.64

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 2008

	Rs./lakhs		
Particulars	Expenditure	Income	Net Expenditure
Staff Quarters	526.94	131.96	394.98
Schools	1.93	18.80	-16.87
Medical facilities	539.28	54.25	485.03
Other Welfare Expenses	316.51	84.27	232.24
Estate Establishment	34.12	0.00	34.12
Notional interest at 6 % p.a. on capital outlay on Township and overheads	116.63	0.00	116.63
	1535.41	289.28	1246.13

STATEMENT SHOWING EXPENDITURE ON PUBLIC RELATIONS AND PUBLICITY (AS REQUIRED BY BPE O.M. No. BPE/GL/O42/78 BPE (IR)21(1)/78 DATED 18-12-1978) FOR THE YEAR ENDED 31st MARCH 2008

Particulars	Rs./lakh
Salaries and Wages including Provident Fund	9.88
Advertisement Charges	8.69
Propoganda and Publicity	5.21
Exhibition	0.61
Demonstration, Sign Boards, Cost of Fertilisers, Village adoption, Soil Testing and Agronomy Services	1.18
Audio-visual film, Slides production, Projection charges and equipment	0.00
Running and Maintenance Expenses of Publicity vehicles and Travel Expenses	0.02
	25.59

SUMMARISED ACCOUNTS

Rs.in lakh

	2007-08	2006-07	2005-06
RESOURCES			
Net Worth	25180	25157	37479
Borrowings And Deferred Credits	45472	50937	29048
Capital Reserve	91	95	99
	70743	76189	66626
UTILISATION OF RESOURCES			
Fixed Assets	146502	145847	145505
Less: Depreciation & Impairment loss	104082	101084	94679
	42420	44763	50826
Capital -work- in progress	908	1268	627
Investments	55	55	55
Net Current Assets	27360	30103	15118
	70743	76189	66626
EARNINGS			
Sale of products and services (net)	86317	146805	138963
Accretion/decretion(-) to work in progress and finished goods	-16154	7350	242
Jobs done for internal use	306	134	381
Other Income	3229	2049	1203
	73698	156338	140789
OUT GOINGS			
Direct Materials & inputs	62802	133300	118731
Employees' remuneration and benefits	11750	10899	1015
Other expenses	8461	13192	1329
Depreciation / Impairment loss	3545	6381	657
Interest	6221	5340	385
	92779	169112	152863
Profit/Loss(-) for the year	-19081	-12774	1874
Income/Expenses(-) in respect of prior years	-1	-105	-9
Extraordinary items (Income)	20000	614	35503
Profit/Loss(-) before tax	918	-12265	23620
Provision for Taxation	21	208	54
Profit/Loss(-) after tax	897	-12473	23566

CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED 31ST MARCH 2008

	Rs. in lakh		
	2007-08	2006-07	2005-06
SOURCES OF FUNDS			
<i>Funds generated from operations:</i>			
Profit after tax (before adjustment of Grant-in -aid)	0	0	23566
Depreciation and Impairment loss	2993	6401	6271
Conversion of the Government of India loan into capital	0	0	29230
Long term loan	1500	3000	4000
Short term loan	-6965	18889	5121
Grant-in-aid received from the Government of India	20000	0	0
	17528	28290	68188
APPLICATION OF FUNDS			
Loss for the year (before adjustment of Grant-in -aid)	19103	12473	0
Capital expenditure (net)	295	982	337
Reduction in Liability towards the Government of India loan on account of conversion into capital	0	0	29230
Reduction in Liability towards the Government of India loan on account of write off	0	0	32710
Reduction in Liability towards interest due on the Government of India loan written off	0	0	4869
Miscellaneous Expenditure not written off (net)	-5	-151	-2429
Increase/decrease(-) in Working capital	-1865	14986	3471
	17528	28290	68188

STATEMENT OF CHANGES IN WORKING CAPITAL

	Rs. in lakh		
	2007-08	2006-07	2005-06
Cash and bank balance	-1036	4320	1185
Inventories	-2771	9086	2641
Sundry debtors	-11649	4417	4820
Other current assets	-228	360	334
Loans and advances	1401	-302	4369
	-14283	17881	13,349
Creditors and other liabilities	-12418	2895	9878
Increase/decrease(-) in Working capital	-1865	14986	3,471
	-14283	17881	13,349

VALUE ADDED STATEMENT

PARTICULARS	2007-08		2006-07		2005-06	
	Rs. in lakh	%	Rs. in lakh	%	Rs. in lakh	%
Value of production * (Including other income)	73698		156338		140789	
Less: Cost of Direct materials & inputs	62802		133300		118738	
Value Added	10896		23038		22051	
Waiver of Interest by the Government of India	0		0		0	
TOTAL	10896		23038		22051	
Applied in the following way :						
Employee remuneration and benefits	11750	108	10899	47	10154	46
Other operating expenses	8461	78	13192	57	13259	60
Depreciation	3545	33	6381	28	6527	30
Interest	6221	57	5340	23	3985	18
Adjustment in respect of prior years	1	0	105	0	9	0
Provision for Income Tax	21	0	208	1	54	0
Extraordinary items:Expense/Income(-)	-20000	-184	-614	-2	-35503	-161
Retained profit/loss (-)	897	8	-12473	-54	23566	107
	10896	100	23038	100	22051	100

* Net of sales discount/dealer Margin

10 YEARS FINANCIAL HIGHLIGHTS

(Rs. in lakh)

		2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99
1	Sales	56297	105501	101917	98055	76751	92718	94682	118071	104557	109709
2	Subsidy	29236	40216	36578	19712	15230	16616	23055	55219	50467	11586
3	Total(1+2)	85533	145717	138495	117767	91981	109334	117737	173290	155024	121295
4	Income from Contracts & Services	1090	1222	850	650	1021	2348	1991	2931	1787	1835
5	Other Income	3229	2049	1203	2779	1276	2021	2468	2236	1847	1686
6	Stock:Accretion(+)/Decretion(-)	-16154	7350	241	1231	-6726	-9415	389	-1241	9608	-2032
7	Interest waived by Government of India	0	0	0	0	0	1310	16717	0	0	0
8	Total Income	73698	156338	140789	122427	101004	105598	139302	177216	168266	122784
9	Material Consumed	49931	104343	95275	79545	57298	58785	66318	97744	86818	65230
10	Salaries & Allowances	10951	10157	9441	10728	14820	15389	16156	12765	12596	11377
11	Repairs & Maintenance	3248	2791	2742	2416	2409	3815	3850	4210	4719	4687
12	Power & Fuel	9018	22435	22422	18587	17209	18088	18041	33699	27900	16918
13	Other Manufacturing Expenses	9865	17665	12271	9706	16092	18950	24268	24455	26242	15509
14	Past period Expen/Income(-)	1	105	9	3480	8	-40	31	10	-17	5
15	Total Expenditure	83014	157496	142160	124462	107836	114987	128664	172883	158258	113726
16	Gross Margin (8-15)	-9316	-1158	-1371	-2035	-6832	-9389	10638	4333	10008	9058
17	Extraordinary Items (Income)	20000	614	35503	0	0	0	0	0	0	0
18	Interest	6221	5340	3985	8423	3281	3972	3892	9878	7646	8267
19	Depreciation / Impairment loss	3545	6381	6527	6318	6609	6632	6683	9650	6342	6233
20	Profit/(Loss) before taxation	918	-12265	23620	-16776	-16722	-19993	63	-15195	-3980	-5442
21	Provision for taxation/Refund of tax (-)	21	208	54	20	0	0	6	0	0	-616
22	Net profit / (Loss)	897	-12473	23566	-16796	-16722	-19993	57	-15195	-3980	-4826
23	Proposed Dividend	0	0	0	0	0	0	0	0	0	0
24	Tax on Proposed Dividend	0	0	0	0	0	0	0	0	0	0
25	Net block	42420	44763	50826	56941	66333	71968	76016	79125	81416	85903
26	Capital work-in-progress	908	1268	627	450	627	1111	2114	2808	1783	2077
27	Current assets, Loans & Advances	57746	72030	54150	40802	48009	53031	60996	72585	83878	61783
28	Current Liabilities & Provisions	(1) 30386	41927	39032	34023	35603	33996	30303	43339	40353	31652
29	Investments	55	55	55	55	55	55	55	65	65	65
30	Misc.expenditure to the extent not w.off	10	15	166	2595	3091	579	0	0	0	0
31	Accumulated Loss	39517	39535	27062	50628	30561	13839	0	0	0	0
32	Total Utilisation	110270	115739	93854	117448	113073	106587	108878	111244	126789	118176
33	Working Capital (27-28)	27360	30103	15118	6779	12406	19035	30693	29246	43525	30131
34	Long term borrowings	8500	7000	4000	61940	57446	50440	48795	47438	43962	43108
35	Short term borrowings	36972	43937	25048	19927	19967	20482	18260	21523	25357	13613
36	Share Capital (Incl. Pending allotment)	64707	64707	64707	35477	35477	35477	35477	35477	35477	35477
37	Reserves & Surplus	0	0	0	0	0	0	6154	6608	21804	25784

10 YEARS FINANCIAL HIGHLIGHTS

Contd.

(Rs. in lakh)

		2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99
38	Capital Reserve	91	95	99	104	183	188	192	198	189	194
39	Total Sources	110270	115739	93854	117448	113073	106587	108878	111244	126789	118176
40	Networth (36+37-30-31)	25180	25157	37479	-17746	1825	21059	41631	42085	57281	61261
41	Capital employed (25+33)	69780	74866	65944	63720	78739	91003	106709	108371	124941	116034
42	Finished Goods	4537	20691	13341	13100	11836	5251	14510	14315	15345	5959
43	Work in progress	0	0	0	363	396	255	412	217	428	205
44	Raw Materials	15569	6711	4409	1463	961	4991	3501	4422	7514	5741
45	Stores, Spares & Loose tools	9280	6928	6617	6337	6371	7838	8459	9645	14736	15151
46	Materials in transit	2459	286	1163	1626	123	357	2963	1131	566	1756
47	Sundry debtors	7585	19234	14817	9997	22815	29118	21284	28509	27764	22062
48	Cash & bank balance	6746	7782	3463	2278	2466	1649	4324	6372	10897	4820
49	Loans & advances	11068	9668	9969	5601	2999	3543	4874	6675	4452	6072
50	Other Current Assets	502	730	371	37	42	29	669	1299	2176	17
51	Total (42 to 50)	57746	72030	54150	40802	48009	53031	60996	72585	83878	61783
52	Current Liabilities	26789	39644	37092	32383	34178	32682	29231	43339	40333	31527
53	Provisions	3597	2283	1940	1640	1425	1314	1072	0	20	125
54	Total (52+53)	30386	41927	39032	34023	35603	33996	30303	43339	40353	31652
55	Net Working Capital (51-54)	27360	30103	15118	6779	12406	19035	30693	29246	43525	30131
56	Gross Internal resources (19+22-17)	-15558	-6706	-5410	-10478	-10113	-13361	6740	-5545	2362	1407
57	Installed Capacity (MT)										
	Ammonium Sulphate	225000	225000	225000	225000	225000	225000	225000	225000	225000	225000
	Factamphos 20:20	633500	633500	633500	633500	633500	633500	633500	633500	633500	633500
	DAP										
	Urea	330000	330000	330000	330000	330000	330000	330000	330000	330000	330000
	Caprolactam	50000	50000	50000	50000	50000	50000	50000	50000	50000	50000
	N	324450	324450	324450	324450	324450	324450	324450	324450	324450	324450
	P2O5	131900	131900	131900	131900	131900	131900	131900	131900	131900	131900
58	Production (MT)										
	Ammonium Sulphate	30478	183490	172986	200564	190268	182222	220945	238066	231286	179238
	Factamphos 20:20	425530	721202	745902	560788	567678	673678	826119	838108	784515	737839
	DAP	0	0	0	0	0	0	0	0	0	0
	Urea	0	0	0	0	0	9590	22260	275170	265298	183065
	Caprolactam	6759	41327	38666	44932	41794	40409	48865	52541	50723	38783
	N	91384	182039	184816	153474	152731	176685	220978	343241	326585	268701
	P2O5	85106	144240	149180	112158	113536	134736	165224	167622	156903	147568
59	Capacity utilisation (%)										
	N	28.17	56.11	56.96	47.30	47.07	54.46	68.11	105.79	100.66	82.82
	P2O5	64.52	109.36	113.10	85.03	86.08	102.15	125.26	127.08	118.96	111.88

(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

64th Annual General Meeting
Saturday, 27th September 2008 at 11.00 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 64th Annual General Meeting being held on 27th September 2008 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 ofbeing 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 64th Annual General Meeting of the Company to be held on Saturday the 27th September 2008 at 11.00 am at Udyogamandal Club at Eloor, Udyogamandal and at any adjournment thereof.

Signed this.....day of.....2008

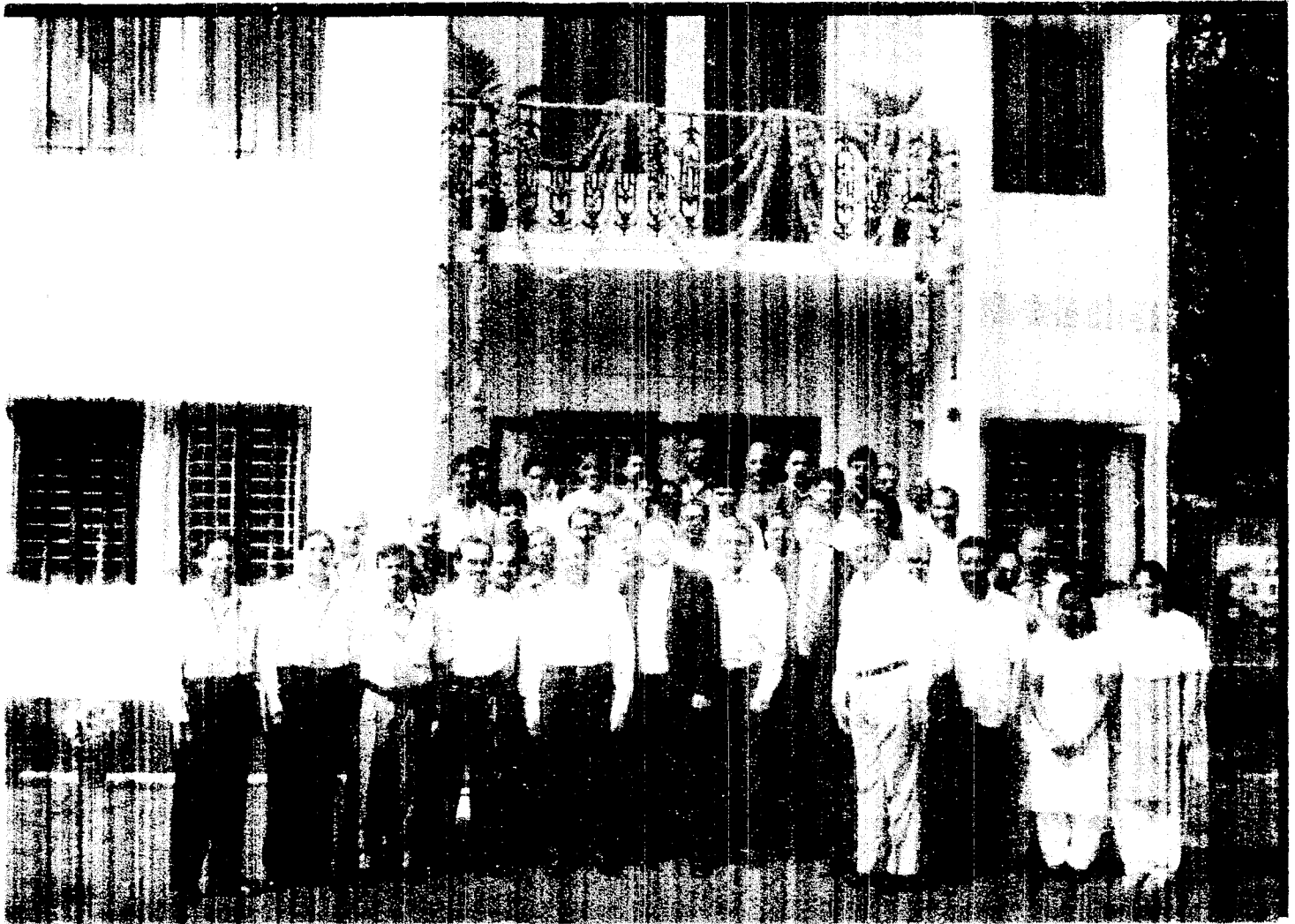
FULL NAME.....FOLIO No.....

FOR OFFICE USE ONLY	
No. of Shares	
Proxy No.	

Affix 30 paise Revenue 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.



▲ **A proud moment** : CMD. Dr. George Sleeba, Mr. Peter Swaans, MD, RBS, Australia, senior executives of FACT and RBS, along with the FACT team which put in a commendable performance to complete the rapid house in a very short span of just 21 days, in front of the demonstration building at Udyogamandal.



▲ **An auspicious moment**: Hon'ble Union Minister Shri. Ram Vilas Paswan, Hon'ble Chief Minister of Kerala Shri. V.S. Achuthanandan and other Dignitaries after laying the foundation stone for FACT-RCF Building Products Ltd.



▲ **Dr. J.S. Sarma IAS, Secretary (Fertilizers) launching the sale of bagged Gypsum at a function held at Udyogamandal Club. CMD. Dr. George Sleeba, Shri. K. Chandran Pillai, MP, Shri. A. Asokan Director (Marketing) are also seen.**



दि फ़र्टिलाइज़र्स एण्ड केमिकल्स ट्रावन्कोर 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